Allegiance Bancshares, Inc.
Form 424B3
August 03, 2018

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Registration No. 333-225845

PROPOSED MERGER AND SHARE ISSUANCE YOUR VOTE IS VERY IMPORTANT

Dear Shareholder:

On April 30, 2018, Allegiance Bancshares, Inc., a Texas corporation (which we refer to as Allegiance), and Post Oak Bancshares, Inc., a Texas corporation (which we refer to as Post Oak), entered into an Agreement and Plan of Reorganization (which we refer to as the merger agreement) that provides for the acquisition of Post Oak by Allegiance. Subject to the terms and conditions of the merger agreement, Post Oak will merge with and into Allegiance, with Allegiance continuing as the surviving corporation (which we refer to as the merger).

At the effective time of the merger, each outstanding share of the common stock, par value $0.01 per share, of Post Oak (which we refer to as Post Oak common stock), other than shares of Post Oak common stock held by Post Oak and Allegiance and any dissenting shareholder (as defined in this joint proxy statement/prospectus), will be converted into the right to receive 0.7017 of a share (such number being referred to as the exchange ratio) of the common stock, par value $1.00 per share, of Allegiance (which we refer to as the Allegiance common stock), together with cash in lieu of a fractional share, subject to adjustment if Post Oak s tangible common equity is less than the minimum equity required by the merger agreement prior to the closing of the merger. More specifically, the merger consideration that Post Oak shareholders would be entitled to receive in the merger will be reduced on a dollar-for-dollar basis (using the volume-weighted average price of Allegiance common stock on the NASDAQ Stock Market, Inc. Global Market System (which we refer to as NASDAQ), for the twenty trading-day period ending on and including the fifth trading day before the day of completion of the merger (which we refer to as the average closing price) to determine the number of shares to be subtracted from the aggregate merger consideration) to the extent by which Post Oak s tangible common equity, as defined in the merger agreement, is less than the minimum equity required by the merger agreement. The minimum equity required by the merger agreement is set at approximately $154.3 million if closing were to occur on the last business day of October 2018, and increases by $1.8 million for each month after October (and decreases by $1.8 million for each month prior to October). As of the date of this joint proxy statement/prospectus, Post Oak estimates that, assuming closing occurs on the last business day of October 2018, the Post Oak tangible common equity as of the closing of the merger will be $154.3 million or greater, resulting in no downward adjustment to the aggregate merger consideration with respect to the Post Oak tangible common equity.

In addition, if the average closing price of Allegiance common stock is less than $32.52 per share and Allegiance common stock underperforms a selected index of public Texas community bank stocks by more than 20.0%, Post Oak has the right to terminate the merger agreement. Allegiance has the discretion, but not the obligation, to increase the merger consideration by increasing the number of shares of Allegiance common stock in the aggregate merger consideration such that the value of the aggregate merger consideration is equal to at least $278,564,572 (valuing the aggregate stock consideration based on the average closing price in accordance with the merger agreement).

Consequently, you will not know the exact per share merger consideration to be paid to Post Oak shareholders as a result of the merger when you vote at your company s special meeting. Assuming no downward adjustment to the aggregate merger consideration, for each share of Post Oak common stock you own, you will be entitled to receive 0.7017 of a share of Allegiance common stock, plus cash in lieu of a fractional share. In this joint proxy statement/prospectus, we refer to the number of shares of Allegiance common stock that a Post Oak shareholder will receive in the merger, together with cash in lieu of a fractional share, as the merger consideration.

Allegiance common stock is listed on NASDAQ under the symbol ABTX. Based on the following closing prices of Allegiance common stock on NASDAQ: (i) $40.80 on April 27, 2018, the last trading day before public

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announcement of the merger agreement and (ii) $44.85 on August 1, 2018, the latest practicable trading day before the date of this joint proxy statement/prospectus, the implied value of the per share merger consideration would be approximately $28.63 and $31.47, respectively, and the implied value of the total merger consideration would be approximately $349.9 million and $385.7 million, respectively. Each of the foregoing examples in the preceding sentence assumes there is no adjustment to the merger consideration.

Neither Allegiance nor Post Oak expects the magnitude of any downward adjustment of the aggregate merger consideration to cause Post Oak to re-solicit proxies from its shareholders.

We urge you to obtain current market quotations for Allegiance common stock. There are no current market quotations for Post Oak common stock because Post Oak is a privately-owned corporation and its common stock is not traded on any established public trading market.

Allegiance will hold a special meeting of its shareholders in connection with the merger. At the Allegiance special meeting, the holders of Allegiance common stock (which we refer to as the Allegiance shareholders) will be asked to vote (i) to adopt the merger agreement and approve the merger (which we refer to as the Allegiance Merger Proposal), (ii) to approve the issuance of the Allegiance common stock in connection with the merger (which we refer to as the Allegiance Stock Issuance Proposal), (iii) to approve an amendment to the Amended and Restated Certificate of Formation of Allegiance to increase the amount of authorized capital stock of Allegiance from 41,000,000 shares to 81,000,000 shares (which we refer to as the Allegiance Charter Amendment Proposal) and (iv) to approve the adjournment of the Allegiance special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Allegiance Merger Proposal and the Allegiance Stock Issuance Proposal (which we refer to as the Allegiance Adjournment Proposal). Adoption of each of the Allegiance Merger Proposal and the Allegiance Charter Amendment Proposal requires the affirmative vote of the holders of two-thirds of the outstanding shares of Allegiance common stock. Adoption of each of the Allegiance Stock Issuance Proposal and the Allegiance Adjournment Proposal requires the affirmative vote of a majority of the votes cast by the Allegiance shareholders at the Allegiance special meeting, in person or by proxy, and entitled to vote as of the Allegiance record date.

Post Oak will hold a special meeting of its shareholders in connection with the merger. Post Oak shareholders will be asked to vote (i) to adopt the merger agreement and approve the merger (which we refer to as the Post Oak Merger Proposal) and (ii) to approve the adjournment of the Post Oak special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Post Oak Merger Proposal (which we refer to as the Post Oak Adjournment Proposal). Adoption of the Post Oak Merger Proposal requires the affirmative vote of the holders of two-thirds of the outstanding shares of Post Oak common stock. Adoption of the Post Oak Adjournment Proposal requires the affirmative vote of a majority of the votes cast by the Post Oak shareholders on such proposal at the Post Oak special meeting, in person or by proxy, and entitled to vote as of the Post Oak record date.

Your vote is important regardless of the number of shares that you own. Whether or not you plan to attend your company s special meeting, please take time to vote by following the voting instructions included in the enclosed proxy card. Submitting a proxy now will not prevent you from being able to vote in person at your company s special meeting.

The Allegiance special meeting will be held on September 14, 2018 at The Houstonian Hotel at 111 North Post Oak Lane, Houston, Texas 77024, at 1:00 p.m. local time. The Post Oak special meeting will be held on September 13, 2018 at the corporate office of Post Oak at 2000 West Loop South, Suite 100, Houston, Texas 77027, at 10:30 a.m. local time.

Allegiance s board of directors unanimously recommends that the Allegiance shareholders vote FOR the adoption of the Allegiance Merger Proposal, the Allegiance Stock Issuance Proposal, the Allegiance Charter Amendment Proposal and the Allegiance Adjournment Proposal.

Post Oak s board of directors unanimously recommends that Post Oak shareholders vote FOR the adoption of the Post Oak Merger Proposal and the Post Oak Adjournment Proposal.

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This joint proxy statement/prospectus describes the Allegiance special meeting, the Post Oak special meeting, the merger, the issuance of the Allegiance common stock in connection with the merger, the documents related to the merger and other related matters. Please carefully read this entire joint proxy statement/prospectus, including Risk Factors, beginning on page 38, for a discussion of the risks relating to the merger. You also can obtain information about Allegiance from documents that it has filed with the Securities and Exchange Commission.

George Martinez	Roland L. Williams
Chairman and Chief Executive Officer	President, Chairman and Chief Executive Officer
Allegiance Bancshares, Inc.	Post Oak Bancshares, Inc.
Telephone: (281) 894-3200	Telephone: (713) 493-3900

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in the merger or passed upon the adequacy or accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

The securities to be issued in the merger are not savings or deposit accounts or other obligations of any bank or non-bank subsidiary of either Allegiance or Post Oak, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of this joint proxy statement/prospectus is August 2, 2018, and it is first being mailed or otherwise delivered to the shareholders of Allegiance and Post Oak on or about August 6, 2018.

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2000 West Loop South, Suite 100

Houston, Texas 77027

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To the Shareholders of Post Oak Bancshares, Inc.:

Notice is hereby given that Post Oak Bancshares, Inc. (Post Oak) will hold a special meeting of its shareholders on September 13, 2018 at 10:30 a.m., local time, at the corporate office of Post Oak at 2000 West Loop South, Suite 100, Houston, Texas 77027 to consider and vote upon the following matters:

- a proposal to adopt the Agreement and Plan of Reorganization (the merger agreement), by and between Allegiance Bancshares, Inc. (Allegiance) and Post Oak, and approve the merger, each as more fully described in the accompanying joint proxy statement/prospectus (the Post Oak Merger Proposal); and

- a proposal to adjourn the Post Oak special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Post Oak Merger Proposal (the Post Oak Adjournment Proposal).

The proposals are described in the accompanying joint proxy statement/prospectus. Post Oak has fixed the close of business on August 1, 2018 as the record date for the Post Oak special meeting (the Post Oak record date). Only Post Oak shareholders of record as of the Post Oak record date are entitled to notice of, and to vote at, the Post Oak special meeting, or any adjournment or postponement of the Post Oak special meeting. Approval of the Post Oak Merger Proposal requires the affirmative vote of holders of two-thirds of the outstanding shares of Post Oak common stock. The Post Oak Adjournment Proposal will be approved if a majority of the votes cast on such proposal at the Post Oak special meeting, in person or by proxy, are voted in favor of such proposal.

Post Oak shareholders have the right to dissent from the merger and obtain payment in cash of the appraised fair value of their shares of Post Oak common stock under applicable provisions of the Texas Business Organizations Code (the TBOC). In order for such Post Oak shareholder to perfect such Post Oak shareholder s right to dissent, such Post Oak shareholder must carefully follow the procedure set forth in the TBOC. A copy of the applicable statutory provisions of the TBOC is included as *Annex F* to the joint proxy statement/prospectus and a summary of the provisions can be found under the section of the joint proxy statement/prospectus entitled The Merger-Dissenters Rights of Post Oak Shareholders.

Post Oak s board of directors has unanimously approved the merger agreement, has determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of Post Oak and its shareholders, and unanimously recommends that Post Oak shareholders vote FOR the Post Oak Merger Proposal and FOR the Post Oak Adjournment Proposal.

Your vote is very important. Allegiance and Post Oak cannot complete the merger unless Post Oak s shareholders adopt the merger agreement and approve the merger. Regardless of whether you plan to attend the Post Oak special meeting, please vote as soon as possible. If you hold stock in your name as a shareholder of record of Post Oak, please complete, sign, date and return the accompanying proxy card in the enclosed postage-paid return envelope. If you hold your stock in street name through a bank or broker, please follow the instructions on the voting instruction card furnished by the bank or broker, as the record holder.

This joint proxy statement/prospectus provides a detailed description of the Post Oak special meeting, the Post Oak Merger Proposal, the documents related to the merger and other related matters. Post Oak urges you to read the joint proxy statement/prospectus, including any documents it refers you to, and its annexes carefully and in their entirety. We look forward to seeing and visiting with you at the Post Oak special meeting.

BY ORDER OF THE BOARD OF DIRECTORS,

Roland L. Williams

President, Chairman and Chief Executive Officer

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ADDITIONAL INFORMATION

This joint proxy statement/prospectus references important business and financial information about Allegiance and Post Oak from other documents that are not included in or delivered with this joint proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain those documents incorporated by reference in this joint proxy statement/prospectus by accessing the SEC s website maintained at http://www.sec.gov, for documents regarding Allegiance, or by requesting copies in writing or by telephone from the appropriate company, as set forth below, for documents regarding either Allegiance or Post Oak:

Allegiance Bancshares, Inc.	Post Oak Bancshares, Inc.
8847 West Sam Houston Parkway, N., Suite 200	2000 West Loop S, Suite 100
Houston, Texas 77040	Houston, Texas 77027
Attention: George Martinez	Attention: Roland L. Williams
Telephone: (281) 894-3200	Telephone: (713) 439-3900

You will not be charged for any of these documents that you request. To receive timely delivery of these documents in advance of the meetings, you must make your request no later than five business days before the date of your meeting. This means that Allegiance shareholders requesting documents must do so by September 7, 2018, in order to receive them before the Allegiance special meeting, and Post Oak shareholders requesting documents must do so by September 6, 2018, in order to receive them before the Post Oak special meeting.

ABOUT THIS DOCUMENT

This document, which forms part of a registration statement on Form S-4 filed with the Securities and Exchange Commission (which we refer to as the SEC) by Allegiance (File No. 333-225845), constitutes a prospectus of Allegiance under Section 5 of the Securities Act of 1933, as amended (which we refer to as the Securities Act), with respect to the shares of Allegiance common stock to be issued to Post Oak shareholders pursuant to the terms of the merger agreement. This document also constitutes a joint proxy statement for both Allegiance and Post Oak under the Securities Exchange Act of 1934, as amended (which we refer to as the Exchange Act). It also constitutes a notice of special meeting with respect to each of the Allegiance special meeting and the Post Oak special meeting.

You should rely only on the information contained in, or incorporated by reference into, this document. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this document. This joint proxy statement/prospectus is dated August 2, 2018, and you should assume that the information in this document is accurate only as of such date. You should assume that the information incorporated by reference into this document is accurate as of the date of such document. Neither the mailing of this document to Allegiance shareholders or Post Oak shareholders nor the issuance by Allegiance of shares of Allegiance common stock in connection with the merger will create any implication to the contrary.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer

or solicitation in such jurisdiction. Except where the context otherwise indicates, information contained in this document regarding Allegiance has been provided by Allegiance and information contained in this document regarding Post Oak has been provided by Post Oak.

For more details, see the section of this joint proxy statement/prospectus entitled Where You Can Find More Information beginning on page 152.

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QUESTIONS AND ANSWERS

The following are some questions that you, as an Allegiance shareholder or a Post Oak shareholder, may have about the merger, the Allegiance special meeting and the Post Oak special meeting, as applicable, and brief answers to those questions. Allegiance and Post Oak urge you to read carefully the remainder of this joint proxy statement/prospectus because the information in this section does not provide all of the information that might be important to you with respect to the merger, the Allegiance special meeting and the Post Oak special meeting or the proposals presented at those meetings, as applicable. Additional important information is also contained in the annexes to this joint proxy statement/prospectus. For details about where you can find additional important information, please see the section of this joint proxy statement/prospectus entitled Where You Can Find More Information beginning on page 152.

Unless the context otherwise requires, references in this joint proxy statement/prospectus to Allegiance refer to Allegiance Bancshares, Inc., a Texas corporation, and its affiliates, including Allegiance Bank, a Texas state bank and a wholly-owned subsidiary of Allegiance (which we refer to as Allegiance Bank). Additionally, unless the context otherwise requires, references in this joint proxy statement/prospectus to Post Oak refer to Post Oak Bancshares, Inc., a Texas corporation, and its affiliates, including Post Oak Bank, N.A., a national banking association and a wholly-owned subsidiary of Post Oak (which we refer to as Post Oak Bank).

Q: What is the merger?

A: Allegiance and Post Oak entered into the merger agreement on April 30, 2018. Under the merger agreement, Post Oak will merge with and into Allegiance, with Allegiance continuing as the surviving corporation (which we refer to as the merger). Immediately following the merger (or at such later time as Allegiance may determine), Allegiance will cause Post Oak Bank to merge with and into Allegiance Bank, with Allegiance Bank as the surviving bank (which we refer to as the bank merger).

A copy of the merger agreement is included in this joint proxy statement/prospectus as *Annex A*.

The merger cannot be completed unless, among other things:

- the holders of at least two-thirds of the outstanding shares of Allegiance common stock vote in favor of Allegiance Merger Proposal;
- a majority of the votes cast by the Allegiance shareholders at the Allegiance special meeting, in person or by proxy, are voted in favor of the Allegiance Stock Issuance Proposal; and
- the holders of at least two-thirds of the outstanding shares of Post Oak common stock vote in favor of the Post Oak Merger Proposal.

Q: Why am I receiving this joint proxy statement/prospectus?

A: Allegiance and Post Oak are delivering this document to you because it is a joint proxy statement being used by both Allegiance s board of directors (which we refer to as the Allegiance Board) and Post Oak s board of directors (which we refer to as the Post Oak Board) to solicit proxies of their respective shareholders entitled to vote on the matters in connection with approval of the merger and the issuance of shares of Allegiance common stock in the merger, as applicable, and related matters.

Allegiance has called a special meeting of its shareholders to consider and vote on the Allegiance Merger Proposal, the Allegiance Stock Issuance Proposal, the Allegiance Charter Amendment Proposal and other matters described herein. This document serves as the proxy statement for the Allegiance special meeting and describes the proposals to be presented at the Allegiance special meeting. This document also constitutes a notice of special meeting with respect to the Allegiance special meeting.

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Post Oak has called a special meeting of its shareholders to consider the Post Oak Merger Proposal. This document serves as the proxy statement for the Post Oak special meeting and describes the proposals to be presented at the Post Oak special meeting. It also constitutes a notice of special meeting with respect to the Post Oak special meeting.

In addition, this document is a prospectus that is being delivered to Post Oak shareholders because Allegiance is offering shares of Allegiance common stock to Post Oak shareholders in connection with the merger.

This joint proxy statement/prospectus contains important information about the merger, the proposals being voted on at the Allegiance and Post Oak special meetings and important information to consider in connection with an investment in Allegiance common stock. You should read it carefully and in its entirety. The enclosed materials allow you to have your shares of common stock voted by proxy without attending your company s special meeting. Your vote is important, and Allegiance and Post Oak encourage you to submit your proxy as soon as possible.

Q: What are the Allegiance shareholders being asked to vote on at the Allegiance special meeting?

A: Allegiance is soliciting proxies from the Allegiance shareholders with respect to the following proposals:

- the Allegiance Merger Proposal;
- the Allegiance Stock Issuance Proposal;
- the Allegiance Charter Amendment Proposal; and
- a proposal to adjourn the Allegiance special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Allegiance Merger Proposal and the Allegiance Stock Issuance Proposal (which we refer to as the Allegiance Adjournment Proposal).

Completion of the merger is not conditioned upon approval of the Allegiance Charter Amendment Proposal or the Allegiance Adjournment Proposal.

Q: What are Post Oak shareholders being asked to vote on at the Post Oak special meeting?

A: Post Oak is soliciting proxies from its common shareholders with respect to the following proposals:

- the Post Oak Merger Proposal; and

a proposal to adjourn the Post Oak special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Post Oak Merger Proposal (which we refer to as the Post Oak Adjournment Proposal). Completion of the merger is not conditioned upon approval of the Post Oak Adjournment Proposal.

Q: What will Post Oak shareholders be entitled to receive in the merger?

A: If the merger is completed, each outstanding share of Post Oak common stock (other than shares of Post Oak common stock held by Post Oak or Allegiance, and any Post Oak shareholder who has perfected such shareholder s dissenter s rights (which we refer to as a dissenting shareholder) under applicable law including the terms and provisions of Chapter 10, Subchapter H of the Texas Business Organizations Code (which we refer to as the TBOC)) will be converted into the right to receive 0.7017 of a share (such number being referred to as the exchange ratio) of Allegiance common stock (and cash in lieu of a fractional share).

The aggregate merger consideration that Post Oak shareholders would be entitled to receive in the merger will be reduced on a dollar-for-dollar basis (using the volume-weighted average price of Allegiance

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common stock on the NASDAQ Stock Market, Inc. Global Market System (which we refer to as NASDAQ), for the twenty trading-day period ending on and including the fifth trading day before the day of completion of the merger (which we refer to as the average closing price) to determine the number of shares to be subtracted from the aggregate merger consideration) to the extent by which Post Oak s tangible common equity, as defined in the merger agreement, is less than the minimum equity required by the merger agreement. The minimum equity required by the merger agreement is set at approximately $154.3 million if closing were to occur on the last business day of October 2018, and increases by $1.8 million for each month after October (and decreases by $1.8 million for each month prior to October). As of the date of this joint proxy statement/prospectus, Post Oak estimates that, assuming closing occurs on the last business day of October 2018, the Post Oak tangible common equity as of the closing of the merger will be $154.3 million or greater, resulting in no downward adjustment to the aggregate merger consideration with respect to the Post Oak tangible common equity.

For a discussion of the possible downward adjustment to the aggregate merger consideration including Post Oak s estimates of its tangible common equity, see The Merger Agreement Structure of the Merger Adjustments to Merger Consideration beginning on page 113.

In addition, if the average closing price of Allegiance common stock is less than $32.52 per share and Allegiance common stock underperforms a selected index of public Texas community bank stocks by more than 20.0%, Post Oak has the right to terminate the merger agreement. Allegiance has the discretion, but not the obligation, to increase the merger consideration by increasing the number of shares of Allegiance common stock in the aggregate merger consideration such that the value of the aggregate merger consideration is equal to at least $278,564,572 (valuing the aggregate stock consideration based on the average closing price in accordance with the merger agreement). As a result, the number of shares of Allegiance common stock that Post Oak shareholders will receive in the merger may fluctuate with the market price of Allegiance common stock and will not be known at the time that Post Oak shareholders vote on the merger agreement.

Allegiance will not issue any fractional shares of Allegiance common stock in the merger. Post Oak shareholders who would otherwise be entitled to a fraction of a share of Allegiance common stock upon the completion of the merger will instead receive, for the fraction of a share, an amount in cash determined by multiplying the fractional share by the average closing price of Allegiance common stock.

As a result of the foregoing, based on the number of shares of Allegiance common stock and Post Oak common stock outstanding as of August 1, 2018, the last date before the date of this joint proxy statement/prospectus for which it was practicable to obtain this information, approximately 61.6% of outstanding Allegiance common stock following the merger will be held by shareholders who were holders of Allegiance common stock immediately prior to the effective time and approximately 38.4% of outstanding Allegiance common stock will be held by shareholders who were holders of Post Oak common stock immediately prior to the effective time.

Q: What will Allegiance shareholders be entitled to receive in the merger?

A: Allegiance shareholders will not be entitled to receive any merger consideration and will continue to hold the shares of Allegiance common stock that they held immediately prior to the completion of the merger. Following the merger, shares of Allegiance common stock will continue to be traded on NASDAQ under the symbol ABTX.

Q: Will the value of the merger consideration change between the date of this joint proxy statement/prospectus and the time the merger is completed?

A: Yes, the value of the aggregate merger consideration will fluctuate between the date of this joint proxy statement/prospectus and the completion of the merger based upon the market value for Allegiance common stock. Any fluctuation in the market price of Allegiance common stock after the date of this joint proxy statement/prospectus will change the value of the shares of Allegiance common stock that Post Oak shareholders will be entitled to receive. Consequently, you will not know the exact per share merger consideration to be paid to Post Oak shareholders as a result of the merger when you vote at your company s special meeting.

The table below sets forth the implied value of the per share merger consideration based on the closing price of Allegiance common stock as quoted by NASDAQ on the specified dates:

Date	Closing Price of Allegiance Common Stock	Implied Value of Per Share Stock Consideration[(1)]	Aggregate Merger Consideration[(1)]
April 27, 2018[(2)]	$ 40.80	$ 28.63	$ 349,925,165[(3)]
August 1, 2018[(4)]	44.85	31.47	385,653,718[(5)]

(1) Assumes there is no adjustment to the merger consideration. For a discussion of the possible adjustments to the merger consideration, see The Merger Agreement Structure of the Merger Adjustments to Merger Consideration beginning on page 113.

(2) The last trading day before public announcement of the merger agreement.

(3) Calculated based on 11,828,154 shares of Post Oak common stock issued and outstanding as of April 27, 2018, and the issuance of 572,850 shares upon the exercise of outstanding Post Oak options with a weighted average exercise price of $8.93.

(4) The latest practicable trading day before the date of this joint proxy statement/prospectus.

(5) Calculated based on 11,882,629 shares of Post Oak common stock issued and outstanding as of August 1, 2018, and the issuance of 518,950 shares upon the exercise of outstanding Post Oak options with a weighted average exercise price of $8.94.

The aggregate merger consideration that Post Oak shareholders would be entitled to receive in the merger will be reduced on a dollar-for-dollar basis (using the average closing price of Allegiance common stock to determine the number of shares to be subtracted from the aggregate merger consideration) to the extent by which Post Oak s tangible common equity, as defined in the merger agreement, is less than the minimum equity required by the merger agreement. The minimum equity required by the merger agreement is set at approximately $154.3 million if closing were to occur on the last business day of October 2018, and increases by $1.8 million for each month after October (and decreases by $1.8 million for each month prior to October). For a discussion of the possible downward adjustment to the aggregate merger consideration including Post Oak s estimates of its tangible common equity, see The Merger Agreement Structure of the Merger Adjustments to Merger Consideration beginning on page 113.

In addition, if the average closing price of Allegiance common stock is less than $32.52 per share and Allegiance common stock underperforms the selected index by more than 20.0%, Post Oak has the right to terminate the merger agreement. Allegiance has the discretion, but not the obligation, to increase the merger consideration by increasing the number of shares of Allegiance common stock in the aggregate merger consideration such that the value of the aggregate merger consideration is equal to at least $278,564,572 (valuing the aggregate stock consideration based on the average closing price in accordance with the merger agreement). As a result, the number of shares of Allegiance common stock that Post Oak shareholders will receive in the merger may fluctuate with the market price of Allegiance common stock and will not be known at the time that Post Oak shareholders vote on the merger agreement.

Q: How does the Allegiance Board recommend that I vote at the Allegiance special meeting?

A: The Allegiance Board unanimously recommends that you vote FOR the Allegiance Merger Proposal, FOR the Allegiance Stock Issuance Proposal, FOR the Allegiance Charter Amendment Proposal and FOR the Allegiance Adjournment Proposal.

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Q: How does the Post Oak Board recommend that I vote at the Post Oak special meeting?

A: The Post Oak Board unanimously recommends that you vote FOR the Post Oak Merger Proposal and FOR the Post Oak Adjournment Proposal.

Q: When and where are the special meetings?

A: The Allegiance special meeting will be held at The Houstonian Hotel, 111 North Post Oak Lane, Houston, Texas 77024 on September 14, 2018, at 1:00 p.m. local time.

The Post Oak special meeting will be held at the corporate office of Post Oak at 2000 West Loop South, Suite 100, Houston, Texas 77027 on September 13, 2018, at 10:30 a.m. local time.

Q: What do I need to do now?

A: After you have carefully read this joint proxy statement/prospectus and have decided how you wish to vote your shares, please vote your shares promptly so that your shares are represented and voted at your special meeting. If you hold your shares in your name as a shareholder of record, we request that you complete, sign, date and mail your proxy card in the enclosed postage-paid return envelope as soon as possible. If you hold your shares in street name through a bank or broker, we request that you direct your bank or broker how to vote in accordance with the instructions you have received from your bank or broker. Street name shareholders who wish to vote in person at their special meeting will need to obtain a legal proxy from the institution that holds their shares.

Q: What is the difference between a shareholder of record and a street name holder?

A: If you are an Allegiance shareholder and if your shares of Allegiance common stock are registered directly in your name with Computershare Trust Company, N.A. (which we refer to as Computershare), Allegiance s stock transfer agent, you are considered the shareholder of record with respect to those shares of Allegiance common stock. This joint proxy statement/prospectus and the Allegiance proxy card have been sent directly to you by Computershare at Allegiance s request. On the close of business on August 1, 2018, the record date for the Allegiance special meeting, Allegiance had approximately 488 holders of record.

If you are a Post Oak shareholder and if your shares of Post Oak common stock are registered directly in your name, you are considered the shareholder of record with respect to those shares of Post Oak common stock. On the close of business on August 1, 2018, the record date for the Post Oak special meeting, Post Oak had approximately 907 holders of record.

If your shares of Allegiance common stock or Post Oak common stock are held in a stock brokerage account or by a bank or other nominee, the nominee is considered the record holder of those shares. You are considered the beneficial owner of these shares, and your shares are held in street name. This joint proxy statement/prospectus and the

Allegiance proxy card or Post Oak proxy card, as applicable, have been forwarded to you by your nominee. As the beneficial owner, you have the right to direct your nominee concerning how to vote your shares by using the voting instructions it included in the mailing or by following its instructions for voting.

Q: If my shares of Allegiance common stock or Post Oak common stock, as applicable, are held in street name by my bank or broker, will my bank or broker automatically vote my shares for me?

A: No. Your bank or broker cannot vote your shares without instructions from you. You should instruct your bank or broker how to vote your shares in accordance with the instructions provided to you. Please check the voting form used by your bank or broker.

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Q: What is a broker non-vote?

A: A broker non-vote occurs when a broker or nominee holding shares for a beneficial owner does not vote on a particular proposal because the broker or nominee does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner.

If you are an Allegiance shareholder, your broker does not have discretionary authority to vote your shares with respect to the Allegiance Merger Proposal, the Allegiance Stock Issuance Proposal, the Allegiance Charter Amendment Proposal or the Allegiance Adjournment Proposal. If you wish for the vote of your shares to be counted, you must direct your broker how to vote your shares.

If you are a Post Oak shareholder, your broker does not have discretionary authority to vote your shares with respect to the Post Oak Merger Proposal or the Post Oak Adjournment Proposal. If you wish for the vote of your shares to be counted, you must direct your broker how to vote your shares.

Q: How are broker non-votes and abstentions treated?

A: Abstentions and broker non-votes will be counted for purposes of determining the presence or absence of a quorum.

Abstentions and broker non-votes by Allegiance shareholders will not have the effect of a vote against the Allegiance Stock Issuance Proposal.

Abstentions and broker non-votes will have the effect of a vote against the Allegiance Merger Proposal, the Allegiance Charter Amendment Proposal and the Post Oak Merger Proposal because Texas law requires these proposals to be approved by the affirmative vote of the holders of two-thirds of the outstanding shares entitled to vote.

Abstentions and broker non-votes will not have the effect of a vote against the Allegiance Adjournment Proposal or the Post Oak Adjournment Proposal.

Q: What constitutes a quorum for the Allegiance special meeting?

A: The presence (in person or by proxy) of holders of at least a majority of the voting power represented by all issued and outstanding shares of Allegiance common stock entitled to be voted at the Allegiance special meeting constitutes a quorum for transacting business at the Allegiance special meeting. All shares of Allegiance common stock present in person or represented by proxy, including abstentions and broker non-votes, if any, will be treated as present for purposes of determining the presence or absence of a quorum for all matters voted on at the Allegiance special meeting.

Q: What constitutes a quorum for the Post Oak special meeting?

A: The presence (in person or by proxy) of holders of at least a majority of the voting power represented by all issued and outstanding shares of Post Oak common stock entitled to be voted at the Post Oak special meeting constitutes a quorum for transacting business at the Post Oak special meeting. All shares of Post Oak common stock present in person or represented by proxy, including abstentions and broker non-votes, if any, will be treated as present for purposes of determining the presence or absence of a quorum for all matters voted on at the Post Oak special meeting.

Q: What is the vote required to approve each proposal at the Allegiance special meeting?

A: *Allegiance Merger Agreement Proposal:* The affirmative vote of two-thirds of the outstanding shares of Allegiance common stock is required to approve the Allegiance Merger Proposal. If you mark ABSTAIN on your proxy card, fail to submit a proxy card or vote in person at the Allegiance special meeting or fail to

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instruct your bank or broker how to vote with respect to the Allegiance Merger Proposal, it will have the effect of a vote AGAINST the proposal.

Allegiance Stock Issuance Proposal: The affirmative vote of a majority of the votes cast on the proposal at the Allegiance special meeting, in person or by proxy, is required to approve the Allegiance Stock Issuance Proposal. If you mark ABSTAIN on your proxy card, fail to submit a proxy card or vote in person at the Allegiance special meeting or fail to instruct your bank or broker how to vote with respect to the Allegiance Stock Issuance Proposal, it will have no effect on the proposal.

Allegiance Charter Amendment Proposal: The affirmative vote of two-thirds of the outstanding shares of Allegiance common stock is required to approve the Allegiance Charter Amendment Proposal. If you mark ABSTAIN on your proxy card, fail to submit a proxy card or vote in person at the Allegiance special meeting or fail to instruct your bank or broker how to vote with respect to the Allegiance Charter Amendment Proposal, it will have the effect of a vote AGAINST the proposal.

Allegiance Adjournment Proposal: The affirmative vote of a majority of the votes cast on the proposal at the Allegiance special meeting, in person or by proxy, is required to approve the Allegiance Adjournment Proposal. If you mark ABSTAIN on your proxy card, fail to submit a proxy card or vote in person at the Allegiance special meeting or fail to instruct your bank or broker how to vote with respect to the Allegiance Adjournment Proposal, it will have no effect on the proposal.

Q: What is the vote required to approve each proposal at the Post Oak special meeting?

A: *Post Oak Merger Proposal*: The affirmative vote of two-thirds of the outstanding shares of Post Oak common stock is required to approve the Post Oak Merger Proposal. If you mark ABSTAIN on your proxy card, fail to submit a proxy card or vote in person at the Post Oak special meeting or fail to instruct your bank or broker how to vote with respect to the Post Oak Merger Proposal, it will have the effect of a vote AGAINST the proposal.

Post Oak Adjournment Proposal: The affirmative vote of a majority of the votes cast on the proposal at the Post Oak special meeting, in person or by proxy, is required to approve the Post Oak Adjournment Proposal. If you mark ABSTAIN on your proxy card, fail to submit a proxy card or vote in person at the Post Oak special meeting or fail to instruct your bank or broker how to vote with respect to the Post Oak Adjournment Proposal, it will have no effect on the proposal.

Q: Why is my vote important?

A: If you do not vote, it will be more difficult for Allegiance or Post Oak to obtain the necessary quorum to hold their respective special meetings and to obtain approval of the proposals to be voted upon at the special meetings. In addition, if you are a Post Oak shareholder, your failure to vote will have the effect of a vote AGAINST the Post Oak Merger Proposal, and, if you are an Allegiance shareholder, your failure to vote will have the effect of a vote AGAINST the Allegiance Merger Proposal and the Allegiance Charter Amendment Proposal. The Allegiance Board unanimously recommends that you, as an Allegiance shareholder, vote FOR the Allegiance

Merger Proposal, FOR the Allegiance Stock Issuance Proposal and FOR the Allegiance Charter Amendment Proposal. The Post Oak Board unanimously recommends that you, as a Post Oak shareholder, vote FOR the Post Oak Merger Proposal.

Q: Can I attend the special meeting?

A: All shareholders of Allegiance and Post Oak as of the Allegiance record date and the Post Oak record date, respectively (including shareholders of record and shareholders who hold their shares in street name through banks, brokers, nominees or any other holder of record) are invited to attend their respective special

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meetings. If you plan to attend your special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership. In addition, all shareholders of Allegiance and Post Oak must bring a form of personal photo identification in order to be admitted.

Allegiance and Post Oak reserve the right to refuse admittance to anyone without proper proof of share ownership or without proper photo identification. The use of cameras, sound recording equipment, communications devices or any similar equipment during the special meetings is prohibited without Allegiance s or Post Oak s express written consent, respectively.

Q: If I attend the special meeting, can I vote my shares in person?

Holders of record and beneficial owners of Allegiance common stock can vote in person at the Allegiance special meeting. If you are a beneficial owner of Allegiance common stock, you must obtain a proxy card, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the Allegiance special meeting.

Only Post Oak shareholders of record as of the Post Oak record date can vote in person at the Post Oak special meeting. If you are a beneficial owner of Post Oak common stock who holds shares in street name through a broker, bank, trustee or other nominee, you must direct your bank or broker how to vote in accordance with the instructions you have received from your bank or broker.

Q: Can I change my vote?

A: *Allegiance shareholders*: Yes. If you are a holder of record of Allegiance common stock, you may change your vote or revoke any proxy at any time before the Allegiance special meeting is called to order by (i) delivering a written notice of revocation to Allegiance s Corporate Secretary, (ii) completing, signing and returning a new proxy card with a later date than your original proxy card prior to such time that the proxy card for any such holder of common stock must be received, and any earlier proxy will be revoked automatically, (iii) logging onto the Internet website specified on your proxy card in the same manner you would to submit your proxy electronically and following the instructions indicated on the proxy card, or (iv) attending the Allegiance special meeting in person, notifying the Corporate Secretary that you are revoking your proxy and voting by ballot at the Allegiance special meeting. Your attendance by itself at the Allegiance special meeting will not automatically revoke your proxy unless you give written notice of revocation to the Corporate Secretary of Allegiance before the Allegiance special meeting is called to order. A revocation or later-dated proxy received by Allegiance after the Allegiance special meeting is called to order will not be recognized and will not affect the vote. All written notices of revocation and other communications with respect to revocation or proxies should be sent to: Allegiance Bancshares, Inc., 8847 West Sam Houston Parkway, N., Suite 200, Houston, Texas 77040, Attention: Corporate Secretary.

If you hold your shares of Allegiance common stock in street name through a bank or broker, you should contact your bank or broker to change your vote or revoke your proxy.

Post Oak shareholders: Yes. If you are a holder of record of Post Oak common stock, you may change your vote or revoke any proxy at any time before it is voted by (i) attending and voting in person at the Post Oak special meeting;

(ii) giving notice of revocation of the proxy at the Post Oak special meeting; or (iii) delivering to the Secretary of Post Oak (A) a written notice of revocation or (B) a duly executed proxy card relating to the same shares, bearing a date later than the proxy card previously executed. Attendance at the Post Oak special meeting by itself will not automatically revoke your proxy. A revocation or later-dated proxy received by Post Oak after the vote will not be recognized and will not affect the vote. Post Oak s Secretary s mailing address is: 2000 West Loop South, Suite 100, Houston, Texas 77027.

If you hold your shares of Post Oak common stock in street name through a bank or broker, you should contact your bank or broker to change your vote or revoke your proxy.

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Q: What are the expected U.S. federal income tax consequences of the merger?

A: The obligations of Allegiance and Post Oak to complete the merger are conditioned on, among other things, the receipt by Allegiance and Post Oak of tax opinions from Bracewell LLP (Bracewell) and Fenimore, Kay, Harrison & Ford, LLP (Fenimore Kay), respectively, dated as of the closing date of the merger, to the effect that, on the basis of facts, representations and assumptions that are consistent with the facts existing at the effective time of the merger and as set forth and referred to in such opinions, the merger will qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code). If the merger qualifies as a reorganization under Section 368(a) of the Code, holders of Post Oak common stock generally will not recognize any gain or loss for U.S. federal income tax purposes on the exchange of shares of Post Oak common stock for shares of Allegiance common stock, except with respect to any cash received in lieu of a fractional share of Allegiance common stock. If any of the tax opinion representations and assumptions are incorrect, incomplete or false or are violated, the validity of the opinions described above may be affected and the tax consequences of the merger could differ from those described in this joint proxy statement/prospectus.

For further information, please see Material U.S. Federal Income Tax Consequences of the Merger beginning on page 128. The U.S. federal income tax consequences described above may not apply to all holders of Post Oak common stock. Your tax consequences will depend on your individual situation. Accordingly, holders are urged to consult their own tax advisors for a full understanding of the particular tax consequences to them of the merger.

Q: Are Post Oak shareholders entitled to dissenters rights?

A: Yes, Post Oak shareholders may assert dissenters rights. For further information, see The Merger Dissenters Rights of Post Oak Shareholders beginning on page 108, which discussion is qualified by the full text of the provisions of the TBOC relating to rights of dissent set forth in *Annex F* hereto.

Q: If I am a Post Oak shareholder, should I send in my Post Oak stock certificates now?

A: No. Please do not send in your Post Oak stock certificates with your proxy. After the merger, Allegiance s exchange agent, Computershare, will send you instructions for exchanging Post Oak stock certificates for the per share merger consideration. See The Merger Agreement Conversion of Shares; Exchange of Certificates beginning on page 115.

Q: Whom may I contact if I cannot locate my Post Oak stock certificate(s)?

A: If you are unable to locate your original Post Oak stock certificate(s), you should contact Renee Bourland, at (713) 439-3902 or renee.bourland@postoakbank.com.

Q: What should I do if I receive more than one set of voting materials?

A: Allegiance shareholders and Post Oak shareholders may receive more than one set of voting materials, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold shares of Allegiance common stock or Post Oak common stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold such shares. If you are a holder of record of Allegiance common stock or Post Oak common stock and your shares are registered in more than one name, you will receive more than one proxy card. In addition, if you are a holder of both Allegiance common stock and Post Oak common stock, you will receive one or more separate proxy cards or voting instruction cards for each company. Please

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complete, sign, date and return each proxy card and voting instruction card that you receive or otherwise follow the voting instructions set forth in this joint proxy statement/prospectus to ensure that you vote every share of Allegiance common stock and/or Post Oak common stock that you own.

Q: When do you expect to complete the merger?

A: Allegiance and Post Oak currently expect to complete the merger in the fourth quarter of 2018. However, neither Allegiance nor Post Oak can assure you of when or if the merger will be completed. Before the merger is completed, Allegiance must obtain the approval of Allegiance shareholders for the Allegiance Merger Proposal and the Allegiance Stock Issuance Proposal, Post Oak must obtain the approval of Post Oak shareholders for the Post Oak Merger Proposal, necessary regulatory approvals must be obtained and certain other closing conditions must be satisfied.

Q: What happens if the merger is not completed?

A: If the merger is not completed, holders of Post Oak common stock will not receive any consideration for their shares in connection with the merger. Instead, Post Oak will remain an independent company. In addition, if the merger agreement is terminated in certain circumstances, Post Oak may be required to pay a termination fee to Allegiance or pay Allegiance s merger-related expenses. See the section of this joint proxy statement/prospectus entitled The Merger Agreement Termination Fee beginning on page 125 for a complete discussion of the circumstances under which termination fees will be required to be paid.

Q: Whom should I call with questions?

A: *Allegiance shareholders*: If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of Allegiance common stock, please contact Investor Relations at (281) 894-3200 or ir@allegiancebank.com or Shareholder Services at Computershare at (800) 962-4284.

Post Oak shareholders: If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of Post Oak common stock, please contact Renee Bourland, at (713) 439-3902 or renee.bourland@postoakbank.com.

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SUMMARY

This summary highlights selected information from this joint proxy statement/prospectus. It may not contain all of the information that is important to you. Allegiance and Post Oak urge you to read carefully the entire joint proxy statement/prospectus, including the annexes, and the other documents to which they refer in order to fully understand the merger. A copy of the merger agreement is attached as Annex A. In addition, we incorporate by reference into this joint proxy statement/prospectus important business and financial information about Allegiance. See Where You Can Find More Information beginning on page 152. Each item in this summary refers to the page of this joint proxy statement/prospectus on which that subject is discussed in more detail.

Information about the Companies

Allegiance

Allegiance Bancshares, Inc. is a Texas corporation and registered bank holding company headquartered in Houston, Texas. Through its wholly-owned subsidiary, Allegiance Bank, Allegiance provides a diversified range of commercial banking services primarily to Houston metropolitan area-based small to medium-sized businesses, professionals and individual customers. Allegiance believes the size, growth and increasing economic diversity of the Houston metropolitan area, when combined with its super-community banking strategy, provides it with excellent opportunities for long-term, sustainable growth. Allegiance s super-community banking strategy is designed to foster strong customer relationships while benefitting from a platform and scale that is competitive with larger regional and national banks. Allegiance believes this strategy presents a significant market advantage when serving small to medium-sized business customers and further enables Allegiance to attract talented bankers.

Allegiance currently operates 16 full-service banking locations and one loan production office in the Houston metropolitan area. Allegiance has experienced significant growth since it began banking operations in 2007, resulting from both organic growth, including de novo branching, and two whole-bank acquisitions. As of March 31, 2018, Allegiance had total assets of $2.89 billion, total gross loans of $2.29 billion, total deposits of $2.28 billion and total shareholders equity of $312.0 million.

Allegiance s stock is traded on NASDAQ under the symbol ABTX .

Allegiance s principal office is located at 8847 West Sam Houston Parkway, N., Suite 200, Houston, Texas 77040, and its telephone number at that location is (281) 894-3200. Additional information about Allegiance and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See Where You Can Find More Information, beginning on page 152.

Post Oak

Formed in 2008, Post Oak is a Texas corporation that owns all of the outstanding shares of common stock of Post Oak Bank, N.A., a national banking association formed in 2004, with operational headquarters in Houston, Texas. Post Oak Bank is a traditional commercial bank offering a variety of banking services to commercial and consumer customers throughout the Houston metropolitan area and Beaumont, Texas. Post Oak Bank offers a range of lending services, including real estate, commercial and consumer loans to individuals and small- to medium-sized business and professional firms that are located in or conduct a substantial portion of their business in Post Oak Bank s market areas.

Post Oak Bank operates 13 banking locations: 12 located throughout the greater Houston metropolitan area and one in Beaumont, outside of Houston. As of March 31, 2018, Post Oak, on a consolidated basis, reported total assets of $1.43 billion, total loans of $1.15 billion, total deposits of $1.24 billion and shareholders equity of $162.7 million. Post Oak does not file reports with the SEC because Post Oak is not a publicly-traded company.

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Post Oak s principal executive offices are located at 2000 West Loop South, Suite 100, Houston, Texas 77027, and its telephone number at that location is (713) 439-3900. Additional information about Post Oak and its subsidiaries is included in documents referred to in the section of this joint proxy statement/prospectus entitled Where You Can Find More Information, beginning on page 152.

In the Merger, Post Oak Shareholders Will Be Entitled To Receive Shares of Allegiance Common Stock

Merger Consideration

Allegiance and Post Oak are proposing a strategic merger. If the merger is completed, each share of Post Oak common stock (other than shares of Post Oak common stock held by Post Oak, Allegiance and any dissenting shareholder) will be converted into the right to receive 0.7017 of a share of Allegiance common stock. Allegiance will not issue any fractional shares of Allegiance common stock in the merger. Post Oak shareholders who would otherwise be entitled to a fraction of a share of Allegiance common stock upon the completion of the merger will instead receive, for the fraction of a share, an amount in cash determined by multiplying the fractional share by the average closing price of Allegiance common stock.

The Allegiance common stock is listed on NASDAQ under the symbol ABTX. See Description of Capital Stock of Allegiance for additional information about the Allegiance common stock. See Comparison of Shareholders Rights and Comparative Market Prices and Dividends for comparative information about the Allegiance common stock and the Post Oak common stock and the rights of holders thereof.

The market value of the shares of Allegiance common stock to be paid as consideration will fluctuate with the market price of Allegiance common stock and will not be known at the time the Post Oak shareholders vote on the Post Oak Merger Proposal and the Allegiance shareholders vote on the Allegiance Merger Proposal and the Allegiance Stock Issuance Proposal.

The table below sets forth the implied value of the per share merger consideration based on the closing price of Allegiance common stock as quoted by NASDAQ on the specified dates:

Date	Closing Price of Allegiance Common Stock	Implied Value of Per Share Stock Consideration[1]	Aggregate Merger Consideration[1]
April 27, 2018[2]	$ 40.80	$ 28.63	$ 349,925,165[3]
August 1, 2018[4]	44.85	31.47	385,653,718[5]

(1) Assumes there is no adjustment to the merger consideration. For a discussion of the possible adjustments to the merger consideration, see The Merger Agreement Structure of the Merger Adjustments to Merger Consideration beginning on page 113.
(2) The last trading day before public announcement of the merger agreement.
(3) Calculated based on 11,828,154 shares of Post Oak common stock issued and outstanding as of April 27, 2018, and the issuance of 572,850 shares upon the exercise of outstanding Post Oak options with a weighted average

exercise price of $8.93.

(4) The latest practicable trading day before the date of this joint proxy statement/prospectus.

(5) Calculated based on 11,882,629 shares of Post Oak common stock issued and outstanding as of August 1, 2018, and the issuance of 518,950 shares upon the exercise of outstanding Post Oak options with a weighted average exercise price of $8.94.

The merger agreement governs the merger. The merger agreement is included in this joint proxy statement/prospectus as *Annex A*. All descriptions in this summary and elsewhere in this joint proxy statement/prospectus of the terms and conditions of the merger are qualified by reference to the merger agreement. Please read the merger agreement carefully for a more complete understanding of the merger.

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Adjustments to Merger Consideration

The aggregate merger consideration that Post Oak shareholders would be entitled to receive in the merger will be reduced on a dollar-for-dollar basis (using the average closing price of Allegiance common stock to determine the number of shares to be subtracted from the aggregate merger consideration) to the extent by which Post Oak s tangible common equity, as defined in the merger agreement, is less than the minimum equity required by the merger agreement. The minimum equity required by the merger agreement is set at approximately $154.3 million if closing were to occur on the last business day of October 2018, and increases by $1.8 million for each month after October (and decreases by $1.8 million for each month prior to October). As of the date of this joint proxy statement/prospectus, Post Oak estimates that, assuming closing occurs on the last business day of October 2018, the Post Oak tangible common equity as of the closing of the merger will be $154.3 million or greater, resulting in no downward adjustment to the aggregate merger consideration with respect to the Post Oak tangible common equity. For additional information regarding the composition and determination of Post Oak tangible common equity, see The Merger Agreement Structure of the Merger Adjustments to Merger Consideration beginning on page 113.

In addition, if (1) the average closing price of the Allegiance common stock is less than $32.52 and (2) the number obtained by dividing the average closing price by $40.65 is less than the number obtained by dividing (A) the Final Index Price by (B) the Initial Index Price and subtracting 0.20 from such quotient, then Post Oak may give notice of its intent to terminate the merger agreement, at which time Allegiance has the discretion, but not the obligation, to increase the merger consideration by increasing the number of shares of Allegiance common stock in the aggregate merger consideration such that the value of the aggregate merger consideration is equal to at least $278,564,572 (valuing the aggregate stock consideration based on the average closing price in accordance with the merger agreement). The Final Index Price, as such term is used herein, is the average of the daily closing value of the Index for the 20 consecutive trading days ending on and including the fifth trading day preceding the closing date. The Initial Index Price, as such term is used herein, is $42.75 (the closing value of the Index on the date immediately prior to the date of the merger agreement). The Index, as such term is used herein, means the financial institutions with the following trading symbols on an equal weighted basis: CBTX, FFIN, GNBC, GNTY, IBTX, IBOC, LTXB, PB, SBSI and VBTX. If Allegiance elects to increase the merger consideration, Post Oak will no longer have the right to terminate the merger agreement for these reasons. If Allegiance elects not to increase the merger consideration, Post Oak may terminate the merger agreement.

The Allegiance Board Unanimously Recommends that Allegiance Shareholders Vote FOR the Allegiance Merger Proposal, FOR the Allegiance Stock Issuance Proposal, FOR the Allegiance Charter Amendment Proposal and FOR the Allegiance Adjournment Proposal (page 52)

The Allegiance Board has determined that the merger, the merger agreement and the transactions contemplated by the merger agreement, including the issuance of the Allegiance common stock, are advisable and in the best interests of Allegiance and its shareholders and has unanimously approved the merger agreement. The Allegiance Board recommends that Allegiance shareholders vote FOR the Allegiance Merger Proposal, FOR the Allegiance Stock Issuance Proposal and FOR the Allegiance Adjournment Proposal. For the factors considered by the Allegiance Board in reaching its decision to approve the merger agreement, see The Merger Allegiance s Reasons for the Merger; Recommendation of the Allegiance Board beginning on page 96. The Allegiance Board has also determined that the amendment to the Amended and Restated Certificate of Formation of Allegiance to increase the number authorized shares of capital stock is advisable and in the best interests of Allegiance and its shareholders. The Allegiance Board recommends that Allegiance shareholders vote FOR the Allegiance Charter Amendment Proposal.

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The Post Oak Board Unanimously Recommends that Post Oak Shareholders Vote FOR the Post Oak Merger Proposal and FOR the Post Oak Adjournment Proposal (page 51)

The Post Oak Board has determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of Post Oak and its shareholders and has unanimously approved the merger agreement. The Post Oak Board unanimously recommends that Post Oak shareholders vote FOR the Post Oak Merger Proposal and FOR the Post Oak Adjournment Proposal. For the factors considered by the Post Oak Board in reaching its decision to approve the merger agreement, see The Merger-Post Oak s Reasons for the Merger; Recommendation of the Post Oak Board beginning on page 84.

Post Oak Director Support Agreements and Post Oak Voting Agreement (page 126); Ownership of Directors, Executive Officers and Affiliates (pages 149 and 151)

In connection with entering into the merger agreement, each of the directors of Post Oak and Post Oak Bank who is not a party to an employment agreement has entered into a Director Support Agreement with Allegiance pursuant to which each has agreed to refrain from harming the goodwill of Allegiance, Post Oak or any of their respective subsidiaries and their respective customer, client and vendor relationships.

The directors and certain officers of Post Oak and Post Oak Bank have entered into a voting agreement with Allegiance, solely in their capacity as shareholders of Post Oak, pursuant to which they have agreed to vote in favor of the Post Oak Merger Proposal and in favor of any other matter required to be approved by the shareholders of Post Oak to facilitate the transactions contemplated by the merger agreement. As of the Post Oak record date, the Post Oak shareholders who are party to the voting agreement beneficially own and are entitled to vote in the aggregate approximately 28.9% of the outstanding shares of Post Oak common stock. For more information regarding the voting agreement, see The Merger Agreement Post Oak Director Support Agreements and Post Oak Voting Agreement beginning on page 126.

As of the Post Oak record date, the directors and executive officers of Post Oak and their affiliates beneficially owned and were entitled to vote, in the aggregate, 3,038,559 shares of Post Oak common stock, representing approximately 25.6% of the shares of Post Oak common stock outstanding on that date. Post Oak currently expects that each of its executive officers will vote their shares of Post Oak common stock in favor of the Post Oak Merger Proposal and the Post Oak Adjournment Proposal. As of the Post Oak record date, Allegiance beneficially owned no shares of Post Oak common stock, and the directors and executive officers of Allegiance and their affiliates beneficially owned no shares of Post Oak common stock.

As of the Allegiance record date, the directors and executive officers of Allegiance and their affiliates beneficially owned and were entitled to vote approximately 1,648,807 shares of Allegiance common stock representing approximately 12.3% of the shares of Allegiance common stock outstanding on that date. Allegiance currently expects that each of its executive officers will vote their shares of Allegiance common stock in favor of the Allegiance Merger Proposal, the Allegiance Stock Issuance Proposal, the Allegiance Charter Amendment Proposal and the Allegiance Adjournment Proposal, although none of them has entered into any agreement obligating him or her to do so. As of the Allegiance record date, Post Oak beneficially owned no shares of Allegiance common stock, and the directors and executive officers of Post Oak and their affiliates beneficially owned, in the aggregate, 2,056 shares of Allegiance common stock or less than 1.0% of the outstanding Allegiance common stock.

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Opinion of Post Oak s Financial Advisor (page 86 and *Annex D*)

On April 30, 2018, Performance Trust Capital Partners, LLC (Performance Trust) rendered to the Post Oak Board its written opinion with respect to the fairness, from a financial point of view, to the holders of Post Oak common stock, as of April 30, 2018, of the per share merger consideration plus the assumption and conversion of Post Oak stock options pursuant to the merger agreement (which is defined in the opinion as the Aggregate Merger Consideration). Performance Trust s opinion was directed to the Post Oak Board and only addressed the fairness, from a financial point of view, to the holders of Post Oak common stock of the Aggregate Merger Consideration and did not address any other aspect or implication of the merger. The references to Performance Trust s opinion in this joint proxy statement/prospectus are qualified in their entirety by reference to the full text of Performance Trust s written opinion, which is included as *Annex D* to this joint proxy statement/prospectus and Performance Trust s opinion sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Performance Trust in preparing its opinion. However, neither Performance Trust s opinion, nor the summary of its opinion and the related analyses set forth in this joint proxy statement/prospectus is intended to be, and they do not constitute, advice or a recommendation to the Post Oak Board or any shareholder of Post Oak as to how to act or vote with respect to any matter relating to the merger agreement or otherwise. Performance Trust s opinion was furnished for the use and benefit of the Post Oak Board (in its capacity as such) in connection with its evaluation of the merger and should not be construed as creating, and Performance Trust will not be deemed to have, any fiduciary duty to the Post Oak Board, Post Oak, any security holder or creditor of Post Oak or any other person, regardless of any prior or ongoing advice or relationships. See The Merger Opinion of Post Oak s Financial Advisor beginning on page 86.

Fairness Opinion to Allegiance s Board of Directors (page 97 and *Annex E*)

On April 30, 2018, at the request of the Allegiance Board, representatives of Raymond James & Associates, Inc. (Raymond James) rendered its written opinion, dated April 30, 2018, that as of such date and based upon and subject to the qualifications, assumptions and other matters considered in connection with the preparation of its opinion, the exchange ratio in the merger pursuant to the merger agreement was fair, from a financial point of view, to Allegiance.

The full text of the written opinion of Raymond James, dated April 30, 2018, which sets forth, among other things, the various qualifications, assumptions and limitations on the scope of the review undertaken, is included in this joint proxy statement/prospectus as *Annex E*. Raymond James provided its opinion for the information and assistance of the Allegiance Board (solely in each director s capacity as such) in connection with, and for purposes of, the Allegiance Board s consideration of the merger, and its opinion only addresses whether the exchange ratio was fair, from a financial point of view, to Allegiance as of the date of such opinion. The opinion of Raymond James did not address any other term or aspect of the merger agreement or the merger contemplated thereby. The Raymond James opinion does not constitute a recommendation to the Allegiance Board or any holder of Allegiance common stock or Post Oak common stock as to how the Allegiance Board, such shareholder or any other person should vote or otherwise act with respect to the merger or any other matter. See The Merger Opinion of Allegiance s Financial Advisor beginning on page 97.

How Post Oak Equity-Based Awards Will Be Treated (page 114)

Restricted Stock Awards

At the effective time, each restricted stock award granted by Post Oak will become fully vested and each holder of such restricted stock awards will be entitled to receive the per share merger consideration for each share of Post Oak common stock held by such holder.

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Stock Options

Upon completion of the merger, each option to purchase shares of Post Oak common stock granted under the Post Oak Bancshares, Inc. Stock Option Plan, as amended, that is outstanding immediately prior to the merger will automatically be converted into an option to purchase shares of Allegiance common stock. The number of shares of Allegiance common stock purchasable under the converted option, as well as the exercise price of these stock options, will be adjusted to reflect the exchange ratio, rounded to the nearest whole share. Each converted option will remain subject to the same terms and conditions as were applicable prior to the merger.

Post Oak Will Hold the Post Oak Special Meeting on September 13, 2018 (page 48)

The Post Oak special meeting will be held on September 13, 2018, at 10:30 a.m. local time, at the corporate office of Post Oak at 2000 West Loop South, Suite 100, Houston, Texas 77027. At the Post Oak special meeting, Post Oak shareholders will be asked to approve the Post Oak Merger Proposal and the Post Oak Adjournment Proposal.

Only holders of record of Post Oak common stock at the close of business on August 1, 2018, the Post Oak record date, will be entitled to notice of and to vote at the Post Oak special meeting. Each share of Post Oak common stock is entitled to one vote on each proposal to be considered at the Post Oak special meeting. As of the Post Oak record date, there were 11,882,629 shares of Post Oak common stock entitled to vote at the Post Oak special meeting. As of the Post Oak record date, the directors and executive officers of Post Oak and their affiliates beneficially owned and were entitled to vote, in the aggregate, 3,038,559 shares of Post Oak common stock representing approximately 25.6% of the shares of Post Oak common stock outstanding on that date.

The Post Oak Merger Proposal will be approved if at least two-thirds of the outstanding shares of Post Oak common stock are voted in favor of such proposal. If you mark ABSTAIN on your proxy, fail to submit a proxy or vote in person at the Post Oak special meeting or fail to instruct your bank or broker how to vote with respect to the Post Oak Merger Proposal, it will have the effect of a vote AGAINST the Post Oak Merger Proposal.

The Post Oak Adjournment Proposal will be approved if a majority of the votes cast on the proposal at the Post Oak special meeting are voted in favor of the proposal. If you mark ABSTAIN on your proxy, fail to submit a proxy or vote in person at the Post Oak special meeting or fail to instruct your bank or broker how to vote with respect to the Post Oak Adjournment Proposal, it will have no effect on the proposal.

Allegiance Will Hold the Allegiance Special Meeting on September 14, 2018 (page 52)

The Allegiance special meeting will be held on September 14, 2018, at 1:00 p.m. local time, at The Houstonian Hotel at 111 North Post Oak Lane, Houston, Texas 77024. At the Allegiance special meeting, Allegiance shareholders will be asked to approve the Allegiance Merger Proposal, the Allegiance Stock Issuance Proposal, the Allegiance Charter Amendment Proposal and the Allegiance Adjournment Proposal.

Only holders of record of Allegiance common stock at the close of business on August 1, 2018, the Allegiance record date, will be entitled to notice of and to vote at the Allegiance special meeting. Each share of Allegiance common stock is entitled to one vote on each proposal to be considered at the Allegiance special meeting. As of the Allegiance record date, there were 13,367,590 shares of Allegiance common stock entitled to vote at the Allegiance special meeting. As of the Allegiance record date, the directors and executive officers of Allegiance and their affiliates beneficially owned and were entitled to vote approximately 1,648,807 shares of Allegiance common stock representing approximately 12.3% of the shares of Allegiance common stock outstanding on that date.

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Each of the Allegiance Merger Proposal and the Allegiance Charter Amendment Proposal will be approved if at least two-thirds of the outstanding shares of Allegiance common stock are voted in favor of such proposal. If you mark ABSTAIN on your proxy, fail to submit a proxy or vote in person at the Allegiance special meeting or fail to instruct your bank or broker how to vote with respect to the Allegiance Merger Proposal or the Allegiance Charter Amendment Proposal, it will have the effect of a vote AGAINST the Allegiance Merger Proposal and the Allegiance Charter Amendment Proposal.

Each of the Allegiance Stock Issuance Proposal and the Allegiance Adjournment Proposal will be approved if a majority of the votes cast at the Allegiance special meeting are voted in favor of each such proposal. If you mark ABSTAIN on your proxy, fail to submit a proxy or vote in person at the Allegiance special meeting or fail to instruct your bank or broker how to vote with respect to either of the Allegiance Stock Issuance Proposal or the Allegiance Adjournment Proposal, it will have no effect on such proposal.

Material U.S. Federal Income Tax Consequences of the Merger (page 128)

The obligations of Allegiance and Post Oak to complete the merger are conditioned on, among other things, the receipt by Allegiance and Post Oak of tax opinions from Bracewell and Fenimore Kay, respectively, dated as of the closing date of the merger, to the effect that, on the basis of facts, representations and assumptions that are consistent with the facts existing at the effective time and as set forth and referred to in such opinions, the merger will qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code.

If the merger qualifies as a reorganization under Section 368(a) of the Code, holders of Post Oak common stock generally will not recognize any gain or loss for U.S. federal income tax purposes on the exchange of shares of Post Oak common stock for shares of Allegiance common stock, except with respect to any cash received in lieu of fractional shares of Allegiance common stock. If any of the tax opinion representations and assumptions are incorrect, incomplete or false or are violated, the validity of the opinions described above may be affected and the tax consequences of the merger could differ from those described in this joint proxy statement/prospectus.

For further information, please see Material U.S. Federal Income Tax Consequences of the Merger beginning on page 128. The U.S. federal income tax consequences described above may not apply to all holders of Post Oak common stock. Tax matters are complicated, and the tax consequences of the merger to a particular shareholder will depend in part on such shareholder s individual circumstances. Accordingly, holders are urged to consult their own tax advisors for a full understanding of the particular tax consequences to them of the merger.

Interests of Post Oak s Directors and Executive Officers in the Merger (page 105)

In considering the recommendation of the Post Oak Board with respect to the merger agreement, you should be aware that certain of Post Oak s directors and executive officers may have interests in the merger that are different from, or in addition to, the interests of the Post Oak shareholders generally. Interests of directors and executive officers that may be different from or in addition to the interests of the Post Oak shareholders include:

- *Retention Payments*. Renee Bourland, Charles Carmouche, Fernando Parra, Robert Phillips, Romi Sandel and Roland L. Williams will receive retention payments in an aggregate amount of approximately $5.2 million from Post Oak upon closing of the merger.

Employment Agreements. Allegiance s obligation to consummate the merger is subject to certain of Post Oak s executive officers having employment and non-competition agreements with Allegiance Bank prior to the completion of the merger. On April 30, 2018, Post Oak Bank and Allegiance Bank

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entered into employment agreements with each of Roland L. Williams, Renee Bourland, Fernando Parra, Robert Phillips and Romi Sandel.

The agreements with Mr. Williams and Ms. Bourland are for a term of three years after the effective date of the merger and entitle the named individual to receive a base annual salary, a minimum bonus paid quarterly during the three-year period and a restricted stock award of 8,591 and 5,164 shares, respectively, that will vest over two years, plus reimbursement of certain business expenses and participation in certain employee benefit programs. The agreements also contain non-competition and non-solicitation obligations for three years from the effective date of the merger. For the entire three-year term, the aggregate value of the employment agreements (excluding any stock awards and perquisites) for Mr. Williams and Ms. Bourland is $1.45 million and $750,000, respectively.

The agreements with Messrs. Parra and Phillips and Ms. Sandel are for a term of two years after the effective date of the merger and entitle the named individual to receive a base annual salary, a minimum bonus paid quarterly during the two-year period and a restricted stock award of 6,898, 5,738 and 5,057 shares, respectively, that will vest over four years, plus reimbursement of certain business expenses and participation in certain employee benefit programs. The agreements also contain non-competition and non-solicitation obligations for two years from the effective date of the merger. For the entire two-year term, the aggregate value of the employment agreements (excluding any stock awards and perquisites) for Messrs. Parra and Phillips and Ms. Sandel is $749,000, $657,500 and $582,750, respectively.

The employment agreements entitle each named individual, after termination of employment with Allegiance Bank for any reason other than for cause (as defined in the employment agreement) or as a result of death or disability, to receive payment of base salary and bonus for the remainder of the term of the agreement from Allegiance Bank.

Accelerated Vesting of Restricted Stock Awards. At the effective time of the merger, each restricted stock award granted by Post Oak, including an aggregate of 63,720 shares held by Messrs. Williams, Carmouche, Parra and Phillips and Messes. Bourland and Sandel, will become fully vested and each holder of such restricted stock awards will be entitled to receive the per share merger consideration for each share of Post Oak common stock held by such holder.

Insurance. Post Oak agreed that it will purchase for a period of not less than four years after the effective date of the merger, past acts insurance coverage for no less than the four-year period immediately preceding the effective time of the merger under its (1) current directors and officers insurance policy coverage (or comparable coverage), (2) employment practices liability insurance, (3) current financial institutions bond (or comparable coverage) and (4) bankers professional liability, mortgage errors and omissions and fiduciary liability insurance for each director and officer of Post Oak or one of its subsidiaries currently covered under the comparable policies maintained by Post Oak or one of its subsidiaries.

Director Arrangements. Allegiance agreed to expand the Allegiance Board by three, with one new vacancy created in each class of Allegiance s staggered board, and fill such newly created vacancies with Mr. Roland L. Williams and two of the outside directors of the board of Post Oak selected by Post Oak and reasonably acceptable to Allegiance.

Indemnification. Allegiance agreed to indemnify and hold harmless the directors and officers of Post Oak or Post Oak Bank as of the effective time and for four years thereafter, subject to the limitations of any regulatory body, against costs or expenses, judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of matters existing or occurring at or before the effective time of the merger, whether asserted or claimed before, at or after the effective time of the merger, arising in whole or in part out of or pertaining to the fact that he or she was acting in his or her capacity as a director or officer of Post Oak or Post Oak Bank to the fullest extent that the indemnified party would be entitled under the articles of incorporation of Post Oak or the articles of association of Post Oak Bank, as applicable, as in effect on the date of the merger agreement and to the extent permitted by applicable law.

These interests are discussed in more detail in the section of this joint proxy statement/prospectus entitled The Merger Interests of Post Oak s Directors and Executive Officers in the Merger beginning on page 105. The Post Oak Board was aware of these interests and considered them, among other matters, in approving the merger agreement.

Post Oak does not anticipate that any of the payments described above will impact the amount of the per share merger consideration payable to the Post Oak shareholders. However, the payments to be made with respect to the retention payments and for the tail insurance will be accounted for in determining the Post Oak tangible common equity, as more specifically described in the merger agreement, for purposes of determining whether there would be a downward adjustment to the aggregate merger consideration. For additional information on the potential downward adjustments to the aggregate merger consideration, please see The Merger Agreement Structure of the Merger Adjustments to Merger Consideration beginning on page 113.

In addition, Charles Carmouche, a Post Oak director, is the beneficial owner of 2,056 shares, or less than 1.0%, of Allegiance common stock as of August 1, 2018. Mr. Carmouche disclosed such ownership at the meeting of the Post Oak Board at which the Post Oak Board approved the merger agreement and the transactions contemplated thereby.

Post Oak Shareholders Are Entitled to Assert Dissenters Rights (page 108 and *Annex F*)

Post Oak shareholders have the right to dissent from the merger and obtain payment in cash of the fair value of their shares of Post Oak common stock under the TBOC. In order for such Post Oak shareholder to perfect such Post Oak shareholder s right to dissent, such Post Oak shareholder must carefully follow the procedure set forth in the applicable provisions of the TBOC. A copy of the applicable statutory provisions of the TBOC is included as *Annex F* to this joint proxy statement/prospectus and a summary of the provisions can be found under the section of this joint proxy statement/prospectus entitled The Merger Dissenters Rights of Post Oak Shareholders beginning on page 108.

Conditions that Must Be Satisfied or Waived for the Merger to Occur (page 121)

Currently, Post Oak and Allegiance expect to complete the merger in the fourth quarter of 2018. As more fully described in this joint proxy statement/prospectus and in the merger agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. Allegiance s and Post Oak s respective obligations to complete the merger are subject to the satisfaction or waiver of the following conditions:

- approval of the Post Oak Merger Proposal by the Post Oak shareholders and the approval of the Allegiance Merger Proposal and the Allegiance Stock Issuance Proposal by the Allegiance shareholders;

- receipt of all required regulatory approvals of transactions contemplated by the merger agreement, including the merger of Post Oak Bank with and into Allegiance Bank, in a manner that does not impose any restrictions on the operations of Allegiance which are reasonably unacceptable to Allegiance;

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the registration statement of which this joint proxy statement/prospectus forms a part has become effective and no stop order suspending its effectiveness is in effect and no proceedings for that purpose have been initiated and continuing or threatened by the SEC, and all necessary approvals under state securities laws relating to the issuance or trading of the Allegiance common stock to be issued have been received;

the shares of Allegiance common stock to be issued to Post Oak shareholders being authorized for listing on the NASDAQ;

except as explicitly provided in the merger agreement, the other party s representations and warranties contained in the merger agreement being true and correct as of the date of the merger agreement and being true and correct in all material respects as of the date of the closing and receipt of a certificate signed by an appropriate representative of the other party to that effect;

the absence of a material adverse change in the financial condition, assets, properties, deposits, results of operations, earnings, business or cash flows of either party or any event that could reasonably be expected to cause or result in a material adverse effect on either party;

the performance or compliance in all material respects by each party with its respective covenants and obligations required by the merger agreement to be performed or complied with before the closing of the merger and receipt of a certificate signed by an appropriate representative of the other party to that effect; and

receipt by each party of an opinion of such party s counsel to the effect that the merger will qualify as a reorganization under Section 368(a) of the Code.

In addition to the conditions listed above, Post Oak s obligation to complete the merger is subject to certain consents identified in the merger agreement having been obtained by Allegiance, and Post Oak having received evidence thereof in form and substance satisfactory to it.

In addition to the conditions listed above, Allegiance s obligation to complete the merger is subject to the satisfaction of the following conditions:

each of the directors and certain officers of Post Oak and Post Oak Bank must have executed a release agreement, releasing Post Oak and Post Oak Bank and their respective successors from any and all claims of such directors and officers, subject to certain limited exceptions, and such releases must remain in full force and effect;

certain officers of Post Oak Bank each having entered into a two-year employment and non-competition agreement with Allegiance Bank, which have been executed, and such employment agreements must remain in full force and effect;

each of the non-employee directors of Post Oak and Post Oak Bank having entered into a support (non-competition) agreement with Allegiance, which have been executed, and such support agreements must remain in full force and effect;

each of the directors and certain officers of Post Oak and Post Oak Bank must have executed a voting agreement, which has been executed;

holders of no more than 5.0% of the outstanding Post Oak common stock have demanded or are entitled to demand payment of the appraised fair value of their shares as dissenting shareholders;

Post Oak s allowance for loan losses as of the closing date must be at a level equal to at least 1.0% of its total loans;

Post Oak s tangible equity capital must not be less than the minimum equity required by the merger agreement;

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- Post Oak will have accrued for any costs and expenses, including legal fees and expenses and settlement costs, related to outstanding legal proceedings;

- Post Oak, at the request of Allegiance, will have amended or terminated any employee benefit plans; and

- Post Oak having delivered to Allegiance all other instruments and documents which Allegiance or its counsel may reasonably request to effectuate the merger and transactions contemplated by the merger agreement.

Neither Post Oak nor Allegiance can provide assurance as to when or if all of the conditions to the merger can or will be satisfied or waived by the appropriate party, or that the merger will be completed.

Termination of the Merger Agreement (page 124)

Allegiance and Post Oak can mutually agree at any time to terminate the merger agreement without completing the merger. In addition, either Allegiance or Post Oak may decide, without the consent of the other, to terminate the merger agreement if:

- any order, decree or ruling or any other action which seeks to restrain, enjoin or prohibit the merger is issued, and such order, decree, ruling or other action is final and non-appealable;

- any of the transactions contemplated by the merger agreement are not approved by the appropriate regulatory authorities or the applications or notices are suggested or recommended to be withdrawn by any regulatory authorities;

- the merger has not been completed by October 27, 2018 (unless one or more of the regulatory approvals has not been received on or before October 27, 2018, in which case this deadline will be extended to November 26, 2018) or such later date approved in writing by the boards of directors of Allegiance and Post Oak, unless the failure to complete the merger by that time is due to a violation of the merger agreement by the party that seeks to terminate the merger agreement;

- Allegiance shareholders fail to approve either the Allegiance Merger Proposal or the Allegiance Stock Issuance Proposal;

- Post Oak shareholders fail to approve the Post Oak Merger Proposal; or

- the other party materially breaches its representations and warranties or any covenant or agreement contained in the merger agreement and such breach has not been cured within 15 days after the terminating party gives written notice of such failure to the breaching party.

Post Oak may terminate the merger agreement, without the consent of Allegiance, if the board of directors of Post Oak receives an unsolicited, bona fide alternative acquisition proposal (as defined in the merger agreement) and, under certain terms and conditions, determines that it is a superior proposal to that of the merger agreement and that the failure to accept such proposal would be inconsistent with its fiduciary duties; but, Allegiance has the right to adjust the terms and conditions of the merger agreement so that the superior proposal no longer constitutes a superior proposal.

Post Oak may also terminate the merger agreement if (1) the average closing price of the Allegiance common stock is less than $32.52 and (2) the number obtained by dividing the average closing price by $40.65 is less than the number obtained by dividing (A) the Final Index Price by (B) the Initial Index Price and subtracting 0.20 from such quotient. Upon receipt of such notice, Allegiance has the discretion, but not the obligation, to increase the merger consideration by increasing the number of shares of Allegiance common stock in the aggregate merger consideration such that the value of the aggregate merger consideration is equal to at least

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$278,564,572 (valuing the aggregate stock consideration based on the average closing price in accordance with the merger agreement). The Final Index Price, as such term is used herein, is the average of the daily closing value of the Index for the 20 consecutive trading days ending on and including the fifth trading day preceding the closing date. The Initial Index Price, as such term is used herein, is $42.75 (the closing value of the Index on the date immediately prior to the date of the merger agreement). The Index, as such term is used herein, means the financial institutions with the following trading symbols on an equal weighted basis: CBTX, FFIN, GNBC, GNTY, IBTX, IBOC, LTXB, PB, SBSI and VBTX. If Allegiance elects to increase the merger consideration, Post Oak will no longer have the right to terminate the merger agreement for these reasons.

In addition, Allegiance may terminate the merger agreement, without the consent of Post Oak, if:

- any required regulatory approval is obtained subject to restrictions or conditions on the operations of Post Oak, Post Oak Bank, Allegiance or Allegiance Bank that are reasonably unacceptable to Allegiance;

- Post Oak breaches the non-solicitation obligations set forth in the merger agreement in a manner adverse to Allegiance;

- the Post Oak Board agrees to accept a superior proposal (as defined in the merger agreement); or

- the Post Oak Board withdraws or modifies, in any manner adverse to Allegiance, its recommendation or approval of the merger agreement or the merger or recommends to Post Oak shareholders acceptance or approval of any alternative acquisition proposal.

Termination Fee (page 125)

If the merger agreement is terminated under certain circumstances, including circumstances involving an alternative acquisition proposal and changes in the recommendation of the Post Oak Board, Post Oak may be required to pay to Allegiance a termination fee equal to $14.272 million or up to $775,000 for its merger-related expenses. This termination fee could discourage other companies from seeking to acquire or merge with Post Oak. Termination fees are discussed in more detail in the section of this joint proxy statement/prospectus entitled The Merger Agreement Termination Fee beginning on page 125.

Regulatory Approvals Required for the Merger (page 111)

The merger cannot be completed unless it is approved by the Board of Governors of the Federal Reserve System (which we refer to as the Federal Reserve) or such approval is waived by the Federal Reserve. On June 14, 2018, Allegiance filed the required documentation with the Federal Reserve Bank of Dallas to request a waiver of its approval, which was granted on June 26, 2018.

In addition, the merger of Post Oak Bank with and into Allegiance Bank requires the approval of the Federal Deposit Insurance Corporation (which we refer to as the FDIC) and the Texas Department of Banking (which we refer to as the TDB).

On May 25, 2018, Allegiance Bank filed applications with the FDIC and the TDB to obtain approval of the bank merger. The U.S. Department of Justice will have between 15 and 30 days following approval by the FDIC to challenge the approval on antitrust grounds. While Post Oak and Allegiance do not know of any reason that the Department of Justice would challenge regulatory approval by the FDIC and believe that the likelihood of such action is remote, there can be no assurance that the Department of Justice will not initiate such a proceeding, or if such a proceeding is initiated, as to the result of any such challenge.

Although neither Post Oak nor Allegiance knows of any reason why it cannot obtain these regulatory approvals in a timely manner, Post Oak and Allegiance cannot be certain when or if they will be obtained.

The Rights of Post Oak Shareholders Will Change as a Result of the Merger (page 135)

The rights of Post Oak shareholders will change as a result of the merger due to differences in Allegiance s and Post Oak s governing documents. See Comparison of Shareholders Rights beginning on page 135 for a description of the material differences in shareholders rights under each of the Allegiance and Post Oak governing documents.

Market Prices of Securities; Dividends (page 146)

Shares of Allegiance common stock are traded on NASDAQ under the ticker symbol ABTX. The last reported sale price of Allegiance common stock on April 27, 2018, the last trading day before public announcement of the merger agreement, was $40.80 per share. The last reported sale price of Allegiance common stock on August 1, 2018 was $44.85 per share. There is no established public trading market for the shares of Post Oak common stock. Neither Allegiance nor Post Oak has historically paid dividends. See Comparison of Market Prices and Dividends for more information.

Risk Factors (page 38)

You should consider all the information contained in this joint proxy statement/prospectus in deciding how to vote for the proposals presented in this joint proxy statement/prospectus. In particular, you should consider the factors described under the section of this joint proxy statement/prospectus entitled Risk Factors beginning on page 38.

Recent Developments

On July 26, 2018, Allegiance announced its results of operations for the three and six months ended June 30, 2018. Allegiance reported net income of $7.6 million, or $0.55 per diluted share, for the three months ended June 30, 2018, and $15.3 million, or $1.12 per diluted share, for the six months ended June 30, 2018. Net interest income was $27.8 million and $54.7 million for three and six months ended June 30, 2018, respectively, and the net interest margin was 4.21% and 4.20% for the three and six months ended June 30, 2018, respectively. The yield on interest-earning assets was 5.12% and 5.07% for the three and six months ended June 30, 2018, respectively. Total noninterest expense was $19.9 million and $38.6 million for the three and six months ended June 30, 2018, respectively. Allegiance recorded a provision for loan losses of $631 thousand and $1.3 million for the three and six months ended June 30, 2018, respectively. At June 30, 2018, the allowance for loan losses totaled $23.8 million and total nonperforming assets were $14.6 million. Allegiance s nonperforming assets to total assets ratio was 0.49% at June 30, 2018. At June 30, 2018, Allegiance reported total loans of $2.36 billion, total assets of $2.97 billion, total deposits of $2.31 billion, total interest-bearing deposits of $1.56 billion, total liabilities of $2.65 billion and shareholders equity of $319.9 million. At June 30, 2018, Allegiance s estimated tier 1 common equity to risk-weighted assets ratio was 10.97% and its book value was $23.98 per share.

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF ALLEGIANCE

The following selected consolidated historical financial data of Allegiance as of and for the three months ended March 31, 2018 and 2017, have been derived from Allegiance s unaudited consolidated financial statements incorporated by reference into this joint proxy statement/prospectus. The following selected consolidated historical financial data of Allegiance as of December 31, 2017 and 2016 and for each of the years ended December 31, 2017, 2016 and 2015, have been derived from Allegiance s audited consolidated financial statements incorporated by reference into this joint proxy statement/prospectus, and the selected consolidated historical financial data as of December 31, 2015, 2014 and 2013 and for the years ended December 31, 2014 and 2013, have been derived from Allegiance s audited consolidated financial statements not included or incorporated by reference into this joint proxy statement/prospectus. Allegiance s unaudited consolidated financial statements have been prepared on a basis consistent with Allegiance s audited consolidated financial statements. In the opinion of management of Allegiance, such unaudited consolidated financial data as of and for the three months ended March 31, 2018 and 2017 reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the results for those periods. Allegiance s historical results are not necessarily indicative of the results that may be expected for any future period. See Where You Can Find More Information beginning on page 152.

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
	2018	2017	2017	2016[1]	2015[2]	2014	2013[3]
	(unaudited)						
	(Dollars in thousands, except share and per share data)						
Selected Period End Balance Sheet Data:							
Cash and cash equivalents	$ 190,088	$ 184,146	$ 182,103	$ 142,098	$ 148,431	$ 167,540	$ 213,076
Available for sale securities	307,411	317,219	309,615	316,455	165,097	84,962	87,007
Loans held for sale					27,887		
Loans held for investment	2,290,494	1,986,438	2,270,876	1,891,635	1,653,165	1,002,054	836,694
Allowance for loan losses	24,628	18,687	23,649	17,911	13,098	8,246	6,655
Goodwill and intangible assets, net	42,468	43,249	42,663	43,444	44,619	12,891	13,044
Total assets	2,886,484	2,592,330	2,860,231	2,450,948	2,084,579	1,280,008	1,164,759
Noninterest-bearing deposits	694,880	615,225	683,110	593,751	620,320	373,795	325,410
Interest-bearing deposits	1,589,922	1,397,344	1,530,864	1,276,432	1,138,813	759,889	719,921
Total deposits	2,284,802	2,012,569	2,213,974	1,870,183	1,759,133	1,133,684	1,045,331

Total shareholders equity	311,988	289,130	306,865	279,817	258,490	131,778	109,736
Total common shareholders equity	311,988	289,130	306,865	279,817	258,490	131,778	109,736
Selected Income Statement Data:							
Net interest income	$ 26,889	$ 24,128	$ 103,668	$ 89,864	$ 80,166	$ 46,834	$ 33,891
Provision for loan losses	653	1,343	13,188	5,469	5,792	2,150	240
Net interest income after provision for loan losses	26,236	22,785	90,480	84,395	74,374	44,684	33,651
Noninterest income	1,646	1,341	5,861	7,268	3,992	2,607	1,639
Noninterest expense	18,717	16,549	69,962	59,258	54,805	33,458	24,598
Net income before income taxes	9,165	7,577	26,379	32,405	23,561	13,833	10,692
Net income	7,711	6,047	17,632	22,851	15,786	9,005	6,839
Net income attributable to common shareholders[(4)]	7,711	6,047	17,632	22,851	15,227	9,005	6,839
Selected Per Share Data:							
Earnings per common share, basic	$ 0.58	$ 0.46	$ 1.34	$ 1.78	$ 1.45	$ 1.29	$ 1.25
Earnings per common share, diluted	0.57	0.45	1.31	1.75	1.43	1.26	1.22
Book value per common share	23.46	22.10	23.20	21.59	20.17	17.62	15.78
Weighted average common shares outstanding, basic	13,261,755	13,020,569	13,124,900	12,873,326	10,470,465	6,978,025	5,449,700
Weighted average common shares outstanding, diluted	13,541,660	13,376,952	13,457,718	13,073,932	10,654,003	7,142,377	5,621,042
Shares outstanding at end of period	13,301,310	13,080,383	13,226,826	12,958,341	12,812,985	7,477,309	6,953,125

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	As of and for the Three Months Ended March 31,		As of and for the Years Ended December 31,				
	2018	2017	2017	2016(1)	2015(2)	2014	2013(3)
	(unaudited)						
Selected Performance Metrics:							
Return on average assets(5)(10)	1.09%	0.96%	0.65%	0.98%	0.81%	0.75%	0.78%
Return on average common equity(5)(10)	10.10%	8.61%	5.92%	8.36%	7.43%	7.73%	9.02%
Tax equivalent net interest margin(5)(6)	4.20%	4.38%	4.34%	4.37%	4.68%	4.31%	4.19%
Efficiency ratio(7)	65.59%	64.98%	63.89%	62.34%	65.27%	67.79%	69.23%
Loans to deposits ratio	100.25%	98.70%	102.57%	101.15%	95.56%	88.39%	80.04%
Noninterest expense to average assets(5)(10)	2.64%	2.63%	2.59%	2.53%	2.83%	2.80%	2.82%
Selected Credit Quality Ratios:							
Nonperforming assets to total assets(8)	0.49%	0.77%	0.49%	0.75%	0.25%	0.25%	0.25%
Nonperforming loans to total loans(9)	0.58%	0.97%	0.59%	0.88%	0.31%	0.32%	0.31%
Allowance for loan losses to nonperforming loans(9)	1.84%	96.75%	177.44%	107.26%	252.66%	258.98%	258.75%
Allowance for loan losses to total loans	1.08%	0.94%	1.04%	0.95%	0.78%	0.82%	0.80%
Provision for loan losses to average loans(5)(10)	0.12%	0.28%	0.63%	0.31%	0.38%	0.23%	0.04%
Net (recoveries) charge-offs to average loans(5) (10)	(0.06)%	0.12%	0.36%	0.04%	0.06%	0.06%	0.02%
Capital Ratios:							
Common equity Tier 1 capital ratio	10.82%	11.10%	10.54%	11.30%	11.72%	N/A	N/A
Tier 1 risk-based capital	11.19%	11.51%	10.92%	11.73%	12.21%	11.96%	11.60%
Total risk-based capital	13.72%	12.35%	13.43%	12.57%	12.92%	12.80%	12.39%
Leverage capital ratio	9.98%	10.28%	9.84%	10.35%	11.02%	9.55%	9.61%

(1) Allegiance completed the sale of two branches acquired from F&M Bancshares, Inc. during the first quarter of 2016.
(2) Allegiance completed the acquisition of F&M Bancshares, Inc. on January 1, 2015.
(3) Allegiance completed the acquisition of Independence Bank, National Association on November 16, 2013.
(4) On January 1, 2015, Allegiance issued shares of Series A and Series B preferred stock, in connection with the acquisition of F&M Bancshares, Inc., which had preferred stock outstanding pursuant to the U.S. Treasury s Troubled Asset Relief Program. Allegiance paid $559 thousand in preferred dividends during 2015. On July 15, 2015, Allegiance redeemed all of the outstanding shares of Series A and Series B preferred stock with cash on hand for an aggregate redemption price of $11.7 million (which is the sum of the liquidation amount plus accrued

and unpaid dividends up to, but excluding, the redemption date).

(5) Allegiance calculates average assets and average common equity for a period by dividing the sum of total assets or total common shareholders equity, as the case may be, as of the close of business on each day in the relevant period, by the number of days in the period. Allegiance calculates return on average assets by dividing net income for that period by average assets. Allegiance calculates return on average common equity for a period by dividing net income attributable to common shareholders for that period by average common equity and average tangible common equity, as the case may be, for that period.

(6) Net interest margin represents net interest income divided by average interest-earning assets.

(7) Efficiency ratio 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 (including the sale of two Central Texas branches acquired from F&M Bancshares, Inc.). Additionally, taxes and provision for loan losses are not part of this calculation.

(8) Nonperforming assets include nonaccrual loans, loans past due 90 days or more and still accruing interest, repossessed assets and other real estate.

(9) Nonperforming loans include nonaccrual loans and loans past due 90 days or more and still accruing interest.

(10) Interim periods annualized.

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF POST OAK

The following selected consolidated historical financial data of Post Oak as of and for the three months ended March 31, 2018 and 2017, have been derived from Post Oak s unaudited consolidated financial statements included elsewhere in this joint proxy statement/prospectus. The following selected consolidated historical financial data of Post Oak as of and for each of the years ended December 31, 2017 and 2016, have been derived from Post Oak s audited consolidated financial statements included elsewhere in this joint proxy statement/prospectus, and the selected consolidated historical financial data as of and for each of the years ended December 31, 2015, 2014 and 2013, have been derived from Post Oak s audited consolidated financial statements not included or incorporated by reference into this joint proxy statement/prospectus. Post Oak s historical results are not necessarily indicative of the results that may be expected for any future period. See Where You Can Find More Information beginning on page 152.

	As of and for the Three Months Ended March 31,		As of and for the Years Ended December 31,				
	2018	**2017**	**2017[1]**	**2016**	**2015[2]**	**2014**	**2013**
	(unaudited)						
	(Dollars in thousands, except per share data)						
Selected Period End Balance Sheet Data:							
Cash and cash equivalents	$ 199,179	$ 115,982	$ 199,380	136,944	$ 132,456	$ 156,279	$ 143,951
Available for sale securities	48,464	38,505	49,446	38,483	41,787	14,508	13,555
Loans held for investment	1,146,661	956,838	1,147,002	925,648	887,450	720,249	604,780
Allowance for possible credit losses	11,995	11,421	12,030	11,239	9,894	9,256	8,350
Goodwill and intangible assets, net	6,057	5,156	6,190	5,217	4,741		
Total assets	1,432,607	1,142,597	1,429,372	1,129,643	1,092,565	901,653	772,461
Noninterest-bearing deposits	423,242	399,653	468,256	396,621	320,246	258,305	197,329
Interest-bearing deposits	817,909	606,671	783,590	602,013	646,967	540,739	481,987
Total deposits	1,241,151	1,006,324	1,251,846	998,634	967,213	799,044	679,315
Total shareholders equity	162,736	132,885	157,917	129,823	122,367	101,703	92,548
Selected Income Statement Data:							
Net interest income	$ 13,606	$ 11,349	$ 52,027	$ 44,321	$ 37,429	$ 33,456	$ 28,782

Provision for possible credit losses	250	200	790	1,952	702	1,882	1,280
Net interest income after provision for loan losses	13,356	11,149	51,237	42,369	36,727	31,574	27,502
Noninterest income	722	674	4,572	2,481	1,192	940	894
Noninterest expense	8,322	7,689	31,912	28,224	23,256	21,143	18,652
Net income before income taxes	5,756	4,135	23,897	16,626	14,663	11,371	9,744
Net income	4,430	2,601	15,027	10,931	9,612	7,431	6,316
Selected Per Share Data:							
Earnings per common share, basic	$ 0.38	$ 0.24	$ 1.33	$ 0.99	$ 0.90	$ 0.74	$ 0.64
Earnings per common share, diluted	0.37	0.23	1.29	0.96	0.87	0.71	0.61
Book value per common share	13.81	12.12	13.48	11.92	11.02	9.94	9.31
Weighted average common shares outstanding, basic	11,747,366	10,930,226	11,302,235	10,999,070	10,668,976	10,085,611	9,918,710
Weighted average common shares outstanding, diluted	12,111,531	11,341,619	11,669,026	11,428,920	11,023,519	10,520,574	10,423,985
Shares outstanding at end of period	11,782,349	10,968,363	11,712,382	10,892,088	11,106,052	10,231,899	9,939,322

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	As of and for the Three Months Ended March 31,		As of and for the Years Ended December 31,				
	2018	2017	2017[1]	2016	2015[2]	2014	2013
	(unaudited)						
Selected Performance Metrics:							
Return on average assets[3][8]	1.28%	0.93%	1.15%	0.98%	1.01%	0.90%	0.89%
Return on average equity[3][8]	11.16%	7.97%	10.19%	8.69%	8.84%	7.67%	7.05%
Tax equivalent net interest margin[3][4]	4.15%	4.31%	4.24%	4.24%	3.64%	4.24%	4.22%
Efficiency ratio[5]	58.08%	63.95%	57.62%	60.31%	60.22%	61.47%	62.85%
Loans to deposits ratio	92.39%	95.08%	91.62%	92.69%	91.75%	90.14%	89.03%
Noninterest expense to average assets[3][8]	2.40%	2.75%	2.44%	2.53%	2.44%	2.57%	2.62%
Selected Credit Quality Ratios:							
Nonperforming assets to total assets[6]	0.56%	0.51%	0.31%	0.56%	0.46%	0.15%	0.19%
Nonperforming loans to total loans[7]	0.43%	0.55%	0.38%	0.57%	0.45%	0.14%	0.23%
Allowance for possible credit losses to nonperforming loans[7]	241.88%	216.39%	274.09%	213.51%	246.79%	890.86%	593.46%
Allowance for possible credit losses to total loans	1.05%	1.19%	1.05%	1.21%	1.11%	1.29%	1.38%
Provision for possible credit losses to average loans[3][8]	0.09%	0.09%	0.07%	0.22%	0.08%	0.28%	0.23%
Net charge-offs to average loans[3][8]	0.10%	0.01%	0.00%	0.07%	0.01%	0.15%	0.03%
Capital Ratios:							
Common equity Tier 1 capital ratio	13.61%	12.98%	13.10%	13.24%	13.10%	N/A	N/A
Tier 1 risk-based capital	13.61%	12.98%	13.10%	13.24%	13.10%	14.00%	15.10%
Total risk-based capital	14.65%	14.13%	14.10%	14.42%	14.20%	15.20%	16.30%
Leverage capital ratio	11.16%	11.32%	10.60%	10.92%	10.40%	11.10%	11.90%

(1) Post Oak completed the acquisition of The State Bank of Texas (TSBOT) on April 1, 2017.
(2) Post Oak completed the acquisition of SSB Bancshares, Inc. on December 1, 2015.
(3) Post Oak calculates average assets and average equity for a period by dividing the sum of total assets or total shareholders equity, as the case may be, as of the close of business on each day in the relevant period, by the number of days in the period. Post Oak calculates return on average assets by dividing net income for that period by average assets. Post Oak calculates return on average equity for a period by dividing net income for that period by average equity for that period.
(4) Net interest margin represents net interest income divided by average interest-earning assets.

(5) Efficiency ratio 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 (including the bargain purchase gain on the TSBOT acquisition in 2017). Additionally, taxes and provision for possible credit losses are not part of this calculation.
(6) Nonperforming assets include nonaccrual loans, loans past due 90 days or more and still accruing interest, repossessed assets and other real estate.
(7) Nonperforming loans include nonaccrual loans and loans past due 90 days or more and still accruing interest.
(8) Interim periods annualized.

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SELECTED UNAUDITED PRO FORMA FINANCIAL DATA

The following table shows selected unaudited pro forma combined consolidated financial information about the financial condition and results of operations of Allegiance giving effect to the merger. The selected unaudited pro forma combined consolidated financial information assumes that the merger is accounted for under the acquisition method of accounting. Under the acquisition method of accounting, the assets and liabilities of Post Oak, as of the effective date of the merger, will be recorded by Allegiance at their respective fair values and the excess of the merger consideration over the fair value of Post Oak s net assets will be allocated to goodwill.

The table sets forth the information as if the merger had become effective on March 31, 2018, with respect to financial condition data, and on January 1, 2017, with respect to the results of operations data. The selected unaudited pro forma combined consolidated financial data has been derived from and should be read in connection with the unaudited pro forma combined consolidated financial information, including the notes thereto, which is included in this joint proxy statement/prospectus under Unaudited Pro Forma Combined Consolidated Financial Statements.

The selected unaudited pro forma combined consolidated financial information is presented for illustrative purposes only and does not necessarily indicate the financial results of the combined companies had the companies actually been combined at the beginning of the period presented. The selected unaudited pro forma combined consolidated financial information also does not consider any potential impacts of current market conditions on revenues, potential revenue enhancements, anticipated cost savings and expense efficiencies or asset dispositions, among other factors. Further, as explained in more detail in the notes accompanying the detailed unaudited pro forma combined consolidated financial information included under Unaudited Pro Forma Combined Consolidated Financial Information, the allocation of the purchase price reflected in the selected unaudited pro forma combined consolidated financial data is subject to adjustments and may vary from the actual purchase price allocation that will be recorded at the time the merger is completed. Additionally, the final adjustments may be different from the unaudited pro forma adjustments presented in this joint proxy statement/prospectus.

	As of March 31, 2018 (Dollars in thousands)
Pro Forma Combined Consolidated Balance Sheet Data:	
Cash and cash equivalents	$ 378,421
Loans, net	3,397,294
Total assets	4,483,917
Deposits	3,527,103
Borrowed funds	257,569
Subordinated debt	48,719
Other liabilities	14,252
Total shareholders equity	636,274

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	For the Three Months Ended March 31, 2018	For the Year Ended December 31, 2017
	(Dollars in thousands, except per share amounts)	
Pro Forma Combined Consolidated Statement of Income Data:		
Net interest income	$ 41,728	$ 162,668
Provision for loan losses	903	13,978
Noninterest income	2,295	9,543
Noninterest expense	27,415	103,805
Income before income taxes	15,705	54,428
Net income	12,760	35,358
Pro Forma Combined Consolidated Per Share Data:		
Earnings per common share:		
Basic	$ 0.59	$ 1.65
Diluted	0.58	1.61
Weighted average common shares outstanding:		
Basic	21,529,429	21,392,574
Diluted	22,064,869	21,982,769

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UNAUDITED PRO FORMA COMBINED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma combined consolidated balance sheet as of March 31, 2018, and the unaudited pro forma combined consolidated statements of income for the three months ended March 31, 2018, and the year ended December 31, 2017, have been prepared to show the impact on Allegiance s historical financial position and results of operations of the consummation of the merger, including the expected issuance of 8,267,674 shares of Allegiance common stock to Post Oak s shareholders based on 11,782,349 shares of Post Oak common stock outstanding at March 31, 2018.

The unaudited pro forma combined consolidated financial information and explanatory notes are based upon the following assumptions:

- a closing price of Allegiance common stock of $39.15 per share, which was the closing price of Allegiance common stock on March 31, 2018, as to the expected issuance of 8,267,674 shares of Allegiance common stock to Post Oak s shareholders;

- options to purchase 617,350 shares of Post Oak common stock at a weighted average exercise price of $8.92 outstanding at March 31, 2018; and

- that no adjustment is made to the merger consideration to be received by Post Oak shareholders.

The unaudited pro forma combined consolidated financial statements give effect to the acquisition of Post Oak as a business combination under GAAP. Accordingly, all assets and liabilities were recorded at estimated fair value. Pro forma adjustments are included only to the extent they are (i) directly attributable to the acquisition, (ii) factually supportable and (iii) with respect to the unaudited pro forma combined statement of income, expected to have a continuing impact on the combined results. The pro forma adjustments are based on estimates made for the purpose of preparing these pro forma statements and are described in the accompanying notes. Allegiance s management believes that the estimates used in these pro forma financial statements are reasonable under the circumstances.

The pro forma adjustments included herein are subject to change as additional information becomes available and additional analyses are performed. The final allocation of the purchase price will be determined after further valuation analyses under GAAP are performed with respect to the fair values of certain tangible and intangible assets and liabilities as of the date of acquisition. The final adjustments may be materially different from the unaudited pro forma adjustments presented herein. In addition, the pro forma financial statements do not include the effects of any potential cost savings which management believes will result from combining certain operating procedures.

Allegiance anticipates that the acquisition of Post Oak will provide the combined company with the ability to better serve its customers, reach new customers and reduce operating expenses. In addition, certain subjective estimates have been utilized in determining the pro forma adjustments applied to the historical results of operations of Post Oak. The pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the benefits of expected cost savings or opportunities to earn additional revenue and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had Allegiance and Post Oak been combined during these periods.

The unaudited pro forma combined consolidated financial information has been derived from, and should be read in conjunction with, the historical consolidated financial statements and related notes of Allegiance and Post Oak.

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UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

AS OF MARCH 31, 2018

	As Reported				
	Allegiance	Post Oak	Pro Forma Adjustments		Pro Forma Combined
Assets					
Cash and cash equivalents	$ 190,088	$ 199,179	$ (10,846)	(a)	$ 378,421
Investment securities	307,411	48,464			355,875
Loans held for investment	2,290,494	1,146,661	(15,233)	(b)	3,421,922
Allowance for loan losses	(24,628)	(11,995)	11,995	(c)	(24,628)
Loans, net	2,265,866	1,134,666	(3,238)		3,397,294
Premises and equipment, net	18,605	21,673			40,278
Other real estate owned	365	3,133			3,498
Goodwill	39,389	4,265	166,697	(d)	210,351
Core deposit intangibles, net	3,079	1,792	12,213	(e)	17,084
Other assets	61,681	19,435			81,116
Total assets	$ 2,886,484	$ 1,432,607	$ 164,826		$ 4,483,917
Liabilities and Shareholders Equity					
Deposits:					
Noninterest-bearing	$ 694,880	$ 423,242	$		$ 1,118,122
Interest-bearing	1,589,922	817,909	1,150	(f)	2,408,981
Total deposits	2,284,802	1,241,151	1,150		3,527,103
Borrowed funds	232,569	25,000			257,569
Subordinated debt	48,719				48,719
Other liabilities	8,406	3,720	2,126	(g)	14,252
Total liabilities	2,574,496	1,269,871	3,276		3,847,643
Shareholders equity:					
Preferred equity					
Common stock	13,302	124	8,436	(h)	21,862
Capital surplus	219,760	104,803	221,769	(h)	546,332
Retained earnings	82,533	65,809	(76,655)	(i)	71,687
Accumulated other comprehensive loss	(3,607)	(545)	545	(j)	(3,607)
Treasury stock, at cost		(7,455)	7,455	(h)	
Total shareholders equity	311,988	162,736	161,550		636,274

Total liabilities and shareholders equity	$ 2,886,484	$ 1,432,607	$ 164,826	$ 4,483,917

(a) Adjustment reflects transaction related expenses expected to be incurred by Allegiance and Post Oak.
(b) Adjustment to reflect the estimated fair value of Post Oak s loan portfolio.
(c) Adjustment reflects the elimination of Post Oak s existing allowance for loan losses. Purchased loans in a business combination are recorded at estimated fair value on the purchase date and the carryover of the related allowance for loan losses is prohibited.

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(d) Adjustment to eliminate Post Oak s goodwill of $4.3 million and record estimated goodwill associated with the merger of $171.0 million.

Assets of Post Oak:	
Cash and cash equivalents	$ 199,179
Investment securities	48,464
Loans	1,131,428
Core deposit intangible	14,005
Other assets	44,241
Total assets acquired	1,437,317
Liabilities of Post Oak assumed	1,273,147
Net assets acquired	$ 164,170
Merger consideration	$ 335,132
Net assets acquired	164,170
Total goodwill resulting from the acquisition	$ 170,962

(e) Adjustment reflects the elimination of Post Oak s core deposit intangibles in the amount of $1.8 million and records the new fair value estimate of Post Oak s core deposit intangibles of $14.0 million. The fair value estimate represents a 1.15% premium on Post Oak s core deposits. The actual amount of such core deposit intangible assets will be determined upon completion of the merger and the estimated pro forma adjustment could change.

(f) Adjustment to Post Oak s certificates of deposit to account for current market interest rates.

(g) Adjustment to deferred tax liability for the fair value accounting adjustments related to the acquired assets and assumed liabilities, based on a 21% statutory tax rate.

(h) Adjustment to remove Post Oak s common stock, additional paid in capital and treasury stock and to record the issuance of shares of Allegiance common stock to Post Oak shareholders.

(i) Adjustment to eliminate Post Oak s retained earnings that include the impact of acquisition related expenses.

(j) Adjustment to eliminate Post Oak s accumulated other comprehensive income balance.

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UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2018

	As Reported				
	Allegiance	Post Oak	Pro Forma Adjustments		Pro Forma Combined
	(Dollars in thousands, except per share amounts)				
Interest income					
Interest and fees on loans	$ 30,117	14,799	$ 1,149	(k)	$ 46,065
Interest on investment securities	2,058	226			2,284
Interest on deposits at other financial institution	216	565			781
Total interest income	32,391	15,590	1,149		49,130
Interest expense on deposits	3,761	1,904	(84)	(l)	5,581
Interest expense on subordinated debt	705				705
Interest expense on borrowings	1,036	80			1,116
Total interest expense	5,502	1,984	(84)		7,402
Net interest income	26,889	13,606	1,233		41,728
Provision for loan losses	653	250			903
Net interest income after provision for loan losses	26,236	13,356	1,233		40,825
Noninterest income					
Service charges on deposit accounts	399	504			903
Other income	1,247	218	(73)	(m)	1,392
Total noninterest income	1,646	722	(73)		2,295
Noninterest expenses					
Salaries and employee benefits	12,794	5,428			18,222
Occupancy and equipment	1,679	968			2,647
Core deposit intangibles amortization	195	132	376	(n)	703
Other	4,049	1,794			5,843
Total noninterest expenses	18,717	8,322	376		27,415
Income before income tax	9,165	5,756	784		15,705
Income tax expense	1,454	1,326	165	(o)	2,945
Net income	$ 7,711	$ 4,430	$ 619		$ 12,760

Earnings per common share:					
Basic	$	0.58		$	0.59
Diluted	$	0.57		$	0.58
Weighted average common shares outstanding:					
Basic		13,261,755	(p)		21,529,429
Diluted		13,541,660	(q)		22,064,869

(k) Adjustment reflects the fair value accretion on Post Oak s loan portfolio for the three months ended March 31, 2018 assuming the merger was consummated on January 1, 2017, based on a preliminary evaluation of the acquired loan portfolio to estimate the necessary credit and interest rate fair value adjustments.

(l) Adjustment reflects accretion of the premium on acquired Post Oak certificates of deposit for the three months ended March 31, 2018 assuming the merger was consummated on January 1, 2017.

(m) Adjustment to reverse purchase accounting accretion related to the SSB acquisition recorded during the three months ended March 31, 2018.

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(n) Adjustment to eliminate Post Oak s amortization expense on core deposit intangible assets and record estimated amortization of acquired core deposit intangible assets for the three months ended March 31, 2018.
(o) Adjustment to income tax expense to record the income tax effects of pro forma adjustments at the statutory tax rate of 21%.
(p) Adjustment includes the 8,267,674 shares of Allegiance common stock issued in connection with the merger calculated by using the 0.7017 exchange ratio.
(q) Adjustment includes the 8,267,674 shares of Allegiance common stock issued in connection with the merger calculated by using the 0.7017 exchange ratio and 255,535 diluted shares of Allegiance common stock as a result of Post Oak stock options converted to Allegiance stock options.

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UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

	As Reported				
	Allegiance	Post Oak	Pro Forma Adjustments		Pro Forma Combined
	(Dollars in thousands, except per share amounts)				
Interest income					
Interest and fees on loans	$ 110,331	$ 55,250	$ 6,243	(r)	$ 171,824
Interest on investment securities	8,445	888			9,333
Interest on deposits at other financial institution	662	1,593			2,255
Total interest income	119,438	57,731	6,243		183,412
Interest expense on deposits	12,219	5,597	(730)	(s)	17,086
Interest expense on subordinated debt	629				629
Interest expense on borrowings	2,922	107			3,029
Total interest expense	15,770	5,704	(730)		20,744
Net interest income	103,668	52,027	6,973		162,668
Provision for loan losses	13,188	790			13,978
Net interest income after provision for loan losses	90,480	51,237	6,973		148,690
Noninterest income					
Service charges on deposit accounts	1,468	863			2,331
Other income	4,393	3,709	(890)	(t)	7,212
Total noninterest income	5,861	4,572	(890)		9,543
Noninterest expenses					
Salaries and employee benefits	44,745	20,192			64,937
Occupancy and equipment	4,400	3,807			8,207
Core deposit intangibles amortization	781	382	1,931	(u)	3,094
Other	20,036	7,531			27,567
Total noninterest expenses	69,962	31,912	1,931		103,805
Income before income tax	26,379	23,897	4,152		54,428
Income tax expense	8,747	8,870	1,453	(v)	19,070

Net income	$	17,632	$ 15,027	$	2,699		$	35,358
Earnings per common share:								
Basic	$	1.34					$	1.65
Diluted	$	1.31					$	1.61
Weighted average common shares outstanding:								
Basic		13,124,900				(w)		21,392,574
Diluted		13,457,718				(x)		21,982,769

(r) Adjustment reflects the fair value accretion on Post Oak s loan portfolio assuming the merger was consummated on January 1, 2017, based on a preliminary evaluation of the acquired loan portfolio to estimate the necessary credit and interest rate fair value adjustments.

(s) Adjustment reflects accretion of the premium on acquired Post Oak certificates of deposit assuming the merger was consummated on January 1, 2017.

(t) Adjustment to reverse purchase accounting accretion related to the SSB acquisition recorded during the year 2017.

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(u) Adjustment for the year ended December 31, 2017 to eliminate Post Oak amortization expense on core deposit intangible assets and record estimated amortization of acquired core deposit intangible assets.

(v) Adjustment to income tax expense to record the income tax effects of pro forma adjustments at the statutory tax rate of 21%.

(w) Adjustment includes the 8,267,674 shares of Allegiance common stock issued in connection with the merger calculated by using the 0.7017 exchange ratio.

(x) Adjustment includes the 8,267,674 shares of Allegiance common stock issued in connection with the merger calculated by using the 0.7017 exchange ratio and 257,377 diluted shares as a result of Post Oak stock options converted to Allegiance stock options.

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UNAUDITED COMPARATIVE PER SHARE DATA

The following table shows unaudited earnings and book value per share data for Allegiance and Post Oak on a historical and pro forma combined company basis after giving effect to the acquisition of Post Oak by Allegiance as of and for the three months ended March 31, 2018 and year ended December 31, 2017. The information should be read together with the historical consolidated financial statements of Allegiance and Post Oak and the pro forma combined consolidated financial statements, including the notes thereto, which are incorporated by reference or included elsewhere in this joint proxy statement/prospectus.

The selected unaudited pro forma information, while helpful in illustrating the financial characteristics of the combined company under a set of assumptions including the effect of the merger, does not reflect the impact of other factors that may result as a consequence of the merger or consider any potential impacts of current market conditions or the merger on revenues, expense efficiencies or asset dispositions, among other factors, nor the impact of possible business model changes. As a result, unaudited pro forma data is presented for illustrative purposes only and does not represent an attempt to predict or suggest future results. Upon completion of the merger, the operating results of Post Oak will be reflected in the consolidated financial statements of Allegiance on a prospective basis.

The per equivalent Post Oak share data shows the effect of the merger and the 0.7017 exchange ratio.

	Allegiance Historical	Post Oak Historical	Pro Forma Combined	Per Equivalent Post Oak Share
		(Unaudited)		
Book value per share				
At March 31, 2018	$ 23.46	$ 13.81	$ 29.50	$ 20.70
Basic earnings per share:				
Three months ended March 31, 2018	$ 0.58	$ 0.38	$ 0.59	$ 0.42
Year ended December 31, 2017	1.34	1.33	1.65	1.16
Diluted earnings per share:				
Three months ended March 31, 2018	$ 0.57	$ 0.37	$ 0.58	$ 0.41
Year ended December 31, 2017	1.31	1.29	1.61	1.13

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RISK FACTORS

An investment by Post Oak s shareholders in Allegiance common stock as a result of the exchange of shares of Allegiance common stock for shares of Post Oak common stock in the merger involves certain risks. Similarly, a decision on the part of Allegiance shareholders to approve the merger and the issuance of shares of Allegiance common stock in connection with that merger also involves risks for the shareholders of Allegiance, who will continue to hold their shares of Allegiance common stock after the merger. Certain material risks and uncertainties connected with the merger and ownership of Allegiance common stock are discussed below. In addition, Allegiance discusses certain other material risks connected with the ownership of Allegiance common stock and with Allegiance s business under the caption Risk Factors appearing in Allegiance s Annual Report on Form 10-K most recently filed with the SEC and may include additional or updated disclosures of such material risks in its Quarterly Reports on Form 10-Q and Current Reports on Form 8-K that it files with the SEC after the date of this joint proxy statement/prospectus, each of which reports is or will be incorporated by reference in this joint proxy statement/prospectus.

Holders of Post Oak common stock and holders of Allegiance common stock should carefully read and consider all of these risks and all other information contained in this joint proxy statement/prospectus, including the discussions of risk factors included in the documents incorporated by reference in this joint proxy statement/ prospectus, in deciding whether to vote for approval of the various proposals for which they may vote at the special meeting of the Post Oak shareholders or the special meeting of the Allegiance shareholders described herein. If any of the risks described in this joint proxy statement/prospectus or those documents incorporated by reference herein result in effects on Allegiance or Allegiance Bank, the value of Allegiance common stock that you, as an existing Allegiance shareholder, currently hold or that you, as an existing Post Oak shareholder, would hold upon consummation of the merger could decline significantly, and the current holders of Allegiance common stock and/or the holders of Post Oak common stock could lose all or part of their respective investments in the Allegiance common stock.

Risks Relating to the Merger

The merger may not be consummated unless important conditions are satisfied.

Allegiance and Post Oak expect the merger to close during the fourth quarter of 2018, but the acquisition is subject to a number of closing conditions. Satisfaction of many of these conditions is beyond Allegiance s control. If these conditions are not satisfied or waived, the merger will not be completed or may be delayed and each of Allegiance and Post Oak may lose some or all of the intended benefits of the merger. Certain of the conditions that remain to be satisfied include, but are not limited to:

- the continued accuracy of the representations and warranties made by the parties in the merger agreement;
- the performance by each party of its respective obligations under the merger agreement;
- the receipt of required regulatory approvals, including the approval of the FDIC and TDB;

the absence of any injunction, order or decree restraining, enjoining or otherwise prohibiting the merger;

the absence of any material adverse change in the financial condition, business or results of operations of Post Oak or Post Oak Bank;

receipt by Allegiance and Post Oak from their respective tax counsel of a federal tax opinion that the merger qualifies as a reorganization within the meaning of Section 368(a) of the Code;

the effectiveness of the registration statement covering the shares of Allegiance common stock that are expected to be issued to Post Oak shareholders as consideration for the merger;

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- the approval of Allegiance s shareholders with respect to the shares of its common stock that are expected to be issued to Post Oak s shareholders as consideration for the merger; and

- the approval by Post Oak s shareholders of the merger agreement and the merger.

As a result, the merger may not close as scheduled or at all. In addition, either Allegiance or Post Oak may terminate the merger agreement under certain circumstances. For additional information regarding the conditions to the merger, see The Merger Agreement Conditions to Complete the Merger.

Because the market price of Allegiance common stock will fluctuate, Post Oak shareholders cannot be certain of the precise value of the merger consideration they will be entitled to receive.

Upon completion of the merger, each outstanding share of Post Oak common stock will be converted into the right to receive 0.7017 of a share of Allegiance common stock, together with cash in lieu of a fractional share, subject to adjustment if Post Oak s tangible common equity is less than the minimum equity required by the merger agreement immediately prior to the closing of the merger, as more fully described below. In addition, if the Allegiance average closing price is less than $32.52 per share and Allegiance common stock underperforms the selected index by more than 20.0%, Allegiance has the right to increase the merger consideration to prevent a termination of the merger agreement by Post Oak. For a discussion of the possible upward adjustment to the aggregate merger consideration, see The Merger Agreement Structure of the Merger Adjustments to Merger Consideration. There will be a lapse of time between each of the date of this joint proxy statement/prospectus, the date of the Allegiance special meeting, the date of the Post Oak special meeting and the date on which Post Oak shareholders entitled to receive the merger consideration actually receive the merger consideration. The market value of Allegiance common stock may fluctuate during these periods as a result of a variety of factors, including general market and economic conditions, changes in Allegiance s businesses, operations and prospects and regulatory considerations. Many of these factors are outside of the control of Allegiance and Post Oak. Consequently, at the time Post Oak shareholders must decide whether to approve the merger agreement, they will not know the actual market value of the shares of Allegiance common stock they may receive when the merger is completed. The value of the merger consideration will depend on the market value of shares of Allegiance common stock on the date the merger consideration is received. This value will not be known at the time of the Post Oak special meeting and may be more or less than the current price of Allegiance common stock or the price of Allegiance common stock at the time of the Post Oak special meeting.

The merger consideration could be reduced if Post Oak s tangible common equity is less than the minimum equity required by the merger agreement immediately prior to the closing of the merger.

The aggregate merger consideration that Post Oak shareholders would be entitled to receive in the merger will be reduced on a dollar-for-dollar basis (using the average closing price of Allegiance common stock to determine the number of shares to be subtracted from the aggregate merger consideration) to the extent by which Post Oak s tangible common equity, as defined in the merger agreement, is less than the minimum equity required by the merger agreement. The minimum equity required by the merger agreement is set at approximately $154.3 million if closing were to occur on the last business day of October 2018, and increases by $1.8 million for each month after October (and decreases by $1.8 million for each month prior to October).

Post Oak s tangible common equity as calculated prior to the closing of the merger will depend in part on the results of Post Oak s business operations and the management of expenses by Post Oak prior to the closing of the merger. If Post Oak s earnings are less than it expects or if its expenses are greater than Post Oak expects, Post Oak s tangible common equity may be less than the minimum equity required by the merger agreement.

Shareholders will not know the exact value of the aggregate merger consideration they will be entitled to receive when they vote with respect to the merger. For a discussion of the possible downward adjustment to the aggregate merger consideration including Post Oak s estimates of its tangible common equity, see The Merger Agreement Structure of the Merger Adjustments to Merger Consideration.

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Regulatory approvals may not be received, may take longer than expected or may impose conditions that Allegiance does not anticipate or that cannot be met.

Before the merger may be completed, various approvals must be obtained from bank regulatory authorities, including the FDIC and the TDB. These regulators may impose conditions on the completion of, or require changes to the terms of, the merger. Such conditions or changes and the process of obtaining regulatory approvals could have the effect of delaying completion of the merger or of imposing additional costs or limitations on Allegiance following the completion of the merger. The regulatory approvals may not be received at all, may not be received in a timely fashion or may contain conditions on the completion of the merger that are burdensome, not anticipated or cannot be met. If the completion of the merger is delayed, including by a delay in receipt of necessary governmental approvals, the business, financial condition and results of operations of Allegiance and Post Oak may also be materially adversely affected.

The market price of Allegiance common stock after the merger may be affected by factors different from those affecting Post Oak common stock or Allegiance common stock currently.

The businesses of Allegiance and Post Oak differ in some respects and, accordingly, the results of operations of the combined company and the market price of Allegiance s shares of common stock after the merger may be affected by factors different from those currently affecting the results of operations of each of Allegiance and Post Oak. For a discussion of the business of Allegiance and of certain factors to consider in connection with that business, see the documents incorporated by reference into this joint proxy statement/prospectus and referred to under Where You Can Find More Information.

Post Oak will be subject to business uncertainties and contractual restrictions while the merger is pending.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on Post Oak and consequently, if the merger occurs, on Allegiance. These uncertainties may impair Post Oak s ability to attract, retain and motivate key personnel until the merger is completed, and could cause customers and others that deal with Post Oak to seek to change existing business relationships with Post Oak, which could negatively affect Post Oak s results of operations. Retention of certain employees may be challenging while the merger is pending, as certain employees may experience uncertainty about their future roles with Allegiance. If key employees depart, Allegiance s business following the merger could be harmed. In addition, the merger agreement restricts Post Oak from making certain acquisitions and loans and taking other specified actions until the merger occurs without the consent of Allegiance. These restrictions may prevent Post Oak from pursuing attractive business opportunities that may arise prior to the completion of the merger. See the section entitled The Merger Agreement Covenants and Agreements Conduct of Business Prior to the Completion of the Merger of this joint proxy statement/prospectus for a description of the restrictive covenants to which Post Oak is subject.

Combining the two companies may be more difficult, costly or time consuming than expected, and the anticipated benefits and cost savings of the merger may not be realized.

Allegiance and Post Oak have operated and, until the completion of the merger, will continue to operate, separately. The success of the merger, including anticipated benefits and cost savings, will depend, in part, on Allegiance s ability to successfully combine and integrate the businesses of Allegiance and Post Oak in a manner that permits growth opportunities and does not materially disrupt existing customer relations nor result in decreased revenues due to loss of customers. It is possible that the integration process could result in the loss of key employees, the disruption of either company s ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the combined company s ability to maintain relationships with clients, customers, depositors, employees and other constituents or to achieve the anticipated benefits and cost savings of the merger. The loss of key employees could adversely affect Allegiance s ability to successfully conduct its business, which could have an adverse effect on Allegiance s financial results and the value of its common stock. If Allegiance experiences difficulties with the integration process, the anticipated benefits of the merger may not be realized fully or at all, or may take longer to realize than expected. As with any merger of financial institutions, there also may be business disruptions that cause Allegiance and/or Post Oak to lose customers or cause customers to remove their accounts from Allegiance and/or Post Oak and move their business to competing financial institutions. Integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on each of Post Oak and Allegiance during this transition period and on the combined company for an undetermined period after completion of the merger. In addition, the actual cost savings of the merger could be less than anticipated.

Allegiance s and Post Oak s historical and pro forma combined consolidated financial information may not be representative of Allegiance s results as a combined company.

The unaudited pro forma combined financial statements in this joint proxy statement/prospectus are presented for illustrative purposes only and are not necessarily indicative of what Allegiance s actual financial condition or results of operations would have been had the merger been completed on the dates indicated. The unaudited pro forma combined financial statements reflect adjustments to illustrate the effect of the merger had they been completed on the dates indicated. Such unaudited pro forma combined financial statements are based upon preliminary estimates to record the Post Oak identifiable assets acquired and liabilities assumed at fair value and the resulting goodwill recognized. The purchase price allocation for the merger reflected in this joint proxy statement/prospectus is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the fair value of the identifiable assets and identifiable liabilities of Post Oak as of the date of the completion of the merger. Accordingly, the final acquisition accounting adjustments may differ materially from the pro forma adjustments reflected in this joint proxy statement/prospectus. For more information, see the section of this joint proxy statement/prospectus entitled Unaudited Pro Forma Combined Consolidated Financial Statements.

Allegiance will incur significant transaction and integration costs in connection with the merger.

Allegiance expects to incur significant costs associated with completing the merger and integrating Post Oak s operations into Allegiance s operations and is continuing to assess the impact of these costs. Although Allegiance believes that the elimination of duplicate costs, as well as the realization of other efficiencies related to the integration of Post Oak s business with Allegiance s business, will offset incremental transaction and integration costs over time, this net benefit may not be achieved in the near term, or at all.

Post Oak s officers and directors have interests in the merger in addition to or different from the interests that they share with you as a Post Oak shareholder.

Some of Post Oak s executive officers participated in negotiations of the merger agreement with Allegiance, and the Post Oak Board approved the merger agreement and is recommending that Post Oak shareholders vote to approve the merger agreement. In considering these facts and the other information included in or incorporated by reference into this joint proxy statement/prospectus, you should be aware that certain of Post Oak s executive officers and directors have economic interests in the merger that are different from or in addition to the interests that they share with you as a Post Oak shareholder. These interests include, as a result of the merger, the payment of certain benefits to Roland L. Williams, Chairman, Chief Executive Officer and President, and Renee C. Bourland, Executive Vice President and Chief Financial Officer, among other Post Oak officers, are entitled under existing agreements and arrangements with Post Oak. For further discussion of the interests of Post Oak s directors and officers in the merger, see The Merger Interests of Directors and Officers of Post Oak in the Merger.

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Holders of Post Oak common stock and Allegiance common stock will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

Holders of Post Oak common stock and Allegiance common stock currently have the right to vote in the election of the board of directors and on other matters affecting Post Oak and Allegiance, respectively. Upon the completion of the merger, each Post Oak shareholder who receives shares of Allegiance common stock will become an Allegiance shareholder with a percentage ownership of Allegiance that is smaller than the shareholder s percentage ownership of Post Oak. Based on the number of outstanding shares of common stock of Allegiance and Post Oak on August 1, 2018, it is currently expected that the former Post Oak shareholders as a group will receive shares in the merger constituting approximately 38.4% of the outstanding shares of Allegiance common stock immediately after the merger. As a result, current Allegiance shareholders as a group will own approximately 61.6% of the outstanding shares of Allegiance common stock immediately after the merger. Because of this reduced ownership percentage, Post Oak shareholders may have less influence on the management and policies of Allegiance than they now have on the management and policies of Post Oak, and current Allegiance shareholders may have less influence than they now have on the management and policies of Allegiance. Upon consummation of the merger, Allegiance has agreed to appoint Roland L. Williams and two other current members of the Post Oak Board to the Allegiance Board and the board of directors of Allegiance Bank.

The merger agreement limits Post Oak s ability to pursue alternatives to the merger.

The merger agreement prohibits Post Oak from initiating, soliciting, encouraging or facilitating certain third-party acquisition proposals. In addition, Post Oak has agreed to pay Allegiance a termination fee of $14.272 million if the transaction is terminated because Post Oak decides to enter into or close another acquisition transaction or up to $775,000 in Allegiance s expenses if Post Oak fails to call or does not receive the required vote at the Post Oak special meeting and an acquisition proposal (as defined in the merger agreement) exists. These provisions could discourage a potential competing acquirer that might have an interest in acquiring all or a significant part of Post Oak from considering or proposing that acquisition, even if it were prepared to pay consideration with a higher per share price than that proposed in the merger, or might result in a potential competing acquirer proposing to pay a lower per share price to acquire Post Oak than it might otherwise have proposed to pay.

The fairness opinions rendered to the boards of directors of Allegiance and Post Oak by their respective financial advisors were based on the respective financial analyses performed by each of the financial advisors. The financial advisors considered factors such as market and other conditions then in effect, and financial forecasts and other information made available to such firm, as of the date of their respective opinions. As a result, these opinions do not reflect changes in events or circumstances after the date of these opinions. Allegiance and Post Oak have not obtained, and do not expect to obtain, updated fairness opinions from their respective financial advisors reflecting changes in circumstances that may have occurred since the signing of the merger agreement.

The opinions rendered on April 30, 2018 by Raymond James, financial advisor to Allegiance, and by Performance Trust, financial advisor to Post Oak, were based on the respective financial analyses performed, which considered market and other conditions then in effect, and financial forecasts and other information made available to them, as of the date of their respective opinions, which may have changed, or may change, after the date of the opinions. Neither opinion has been updated to reflect changes that may occur or may have occurred after the date on which it was delivered, including changes to the operations and prospects of Allegiance or Post Oak, changes in general market and economic conditions or other changes. Any such changes may alter the relative value of Allegiance or Post Oak or the prices of shares of Allegiance common stock or Post Oak common stock by the time the merger is completed. The opinions do not speak as of the date the merger will be completed or as of any date other than the date of such opinions. For a description of the opinion that Allegiance received from its financial advisor, please see The Merger Opinion of Allegiance s Financial Advisor. For a description of the opinion that Post Oak received from its financial advisor, please see The Merger Opinion of Post Oak s Financial Advisor.

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The shares of Allegiance common stock to be received by Post Oak shareholders as a result of the merger will have different rights than the shares of Post Oak common stock and in some cases may be less favorable.

The rights associated with Post Oak common stock are different from the rights associated with Allegiance common stock. In some cases, the rights associated with the Allegiance common stock may be less favorable to shareholders than those associated with the Post Oak common stock. For example, holders of Post Oak common stock currently elect each member of their board of directors at each annual meeting of the Post Oak shareholders. Upon consummation of the merger, the holders of Post Oak common stock will hold Allegiance common stock that provides that the members of only one of three classes of directors are elected at each annual meeting of Allegiance shareholders, which could have an anti-takeover effect and may delay, discourage or prevent an attempted acquisition or change in control of Allegiance. See Comparison of Shareholders Rights for a more detailed description of the shareholder rights of each of Allegiance and Post Oak.

The dissenters rights appraisal process relating to shares of the Post Oak common stock is uncertain.

Holders of Post Oak common stock may or may not be entitled to receive more than the amount provided for in the merger agreement for their shares of Post Oak common stock if they elect to exercise their right to dissent from the proposed merger, depending on the appraisal of the fair value of the Post Oak common stock pursuant to the dissenting shareholder procedures under the TBOC. See The Merger Dissenters Rights of Post Oak Shareholders and *Annex F*. For this reason, the amount of cash that such shareholders might be entitled to receive should they elect to exercise their right to dissent to the merger may be more or less than the value of the merger consideration to be paid pursuant to the merger agreement. In addition, it is a condition in the merger agreement that the holders of not more than 5.0% of the outstanding shares of Post Oak common stock shall have exercised their statutory dissenters rights under the TBOC. The number of shares of Post Oak common stock for which holders will exercise dissenters rights under the TBOC is not known and therefore there is no assurance that this closing condition will be satisfied.

Allegiance and Post Oak have structured the merger to qualify as a reorganization for U.S. federal income tax purposes. However, no ruling has been or will be sought from the IRS regarding the U.S. federal income tax consequences of the merger.

The obligations of Allegiance and Post Oak to complete the merger are conditioned on, among other things, the receipt by Allegiance and Post Oak of tax opinions from Bracewell and Fenimore Kay, respectively, dated as of the closing date of the merger, to the effect that, on the basis of facts, representations and assumptions that are consistent with the facts existing at the effective time of the merger and as set forth and referred to in such opinions, the merger will qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. However, no ruling has been or will be sought from the U.S. Internal Revenue Service (referred to as the IRS) as to the U.S. federal income tax consequences of the merger. There can be no assurance that the IRS will not successfully challenge the intended tax treatment of the merger. In addition, these opinions will be based on certain tax opinion representations and assumptions (as defined in the section entitled Material U.S. Federal Income Tax Consequences of the Merger). If any of the tax opinion representations and assumptions are incorrect, incomplete or false, or are violated, the validity of the opinions described above may be affected and the tax consequences of the merger could differ from those described in this joint proxy statement/prospectus.

Each shareholder is urged to read the discussion under Material U.S. Federal Income Tax Consequences of the Merger, and to consult its own tax advisor for a full understanding of the tax consequences to such shareholder of the merger.

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Risk Related to the Allegiance Charter Amendment Proposal

If the proposed amendment to Allegiance s Amended and Restated Certificate of Formation is approved, Allegiance will be able to issue additional shares of its common stock in the future, which may adversely affect the market price of Allegiance common stock and dilute the holdings of existing shareholders.

The proposed amendment to Allegiance s Amended and Restated Certificate of Formation, if approved by Allegiance shareholders, will increase the number of authorized shares of Allegiance s common stock by 40,000,000 shares. In the future, Allegiance may issue additional shares of Allegiance common stock in connection with another acquisition, to increase its capital resources or to raise additional capital if Allegiance s or Allegiance Bank s capital ratios fall below or near the regulatory required minimums. Significant issuances of common stock may dilute the holdings of Allegiance s existing shareholders or reduce the market price of Allegiance common stock, or both. Holders of Allegiance common stock are not entitled to preemptive rights or other protections against dilution.

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CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus and the documents incorporated by reference or deemed incorporated by reference into this joint proxy statement/prospectus and any other written or oral statements made by Allegiance and Post Oak from time to time may contain forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Exchange Act. All statements, other than statements of historical fact, included in this joint proxy statement/prospectus and the documents incorporated by reference herein and therein, regarding strategy, future operations, financial position, estimated revenues and income or losses, projected costs and capital expenditures, prospects, plans and objectives of management are forward-looking statements. When used in this joint proxy statement/prospectus and the documents incorporated by reference herein and therein, the words plan, endeavor, will , would, could, believe, anticipate, intend, estimate, expect, project, forecast and similar expr to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are (or were when made) based on current expectations and assumptions about future events and are (or were when made) based on currently available information as to the outcome and timing of future events. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described in the Risk Factors section of this joint proxy statement/prospectus.

There are or will be important factors that could cause Allegiance s or Post Oak s actual results to differ materially from those expressed in the forward-looking statements, including, but not limited to, the following:

- risks related to the merger, including the failure of Post Oak s shareholders to approve the Post Oak Merger Proposal or the failure of Allegiance s shareholders to approve either the Allegiance Merger Proposal or the Allegiance Stock Issuance Proposal;
- the ability of Allegiance and Post Oak to obtain the required regulatory approvals of the merger and the bank merger on the proposed terms and schedule;
- the ability of Allegiance to successfully combine and integrate the businesses of Allegiance and Post Oak;
- risks related to the concentration of Allegiance s business in the Houston metropolitan area, including risks associated with volatility or decreases in oil and gas prices or prolonged periods of lower oil and gas prices;
- general market conditions and economic trends nationally, regionally and particularly in the Houston metropolitan area;
- Allegiance s ability to retain executive officers and key employees and their customer and community relationships;

Allegiance s ability to recruit and retain successful bankers that meet Allegiance s expectations in terms of customer and community relationships and profitability;

risks related to Allegiance s strategic focus on lending to small to medium-sized businesses;

Allegiance s ability to implement Allegiance s growth strategy, including through the identification of acquisition candidates that will be accretive to Allegiance s financial condition and results of operations, as well as permitting decision-making authority at the branch level;

risks related to any businesses Allegiance acquires in the future, including exposure to potential asset and credit quality risks and unknown or contingent liabilities, the time and costs associated with integrating systems, technology platforms, procedures and personnel, the need for additional capital to finance such transactions and possible failures in realizing the anticipated benefits from such acquisitions;

risks associated with Allegiance s owner-occupied commercial real estate loan and other commercial real estate loan portfolios, including the risks inherent in the valuation of the collateral securing such loans;

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risks associated with Allegiance s commercial and industrial loan portfolio, including the risk for deterioration in value of the general business assets that generally secure such loans;

the accuracy and sufficiency of the assumptions and estimates Allegiance makes in establishing reserves for potential loan losses and other estimates;

risk of deteriorating asset quality and higher loan charge-offs, as well as the time and effort necessary to resolve nonperforming assets;

potential changes in the prices, values and sales volumes of commercial and residential real estate securing Allegiance s real estate loans;

changes in market interest rates that affect the pricing of Allegiance s loans and deposits and Allegiance s net interest income;

potential fluctuations in the market value and liquidity of the securities Allegiance holds for sale;

risk of impairment of investment securities, goodwill, other intangible assets or deferred tax assets;

the effects of competition from a wide variety of local, regional, national and other providers of financial, investment and insurance services, which may adversely affect Allegiance s pricing and terms;

risks associated with negative public perception of Allegiance;

Allegiance s ability to maintain an effective system of disclosure controls and procedures and internal controls over financial reporting;

risks associated with fraudulent and negligent acts by Allegiance s customers, employees or vendors;

Allegiance s ability to keep pace with technological change or difficulties when implementing new technologies;

risks associated with system failures or failures to protect against cybersecurity threats, such as breaches of Allegiance s network security;

Allegiance s ability to comply with privacy laws and properly safeguard personal, confidential or proprietary information;

risks associated with data processing system failures and errors;

potential risk of environmental liability related to owning or foreclosing on real property;

the institution and outcome of litigation and other legal proceeding against Allegiance or to which it becomes subject;

Allegiance s ability to maintain adequate liquidity and to raise necessary capital to fund Allegiance s acquisition strategy and operations or to meet increased minimum regulatory capital levels;

Allegiance s ability to comply with various governmental and regulatory requirements applicable to financial institutions;

the impact of recent and future legislative and regulatory changes, including changes in banking, securities and tax laws and regulations and their application by Allegiance s regulators, such as the further implementation of the Dodd-Frank Act;

governmental monetary and fiscal policies, including the policies of the Federal Reserve;

Allegiance s ability to comply with supervisory actions by federal and state banking agencies;

changes in the scope and cost of FDIC insurance and other coverage;

systemic risks associated with the soundness of other financial institutions;

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- the effects of war or other conflicts, acts of terrorism (including cyberattacks) or other catastrophic events, including storms, droughts, tornadoes and flooding, that may affect general economic conditions; and

- other risks and uncertainties listed from time to time in Allegiance s reports and documents filed with the SEC.

Other factors not identified above, including those described under the headings Risk Factors in this joint proxy statement/prospectus and Allegiance s Annual Report on Form 10-K for the year ended December 31, 2017 and the other documents incorporated by reference into this joint proxy statement/prospectus, may also cause actual results to differ materially from those described in any forward-looking statements. Most of these factors are difficult to anticipate, are generally beyond the control of Allegiance and Post Oak and may prove to be inaccurate. You should consider these factors in connection with considering any forward-looking statements.

All forward-looking statements, expressed or implied, included in or incorporated by reference into this joint proxy statement/prospectus are expressly qualified in their entirety by this cautionary note. This cautionary note should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

Except as otherwise required by applicable law, Allegiance and Post Oak disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect new information obtained or events or circumstances that occur after the date any such forward-looking statement is made.

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THE POST OAK SPECIAL MEETING

This section contains information for Post Oak shareholders about the Post Oak special meeting that Post Oak has called to allow its shareholders to consider and vote on the Post Oak Merger Proposal. Post Oak is mailing this joint proxy statement/prospectus to you, as a Post Oak shareholder, on or about August 6, 2018. This joint proxy statement/prospectus is accompanied by a notice of the Post Oak special meeting and a form of proxy card that the Post Oak Board is soliciting for use at the Post Oak special meeting and at any adjournments or postponements of the Post Oak special meeting.

Date, Time and Place of the Post Oak Special Meeting

The Post Oak special meeting will be held at the corporate office of Post Oak at 2000 West Loop South, Suite 100, Houston, Texas 77027, at 10:30 a.m. local time, on September 13, 2018. On or about August 6, 2018, Post Oak commenced mailing this document and the enclosed form of proxy card to its shareholders entitled to vote at the Post Oak special meeting.

Matters to Be Considered

At the Post Oak special meeting, you, as a Post Oak shareholder, will be asked to consider and vote upon the following matters:

- the Post Oak Merger Proposal; and
- the Post Oak Adjournment Proposal.

Completion of the merger is conditioned on, among other things, Post Oak shareholder approval of the merger agreement and the transactions contemplated thereby, including the merger. No other business may be conducted at the Post Oak special meeting.

Recommendation of the Post Oak Board

On April 25, 2018, the Post Oak Board unanimously approved the merger agreement and the transactions contemplated thereby. Based on Post Oak s reasons for the merger described in the section of this joint proxy statement/prospectus entitled The Merger Post Oak s Reasons for the Merger; Recommendation of the Post Oak Board, the Post Oak Board believes that the merger is in the best interests of the Post Oak shareholders.

Accordingly, the Post Oak Board recommends that you vote FOR the Post Oak Merger Proposal and FOR the Post Oak Adjournment Proposal.

Post Oak Record Date and Quorum

The Post Oak Board has fixed the close of business on August 1, 2018 as the Post Oak record date for determining the holders of Post Oak common stock entitled to receive notice of and to vote at the Post Oak special meeting.

As of the Post Oak record date, there were 11,882,629 shares of Post Oak common stock outstanding and entitled to notice of, and to vote at, the Post Oak special meeting or any adjournment thereof, and such outstanding shares of Post Oak common stock were held by approximately 907 holders of record. Each share of Post Oak common stock entitles the holder to one vote at the Post Oak special meeting on each proposal to be considered at the Post Oak special meeting.

No business may be transacted at the Post Oak special meeting unless a quorum is present. The presence (in person or by proxy) of holders of at least a majority of the voting power represented by all issued and outstanding shares of Post Oak common stock entitled to be voted at the Post Oak special meeting constitutes a quorum for

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transacting business at the Post Oak special meeting. All shares of Post Oak common stock present in person or represented by proxy, including abstentions and broker-non votes, if any, will be treated as present for purposes of determining the presence or absence of a quorum for all matters voted on at the Post Oak special meeting.

Required Vote; Treatment of Abstentions; Broker Non-Votes and Failure to Vote

Post Oak Merger Proposal: The affirmative vote of the holders of two-thirds of the outstanding shares of Post Oak common stock is required to approve the Post Oak Merger Proposal. If you mark ABSTAIN on your proxy card, fail to submit a proxy card or vote in person at the Post Oak special meeting or fail to instruct your bank or broker how to vote with respect to the Post Oak Merger Proposal, it will have the effect of a vote AGAINST the proposal.

Post Oak Adjournment Proposal: The affirmative vote of a majority of votes cast on the Post Oak Adjournment Proposal at the Post Oak special meeting, in person or by proxy, is required to approve the Post Oak Adjournment Proposal. If you mark ABSTAIN on your proxy card, fail to submit a proxy card or vote in person at the Post Oak special meeting or fail to instruct your bank or broker how to vote with respect to the Post Oak Adjournment Proposal, it will have no effect on the proposal.

Shares Held by Officers and Directors

As of the Post Oak record date, the directors and executive officers of Post Oak and their affiliates beneficially owned and were entitled to vote, in the aggregate, 3,038,559 shares of Post Oak common stock, representing approximately 25.6% of the shares of Post Oak common stock outstanding on that date. The directors and certain officers of Post Oak and Post Oak Bank have entered into a voting agreement with Allegiance, solely in their capacity as shareholders of Post Oak, pursuant to which they have agreed to vote in favor of the merger agreement and the transactions contemplated thereby. The Post Oak shareholders who are party to the voting agreement beneficially own and are entitled to vote in the aggregate approximately 28.9% of the outstanding shares of Post Oak common stock as of the Post Oak record date. Post Oak currently expects that each of its executive officers will vote their shares of Post Oak common stock in favor of the Post Oak Merger Proposal and the Post Oak Adjournment Proposal. As of the Post Oak record date, Allegiance beneficially owned no shares of Post Oak common stock, and the directors and executive officers of Allegiance and their affiliates beneficially owned no shares of Post Oak common stock.

Voting by Proxy or in Person; Incomplete Proxies

A Post Oak shareholder of record as of the Post Oak record date may vote by proxy or in person at the Post Oak special meeting. If you hold your shares of Post Oak common stock in your name as a Post Oak shareholder of record as of the Post Oak record date, to submit a proxy we ask that you complete and return the proxy card in the enclosed envelope. The envelope requires no additional postage if mailed in the United States.

Post Oak requests that Post Oak shareholders vote by completing and signing the accompanying proxy card and returning it to Post Oak as soon as possible in the enclosed postage-paid envelope. When the accompanying proxy card is returned properly executed, the shares of Post Oak common stock represented by it will be voted at the Post Oak special meeting in accordance with the instructions contained on the proxy card. If any proxy card is returned without indication as to how to vote, the shares of Post Oak common stock represented by the proxy card will be voted as recommended by the Post Oak Board.

If you hold your stock in street name through a bank or broker, you must direct your bank or broker how to vote in accordance with the instructions you have received from your bank or broker.

Every Post Oak shareholder s vote is important. Accordingly, each Post Oak shareholder should sign, date and return the enclosed proxy card whether or not the Post Oak shareholder plans to attend the Post Oak

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special meeting in person. Sending in your proxy card will not prevent you from voting your shares personally at the meeting because you may revoke your proxy at any time before it is voted.

Shares Held in Street Name

Banks, brokers and other nominees who hold shares of Post Oak common stock in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, banks, brokers and other nominees are not allowed to exercise their voting discretion with respect to the approval of matters determined to be non-routine, without specific instructions from the beneficial owner. Broker non-votes are shares held by a broker, bank or other nominee that are represented at the Post Oak special meeting, but with respect to which the broker or nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal and the broker does not have discretionary voting power on such proposal. The Post Oak Merger Proposal and the Post Oak Adjournment Proposal are non-routine matters. If your broker, bank or other nominee holds your shares of Post Oak common stock in street name, your broker, bank or other nominee will vote your shares of Post Oak common stock only if you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker, bank or other nominee with this joint proxy statement/prospectus.

Revocability of Proxies and Changes to a Post Oak Shareholder s Vote

If you are a shareholder of record, you have the power to change your vote at any time before your shares of Post Oak common stock are voted at the Post Oak special meeting by:

- attending and voting in person at the Post Oak special meeting;

- giving notice of revocation of the proxy at the Post Oak special meeting; or

- delivering to the Secretary of Post Oak at 2000 West Loop South, Suite 100, Houston, Texas 77027 (i) a written notice of revocation or (ii) a duly executed proxy card relating to the same shares, bearing a date later than the proxy card previously executed. Attendance at the Post Oak special meeting will not in and of itself constitute a revocation of a proxy.

If you choose to send a completed proxy card bearing a later date than your original proxy card, the new proxy card must be received before the beginning of the Post Oak special meeting.

If your shares are held in street name by a bank or broker, you should follow the instructions of your bank or broker regarding the revocation of proxies.

Solicitation of Proxies

In addition to solicitation by mail, Post Oak s directors, officers, and employees may solicit proxies by personal interview, telephone or electronic mail. Post Oak reimburses brokerage houses, custodians, nominees, and fiduciaries for their expenses in forwarding proxies and proxy material to their principals. Post Oak will bear the entire cost of soliciting proxies from you.

Attending the Post Oak Special Meeting

All Post Oak shareholders, including holders of record as of the Post Oak record date and shareholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the Post Oak special meeting. **Only Post Oak shareholders of record as of the Post Oak record date can vote in person at the Post Oak special meeting**. If you are a Post Oak shareholder of record as of the Post Oak record date and you wish to attend the Post Oak special meeting, please bring your proxy card and evidence of your stock ownership, such as your most recent account statement, to the Post Oak special meeting. You should also bring valid picture identification.

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A Post Oak shareholder who holds shares in street name through a broker, bank, trustee or other nominee (which we refer to as a beneficial owner) who desires to attend the Post Oak special meeting in person must bring proof of beneficial ownership as of the record date, such as a letter from the broker, bank, trustee or other nominee that is the record owner of such beneficial owner s shares, a brokerage account statement or the voting instruction form provided by the broker. You should also bring valid picture identification.

Assistance

If you need assistance in completing your proxy card, have questions regarding Post Oak s special meeting or would like additional copies of this joint proxy statement/prospectus, please contact Renee Bourland at (713) 439-3902 or renee.bourland@postoakbank.com.

POST OAK PROPOSALS

Proposal No. 1 Post Oak Merger Proposal

Post Oak is asking its shareholders to adopt the merger agreement and approve the merger. Holders of Post Oak common stock should read this joint proxy statement/prospectus carefully and in its entirety, including the annexes, for more detailed information concerning the merger agreement and the merger. A copy of the merger agreement is attached to this joint proxy statement/prospectus as *Annex A*.

After careful consideration, the Post Oak Board, by a unanimous vote of all directors, approved the merger agreement and declared the merger agreement and the transactions contemplated thereby, including the merger, to be advisable and in the best interests of Post Oak and the shareholders of Post Oak. See The Merger Post Oak s Reasons for the Merger; Recommendation of the Post Oak Board for a more detailed discussion of the Post Oak Board s recommendation.

The Post Oak Board recommends a vote FOR the Post Oak Merger Proposal.

Proposal No. 2 Post Oak Adjournment Proposal

The Post Oak special meeting may be adjourned to another time or place, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Post Oak special meeting to adopt the Post Oak Merger Proposal.

If, at the Post Oak special meeting, the number of shares of Post Oak common stock present or represented and voting in favor of the Post Oak Merger Proposal is insufficient to adopt the Post Oak Merger Proposal, Post Oak intends to move to adjourn the Post Oak special meeting in order to enable the Post Oak Board to solicit additional proxies for approval of the Post Oak Merger Proposal. In that event, Post Oak will ask its shareholders to vote upon the Post Oak Adjournment Proposal, but not the Post Oak Merger Proposal.

In this proposal, Post Oak is asking its shareholders to authorize the holder of any proxy solicited by the Post Oak Board on a discretionary basis to vote in favor of adjourning the Post Oak special meeting to another time and place for the purpose of soliciting additional proxies, including the solicitation of proxies from Post Oak shareholders who have previously voted.

The Post Oak Board recommends a vote FOR the Post Oak Adjournment Proposal.

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THE ALLEGIANCE SPECIAL MEETING

This section contains information for Allegiance shareholders about the Allegiance special meeting that Allegiance has called to allow its shareholders to consider and vote on the Allegiance Merger Proposal, the Allegiance Stock Issuance Proposal, the Allegiance Charter Amendment Proposal and the Allegiance Adjournment Proposal. Allegiance is mailing this joint proxy statement/prospectus to you, as an Allegiance shareholder, on or about August 6, 2018. This joint proxy statement/prospectus is accompanied by a notice of the Allegiance special meeting of Allegiance shareholders and a form of proxy card that the Allegiance Board is soliciting for use at the Allegiance special meeting and at any adjournments or postponements of the Allegiance special meeting.

Date, Time and Place of Allegiance Special Meeting

The Allegiance special meeting will be held on September 14, 2018 at The Houstonian Hotel at 111 North Post Oak Lane, Houston, Texas 77024, at 1:00 p.m. local time.

Matters to Be Considered

At the Allegiance special meeting, you, as an Allegiance shareholder, will be asked to consider and vote upon the following matters:

- the Allegiance Merger Proposal;
- the Allegiance Stock Issuance Proposal;
- the Allegiance Charter Amendment Proposal; and
- the Allegiance Adjournment Proposal.

Recommendation of the Allegiance Board

After careful consideration, the Allegiance Board determined that the merger agreement and the transactions contemplated thereby, including the merger and the related Allegiance share issuance, are advisable and in the best interests of Allegiance and its shareholders. The Allegiance Board unanimously recommends that Allegiance shareholders vote FOR the Allegiance Merger Proposal, FOR the Allegiance Stock Issuance Proposal, FOR the Allegiance Charter Amendment Proposal and FOR the Allegiance Adjournment Proposal. See the section of this joint proxy statement/prospectus entitled The Merger Allegiance s Reasons for the Merger; Recommendation of the Allegiance Board for a more detailed discussion of the Allegiance Board s recommendation.

Allegiance Record Date and Quorum

The Allegiance Board has fixed the close of business on August 1, 2018 as the Allegiance record date for determining the holders of Allegiance common stock entitled to receive notice of and to vote at the Allegiance special meeting.

As of the Allegiance record date, there were 13,367,590 shares of Allegiance common stock outstanding and entitled to vote at the Allegiance special meeting held by approximately 488 holders of record. Each share of Allegiance common stock entitles the holder to one vote at the Allegiance special meeting on each proposal to be considered at the Allegiance special meeting.

The presence in person or by proxy of a majority of the Allegiance common stock outstanding on the Allegiance record date will constitute a quorum. All shares of Allegiance common stock present in person or represented by proxy, including abstentions and broker non-votes, if any, will be treated as present for purposes of determining the presence or absence of a quorum for all matters voted on at the Allegiance special meeting.

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Vote Required; Treatment of Abstentions; Broker Non-Votes and Failure to Vote

Allegiance Merger Proposal: The affirmative vote of the holders of two-thirds of the outstanding shares of Allegiance common stock is required to approve the Allegiance Merger Proposal. If you mark ABSTAIN on your proxy card, fail to submit a proxy card or vote in person at the Allegiance special meeting or fail to instruct your bank or broker how to vote with respect to the Allegiance Merger Proposal, it will have the effect of a vote AGAINST the proposal.

Allegiance Stock Issuance Proposal: The affirmative vote of a majority of the votes cast on the proposal at the Allegiance special meeting, in person or by proxy, is required to approve the Allegiance Stock Issuance Proposal. If you mark ABSTAIN on your proxy card, fail to submit a proxy card or vote in person at the Allegiance special meeting or fail to instruct your bank or broker how to vote with respect to the Allegiance Stock Issuance Proposal, it will have no effect on the proposal.

Allegiance Charter Amendment Proposal: The affirmative vote of the holders of two-thirds of the outstanding shares of Allegiance common stock is required to approve the Allegiance Charter Amendment Proposal. If you mark ABSTAIN on your proxy card, fail to submit a proxy card or vote in person at the Allegiance special meeting or fail to instruct your bank or broker how to vote with respect to the Allegiance Charter Amendment Proposal, it will have the effect of a vote AGAINST the proposal.

Allegiance Adjournment Proposal: The affirmative vote of a majority of the votes cast on the proposal at the Allegiance special meeting, in person or by proxy, is required to approve the Allegiance Adjournment Proposal. If you mark ABSTAIN on your proxy card, fail to submit a proxy card or vote in person at the Allegiance special meeting or fail to instruct your bank or broker how to vote with respect to the Allegiance Adjournment Proposal, it will have no effect on the proposal.

Shares Held by Officers and Directors

As of the Allegiance record date, there were 13,367,590 shares of Allegiance common stock entitled to vote at the Allegiance special meeting. As of the Allegiance record date, the directors and executive officers of Allegiance and their affiliates beneficially owned and were entitled to vote approximately 1,648,807 shares of Allegiance common stock representing approximately 12.3% of the shares of Allegiance common stock outstanding on that date. Allegiance currently expects that each of its executive officers will vote their shares of Allegiance common stock in favor of the Allegiance Merger Proposal, the Allegiance Stock Issuance Proposal, the Allegiance Charter Amendment Proposal and the Allegiance Adjournment Proposal, although none of them has entered into any agreement obligating him or her to do so. As of the Allegiance record date, Post Oak beneficially owned no shares of Allegiance common stock, and the directors and executive officers of Post Oak and their affiliates beneficially owned, in the aggregate, 2,056 shares of Allegiance common stock or less than 1.0% of the outstanding Allegiance common stock.

Voting by Proxy or in Person; Incomplete Proxies

Each copy of this joint proxy statement/prospectus mailed to holders of Allegiance common stock is accompanied by a form of proxy card with instructions for voting. If you hold shares of Allegiance common stock in your name as an Allegiance shareholder of record as of the Allegiance record date, you should complete and return the proxy card accompanying this joint proxy statement/prospectus, regardless of whether you plan to attend the Allegiance special meeting. You may also vote your shares through the Internet. Information and applicable deadlines for voting through the Internet are set forth in the enclosed proxy card instructions.

If you hold your stock in street name through a bank or broker, you must direct your bank or broker how to vote in accordance with the instructions you have received from your bank or broker.

All shares represented by valid proxies that Allegiance receives through this solicitation, and that are not revoked, will be voted in accordance with your instructions on the proxy card. If you make no specification on

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your proxy card as to how you want your shares voted before signing and returning it, your proxy will be voted as recommended by the Allegiance Board. No matters other than the matters described in this joint proxy statement/prospectus are anticipated to be presented for action at the Allegiance special meeting or at any adjournment or postponement of the Allegiance special meeting.

Shares Held in Street Name

Under stock exchange rules, banks, brokers and other nominees who hold shares of Allegiance common stock in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, banks, brokers and other nominees are not allowed to exercise their voting discretion with respect to the approval of matters determined to be non-routine, without specific instructions from the beneficial owner. Broker non-votes are shares held by a broker, bank or other nominee that are represented at the Allegiance special meeting, but with respect to which the broker or nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal and the broker does not have discretionary voting power on such proposal. The Allegiance Merger Proposal, the Allegiance Stock Issuance Proposal, the Allegiance Charter Amendment Proposal and the Allegiance Adjournment Proposal are all non-routine matters. If your broker, bank or other nominee holds your shares of Allegiance common stock in street name, your broker, bank or other nominee will vote your shares of Allegiance common stock only if you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker, bank or other nominee with this joint proxy statement/prospectus.

Revocability of Proxies and Changes to an Allegiance Shareholder s Vote

If you hold stock in your name as an Allegiance shareholder of record as of the Allegiance record date, you may revoke any proxy at any time before the Allegiance special meeting is called to order by (i) signing and returning a proxy card with a later date, (ii) voting by the Internet at a later time, (iii) delivering a written revocation letter to Allegiance s Corporate Secretary or (iv) attending the Allegiance special meeting in person, notifying the Corporate Secretary and voting by ballot at the Allegiance special meeting.

Any Allegiance shareholder entitled to vote in person at the Allegiance special meeting may vote in person regardless of whether a proxy has been previously given, but your attendance by itself at the Allegiance special meeting will not automatically revoke your proxy unless you give written notice of revocation to the Corporate Secretary of Allegiance before the Allegiance special meeting is called to order.

Written notices of revocation and other communications about revoking your proxy card should be addressed to:

Allegiance Bancshares, Inc.

8847 West Sam Houston Parkway, N., Suite 200

Houston, Texas 77040

Attention: Corporate Secretary

If your shares are held in street name by a bank or broker, you should follow the instructions of your bank or broker regarding the revocation of proxies.

Solicitation of Proxies

Allegiance is soliciting your proxy in conjunction with the Allegiance share issuance. Allegiance will bear the entire cost of soliciting proxies from you. In addition to solicitation of proxies by mail, Allegiance will request that banks, brokers and other record holders send proxies and proxy material to the beneficial owners of Allegiance common stock and secure their voting instructions. Allegiance will reimburse the record holders for

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their reasonable expenses in taking those actions. If necessary, Allegiance may use its directors and several of its regular employees, who will not be specially compensated, to solicit proxies from the Allegiance shareholders, either personally or by telephone, facsimile, letter or electronic means.

Attending the Allegiance Special Meeting

All holders of Allegiance common stock, including holders of record as of the Allegiance record date and shareholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the Allegiance special meeting. Allegiance shareholders of record as of the Allegiance record date can vote in person at the Allegiance special meeting. If you are not an Allegiance shareholder of record as of the Allegiance record date, you must obtain a proxy executed in your favor from the record holder of your shares of Allegiance common stock, such as a broker, bank or other nominee, to be able to vote in person at the Allegiance special meeting. If you plan to attend the Allegiance special meeting, you must hold your shares of Allegiance common stock in your own name or have a letter from the record holder of your shares confirming your ownership. In addition, you must bring a form of personal photo identification with you in order to be admitted. Allegiance reserves the right to refuse admittance to anyone without proper proof of share ownership and without proper photo identification. The use of cameras, sound recording equipment, communications devices or any similar equipment during the Allegiance special meeting is prohibited without Allegiance s express written consent.

Assistance

If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of Allegiance common stock, please contact Investor Relations at (281) 894-3200 or ir@allegiancebank.com or Shareholder Services at Computershare at (800) 962-4284.

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ALLEGIANCE PROPOSALS

Proposal No. 1   Allegiance Merger Proposal

Allegiance is asking its shareholders to adopt the merger agreement and approve the merger. Holders of Allegiance common stock should read this joint proxy statement/prospectus carefully and in its entirety, including the annexes, for more detailed information concerning the merger agreement and the merger. A copy of the merger agreement is attached to this joint proxy statement/prospectus as *Annex A*.

After careful consideration, the Allegiance Board unanimously approved the merger agreement and declared the merger agreement and the transactions contemplated thereby, including the merger, to be advisable and in the best interests of Allegiance and the shareholders of Allegiance. See   The Merger   Allegiance   s Reasons for the Merger; Recommendation of the Allegiance Board   for a more detailed discussion of the Allegiance Board   s recommendation.

The Allegiance Board recommends that Allegiance shareholders vote

FOR   the Allegiance Merger Proposal.

Proposal No. 2   Allegiance Stock Issuance Proposal

Under the NASDAQ Listing Rules, a company listed on NASDAQ is required to obtain shareholder approval prior to the issuance of common stock in connection with the acquisition of the stock of another company if the common stock will have upon issuance voting power equal to or in excess of 20.0% of the voting power outstanding before the issuance of stock, or the number of shares of common stock to be issued is or will be equal to or in excess of 20.0% of the number of shares of common stock outstanding before the issuance of the stock. If Allegiance and Post Oak complete the merger, the number of shares of Allegiance common stock issued in the merger will exceed 20.0% of the shares of Allegiance common stock outstanding before such issuance. Accordingly, Allegiance must obtain the approval of Allegiance shareholders for the issuance of shares of Allegiance common stock in connection with the merger.

Allegiance is asking its shareholders to approve the issuance of Allegiance common stock in accordance with the terms and conditions of the merger agreement. Holders of Allegiance common stock should read this joint proxy statement/prospectus carefully and in its entirety, including the annexes, for more detailed information concerning the merger agreement, the merger and the Allegiance share issuance. A copy of the merger agreement is attached to this joint proxy statement/prospectus as *Annex A*.

After careful consideration, the Allegiance Board unanimously approved the merger agreement and declared the merger agreement and the transactions contemplated thereby, including the merger and the issuance of Allegiance common stock, to be advisable and in the best interests of Allegiance and the Allegiance shareholders. See the section of this joint proxy statement/prospectus entitled   The Merger   Allegiance   s Reasons for the Merger; Recommendation of the Allegiance Board   for a more detailed discussion of the Allegiance Board   s recommendation.

The Allegiance Board recommends that Allegiance shareholders vote

FOR   the Allegiance Stock Issuance Proposal.

Proposal No. 3 Allegiance Charter Amendment Proposal

Allegiance is proposing to amend its Amended and Restated Certificate of Formation to authorize the issuance of 81,000,000 shares of capital stock, consisting of: (A) one class of 80,000,000 shares of common stock with a par value of $1.00 per share, and (B) one class of 1,000,000 shares of preferred stock with a par value of $1.00 per share.

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Currently, Allegiance has the authority to issue 41,000,000 shares of capital stock, consisting of (A) one class of 40,000,000 shares of common stock with a par value of $1.00 per share, and (B) one class of 1,000,000 shares of preferred stock with a par value of $1.00 per share. As of August 1, 2018, 13,367,590 shares of common stock were issued and outstanding, 1,269,714 shares were reserved for issuance pursuant to Allegiance s 2015 Amended and Restated Stock Awards and Incentive Plan and approximately 8,702,187 shares will be reserved for issuance as consideration in the merger and for existing Post Oak stock awards. As such, approval of the Allegiance Charter Amendment Proposal is not necessary to complete the merger. Allegiance is asking its shareholders to approve the Charter Amendment Proposal so that Allegiance will continue to have the flexibility to pursue future acquisitions, expand its equity compensation and for other general corporate purposes.

After careful consideration, the Allegiance Board unanimously determined that an increase in the number of authorized shares of capital stock is advisable and in the best interests of Allegiance and the shareholders of Allegiance.

The Allegiance Board recommends that Allegiance shareholders vote

FOR the Allegiance Charter Amendment Proposal.

Proposal No. 4 Allegiance Adjournment Proposal

The Allegiance special meeting may be adjourned to another time or place, if necessary or appropriate, to permit, among other things, further solicitation of proxies if necessary to obtain additional votes in favor of the Allegiance Merger Proposal or the Allegiance Stock Issuance Proposal.

If, at the Allegiance special meeting, the number of shares of Allegiance common stock present or represented and voting in favor of the Allegiance Merger Proposal or the Allegiance Stock Issuance Proposal is insufficient to approve either proposal, Allegiance intends to move to adjourn the Allegiance special meeting in order to solicit additional proxies for the approval of such proposal. In that event, Allegiance will ask its shareholders to vote upon the Allegiance Adjournment Proposal, but not the Allegiance Merger Proposal or the Allegiance Stock Issuance Proposal. In accordance with the Allegiance bylaws (which we refer to as Allegiance s bylaws), a vote to approve the proposal to adjourn the Allegiance special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Allegiance special meeting to approve the Allegiance Merger Proposal or the Allegiance Stock Issuance Proposal may be taken in the absence of a quorum.

In this proposal, Allegiance is asking its shareholders to authorize the holder of any proxy solicited by the Allegiance Board on a discretionary basis to vote in favor of adjourning the Allegiance special meeting to another time and place for the purpose of soliciting additional proxies, including the solicitation of proxies from Allegiance shareholders who have previously voted.

The Allegiance Board recommends that Allegiance shareholders vote

FOR the Allegiance Adjournment Proposal.

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INFORMATION ABOUT POST OAK

Post Oak is a Texas corporation that owns all of the outstanding shares of common stock of Post Oak Bank, N.A., a national bank, with operational headquarters in Houston, Texas. Post Oak Bank offers full commercial and consumer banking services to customers throughout its market areas in and around Houston, Texas. Post Oak Bank has 13 banking locations: 12 located throughout the greater Houston metropolitan area and one in Beaumont, outside of Houston.

Post Oak s principal executive offices are located at 2000 West Loop South, Suite 100, Houston, Texas 77027, and its telephone number at that location is (713) 439-3900. Additional information about Post Oak and its subsidiary is included in documents incorporated by reference in this joint proxy statement/prospectus. See Where You Can Find More Information.

Information about Post Oak s Business

General. Post Oak was incorporated as a Texas corporation in 2008 to serve as a bank holding company for Post Oak Bank. Post Oak does not, as an entity, engage in separate business activities of a material nature apart from the activities it performs for Post Oak Bank. Its primary activities are to provide assistance in the management and coordination of Post Oak Bank s financial resources. Post Oak s principal asset is the outstanding common stock of Post Oak Bank. Post Oak derives its revenues primarily from the operations of Post Oak Bank in the form of dividends received from Post Oak Bank.

Post Oak Bank is a national banking association chartered in 2004, and has served since that time as a community-based financial institution with operations centered in the Houston metropolitan area.

As a bank holding company, Post Oak is subject to supervision and regulation by the Federal Reserve, in accordance with the requirements set forth in the BHC Act and by the rules and regulations issued by the Federal Reserve.

As of March 31, 2018, Post Oak, on a consolidated basis, reported total assets of $1.43 billion, total loans of $1.15 billion, total deposits of $1.24 billion and shareholders equity of $162.7 million. Post Oak does not file reports with the SEC.

Products and Services. Post Oak Bank is a traditional commercial bank offering a variety of banking services to consumer and commercial customers throughout the Houston metropolitan area and Beaumont, Texas. Post Oak Bank offers a range of lending services, including real estate, commercial and consumer loans to individuals and small- to medium-sized business and professional firms that are located in or conduct a substantial portion of their business in Post Oak Bank s market areas. Real estate loans offered by Post Oak Bank are secured by first or second mortgages on the subject collateral, and often relate to owner-occupied office and retail buildings. Commercial loans offered include loans to small- and medium-sized businesses for the purpose of purchasing equipment, inventory, facilities or for working capital. Consumer loans offered include loans for the purpose of purchasing automobiles, recreational vehicles, personal residences, household goods, home improvements or for educational needs.

Post Oak Bank offers depository services and various checking account services. Post Oak Bank also offers commercial treasury management services, safe deposit boxes, debit card services, merchant bank card services, wire transfer services, cashier s checks, telephone banking, Internet banking, direct deposit and automatic transfers between accounts. Post Oak Bank has ATMs at most of its locations. Post Oak Bank s business is not seasonal in any material respect.

Post Oak Bank funds its lending activities primarily from the core deposit base. Post Oak Bank obtains deposits from its local markets and is not heavily dependent on any single depositor.

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Competition. The table below summarizes certain key demographic information relating to Post Oak s target markets and Post Oak s presence within those markets.

Metropolitan Statistical Area (MSA)	Market Rank(1)	Branch Count	Deposits in Market (in thousands)	Market Share (%)
Houston MSA	22	12	$ 1,113,742	0.46
Beaumont-Port Arthur MSA	11	1	64,167	1.25

(1) Deposit information used to determine market rank was provided by the FDIC s Summary of Deposits as of June 30, 2017.

Each activity in which Post Oak is engaged involves competition with other banks, as well as with nonbanking financial institutions and nonfinancial enterprises. In addition to competing with other commercial banks within and outside its primary service area, Post Oak competes with other financial institutions engaged in the business of making loans or accepting deposits, such as savings and loan associations, credit unions, industrial loan associations, insurance companies, small loan companies, financial companies, mortgage companies, real estate investment trusts, certain governmental agencies, credit card organizations and other enterprises. Banks and other financial institutions with which Post Oak competes may have capital resources and legal loan limits substantially higher than those maintained by Post Oak.

Employees. As of April 30, 2018, Post Oak had 189 full-time employees, three part-time employees and one temporary employee, none of whom are covered by a collective bargaining agreement.

Information about Post Oak s Properties

Post Oak Bank leases its principal executive offices, which are located at 2000 West Loop South, Suite 100, Houston, Texas 77027. Post Oak Bank also leases its branches located at 1302A West Davis Street, Conroe, Texas 77304; 1600 Highway 6 South, Suite 150 Sugar Land, Texas 77478; 1800 Hughes Landing Blvd., Suite 100, The Woodlands, Texas 77380; and 790 W Sam Houston Parkway N, Suite 100, Houston, Texas 77024. Post Oak Bank owns its branches located at 1500 Miller St, Anahuac, Texas 77514; 3330 Antoine Dr., Houston, Texas 77092; 55 Interstate 10 N, Beaumont, Texas 77707; 501 N. Cleveland St, Dayton, Texas 77535; 14770 Northwest Freeway, Houston, Texas 77040; 1302 N. Main St, Liberty, Texas 77575; 4420 East Sam Houston Pkwy S, Pasadena, Texas 77505; and 13010 Murphy Rd., Stafford, Texas 77477.

Post Oak Legal Proceedings

From time to time, Post Oak or Post Oak Bank may become a party to various litigation matters incidental to the conduct of its business. Neither Post Oak nor Post Oak Bank is presently a party to any legal proceeding the resolution of which, in the opinion of Post Oak s management, would be expected to have a material adverse effect on Post Oak s business, operating results, financial condition or prospects.

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POST OAK MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is intended to provide an overview of the significant factors affecting the financial condition and results of operations of Post Oak for the three months ended March 31, 2018 and 2017 and the years ended December 31, 2017 and 2016. The following discussion and analysis should be read in conjunction with the sections of this joint proxy statement/prospectus entitled Special Cautionary Note Regarding Forward-Looking Statements, Risk Factors, Selected Consolidated Historical Financial Data of Post Oak and Post Oak s consolidated financial statements and the accompanying notes included elsewhere in this joint proxy statement/prospectus. As used in this section, unless the context otherwise requires, references to Post Oak refer to Post Oak Bancshares, Inc. and Post Oak Bank, N.A. on a consolidated basis. This discussion and analysis contains forward-looking statements that are subject to certain risks and uncertainties and are based on certain assumptions that Post Oak believes are reasonable but may prove to be inaccurate. Post Oak assumes no obligation to update any of these forward-looking statements.

Overview

Post Oak is a Texas corporation that owns all of the outstanding shares of common stock of Post Oak Bank, N.A., a national banking association, with operational headquarters in Houston, Texas. Post Oak Bank offers full consumer and commercial banking services to customers throughout its market areas in and around Houston, Texas. Post Oak Bank has 13 banking locations: 12 located throughout the greater Houston metropolitan area and one in Beaumont, outside of the Houston metropolitan area. As of March 31, 2018, Post Oak had total assets of $1.43 billion, total loans of $1.15 billion, total deposits of $1.24 billion and total shareholders equity of $162.7 million.

Post Oak generates most of its income from interest income on loans, service charges on customer accounts and interest income from deposits in other financial institutions. Post Oak incurs interest expense on deposits and other borrowed funds and noninterest expenses such as salaries and employee benefits and occupancy expenses. Net interest income is the largest source of Post Oak s revenue. Net interest spread is the difference between rates earned on interest-earning assets and rates paid on interest-bearing liabilities. Net interest margin is calculated as net interest income divided by average interest-earning assets. Because noninterest-bearing sources of funds, such as noninterest-bearing deposits and shareholders equity, also fund interest-earning assets, net interest margin includes the benefit of these noninterest-bearing sources.

Changes in the market interest rates and interest rates Post Oak earns on interest-earning assets or pays on interest-bearing liabilities, as well as the volume and types of interest-earning assets, interest-bearing and noninterest-bearing liabilities and shareholders equity, are usually the largest drivers of periodic changes in net interest spread, net interest margin and net interest income. Fluctuations in market interest rates are driven by many factors, including governmental monetary policies, inflation, deflation, macroeconomic developments, changes in unemployment, the money supply, political and international conditions and conditions in domestic and foreign financial markets. Periodic changes in the volume and types of loans in Post Oak s loan portfolio are affected by, among other factors, economic and competitive conditions in Texas and specifically in the Houston metropolitan area, as well as developments affecting the real estate, technology, financial services, insurance, transportation, manufacturing and energy sectors within Post Oak s target market.

On April 1, 2017, Post Oak completed the acquisition of The State Bank of Texas (TSBOT), an independent community bank headquartered in Houston, Texas. TSBOT operated two branches, one in Houston, Texas and one in

Stafford, Texas. The financial results for the year ended 2017 reflect earnings for the combined entity for the last nine months of the year.

Results of Operations for the Three Months Ended March 31, 2018 and 2017

Net income was $4.4 million for the three months ended March 31, 2018 compared with $2.6 million for the three months ended March 31, 2017, an increase of $1.8 million, or 70.4%. The increase in net income was

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primarily the result of a $2.3 million increase in net interest income partially offset by a $633 thousand increase in noninterest expense. Annualized returns on average equity were 11.16% and 7.97% and annualized returns on average assets were 1.28% and 0.93%, for the three months ended March 31, 2018 and 2017, respectively.

Net Interest Income

Net interest income is the difference between interest income on earning assets, such as loans and securities, and interest expense on liabilities, such as deposits and borrowings, which are used to fund those assets. Tax equivalent net interest margin is the ratio of taxable-equivalent net interest income to average earning assets for the period. The level of interest rates and the volume and mix of earning assets and interest-bearing liabilities impact net interest income and net interest margin.

Three months ended March 31, 2018 compared to March 31, 2017. Net interest income before the provision for possible credit losses for the three months ended March 31, 2018 was $13.6 million compared with $11.3 million for the three months ended March 31, 2017, an increase of $2.3 million, or 19.9%. The increase in net interest income was primarily due to the increase in average interest-earning assets of $261.1 million, or 24.4%, for the three months ended March 31, 2018 compared to the same period in 2017 primarily due to the acquisition of TSBOT and organic loan growth.

Interest income was $15.6 million for the three months ended March 31, 2018, an increase of $3.2 million, or 25.8%, compared with the three months ended March 31, 2017 primarily due to an increase of $2.8 million of interest income and fees on loans during the three months ended March 31, 2018 compared to the same period in 2017 as a result of the increase in average loans outstanding of $218.0 million for the same period.

Interest expense was $2.0 million for the three months ended March 31, 2018, an increase of $938 thousand, or 89.7%, compared with the three months ended March 31, 2017. This increase was primarily due to an increase in average interest-bearing liabilities and an increase in the funding costs on interest-bearing liabilities. Average interest-bearing liabilities increased $219.7 million, or 36.5%, for the three months ended March 31, 2018 compared to the three months ended March 31, 2017. The increase in average-bearing liabilities was primarily due to the increase in average interest-bearing deposits of $200.0 million, or 33.2%, during the three months ended March 31, 2018 compared to the same period in 2017. The increase in interest-bearing deposits for the three months ended March 31, 2018 compared to the three months ended March 31, 2017 was impacted by the increase in average money market and savings deposits of $111.7 million, or 36.7%. Additionally, interest expense increased due to the increase in the average cost of interest-bearing liabilities to 98 basis points for the three months ended March 31, 2018 compared to 70 basis points for the same period in 2017.

Tax equivalent net interest margin, defined as net interest income adjusted for tax-free income divided by average interest-earning assets, for the three months ended March 31, 2018 was 4.15%, a decrease of 16 basis points compared to 4.31% for the three months ended March 31, 2017. The average yield on interest earning assets and the average rate paid on interest-bearing liabilities increased over the prior year. The average yield on interest-earning assets of 4.75% and the average rate paid on interest-bearing liabilities, 0.98%, as of March 31, 2018, were primarily impacted by changes in market interest rates as well as changes in the volume and relative mix of the underlying assets and liabilities. Tax equivalent adjustments to net interest margin are the result of increasing income from tax-free securities by an amount equal to the taxes that would have been paid if the income were fully taxable based on a 21.0% and 35.0% federal tax rate for the three months ended March 31, 2018 and 2017, respectively, thus making tax-exempt yields comparable to taxable asset yields.

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The following table presents, for the periods indicated, the total dollar amount of average balances, interest income from average interest-earning assets and the annualized resultant yields, as well as the interest expense on average interest-bearing liabilities, expressed in both dollars and rates. Any nonaccruing loans have been included in the table as loans carrying a zero yield.

	Three Months Ended March 31,					
	2018			2017		
	Average Balance	Interest Earned/ Interest Paid	Average Yield/ Rate	Average Balance	Interest Earned/ Interest Paid	Average Yield/ Rate
	(Dollars in thousands)					
Assets						
Interest-Earning Assets:						
Loans	$ 1,149,346	$ 14,799	5.22%	$ 931,380	$ 11,971	5.21%
Securities	48,992	226	1.87%	38,328	168	1.78%
Deposits in other financial institutions	132,501	565	1.73%	100,050	256	1.04%
Total interest-earning assets	1,330,839	15,590	4.75%	1,069,758	12,395	4.70%
Allowance for loan losses	(12,060)			(11,309)		
Noninterest-earning assets	88,509			75,526		
Total assets	$ 1,407,288			$ 1,133,975		
Liabilities and Shareholders Equity						
Interest-Bearing Liabilities:						
Interest-bearing demand deposits	$ 53,065	46	0.35%	$ 42,360	36	0.34%
Money market and savings deposits	415,686	928	0.91%	304,018	416	0.55%
Certificates and other time deposits	333,485	930	1.13%	255,887	594	0.94%
Borrowed funds	19,694	80	1.65%			0.00%
Total interest-bearing liabilities	821,930	1,984	0.98%	602,265	1,046	0.70%
Noninterest-Bearing Liabilities:						
Noninterest-bearing demand deposits	423,188			396,974		
Other liabilities	1,071			2,490		
Total liabilities	1,246,189			1,001,729		
Shareholders equity	161,099			132,246		

Total liabilities and shareholders equity	$ 1,407,288			$ 1,133,975		
Net interest rate spread			3.77%			4.00%
Net interest income and margin (1)		$ 13,606	4.15%		$ 11,349	4.30%
Net interest income and margin (tax equivalent) (2)		$ 13,620	4.15%		$ 11,372	4.31%

(1) The net interest margin is equal to annualized net interest income divided by average interest-earning assets.

(2) In order to make pretax income and resultant yields on tax-exempt investments and loans comparable to those on taxable investments and loans, a tax-equivalent adjustment has been computed using a federal income tax rate of 21.0% and 35.0% for the three months ended March 31, 2018 and 2017, respectively, and other applicable effective tax rates.

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The following table presents information regarding the dollar amount of changes in interest income and interest expense for the periods indicated for each major component of interest-earning assets and interest-bearing liabilities and distinguishes between the changes attributable to changes in volume and changes in interest rates. For purposes of this table, changes attributable to both rate and volume that cannot be segregated have been allocated to rate.

	For the Three Months Ended 2018 vs. 2017		
	Increase (Decrease) Due to Change in		
	Volume	Rate	Total
	(Dollars in thousands)		
Interest-Earning assets:			
Loans	$ 2,802	$ 26	$ 2,828
Securities	47	11	58
Deposits in other financial institutions	83	226	309
Total increase in interest income	2,932	263	3,195
Interest-Bearing liabilities:			
Interest-bearing demand deposits	9	1	10
Money market and savings deposits	153	359	512
Certificates and other time deposits	180	156	336
Borrowed funds		80	80
Total increase in interest expense	342	596	938
Increase (decrease) in net interest income	$ 2,590	$ (333)	$ 2,257

Provision for Possible Credit Losses

Post Oak s provision for possible credit losses is a charge to income in order to bring its allowance for possible credit losses to a level deemed appropriate by management. The provision for possible credit losses was $250 thousand for the three months ended March 31, 2018 compared to $200 thousand for the same period in 2017, an increase of $50 thousand, or 25.0%. The increase in provision expense was due to growth in the overall loan portfolio as well as an increase in the level of specific reserves needed to cover impaired loans.

Noninterest Income

Post Oak s primary sources of noninterest income are debit card and ATM card income and service charges on deposit accounts. Noninterest income does not include loan origination fees, which are recognized over the life of the related loan as an adjustment to yield using the straight-line method.

Three months ended March 31, 2018 compared with the three months ended March 31, 2017. Noninterest income totaled $722 thousand for the three months ended March 31, 2018 compared to $674 thousand for the same period in 2017, an increase of $48 thousand, or 7.1%.

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The following table presents, for the periods indicated, the major categories of noninterest income:

	For the Three Months Ended March 31,		Increase
	2018	2017	(Decrease)
	(Dollars in thousands)		
Service charges on deposit accounts	$ 218	$ 221	$ (3)
Debit card and ATM card income	195	170	25
Bank owned life insurance income	24	24	
Wire transfer fees	31	29	2
Rebate from correspondent bank	62	32	30
Other	192	198	(6)
Total noninterest income	$ 722	$ 674	$ 48

Noninterest Expense

Three months ended March 31, 2018 compared with three months ended March 31, 2017. Noninterest expense was $8.3 million for the three months ended March 31, 2018 compared to $7.7 million for the three months ended March 31, 2017, an increase of $633 thousand, or 8.2%. This increase was primarily due to increased expenses related to supporting strategic growth initiatives and the TSBOT acquisition, partially offset by a decrease in professional fees.

The following table presents, for the periods indicated, the major categories of noninterest expense:

	For the Three Months Ended March 31,		Increase
	2018	2017	(Decrease)
	(Dollars in thousands)		
Salaries and employee benefits	$ 5,428	$ 4,722	$ 706
Occupancy and equipment expense	968	865	103
Data processing	543	534	9
Regulatory assessments and FDIC insurance	275	236	39
Professional fees	279	592	(313)
Office expense	79	101	(22)
Marketing and business development	183	168	15
Loans and other real estate	84	59	25
Core deposit intangible amortization	132	61	71
Other	351	351	
Total noninterest expense	$ 8,322	$ 7,689	$ 633

Salaries and Employee Benefits. Salaries and benefits increased $706 thousand, or 15.0%, for the three months ended March 31, 2018 compared to the same period in 2017. This increase was primarily attributable to an increase in employees as a result of the TSBOT acquisition.

Professional Fees. Professional fees decreased $313 thousand, or 52.9%, for the three months ended March 31, 2018 compared to the same period in 2017 primarily due to expenses incurred during the first quarter of 2017 related to the TSBOT acquisition.

Efficiency Ratio

The efficiency ratio is a supplemental financial measure utilized in management s internal evaluation of Post Oak s performance and is not calculated based on generally accepted accounting principles. A GAAP-based efficiency ratio is calculated by dividing total noninterest expense, excluding credit loss provisions, by net interest income plus total noninterest income, as shown in the Consolidated Statements of Income. The efficiency ratio is calculated by excluding from noninterest income the net gains and losses on the sale of securities, which can vary widely from period to period. Additionally, taxes and provision for loan losses are not included in this calculation. An increase in the efficiency ratio indicates that more resources are being utilized to generate the same volume of income and/or being invested to generate future income, while a decrease would indicate a more efficient allocation of resources. Post Oak s efficiency ratio was 58.08% for the three months ended March 31, 2018 compared to 63.95% for the three months ended March 31, 2017.

Income Taxes

The amount of federal and state income tax expense is influenced by the amount of pre-tax income, the amount of tax-exempt income and the amount of other nondeductible expenses. Income tax expense decreased $208 thousand, or 13.6%, to $1.3 million for the three months ended March 31, 2018 compared with $1.5 million for the same period in 2017. Post Oak s effective tax rates were 23.0% and 37.1% for the three months ended March 31, 2018 and 2017, respectively. Post Oak s effective tax rate decreased for the three months ended March 31, 2018 compared to the same period in 2017 primarily due to the reduction in the U.S. federal statutory income tax rate to 21.0% for 2018 from 35.0% for periods prior to 2018 under the Tax Cuts and Jobs Act enacted on December 22, 2017.

Results of Operations for the Years Ended December 31, 2017 and 2016

Net income was $15.0 million for the year ended December 31, 2017 compared with $10.9 million for the year ended December 31, 2016, an increase of $4.1 million, or 37.5%. The increase in net income was primarily the result of a $7.7 million increase in net interest income partially offset by a $3.7 million increase in noninterest expense. Returns on average equity were 10.19% and 8.69% and returns on average assets were 1.15% and 0.98%, for the years ended December 31, 2017 and 2016, respectively.

Year ended December 31, 2017 compared with the year ended December 31, 2016. Net interest income before the provision for loan losses for the year ended December 31, 2017 was $52.0 million compared with $44.3 million for the year ended December 31, 2016, an increase of $7.7 million, or 17.4%. The increase in net interest income was primarily due to the increase in average interest-earning assets of $181.9 million, or 17.4%, for the year ended December 31, 2017 compared with the year ended December 31, 2016. The increase in average interest-earning assets during the year ended December 31, 2017 as compared to the year ended 2016 was primarily due to the TSBOT acquisition and organic loan growth.

Interest income was $57.7 million for the year ended December 31, 2017, an increase of $9.2 million, or 19.0%, compared with the year ended December 31, 2016 primarily due to an increase of $8.3 million of interest income and fees on loans during the year ended December 31, 2017 compared to the same period in 2016 as a result of the increase in average loans outstanding of $168.8 million for the same period.

Interest expense was $5.7 million for the year ended December 31, 2017, an increase of $1.5 million, or 36.4%, compared with the year ended December 31, 2016. This increase was primarily due to an increase in average interest-bearing liabilities and an increase in the funding costs on interest-bearing liabilities. Average interest-bearing liabilities increased $91.2 million, or 14.4%, for the year ended December 31, 2017 compared with the year ended December 31, 2016, driven partly by the TSBOT acquisition. The increase in average interest-bearing liabilities was primarily due to the increase in average interest-bearing deposits of $82.4 million, or 13.0%, and the use of borrowed funds in an average amount of $8.8 million during the year ended December 31, 2017. The increase in interest-bearing deposits for the year ended December 31, 2017 compared to the year ended December 31, 2016 was primarily due to the increase in average certificates and other time deposits of $50.3 million, or 18.4%.

Tax equivalent net interest margin was 4.24% for both of the years ended December 31, 2017 and 2016. The average yield on interest-earning assets and the average rate paid on interest-bearing liabilities are primarily impacted by changes in market interest rates as well as changes in the volume and relative mix of the underlying assets and liabilities. Tax equivalent adjustments to net interest margin are the result of increasing income from

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tax-free securities by an amount equal to the taxes that would have been paid if the income were fully taxable based on a 35.0% federal tax rate, thus making tax-exempt yields comparable to taxable asset yields. The tax equivalent yields and net interest margin during the comparable periods are presented based upon a tax rate of 35.0%. Beginning January 1, 2018, tax equivalent yields and the net interest margin will be based upon a tax rate of 21.0% as a result of the Tax Cuts and Jobs Act enacted on December 22, 2017.

The following table presents, for the periods indicated, the total dollar amount of average balances, interest income from average interest-earning assets and the annualized resultant yields, as well as the interest expense on average interest-bearing liabilities, expressed in both dollars and rates. Any nonaccruing loans have been included in the table as loans carrying a zero yield.

	Years Ended December 31,					
	2017			2016		
	Average Balance	Interest Earned/ Interest Paid	Average Yield/ Rate	Average Balance	Interest Earned/ Interest Paid	Average Yield/ Rate
	(Dollars in thousands)					
Assets						
Interest-Earning Assets:						
Loans	$ 1,061,420	$ 55,250	5.21%	$ 892,660	$ 46,956	5.26%
Securities	51,115	888	1.74%	42,114	708	1.68%
Deposits in other financial institutions	116,866	1,593	1.36%	112,692	840	0.75%
Total interest-earning assets	1,229,401	$ 57,731	4.70%	1,047,466	$ 48,504	4.63%
Allowance for loan losses	(11,718)			(10,858)		
Noninterest-earning assets	88,888			78,274		
Total assets	$ 1,306,571			$ 1,114,882		
Liabilities and Shareholders Equity						
Interest-Bearing Liabilities:						
Interest-bearing demand deposits	$ 45,811	$ 159	0.35%	$ 47,090	$ 168	0.36%
Money market and savings deposits	344,579	2,386	0.69%	311,265	1,513	0.49%
Certificates and other time deposits	323,378	3,052	0.94%	273,039	2,502	0.92%
Borrowed funds	8,843	107	1.21%	1		0.00%
Total interest-bearing liabilities	722,611	$ 5,704	0.79%	631,395	$ 4,183	0.66%
Noninterest-Bearing Liabilities:						
Noninterest-bearing demand deposits	431,606			354,336		
Other liabilities	4,946			3,291		

Total liabilities	1,159,163			989,022		
Shareholders equity	147,408			125,860		
Total liabilities and shareholders equity	$ 1,306,571			$ 1,114,882		
Net interest rate spread			3.91%			3.97%
Net interest income and margin (1)		$ 52,027	4.23%		$ 44,321	4.23%
Net interest income and margin (tax equivalent) (2)		$ 52,151	4.24%		$ 44,417	4.24%

(1) The net interest margin is equal to net interest income divided by average interest-earning assets.

(2) In order to make pretax income and resultant yields on tax-exempt investments and loans comparable to those on taxable investments and loans, a tax-equivalent adjustment has been computed using a federal income tax rate of 35.0% for the years ended December 31, 2017 and 2016 and other applicable effective tax rates.

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The following table presents information regarding the dollar amount of changes in interest income and interest expense for the periods indicated for each major component of interest-earning assets and interest-bearing liabilities and distinguishes between the changes attributable to changes in volume and changes in interest rates. For purposes of this table, changes attributable to both rate and volume that cannot be segregated have been allocated to rate.

	For the Years Ended December 31, 2017 vs. 2016		
	Increase (Decrease) Due to Change in		
	Volume	Rate	Total
	(Dollars in thousands)		
Interest-Earning assets:			
Loans	$ 8,877	$ (583)	$ 8,294
Securities	151	29	180
Deposits in other financial institutions	31	722	753
Total increase in interest income	9,059	168	9,227
Interest-Bearing liabilities:			
Interest-bearing demand deposits	(5)	(4)	(9)
Money market and savings deposits	162	711	873
Certificates and other time deposits	461	89	550
Borrowed funds		107	107
Total increase in interest expense	618	903	1,521
Increase (decrease) in net interest income	$ 8,441	$ (735)	$ 7,706

Provision for Possible Credit Losses

The provision for possible credit losses for the year ended December 31, 2017 was $790 thousand compared with $2.0 million for the year ended December 31, 2016. The decreased provision in 2017 was due to minimal charge-offs for that year.

Noninterest Income

Post Oak s primary sources of noninterest income are debit card and ATM card income and service charges on deposit accounts. Noninterest income does not include loan origination fees which are recognized over the life of the related loan as an adjustment to yield using the interest method.

Year ended December 31, 2017 compared with the year ended December 31, 2016. Noninterest income totaled $4.6 million for the year ended December 31, 2017 compared to $2.5 million for the year ended December 31, 2016, an increase of $2.1 million, or 84.3%. This increase was primarily due to the $1.2 million bargain purchase gain recorded as a result of the TSBOT acquisition, which was primarily due to the excess in appraised value of the acquired premises in excess of TSBOT s amortized cost, net of deferred tax adjustments.

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The following table presents, for the periods indicated, the major categories of noninterest income:

	For the Years Ended December 31, 2017	2016	Increase (Decrease)
	(Dollars in thousands)		
Service charges on deposit accounts	$ 863	$ 879	$ (16)
Debit card and ATM card income	732	622	110
Bargain purchase gain	1,220		1,220
Bank owned life insurance income	98	99	(1)
(Loss) gain on sale of other real estate	(111)	7	(118)
Wire transfer fees	121	83	38
Rebate from correspondent bank	295		295
Other	1,354	791	563
Total noninterest income	$ 4,572	$ 2,481	$ 2,091

Noninterest Expense

Year ended December 31, 2017 compared with the year ended December 31, 2016. Noninterest expense was $31.9 million for the year ended December 31, 2017 compared to $28.2 million for the year ended December 31, 2016, an increase of $3.7 million, or 13.1%. This increase was primarily due to additional expenses incurred related to the TSBOT acquisition.

The following table presents, for the periods indicated, the major categories of noninterest expense:

	For the Years Ended December 31, 2017	2016	Increase (Decrease)
	(Dollars in thousands)		
Salaries and employee benefits	$ 20,192	$ 18,265	$ 1,927
Occupancy and equipment	3,871	3,514	357
Data processing	2,237	1,732	505
Regulatory assessments and bank insurance	1,258	1,181	77
Professional fees	1,516	1,071	445
Office expense	852	739	113
Marketing and business development	623	615	8
Loans and other real estate	386	304	82
Core deposit intangible amortization	382	243	139
Other	595	560	35
Total noninterest expense	$ 31,912	$ 28,224	$ 3,688

Salaries and Employee Benefits. Salaries and benefits were $20.2 million for the year ended December 31, 2017, an increase of $1.9 million, or 10.6%, compared to the year ended December 31, 2016. This increase was primarily attributable to the employees added as a result of the TSBOT acquisition. The number of Post Oak full-time employees increased to 186 at December 31, 2017 from 167 employees at December 31, 2016.

Occupancy and Equipment. Occupancy and equipment expenses increased $357 thousand, or 10.2%, for the year ended December 31, 2017 to $3.9 million compared to $3.5 million for the year ended December 31, 2016. This increase was primarily due to additional costs incurred as a result of the TSBOT acquisition.

Data Processing. Data processing increased $505 thousand, or 29.2%, for the year ended December 31, 2017 compared to the year ended December 31, 2016. This increase was primarily due to additional expenses incurred related to the TSBOT acquisition.

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Professional Fees. Professional fees increased $445 thousand, or 41.5%, for the year ended December 31, 2017 to $1.5 million from $1.1 million for the year ended December 31, 2016 due to additional expenses incurred related to the TSBOT acquisition.

Efficiency Ratio

Post Oak calculates the efficiency ratio by dividing total noninterest expense by the sum of net interest income and noninterest income, excluding net gains and losses on the sale of securities and the bargain purchase gain as a result of the TSBOT acquisition. Additionally, taxes and provision for loan losses are not part of this calculation. The efficiency ratio was 57.62% for the year ended December 31, 2017 compared with 60.31% for the year ended December 31, 2016.

Income Taxes

The amount of federal and state income tax expense is influenced by the amount of pre-tax income, the amount of tax-exempt income and the amount of other nondeductible expenses. Income tax expense increased $3.2 million, or 55.8%, to $8.9 million for the year ended December 31, 2017 compared with $5.7 million for the same period in 2016 primarily due to an increase in pre-tax net income.

The effective tax rates were 37.1% and 34.3% for the years ended December 31, 2017 and 2016, respectively. The effective tax rate for 2017 was impacted by the adjustment of Post Oak s deferred tax assets related to the reduction in the U.S. federal statutory income tax rate to 21.0% under the Tax Cuts and Jobs Act enacted on December 22, 2017, substantially offset by the tax free bargain purchase gain and the tax free income from the purchase of additional municipal securities.

Financial Condition

Loan Portfolio

At March 31, 2018, total loans decreased $341 thousand from December 31, 2017. Total loans at December 31, 2017 were $1.15 billion, an increase of $221.4 million, or 23.9%, compared to $925.6 million as of December 31, 2016 primarily due to the 2017 acquisition of TSBOT in addition to the organic growth within the loan portfolio.

Total loans as a percentage of deposits were 92.4%, 91.6% and 92.7% as of March 31, 2018, December 31, 2017 and December 31, 2016, respectively. Total loans as a percentage of assets were 80.0%, 80.2% and 81.9% as of March 31, 2018, December 31, 2017 and December 31, 2016, respectively.

The following table summarizes Post Oak s loan portfolio by type of loan as of the dates indicated:

	March 31, 2018		December 31, 2017		December 31, 2016	
	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in thousands)					
Real estate	$ 893,059	78.0%	$ 890,847	77.7%	$ 744,407	80.5%
Commercial and industrial	206,040	18.0%	205,574	17.9%	142,513	15.4%

Agriculture	7,345	0.6%	8,280	0.7%	9,324	1.0%
Consumer	31,390	2.7%	33,029	2.9%	11,519	1.2%
Other	8,827	0.7%	9,272	0.8%	17,885	1.9%
Total loans	1,146,661	100.0%	1,147,002	100.0%	925,648	100.0%
Allowance for possible credit losses	(11,995)		(12,030)		(11,239)	
Loans, net	$ 1,134,666		$ 1,134,972		$ 914,409	

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Post Oak has certain lending policies and procedures in place that are designed to maximize loan income within an acceptable level of risk. Management reviews and approves these policies and procedures on a regular basis. Diversification of the loan portfolio is a means of managing the risks associated with fluctuations in economic conditions.

In order to manage the diversification of the portfolio, Post Oak segments loans into classes. The real estate loan segment is sub-segmented into classes that primarily include commercial real estate mortgage loans, construction and land development loans, farmland loans, 1-4 family residential loans and multi-family residential loans. Post Oak segments consumer loans into classes that primarily include automobiles and other consumer loans, which include revolving credit plans. Post Oak analyzes the overall ability of the borrower and guarantors to repay a loan. Information and risk management practices specific to Post Oak s loan segments and classes follows.

Real estate. Post Oak makes commercial real estate mortgage loans which are primarily viewed as cash flow loans and secondarily as loans secured by real estate. The properties securing Post Oak s commercial real estate loans can be owner occupied or nonowner occupied. Concentrations within the various types of commercial properties are monitored by management in order to assess the risks in the portfolio. The real estate loan portfolio increased $2.2 million, or 0.2%, to $893.1 million as of March 31, 2018 compared to $890.8 million as of December 31, 2017. Total real estate loans as of December 31, 2017 increased $146.4 million, or 19.7%, compared to $744.4 million as of December 31, 2016.

The repayment of these loans is largely dependent on the successful operation of the property securing the loan or the business conducted on the property securing the loan. Accordingly, repayment of these loans may be subject to adverse conditions in the real estate market or the economy to a greater extent than other types of loans. Post Oak seeks to minimize these risks in a variety of ways in connection with underwriting these loans, including giving careful consideration to the property s operating history, future operating projections, current and projected occupancy, location and physical condition.

Construction and land development loans are generally nonowner occupied and are subject to certain risks attributable to the fact that loan funds are advanced over the construction phase and the project is of uncertain value prior to its completion. Construction loans are generally based upon estimates of costs and value associated with the completed project with repayment dependent, in part, on the success of the ultimate project rather than the ability of the borrower or guarantor to repay the loan. Post Oak has underwriting and funding procedures designed to address what it believes to be the risks associated with such loans; however, no assurance can be given the procedures will prevent losses resulting from the risks described above.

Post Oak s real estate lending activities also include the origination of 1-4 family residential and multi-family residential loans. The terms of these loans typically range from three to ten years and are secured by the properties financed. Post Oak requires the borrowers to maintain mortgage title insurance and hazard insurance. Post Oak retains all 1-4 family residential loans for its own portfolio rather than selling such loans into the secondary market.

Commercial and Industrial. Post Oak s commercial and industrial loans represent credit extended to small to medium sized businesses primarily for the purpose of providing working capital and equipment purchase financing. Commercial and industrial loans often are dependent on the profitable operations of the borrower. These credits are primarily made based on the expected cash flow of the borrower and secondarily on the underlying collateral provided by the borrower. Most commercial and industrial loans are secured by the assets being financed or other business assets such as accounts receivable or inventory and may also incorporate a personal guarantee. Some shorter term loans may be extended on an unsecured basis. In the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from its customers. The cash flows of borrowers may not be as expected and the collateral securing these loans may fluctuate, increasing the risk associated with this loan

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segment. As a result of the additional complexities, variables, and risks, commercial loans typically require more thorough underwriting and servicing than other types of loans. The commercial and industrial loan portfolio increased $466 thousand, or 0.2%, to $206.0 million as of March 31, 2018 compared to $205.6 million as of December 31, 2017. Total commercial and industrial loans as of December 31, 2017 increased $63.1 million, or 44.2%, compared to $142.5 million as of December 31, 2016.

Agriculture. Post Oak provides crop production and farm equipment loans to local area farmers. Post Oak evaluates these borrowers primarily based on their historical profitability, level of experience in their particular agricultural industry, overall financial capacity and the secondary collateral, including crop insurance, to withstand economic and national fluctuations common to the industry. The agriculture loan portfolio decreased $935 thousand, or 11.3%, to $7.3 million as of March 31, 2018 compared to $8.3 million as of December 31, 2017. Total agriculture loans as of December 31, 2017 decreased $1.0 million, or 11.2%, compared to $9.3 million as of December 31, 2016.

Consumer. Post Oak s consumer loans include automobile loans, home improvement loans, home equity loans, personal loans (collateralized and uncollateralized) and deposit account collateralized loans. The terms of these loans typically range from 1 to 7 years and vary based on the nature of collateral and size of the loan. Consumer loan collections are dependent on the borrower s continuing financial stability, and thus more likely to be adversely affected by job loss, illness or personal bankruptcy. Furthermore, the application of various federal and state laws may limit the amount which can be recovered on such loans. To monitor and manage consumer loan risk, policies and procedures are developed and modified, as deemed appropriate by Post Oak s management. The consumer loan portfolio decreased $1.6 million, or 5.0%, to $31.4 million as of March 31, 2018 compared to $33.0 million as of December 31, 2017. Total consumer loans as of December 31, 2017 increased $21.5 million, or 186.7%, compared to $11.5 million as of December 31, 2016. This increase was primarily due to a significant consumer loan acquired in the TSBOT acquisition.

Other loans. Other loans consist primarily of amounts funded to mortgage companies which are secured by the assignment of various notes receivables representing mortgages on single family residences. In addition, other loans consists of smaller loans to business entities and individuals for various personal and business purposes and overdraft lines of credit principally extended to individuals.

Concentrations of Credit

The vast majority of Post Oak s lending activity occurs in the Houston metropolitan area. Post Oak s loans are primarily secured by real estate, including commercial and residential construction, owner occupied and nonowner occupied and multi-family commercial real estate, raw land and other real estate based loans located in the Houston metropolitan area. As of March 31, 2018, December 31, 2017 and 2016, real estate loans represented 77.9%, 77.7% and 80.4%, respectively, of Post Oak s total loans.

Asset Quality

Nonperforming Assets and Potential Problem Loans. Post Oak has procedures in place to assist in maintaining the overall quality of its loan portfolio. Post Oak has established underwriting guidelines to be followed by its officers to monitor Post Oak s delinquency levels for any negative or adverse trends.

Post Oak had $5.0 million, $4.4 million and $5.3 million in nonaccrual loans as of March 31, 2018, December 31, 2017 and 2016, respectively.

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The following table presents information regarding nonperforming assets as of the dates indicated:

	As of March 31, 2018	As of December 31, 2017	As of December 31, 2016
	(Dollars in thousands)		
Nonaccrual loans:			
Real estate	$ 4,174	$ 3,817	$ 4,780
Commercial and industrial	632	413	484
Agriculture			
Consumer	153	159	
Other			
Total nonaccrual loans	4,959	4,389	5,264
Accruing loans 90 or more days past due			
Total nonperforming loans	4,959	4,389	5,264
Other real estate	3,133		1,087
Other repossessed assets			
Total nonperforming assets	$ 8,092	$ 4,389	$ 6,351
Restructured loans (1)	$ 1,148	$ 1,166	$ 2,289
Nonperforming assets to total assets	0.56%	0.31%	0.56%
Nonperforming loans to total loans	0.43%	0.38%	0.57%

(1) Restructured loans represent the balance at the end of the respective period for those performing loans modified in a troubled debt restructuring that are not already presented as a nonperforming loan.

Allowance for Possible Credit Losses

The allowance for possible credit losses is a valuation allowance that is established through charges to earnings in the form of a provision for possible credit losses. The amount of the allowance for possible credit losses is affected by the following: (1) charge-offs of loans that decrease the allowance, (2) subsequent recoveries on loans previously charged off that increase the allowance and (3) provisions for loan losses charged to income that increase the allowance. For purposes of determining the allowance for possible credit losses, Post Oak considers the loans in its portfolio by segment, class and risk grade. Management uses judgment to determine the estimation method that fits the credit risk characteristics of each portfolio segment or loan class. To assist in the assessment of risk, management reviews reports related to loan production, loan quality, concentrations of credit, loan delinquencies and nonperforming and potential problem loans. Post Oak utilizes an independent third party loan review service to review the credit risk assigned to loans on a periodic basis and the results are presented to management for review.

At March 31, 2018 and December 31, 2017, the allowance for possible credit losses amounted to $12.0 million, or 1.05%, of total loans, as of both dates compared with $11.2 million, or 1.21%, as of December 31, 2016. Post Oak believes that the allowance for possible credit losses at March 31, 2018, December 31, 2017 and December 31, 2016 was adequate to cover probable incurred losses in the loan portfolio as of such date.

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The following table presents, as of and for the periods indicated, an analysis of the allowance for possible credit losses and other related data:

	For the Three Months Ended March 31, 2018	For the Year Ended December 31, 2017	For the Year Ended December 31, 2016
		(Dollars in thousands)	
Average loans outstanding	$ 1,149,346	$ 1,061,420	$ 892,660
Gross loans outstanding at end of period	1,146,661	1,147,002	925,648
Allowance for possible credit losses at beginning of period	12,030	11,239	9,894
Provision for possible credit losses	250	790	1,952
Charge-offs:			
Real estate		(15)	(58)
Commercial and industrial	(290)	(20)	(572)
Agriculture		(9)	
Consumer	(1)		
Other			
Total charge-offs for all loan types	(291)	(44)	(630)
Recoveries:			
Real estate			
Commercial and industrial	6	45	23
Agriculture			
Consumer			
Other			
Total recoveries for all loan types	6	45	23
Net charge-offs	(285)	1	(607)
Allowance for possible credit losses at end of period	$ 11,995	$ 12,030	$ 11,239
Allowance for possible credit losses to total loans	1.05%	1.05%	1.21%
Net charge-offs to average loans (1)	0.10%	0.00%	0.07%
Allowance for possible credit losses to nonperforming loans	241.88%	274.09%	213.51%

(1) Interim period annualized.

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The following table shows the allocation of the allowance for possible credit losses among Post Oak s loan categories and the percentage of the respective loan category to total loans held for investment as of the dates indicated. The allocation is made for analytical purposes and is not necessarily indicative of the categories in which future losses may occur. The total allowance is available to absorb losses from any loan category.

	As of March 31, 2018		As of December 31, 2017		As of December 31, 2016	
	Amount	Percent of Loans to Total Loans	Amount	Percent of Loans to Total Loans	Amount	Percent of Loans to Total Loans
			(Dollars in thousands)			
Balance of allowance for possible credit losses applicable to:						
Real estate	$ 9,337	78.0%	$ 9,338	77.7%	$ 9,034	80.5%
Commercial and industrial	2,155	18.0%	2,155	17.9%	1,730	15.4%
Agriculture	77	0.6%	87	0.7%	113	1.0%
Consumer	328	2.7%	346	2.9%	140	1.2%
Other	98	0.7%	104	0.8%	222	1.9%
Total allowance for possible credit losses	$ 11,995	100.0%	$ 12,030	100.0%	$ 11,239	100.0%

In addition to the allowance for possible credit losses at March 31, 2018, December 31, 2017 and 2016, Post Oak held $22 thousand for each of these years in reserve in other liabilities for unfunded loan commitments to provide for the risk of loss inherent in its unfunded lending related commitments.

Available for Sale Securities

As of March 31, 2018, the carrying amount of investment securities totaled $48.5 million, a decrease of $982 thousand, or 2.0%, compared with $49.4 million as of December 31, 2017. The carrying amount of investment securities at December 31, 2017 increased $11.0 million, or 28.5%, compared with $38.5 million as of December 31, 2016. Securities represented 3.4%, 3.5% and 3.4% of total assets as of March 31, 2018, December 31, 2017 and 2016, respectively.

All of the securities in the portfolio are classified as available for sale. Securities classified as available for sale are measured at fair value in the financial statements with unrealized gains and losses reported, net of tax, as accumulated comprehensive income or loss until realized. Interest earned on securities is included in interest income.

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The following table summarizes the amortized cost and fair value of the securities in the securities portfolio as of the dates shown:

	March 31, 2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in thousands)			
Available for Sale				
U.S. Government and agency securities:				
Bonds	$ 16,468	$ 9	$ (73)	$ 16,404
Agency mortgage-backed securities	16,580	1	(464)	16,117
Municipal securities	16,107	3	(167)	15,943
Total	$ 49,155	$ 13	$ (704)	$ 48,464

	December 31, 2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in thousands)			
Available for Sale				
U.S. Government and agency securities:				
Bonds	$ 16,461	$ 12	$ (51)	$ 16,422
Agency mortgage-backed securities	17,217	3	(239)	16,981
Municipal securities	16,171		(128)	16,043
Total	$ 49,849	$ 15	$ (418)	$ 49,446

	December 31, 2016			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in thousands)			
Available for Sale				
U.S. Government and agency securities:				
Bonds	$ 6,993	$ 4	$ (23)	$ 6,974
Agency mortgage-backed securities	19,459	12	(384)	19,087
Municipal securities	12,569	1	(148)	12,422

Total	$ 39,021	$ 17	$ (555)	$ 38,483

Post Oak does not have the intent to sell any of the securities classified as available for sale while in a loss position and believes that it is not likely that it will have to sell any of these securities before a recovery of cost. The unrealized losses are attributable primarily to changes in market interest rates relative to those available when the securities were acquired. The fair value of these securities is expected to recover as the securities reach their maturity or re-pricing date, or if market rates for such investments decline.

Post Oak does not believe that any of the securities are impaired due to reasons of credit quality. Accordingly, as of March 31, 2018, December 31, 2017 and 2016, Post Oak believes the impairments were temporary, and no impairment loss has been realized in its consolidated statements of income for the periods then ended.

The average yield of Post Oak s securities portfolio was 1.87% during the three months ended 2018 compared to 1.78% for the same period in 2017. The average yield for the year ended December 31, 2017 was 1.74% compared with 1.68% for the year ended December 31, 2016.

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Goodwill and Core Deposit Intangibles

The balance of goodwill as of March 31, 2018, December 31, 2017 and 2016 was $4.3 million. Goodwill resulting from business combinations represents the excess of the consideration paid over the fair value of the net assets acquired. Goodwill is assessed annually for impairment or when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

Post Oak s core deposit intangibles, net as of March 31, 2018, December 31, 2017 and 2016 was $1.8 million, $1.9 million and $952 thousand, respectively. Core deposit intangibles are amortized using a straight-line amortization method over its estimated useful life of five years.

Deposits

Post Oak s lending and investing activities are primarily funded by deposits. Post Oak offers a variety of deposit accounts having a range of interest rates and terms including demand, savings, money market and certificates and other time accounts.

Total deposits at March 31, 2018, were $1.24 billion, a decrease of $10.7 million, or 0.9%, compared with $1.25 billion at December 31, 2017 due to a decrease of $45.0 million in noninterest-bearing deposits partially offset by a $34.3 million increase in interest-bearing deposits. Deposits at December 31, 2017 increased $253.2 million, or 25.4%, compared with $998.6 million at December 31, 2016. The deposit growth experienced in 2017 was largely the result of the acquisition of TSBOT and organic deposit growth during 2017.

Post Oak s ratio of average noninterest-bearing deposits to average total deposits was 34.5% for the three months ended March 31, 2018 and 37.7% and 35.9% for the years ended December 31, 2017 and 2016, respectively.

Borrowings

Post Oak has an available line of credit with the Federal Home Loan Bank of Dallas (which we refer to as FHLB), which allows Post Oak to borrow on a collateralized basis. FHLB advances are used to manage liquidity as needed. At March, 31, 2018, December 31, 2017 and 2016, Post Oak had an available line of credit with the FHLB, which allows it to borrow up to $500.1 million, $483.8 million and $399.2 million, respectively, on a collateralized basis. Any borrowings would be collateralized by a blanket lien on eligible commercial loans and loans secured by real estate. As of March 31, 2018, outstanding balances with the FHLB were $25.0 million at a weighted average rate of 1.66%. At December 31, 2017, outstanding balances with the FHLB were $15.0 million at a fixed rate of 1.36%. At December 31, 2016, there were no funds borrowed from the FHLB.

Contractual Obligations

Post Oak leases office facilities and equipment under operating leases. Future minimum lease payments under the noncancelable operating leases are as follows:

	1 year or less	More than 1 year but less	3 years or more but less	5 years or more	Total

		than 3 years	than 5 years		
		(Dollars in thousands)			
Operating leases	$ 1,136	$ 2,254	$ 1,216	$	$ 4,606

Off-Balance Sheet Items

Post Oak is party to various financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit under commercial lines of credit, revolving credit lines, overdraft protection agreements and standby letters of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the consolidated balance sheets. The contract amounts of the instruments reflect the extent of the Post Oak s involvement in particular classes of financial instruments. Post Oak s exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of these instruments. Post Oak uses the same credit policies in making these commitments and conditional obligations as it does for on-balance-sheet instruments.

Post Oak evaluates each customer s credit worthiness on a case-by-case basis. The amount of collateral obtained, if considered necessary by Post Oak upon extension of credit, is based on management s credit evaluation of the customer.

The following is a summary of the various financial instruments entered into by Post Oak as of the dates indicated:

	March 31, 2018	December 31, 2017	December 31, 2016
		(Dollars in thousands)	
Commitments to extend credit fixed rate	$ 48,184	$ 56,269	$ 28,775
Commitments to extend credit variable rate	188,534	180,533	144,531
Standby letters of credit	4,674	6,332	4,612

Commitments to Extend Credit. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being fully drawn upon, the total commitment amounts disclosed above do not necessarily represent future cash requirements. Some of the loans that have outstanding commitments may be subject to participation agreements in which Post Oak will sell off a percentage of the commitment when funded, pursuant to the participation agreement.

Standby Letters of Credit. Standby letters of credit are conditional commitments issued by Post Oak to guarantee the performance of a customer to a third party. Post Oak s credit risk involved in issuing letters of credit is essentially the same as that involved in funding loans facilities.

Liquidity and Capital Resources

Liquidity

Liquidity is the measure of Post Oak s ability to meet the cash flow requirements of depositors and borrowers, while at the same time meeting Post Oak s operating, capital and strategic cash flow needs and to maintain reserve requirements to operate on an ongoing basis and manage unexpected events, all at a reasonable cost. For the three months ended March 31, 2018 and the years ended December 31, 2017 and 2016, Post Oak s liquidity needs have been met by core deposits, borrowed funds, security and loan maturities and amortizing investment and loan portfolios. Post Oak has access to purchased funds from correspondent banks, and advances from the FHLB are available under a security and pledge agreement to take advantage of investment opportunities.

Capital Resources

Post Oak is subject to various regulatory capital requirements administered by bank regulators. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures and risk weighting of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators about components, risk weighting and other factors.

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Failure to meet the minimum regulatory capital requirements can initiate certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on Post Oak s consolidated financial statements. Post Oak believes, as of March 31, 2018, December 31, 2017 and December 31, 2016, that it met all of the capital adequacy requirements to which it is subject.

As of September 30, 2017, the most recent notification from the Office of the Comptroller of the Currency, Post Oak Bank was categorized as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that Post Oak believes has changed Post Oak Bank s prompt corrective action category.

The following table provides a comparison of Post Oak Bancshares, Inc. and Post Oak Bank s leverage and risk-weighted capital ratios as of March 31, 2018 and December 31, 2017 to the minimum and well-capitalized regulatory standards:

	Actual		For Capital Adequacy Purposes		To Be Categorized As Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in thousands)			
POST OAK BANCSHARES, INC. (Consolidated)						
As of March 31, 2018						
Total Capital (to risk weighted assets)	$ 169,241	14.65%	$ 92,390	8.00%	N/A	N/A
Common Equity Tier 1 Capital (to risk weighted assets)	157,224	13.61%	51,969	4.50%	N/A	N/A
Tier 1 Capital (to risk weighted assets)	157,224	13.61%	69,292	6.00%	N/A	N/A
Tier 1 Capital (to average tangible assets)	157,224	11.16%	56,335	4.00%	N/A	N/A
As of December 31, 2017						
Total Capital (to risk weighted assets)	$ 162,300	14.10%	$ 91,967	8.00%	N/A	N/A
Common Equity Tier 1 Capital (to risk weighted assets)	150,248	13.10%	51,731	4.50%	N/A	N/A
Tier 1 Capital (to risk weighted assets)	150,248	13.10%	68,975	6.00%	N/A	N/A
Tier 1 Capital (to average tangible assets)	150,248	10.60%	56,531	4.00%	N/A	N/A

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	Actual Amount	Actual Ratio	For Capital Adequacy Purposes Amount	For Capital Adequacy Purposes Ratio	To Be Categorized As Well Capitalized Under Prompt Corrective Action Provisions Amount	To Be Categorized As Well Capitalized Under Prompt Corrective Action Provisions Ratio
	(Dollars in thousands)					
POST OAK BANK, N.A.						
As of March 31, 2018						
Total Capital (to risk weighted assets)	$ 166,108	14.40%	$ 92,242	8.00%	$ 115,303	10.00%
Common Equity Tier 1 Capital (to risk weighted assets)	154,091	13.36%	51,886	4.50%	74,947	6.50%
Tier 1 Capital (to risk weighted assets)	154,091	13.36%	69,182	6.00%	92,242	8.00%
Tier 1 Capital (to average tangible assets)	154,091	11.00%	56,019	4.00%	70,024	5.00%
As of December 31, 2017						
Total Capital (to risk weighted assets)	$ 159,538	13.90%	$ 91,819	8.00%	$ 114,774	10.00%
Common Equity Tier 1 Capital (to risk weighted assets)	147,485	12.90%	51,648	4.50%	74,603	6.50%
Tier 1 Capital (to risk weighted assets)	147,485	12.90%	68,864	6.00%	91,819	8.00%
Tier 1 Capital (to average tangible assets)	147,485	10.50%	56,258	4.00%	70,323	5.00%

Total shareholder s equity was $162.7 million at March 31, 2018 compared with $157.9 million at December 31, 2017, an increase of $4.8 million, or 3.1%, primarily due to net income of $4.4 million for the three months ended March 31, 2018. Total shareholder s equity increased at December 31, 2017 compared to $129.8 million at December 31, 2016, an increase of $28.1 million, or 21.6%. This increase was primarily due to net income of $15.0 million for the year ended December 31, 2017.

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Quantitative and Qualitative Disclosures about Market Risk

Post Oak manages market risk, which for Post Oak is primarily interest rate risk related to the operations of its subsidiary bank, through the Asset-Liability Committee of Post Oak Bank. This committee is composed of certain members of the Post Oak Bank board of directors in accordance with asset liability and funds management policies approved by the full board of directors of Post Oak Bank. Post Oak Bank uses an interest rate risk simulation model and shock analysis to test the interest rate sensitivity of net interest income and fair value of equity, and the impact of changes in interest rates on other financial metrics.

The following table summarizes the simulated change in net interest income and the economic value of equity over a 12-month horizon as of the dates indicated:

Change in Interest	Percent Change in Net Interest Income		Percent Change in Economic Value of Equity	
Rates (Basis Points)	As of March 31, 2018	As of December 31, 2017	As of March 31, 2018	As of December 31, 2017
+300	8.8%	9.4%	5.9%	6.5%
+200	6.1%	6.5%	4.0%	4.4%
+100	2.7%	2.9%	1.7%	2.0%
Base	0.0%	0.0%	0.0%	0.0%
-100	(5.1)%	(5.0)%	(2.4)%	(2.4)%

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

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THE MERGER

The following information describes material aspects of the merger. It is not intended to be a complete description of all information relating to the merger and is qualified in its entirety by reference to more detailed information contained in the Annexes to this document, including the merger agreement. A copy of the merger agreement is included as *Annex A* and is incorporated herein by reference. You are urged to read the Annexes in their entirety.

Terms of the Merger

The merger agreement provides for, among other things, the merger of Post Oak with and into Allegiance. If the shareholders of Post Oak and Allegiance approve the merger agreement at their respective special meetings, and if the required regulatory approvals are obtained and the other conditions to the parties obligations to effect the merger are met or waived by the party entitled to do so, we anticipate that the merger will be completed in the fourth quarter of 2018, although delays could occur. As a result of the merger, holders of Post Oak common stock will be entitled to receive whole shares of Allegiance common stock, with cash paid in lieu of fractional shares, and will no longer be owners of Post Oak stock. As a result of the merger, certificates for Post Oak common stock will only represent the right to receive the merger consideration pursuant to the merger agreement, and otherwise will be null and void after completion of the merger.

In connection with the merger, each outstanding share of Post Oak common stock will be converted into the right to receive 0.7017 of a share of Allegiance common stock (plus cash in lieu of a fractional share), subject to adjustment under certain circumstances, in the manner set forth in the merger agreement and discussed below. In addition, each outstanding option to purchase a share of Post Oak common stock will be converted into an option to purchase 0.7017 of a share of Allegiance common stock and the exercise price will be the exercise price for the Post Oak option divided by 0.7017.

If Post Oak s tangible equity capital as of the fifth business day preceding the closing date (which we refer to as the calculation date) is less than the minimum equity required by the merger agreement, the aggregate merger consideration that Post Oak shareholders would be entitled to receive in the merger will be reduced on a dollar-for-dollar basis (using the average closing price of Allegiance common stock to determine the number of shares to be subtracted from the aggregate merger consideration). The minimum equity required by the merger agreement is set at approximately $154.3 million if closing were to occur on the last business day of October 2018, and increases by $1.8 million for each month after October (and decreases by $1.8 million for each month prior to October). Pursuant to the terms of the merger agreement, tangible equity capital is defined as the sum of the capital stock, capital surplus and retained earnings of Post Oak (as determined pursuant to GAAP), minus goodwill and core deposit intangibles, net of accumulated amortization, on a consolidated basis. For purposes of calculating the minimum equity required, Post Oak must include adjustments made for certain items related to the merger as more fully described in the merger agreement.

In addition, if (1) the average closing price of the Allegiance common stock is less than $32.52 and (2) the number obtained by dividing the average closing price by $40.65 is less than the number obtained by dividing (A) the Final Index Price by (B) the Initial Index Price and subtracting 0.20 from such quotient, then Post Oak may give notice of its intent to terminate the merger agreement, at which time Allegiance has the discretion, but not the obligation, to increase the merger consideration by increasing the number of shares of Allegiance common stock in the aggregate merger consideration such that the value of the aggregate merger consideration is equal to at least $278,564,572 (valuing the aggregate stock consideration based on the average closing price in accordance with the merger agreement). The Final Index Price, as such term is used herein, is the average of the daily closing value of the Index for the 20 consecutive trading days ending on and including the fifth trading day preceding the closing date. The Initial Index Price, as such term is used herein, is $42.75 (the closing value of the Index on the date immediately prior to the date of the merger agreement). The Index, as such term is used herein, means the financial institutions with the following trading symbols on an equal weighted basis: CBTX, FFIN,

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GNBC, GNTY, IBTX, IBOC, LTXB, PB, SBSI and VBTX. If Allegiance elects to increase the merger consideration, Post Oak will no longer have the right to terminate the merger agreement for these reasons. If Allegiance elects not to increase the merger consideration, Post Oak may terminate the merger agreement.

As noted above, Allegiance will not issue any fractional shares of Allegiance common stock in connection with the merger but will instead pay cash for any fractional share interests. The amount of cash will be determined by multiplying the fractional share interest by the average closing price of Allegiance common stock as determined pursuant to the merger agreement.

Background of the Merger

From time to time, the Post Oak Board has engaged in reviews and discussions of Post Oak s long-term strategies and objectives, considering ways that it might enhance shareholder value and Post Oak s performance and prospects in light of competitive and other relevant factors. Strategic options considered by the Post Oak Board have included expanding organically, raising additional capital through private placements or public offerings of equity or debt securities, and merging with another financial institution.

The Allegiance Board and senior management of Allegiance regularly conduct reviews of Allegiance s corporate strategies, business objectives and long-term prospects to assess whether there are opportunities to better maximize shareholder value and the overall success of their organization. The Allegiance Board and senior management consider, without limitation, the historical and projected future financial performance, including projected organic growth; the state of the banking industry, generally and in the greater Houston metropolitan area specifically, including consolidation trends and likely opportunities for acquisitive growth; the state of the national and local economies; the business cycle and stock market performance; and the current and prospective regulatory environment and related compliance costs. These reviews include periodic assessment of whether the organization s corporate strategies, business objectives and long-term prospects could be advanced through business combinations or strategic acquisitions. Since Allegiance s initial public offering in October 2015, George Martinez, Allegiance s Chairman and Chief Executive Officer, and Steve Retzloff, Allegiance s President, have been actively engaged in establishing and maintaining relationships with executives of Houston-based banks that could represent logical potential business combinations for Allegiance, including Post Oak.

On October 10, 2017, the Post Oak Board engaged Performance Trust Capital Partners, LLC to act as independent financial advisor with respect to Post Oak s ongoing strategic planning and the Post Oak Board s consideration of alternative strategies to continue to enhance long-term shareholder value. The Post Oak Board specifically requested that Performance Trust explore a value enhancement process for Post Oak. As part of its engagement, Performance Trust worked with the management of Post Oak to review Post Oak s financial performance, reviewed strategic alternatives, and periodically presented to management and the Post Oak Board on matters of strategic interest. As part of the analysis of various strategic alternatives for Post Oak, Performance Trust and Post Oak s management and the Post Oak Board considered an initial public offering for Post Oak. As a result of such analysis, the Post Oak Board determined to not pursue an initial public offering for Post Oak due to the cost and timing of such a transaction.

During the first two quarters of 2017, Performance Trust had discussions with many potential buyers for Post Oak that were known to Performance Trust to have an interest in the Houston metropolitan area. Post Oak received expressions of interest from six financial institutions regarding the possibility of a strategic transaction. Discussions with these institutions continued throughout the third quarter of 2017, with some institutions indicating a greater level of interest than others. Such discussions included initial offers and expressions of interest ranging from $295.6 million to

$333.0 million in aggregate consideration. As a result of these initial offers, Post Oak entered into a non-binding letter of interest with a potential purchaser which provided for a 60-day exclusivity period in which the potential purchaser and Post Oak each would perform due diligence on the other. Following the performance of due diligence, the Post Oak Board determined that the potential purchaser was not a good cultural fit for Post Oak, and the letter of intent expired by its terms without the execution of a definitive agreement.

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During December 2017 and January 2018, Performance Trust contacted four parties that had been previously identified during the strategic planning process to gauge their interest in a potential strategic transaction with Post Oak. These parties were selected in consultation with Post Oak based upon their size, capacity to pay, stock liquidity and strategic interest in Post Oak or banks in the Texas marketplace. Allegiance was one of the parties contacted by Performance Trust during this process. These discussions resulted in written offers ranging from $325.0 million to $340.0 million.

On February 13, 2018, Allegiance entered into a non-disclosure agreement and was given access to preliminary diligence materials regarding Post Oak. On February 27, 2018, Post Oak entered into a non-disclosure agreement and was given access to preliminary diligence materials regarding Allegiance.

On March 1, 2018, Mr. Retzloff and Paul Egge, Allegiance s Chief Financial Officer, attended a meeting at Performance Trust s office with Roland L. Williams to discuss the potential merits of the proposed transaction.

On March 5, 2018, Allegiance provided Post Oak a non-binding letter of interest that contemplated Allegiance acquiring all of the issued and outstanding Post Oak common stock in a transaction for shares of Allegiance common stock, subject to among other things completion of due diligence and entry into a definitive agreement.

On March 8, 2018, Mr. Williams and Mr. Retzloff met and discussed the terms of the letter of interest. Post Oak and Allegiance continued discussions following the meeting and continued negotiating terms of the non-binding letter of interest.

On March 12, 2018, Post Oak engaged Fenimore Kay, as legal counsel, to assist with matters related to a proposed transaction. On March 13, 2018, Allegiance engaged Bracewell, as legal counsel, to assist with matters related to a proposed transaction.

On March 14, 2018, Allegiance submitted a revised non-binding letter of interest to Post Oak. The non-binding letter of interest contemplated Allegiance acquiring all of the issued and outstanding Post Oak common stock in a transaction for 8,470,000 shares of Allegiance common stock.

On March 15, 2018, the Post Oak Board reviewed and considered the proposed transaction during its regular monthly meeting. At the meeting, representatives of Performance Trust and Fenimore Kay explained the terms of the non-binding letter of interest to Post Oak.

On March 16, 2018, Allegiance and Post Oak executed the non-binding letter of interest, and both parties commenced reciprocal due diligence on the other. Allegiance management informed the Allegiance Board of the non-binding letter of interest after it was executed.

Allegiance provided an initial draft of the merger agreement to Post Oak on March 28, 2018. During the next few weeks, Fenimore Kay and management of Post Oak discussed and negotiated with Bracewell and management of Allegiance the various legal and business terms of the merger agreement and the potential acquisition transaction. Primary subjects of these negotiations included the amount and scope of adjustments to the aggregate merger consideration calculation; treatment of stock options; tax, accounting and contract issues relating to executive compensation; representations, warranties and covenants of Post Oak; and the amount of any fees upon termination.

On April 12, 2018, Allegiance entered into a confidentiality agreement with Raymond James to discuss the proposed transaction and to allow Raymond James to start reviewing confidential information regarding the proposed transaction. On April 20, 2018, Allegiance officially engaged Raymond James to provide a fairness opinion for the proposed transaction.

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On April 19, 2018, the Post Oak Board held a special meeting to review and consider the proposed transaction with Allegiance. At that meeting, representatives of Fenimore Kay explained the terms of the merger agreement and related transaction documents. Also at the meeting, representatives of Performance Trust reviewed the financial aspects of the proposed merger and summarized the strategic and financial rationale for the transaction for both parties and responded to questions by the Post Oak Board. At that time, the Post Oak Board determined that there continued to be open legal and business issues relating to the merger agreement and related transaction documents. The Post Oak Board requested that Fenimore Kay and Performance Trust continue negotiations with the legal and financial advisors for Allegiance.

On April 23, 2018, the Allegiance Board held a special meeting to review and consider that status and terms of the proposed transaction with Post Oak. Representatives of Raymond James reviewed with the Allegiance Board the financial aspects of the proposed merger. Raymond James then informed the Allegiance Board that it believed it was in a position to render its opinion as to the fairness of the exchange ratio from a financial point of view when requested by the Allegiance Board. On April 30, 2018, Raymond James delivered its opinion to the Allegiance Board to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Raymond James as set forth in its opinion, the exchange ratio was fair, from a financial point of view, to Allegiance. After further discussion among the directors, including with respect to the factors described in The Merger Allegiance s Reasons for the Merger; Recommendation of the Allegiance Board, the Allegiance Board unanimously determined that the merger and the merger agreement were advisable, fair to, and in the best interests of, Allegiance and its shareholders, and unanimously approved the merger agreement and the transactions contemplated thereby and recommended the adoption and approval of the merger agreement and transactions to the Allegiance shareholders.

On April 25, 2018, the Post Oak Board held a second special meeting to review and consider the status and terms of the proposed transaction with Allegiance. Representatives of Fenimore Kay provided an update to the Post Oak Board on the negotiations with Allegiance and the status of the terms and conditions of the merger agreement and the related transaction documents. Representatives of Performance Trust updated the Post Oak Board on the financial aspects of the proposed merger. At the Post Oak Board s request, Performance Trust then delivered its oral opinion, which was confirmed in writing and later updated as of April 30, 2018, to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Performance Trust as set forth in its opinion, the Aggregate Merger Consideration was fair, from a financial point of view, to the holders of Post Oak common stock. After further discussion among the directors and Post Oak s advisors, including with respect to the factors described in The Merger Post Oak s Reasons for the Merger; Recommendation of the Post Oak Board, the Post Oak Board unanimously determined that the merger and the merger agreement were advisable, fair to, and in the best interests of, Post Oak and its shareholders, and unanimously approved the merger agreement and related actions and recommended the adoption and approval of such agreement and transactions to the Post Oak shareholders. After this meeting, the parties continued work to finalize the merger agreement and entered into the merger agreement and announced the transaction in a joint press release following the close of trading on April 30, 2018.

Recommendation of Post Oak s Board and Its Reasons for the Merger

After careful consideration, at its meeting on April 25, 2018, the Post Oak Board determined that the merger is in the best interests of Post Oak and its shareholders and that the consideration to be received in the merger is fair to the Post Oak shareholders. Accordingly, the Post Oak Board unanimously approved the merger agreement and the transactions contemplated thereby and recommended that the Post Oak shareholders vote FOR the Post Oak Merger Proposal.

The Post Oak Board believes that partnering with Allegiance and becoming the largest locally-focused community bank in the Houston metropolitan area will maximize the long-term value of its shareholders

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investment in Post Oak, and that the merger will provide the combined company with additional resources necessary to compete more effectively in the Houston metropolitan area and Beaumont, Texas.

In reaching its decision to approve the merger agreement and recommend the merger to its shareholders, the Post Oak Board evaluated the merger and the merger agreement, in consultation with Post Oak s management, as well as its legal and financial advisors, and considered a number of positive factors, including the following material factors, which are not presented in order of priority:

- the strong business, operations, financial and regulatory condition, earnings and prospects of Allegiance;
- its knowledge of the current environment in the financial services industry, including national and regional economic conditions, increased regulatory burdens, evolving trends in technology, increasing competition, the current financial market and regulatory conditions and the likely effects of these factors on the potential growth of Post Oak and Allegiance, development, productivity, profitability and strategic options;
- the complementary aspects of Post Oak s and Allegiance s respective businesses, including customer focus, geographic coverage, business orientation and compatibility of the companies management and operating styles;
- the Post Oak Board s belief that a merger with Allegiance would allow Post Oak shareholders to participate in the future performance of a combined company that would have better future prospects than Post Oak was likely to achieve on a stand-alone basis or through other strategic alternatives;
- the Post Oak Board s belief that Post Oak and Allegiance share a similar strategic vision;
- Allegiance s commitment to enhancing its strategic position in its markets;
- the fact that the merger consideration paid in the form of Allegiance common stock would allow former Post Oak shareholders to participate as Allegiance shareholders in the growth of Allegiance and in any synergies resulting from the merger;
- the limited liquidity that Post Oak shareholders have with respect to their investment in Post Oak, for which there is no active public market, and the fact that as Allegiance shareholders, Post Oak s shareholders would be expected to have increased liquidity in the form of a publicly-traded, NASDAQ-listed security;

the value of the merger consideration compared to the current and projected book value of Post Oak and compared to similar recent transactions in the industry;

the fact that the merger consideration paid in the form of Allegiance common stock is expected to be tax-free to Post Oak shareholders;

the terms of the merger agreement, and the presentation by Post Oak s legal advisors regarding the merger and the merger agreement;

the financial presentation of Performance Trust, dated April 25, 2018, to the Post Oak Board and the opinion of Performance Trust, dated April 30, 2018, to the Post Oak Board to the effect that, as of April 30, 2018, and subject to the assumptions, limitations and qualifications set forth in the opinion, the Aggregate Merger Consideration was fair, from a financial point of view, to the holders of Post Oak common stock, as more fully described below under the section of this joint proxy statement/prospectus entitled Opinion of Post Oak s Financial Advisor ;

the likelihood that the regulatory and other approvals needed to complete the merger will be obtained within a reasonable time and without unacceptable conditions; and

the likelihood of Allegiance consummating the merger based upon Allegiance s history of completing other merger transactions.

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The Post Oak Board also considered potential risks and potentially negative factors concerning the merger in connection with its deliberations of the proposed transaction, including the following material factors:

- the challenges of combining the businesses, assets and workforces of two financial institutions;
- the potential risk of diverting management focus and resources from other strategic opportunities and from operational matters while working to implement the merger;
- the risks and costs to Post Oak if the merger is not completed;
- the fact that the merger consideration, which consists of shares of Allegiance common stock, provides less certainty of value to Post Oak shareholders compared to a transaction in which they would receive only cash consideration due to the potential for a decline in the value of Allegiance common stock whether before or after consummation of the merger which would reduce the value of the consideration received by Post Oak s shareholders;
- the provisions of the merger agreement restricting Post Oak s solicitation of third party acquisition proposals and the fact that Post Oak would be obligated to pay a termination fee or Allegiance s expenses following the termination of the merger agreement in certain circumstances;
- the potential for unintended delays in the regulatory approval process; and
- the interests of certain of Post Oak s directors and executive officers in the merger that are different from, or in addition to, their interests as Post Oak shareholders, which are further described in the section of this joint proxy statement/prospectus entitled - Interests of Post Oak s Directors and Executive Officers in the Merger.

The foregoing discussion of the factors considered by the Post Oak Board is not intended to be exhaustive, but is believed to include the material factors considered by the Post Oak Board. The Post Oak Board collectively reached the unanimous conclusion to approve the merger agreement and the merger in light of the various factors described above and other factors that each member of the Post Oak Board determined was appropriate. In view of the wide variety of the factors considered in connection with its evaluation of the merger and the complexity of these matters, the Post Oak Board did not find it useful, and did not attempt, to quantify, rank or otherwise assign relative weights to these factors. In considering the factors described above, the individual members of the Post Oak Board may have given different weight to different factors. The Post Oak Board conducted an overall analysis of the factors described above including thorough discussions with Post Oak management and Post Oak s advisors, and considered the factors overall to be favorable to, and to support, its determination.

POST OAK S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE IN FAVOR OF THE MERGER AGREEMENT AND THE MERGER.

Opinion of Post Oak s Financial Advisor

On October 10, 2017, Performance Trust was engaged to advise the Post Oak Board with respect to ongoing strategic planning and the consideration of alternative strategies, including a possible merger. On April 30, 2018, Performance Trust rendered to the Post Oak Board its written opinion with respect to the fairness, from a financial point of view, to the holders of Post Oak common stock, of the Aggregate Merger Consideration.

Performance Trust s opinion was directed to the Post Oak Board and only addressed the fairness, from a financial point of view, to the holders of Post Oak common stock of the Aggregate Merger Consideration and did not address any other aspect or implication of the merger. The references to Performance Trust s opinion in this joint proxy statement/prospectus are qualified in their entirety by reference to the full text of Performance Trust s written opinion, which is included as *Annex D* to this joint proxy statement/prospectus and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Performance Trust in preparing its opinion. However, neither Performance Trust s

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opinion, nor the summary of its opinion and the related analyses set forth in this joint proxy statement/prospectus are intended to be, and they do not constitute, advice or a recommendation to the Post Oak Board or any shareholder of Post Oak as to how to act or vote with respect to any matter relating to the merger agreement or otherwise. Performance Trust s opinion was furnished for the use and benefit of the Post Oak Board (in its capacity as such) in connection with its evaluation of the merger and should not be construed as creating, and Performance Trust will not be deemed to have, any fiduciary duty to the Post Oak Board, Post Oak, any security holder or creditor of Post Oak or any other person, regardless of any prior or ongoing advice or relationships.

In issuing its opinion, among other things, Performance Trust:

- reviewed a draft, dated April 30, 2018, of the merger agreement;

- reviewed certain publicly available business and financial information relating to Post Oak, Post Oak Bank, Allegiance and Allegiance Bank;

- reviewed certain other business, financial and operating information relating to Post Oak, Post Oak Bank, Allegiance, and Allegiance Bank provided to Performance Trust by the management of Post Oak and the management of Allegiance, including financial forecasts for Post Oak for the 2018 to 2022 fiscal years ending December 31, and financial forecasts for Allegiance for the 2018 to 2022 fiscal years ending December 31;

- met with, either by phone or in person, certain members of the management of Post Oak and Allegiance to discuss the business and prospects of Post Oak and Allegiance and the proposed merger;

- reviewed certain financial terms of the proposed transaction and compared certain of those terms with the publicly available financial terms of certain transactions that have recently been effected or announced;

- reviewed certain financial data of Post Oak and Allegiance, and compared that data with similar data for companies with publicly traded equity securities that Performance Trust deemed relevant;

- reviewed the stock price performance of Allegiance since January 1, 2018 and since its IPO and compared that to the performance of selected companies and indexes;

- reviewed and compared certain financial metrics of Post Oak with certain financial metrics of Allegiance that Performance Trust deemed relevant; and considered such other information, financial studies, analyses and investigations and financial, economic and market criteria that Performance Trust deemed relevant.

In connection with its review, Performance Trust has not independently verified any of the foregoing information and Performance Trust has assumed and relied upon such information being complete and accurate in all material respects. With respect to the financial forecasts for Post Oak that Performance Trust used in its analyses, the management of Post Oak has advised Performance Trust, and it has assumed, that such forecasts have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Post Oak as to the future financial performance of Post Oak and Performance Trust expresses no opinion with respect to such estimates or the assumptions on which they are based. Performance Trust has relied upon and assumed, without independent verification, that there has been no change in the business, assets, liabilities, financial condition, results of operations, cash flows or prospects of Post Oak and Allegiance since the respective dates of the most recent financial statements and other information, financial or otherwise, provided to Performance Trust that would be material to its analyses or its opinion, and that there is no information or any facts that would make any of the information reviewed by Performance Trust incomplete or misleading. Performance Trust has also assumed, with Post Oak s consent, that, in the course of obtaining any regulatory or third party consents, approvals or agreements in connection with the merger, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Post Oak, Allegiance or the contemplated benefits of the merger and that the merger will be consummated in accordance with the terms of the merger

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agreement without waiver, modification or amendment of any term, condition or provision thereof that would be material to Performance Trust s analyses or its opinion. Performance Trust has assumed, with Post Oak s consent, that the merger agreement, when executed by the parties thereto, conformed to the draft reviewed by Performance Trust in all respects material to its analyses.

Performance Trust s opinion only addresses the fairness, from a financial point of view, of the Aggregate Merger Consideration to the holders of Post Oak common stock in the manner set forth in the full text of its opinion, which is included as *Annex D*, and the opinion does not address any other aspect or implication of the merger or any agreement, arrangement or understanding entered into in connection with the merger or otherwise, including, without limitation, the amount or nature of, or any other aspect relating to, any compensation to any officers, trustees, directors or employees of any party to the merger, or class of such persons, relative to the merger consideration or otherwise.

The issuance of Performance Trust s opinion was approved by an authorized internal committee of Performance Trust.

Performance Trust s opinion was necessarily based upon information made available to it as of the date the opinion was delivered of April 30, 2018, and financial, economic, market and other conditions as they existed and could be evaluated on the date the opinion was delivered. Performance Trust has no obligation to update, revise, reaffirm or withdraw its opinion, or otherwise comment on or consider events occurring after the date the opinion was delivered. Performance Trust s opinion does not address the relative merits of the merger as compared to alternative transactions or strategies that might be available to Post Oak, nor does it address the underlying business decision of Post Oak or the Board to approve, recommend or proceed with the merger. Furthermore, no opinion, counsel or interpretation is intended in matters that require legal, regulatory, accounting, insurance, tax or other similar professional advice. It is assumed that such opinions, counsel or interpretations have been or will be obtained from the appropriate professional sources. Furthermore, Performance Trust has relied on, with Post Oak s consent, advice of the outside counsel and the independent accountants of Post Oak, and on the assumptions of the management of Post Oak, as to all legal, regulatory, accounting, insurance and tax matters with respect to Post Oak, Allegiance, and the merger.

In preparing its opinion to the Post Oak Board, Performance Trust performed a variety of analyses, including those described below. The summary of Performance Trust s analyses is not a complete description of the analyses underlying Performance Trust s opinion. The preparation of a fairness opinion is a complex process involving various quantitative and qualitative judgments and determinations with respect to the financial, comparative and other analytic methods employed and the adaptation and application of those methods to the unique facts and circumstances presented. As a consequence, neither Performance Trust s opinion nor the analyses underlying its opinion are readily susceptible to partial analysis or summary description. Performance Trust arrived at its opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any individual analysis, analytic method or factor. Accordingly, Performance Trust believes that its analyses must be considered as a whole and that selecting portions of its analyses, analytic methods and factors, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In performing its analyses, Performance Trust considered business, economic, industry and market conditions, financial and otherwise, and other matters as they existed on, and could be evaluated as of, the date of its opinion. While the results of each analysis were taken into account in reaching its overall conclusion with respect to fairness, Performance Trust did not make separate or quantifiable judgments regarding individual analyses. The implied value reference ranges indicated by Performance Trust s analyses are illustrative and not necessarily indicative of actual values nor predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, any analyses relating to the value of assets, businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities

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actually may be sold, which may depend on a variety of factors, many of which are beyond Post Oak s control, Allegiance s control and Performance Trust s control. Much of the information used in, and accordingly the results of, Performance Trust s analyses are inherently subject to substantial uncertainty.

Performance Trust s opinion and analyses were provided to the Post Oak Board in connection with its consideration of the proposed merger and were among many factors considered by the Post Oak Board in evaluating the proposed merger. Neither Performance Trust s opinion nor its analyses were determinative of the merger consideration or of the views of Post Oak Board with respect to the proposed merger.

The following is a summary of the material financial analyses performed in connection with Performance Trust s opinion rendered to the Post Oak Board on April 30, 2018. No company or transaction used in the analyses described below is identical or directly comparable to Post Oak or the proposed transaction. The analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the analyses. Considering the data in the tables below without considering the full narrative description of the analyses, as well as the methodologies underlying, and the assumptions, qualifications and limitations affecting, each analysis, could create a misleading or incomplete view of Performance Trust s analyses.

Summary of Aggregate Merger Consideration and Implied Transaction Metrics

Performance Trust reviewed the financial terms of the proposed merger. Based on an assumption that each outstanding share of Post Oak common stock would be converted into the right to receive 0.7017 of a share of Allegiance common stock and that each outstanding option of Post Oak would be converted into an option of Allegiance, with the number of options and strike price adjusted for the exchange ratio, and based on Allegiance s closing stock price of $41.65 as of April 24, 2018, Performance Trust calculated an aggregate implied transaction value of $356.9 million. Based upon historical financial information for Post Oak as of or for the last 12 months (LTM) ended December 31, 2017 and projected financial information for 2018 as provided by the senior management of Post Oak, Performance Trust calculated the implied transaction metrics listed in the table below. Note that Post Oak s reported LTM earnings were adjusted to exclude the impact of the corporate tax rate change in the fourth quarter of 2017 and to exclude the bargain purchase gain and transaction expenses resulting from Post Oak s acquisition of The State Bank of Texas.

Transaction Value / Tangible Book Value	**235%**
Transaction Value / LTM Earnings	**22.9x**
Transaction Value / 2018E Earnings	**16.1x**
Transaction Value / Assets	**25.0%**
Core Deposit Premium	**21.6%**

Selected Nationwide Transactions Analysis. Performance Trust analyzed publicly available financial information relating to selected nationwide business combinations and other transactions Performance Trust deemed relevant. Performance Trust considered transactions with publicly disclosed deal values announced between November 8, 2016 and April 24, 2018 involving targets with total assets between $1.0 billion and $3.0 billion, last 12 months return on average assets between 0.75% and 1.5%, tangible equity to tangible assets between 8.0% and 12.0% and nonperforming assets to assets less than 2.0%. These transactions were selected because the target companies were deemed to be similar to Post Oak in one or more respects. Except as described above, no specific numeric or other similar criteria were used to select the selected transactions. Performance Trust identified a sufficient number of transactions for purposes of its analysis but may not have included all transactions that might be deemed comparable to the proposed merger. The 20 selected transactions used in this analysis included (buyer / seller announce date):

CenterState Bank Corporation / Charter Financial Corporation April 24, 2018

WesBanco, Inc. / Farmers Capital Bank Corporation April 19, 2018

Ameris Bancorp / Hamilton State Bancshares, Inc. January 26, 2018

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TriCo Bancshares / FNB Bancorp December 11, 2017

Midland States Bancorp, Inc. / Alpine Bancorporation, Inc. October 16, 2017

Arvest Bank Group, Inc. / Bear State Financial, Inc. August 22, 2017

Pacific Premier Bancorp, Inc. / Plaza Bancorp August 9, 2017

Old National Bancorp / Anchor Bancorp, Inc. August 8, 2017

Southside Bancshares, Inc. / Diboll State Bancshares, Inc. June 12, 2017

Carolina Financial Corporation / First South Bancorp, Inc. June 12, 2017

Sandy Spring Bancorp, Inc. / WashingtonFirst Bankshares, Inc. May 16, 2017

TowneBank / Paragon Commercial Corporation April 27, 2017

Home BancShares, Inc. / Stonegate Bank March 27, 2017

Heartland Financial USA, Inc. / Citywide Banks of Colorado, Inc. February 13, 2017

First Busey Corporation / First Community Financial Partners February 6, 2017

Simmons First National Corporation / First Texas BHC, Inc. January 23, 2017

Columbia Banking System, Inc. / Pacific Continental Corp. January 9, 2017

Veritex Holdings, Inc. / Sovereign Bancshares, Inc. December 14, 2016

Pacific Premier Bancorp, Inc. / Heritage Oaks Bancorp December 13, 2016

Independent Bank Group, Inc. / Carlile Bancshares, Inc. November 21, 2016

Performance Trust reviewed financial data for the selected transactions, including transaction value to tangible book value, transaction value to LTM earnings, transaction value to total assets and premium to core deposits, which were defined as total deposits excluding CDs greater than $100,000. Furthermore, Performance Trust applied the median, 25th percentile and 75th percentile multiples of the selected transactions to Post Oak s corresponding financial metrics as of December 31, 2017 to determine the implied aggregate deal value and then compared those implied aggregate deal values to the implied merger consideration of $356.9 million in the proposed transaction, which was based on Allegiance s April 24, 2018 closing stock price of $41.65. The results of the selected transactions analysis are summarized below.

	Proposed Transaction Multiples	Selected Transactions Median	Selected Transactions 25th Percentile	Selected Transactions 75th Percentile
Transaction Value / Tangible Book Value	**235%**	205%	191%	244%
Transaction Value / LTM Earnings	**22.9x**	21.6x	18.6x	24.0x
Transaction Value / Assets	**25.0%**	21.7%	16.4%	22.6%
Core Deposit Premium	**21.6%**	15.7%	13.0%	19.5%

(in thousands)	**Proposed Merger Consideration**	Implied Price Median	Implied Price 25th Percentile	Implied Price 75th Percentile
Transaction Value / Tangible Book Value	**$ 356,929**	$ 311,011	$ 289,704	$ 370,105
Transaction Value / LTM Earnings	**$ 356,929**	$ 337,073	$ 290,333	$ 374,504
Transaction Value / Assets	**$ 356,929**	$ 309,745	$ 234,703	$ 323,181
Core Deposit Premium	**$ 356,929**	$ 301,472	$ 275,249	$ 337,046

Selected Regional Transactions Analysis. Performance Trust analyzed publicly available financial information relating to selected regional business combinations and other transactions Performance Trust deemed

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relevant. Performance Trust considered transactions with publicly disclosed deal values announced between January 1, 2016 and April 24, 2018 involving targets headquartered in TX, CO or OK with total assets between $750.0 million and $5.0 billion and LTM return on average assets above 0.50%. The selected transactions were selected because the target companies were deemed to be similar to Post Oak in one or more respects. Except as described above, no specific numeric or other similar criteria were used to select the selected transactions. Performance Trust identified a sufficient number of transactions for purposes of its analysis but may not have included all transactions that might be deemed comparable to the proposed merger. The 10 selected transactions used in this analysis included (buyer / seller announce date):

BancorpSouth Bank / Icon Capital Corporation April 18, 2018

Heartland Financial USA, Inc. / First Bank Lubbock Bancshares December 12, 2017

Independent Bank Group, Inc. / Integrity Bancshares, Inc. November 28, 2017

Southside Bancshares, Inc. / Diboll State Bancshares, Inc. June 12, 2017

Heartland Financial USA, Inc. / Citywide Banks of Colorado, Inc. February 13, 2017

Simmons First National Corp. / First Texas BHC, Inc. January 23, 2017

Veritex Holdings, Inc. / Sovereign Bancshares, Inc. December 14, 2016

Simmons First National Corp. / Southwest, Inc. December 14, 2016

Independent Bank Group, Inc. / Carlile Bancshares, Inc. November 21, 2016

Guaranty Bancorp / Home State Bancorp March 16, 2016

Performance Trust reviewed financial data for the selected transactions, including transaction value to tangible book value, transaction value to LTM earnings, transaction value to total assets and premium to core deposits, which were defined as total deposits excluding CDs greater than $100,000. Furthermore, Performance Trust applied the median, 25th percentile and 75th percentile multiples of the selected transactions to Post Oak s corresponding financial metrics as of December 31, 2017 to determine the implied aggregate deal value and then compared those implied aggregate deal values to the implied merger consideration of $356.9 million in the proposed transaction. The results of the selected transactions analysis are summarized below.

	Proposed Transaction Multiples	Selected Transactions Median	Selected Transactions 25th Percentile	Selected Transactions 75th Percentile
Transaction Value / Tangible Book Value	**235%**	214%	187%	242%
Transaction Value / LTM Earnings	**22.9x**	18.9x	18.2x	22.3x
Transaction Value / Assets	**25.0%**	20.0%	15.9%	22.0%
Core Deposit Premium	**21.6%**	16.5%	12.6%	18.1%

(in thousands)	**Proposed Merger Consideration**	Implied Price Median	Implied Price 25th Percentile	Implied Price 75th Percentile
Transaction Value / Tangible Book Value	**$ 356,929**	$ 324,894	$ 283,013	$ 367,336
Transaction Value / LTM Earnings	**$ 356,929**	$ 293,839	$ 283,712	$ 346,733
Transaction Value / Assets	**$ 356,929**	$ 286,089	$ 226,770	$ 314,355
Core Deposit Premium	**$ 356,929**	$ 308,288	$ 271,562	$ 323,631

Post Oak Selected Public Companies Analysis. Performance Trust considered certain financial information for Post Oak and compared it with selected companies whose equity is publicly traded that Performance Trust deemed relevant. The selected public companies listed below include banks headquartered in TX, LA or UT with total assets between $1.0 billion and $3.5 billion. Allegiance was excluded from the group of selected companies as were targets of announced mergers. The selected companies were selected because they were deemed similar

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to Post Oak in one or more respects. Except as described above, no specific numeric or other similar criteria were used to select the selected companies, and all criteria were evaluated in their entirety without application of definitive qualifications or limitations to individual criteria. Performance Trust identified a sufficient number of companies for purposes of its analysis but may not have included all publicly traded companies that might be deemed comparable to Post Oak. The nine selected companies used in this analysis included:

Triumph Bancorp, Inc.	Dallas, TX
CBTX, Inc.	Beaumont, TX
Veritex Holdings, Inc.	Dallas, TX
Home Bancorp, Inc.	Lafayette, LA
People s Utah Bancorp	American Fork, UT
Guaranty Bancshares, Inc.	Mount Pleasant, TX
First Guaranty Bancshares, Inc.	Hammond, LA
Investar Holding Corporation	Baton Rouge, LA
Business First Bancshares, Inc.	Baton Rouge, LA

Performance Trust reviewed financial data for the selected companies, including trading value to tangible book value, trading value to LTM earnings and trading value to estimated 2018 earnings. Furthermore, Performance Trust applied the median, 25th percentile and 75th percentile multiples of the selected companies to Post Oak s corresponding financial metrics as of December 31, 2017 to determine the implied aggregate deal value and then compared those implied aggregate deal values to the implied merger consideration of $356.9 million in the proposed transaction. The analysis was based on pricing data as of April 24, 2018. LTM earnings for the selected public companies were adjusted to exclude the impact of the corporate tax rate change in the fourth quarter of 2017. The 2018 estimated earnings for the selected companies were based on consensus analyst earnings estimates as reported by S&P Global Market Intelligence. The results of the Post Oak selected companies analysis are summarized below.

	Proposed Transaction Multiples	Selected Companies Median	Selected Companies 25th Percentile	Selected Companies 75th Percentile
Transaction Value / Tangible Book Value	**235%**	197%	170%	239%
Transaction Value / LTM Earnings	**22.9x**	21.4x	18.7x	26.8x
Transaction Value / 2018E Earnings	**16.1x**	16.2x	14.4x	17.3x

(in thousands)	**Proposed Merger Consideration**	Implied Price Median	Implied Price 25th Percentile	Implied Price 75th Percentile
Transaction Value / Tangible Book Value	**$ 356,929**	$ 298,694	$ 258,368	$ 362,907
Transaction Value / LTM Earnings	**$ 356,929**	$ 333,195	$ 291,678	$ 417,582
Transaction Value / 2018E Earnings	**$ 356,929**	$ 358,722	$ 319,730	$ 383,298

Dividend Discount Analysis. Performance Trust analyzed the discounted present value of Post Oak s projected free cash flows to equity for the years ending December 31, 2018 through December 31, 2022 on a standalone basis. Performance Trust calculated cash flows assuming Post Oak would maintain an 8.0% tangible common equity to tangible assets ratio, and that it would retain sufficient earnings to maintain that ratio and dividend out any excess cash flows. This analysis was based on the financial forecasts for Post Oak prepared by Post Oak management and approved for use in this analysis by Post Oak management.

Performance Trust applied price to tangible book value multiples, ranging from 160% to 240%, to Post Oak s projected December 31, 2022 tangible book value and price to earnings multiples, ranging from 13.0x to

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17.0x, to Post Oak s projected calendar year 2022 net income in order to derive a range of projected terminal values for Post Oak at December 31, 2022. The projected cash flows and terminal values were discounted using rates ranging from 13.75% to 15.75%, which reflected the cost of equity capital for Post Oak using a discount rate build-up method based on the sum of the risk-free free rate, industry equity risk premium, size premium and specific company risk factor. Performance Trust reviewed the range of aggregate prices derived in the dividend discount analysis and compared them to the implied merger consideration of $356.9 million in the proposed transaction. The results of the dividend discount analysis are summarized below.

(in thousands)	Proposed Merger Consideration	Implied Value Midpoint	Implied Value Minimum	Implied Value Maximum
Terminal Value Based on TBV Multiple	**$ 356,929**	$ 254,730	$ 217,679	$ 294,835
Terminal Value Based on P/E Multiple	**$ 356,929**	$ 315,952	$ 278,184	$ 356,744

Allegiance Selected Public Companies Analysis. Performance Trust considered certain financial information for Allegiance and compared it with selected companies whose equity is publicly traded that Performance Trust deemed relevant. The selected public companies listed below include banks headquartered in TX, CO, LA, OK or UT with total assets between $2.0 billion and $8.0 billion. The selected companies were selected because they were deemed similar to Allegiance in one or more respects. Except as described above, no specific numeric or other similar criteria were used to select the selected companies, and all criteria were evaluated in their entirety without application of definitive qualifications or limitations to individual criteria. Performance Trust identified a sufficient number of companies for purposes of its analysis but may not have included all publicly traded companies that might be deemed comparable to Allegiance. The 12 selected companies used in this analysis included:

First Financial Bankshares, Inc.	Abilene, TX
BancFirst Corporation	Oklahoma City, OK
Southside Bancshares, Inc.	Tyler, TX
National Bank Holdings Corp.	Greenwood Village, CO
Green Bancorp, Inc.	Houston, TX
CoBiz Financial, Inc.	Denver, CO
Guaranty Bancorp	Denver, CO

Triumph Bancorp, Inc.	Dallas, TX
CBTX, Inc.	Beaumont, TX
Veritex Holdings, Inc.	Dallas, TX
Home Bancorp, Inc.	Lafayette, LA
People s Utah Bancorp	American Fork, UT

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Performance Trust reviewed financial data for the selected companies, including trading value to tangible book value, trading value to LTM earnings, trading value to estimated 2018 earnings and trading value to estimated 2019 earnings. The analysis was based on pricing data as of April 24, 2018. LTM earnings for Allegiance and for the selected public companies were adjusted to exclude the impact of the corporate tax rate change in the fourth quarter of 2017. The 2018 and 2019 estimated earnings for the selected companies were based on consensus analyst earnings estimates as reported by S&P Global Market Intelligence. The table below indicates the selected financial data for Allegiance and the median, 25th percentile and 75th percentile for the Allegiance selected companies peer group.

	Allegiance Multiples	Selected Companies Median	Selected Companies 25th Percentile	Selected Companies 75th Percentile
Trading Value / Tangible Book Value	**209%**	245%	209%	262%
Trading Value / LTM Earnings	**27.7x**	21.5x	20.3x	26.9x
Trading Value / 2018E Earnings	**16.3x**	16.0x	14.9x	17.9x
Trading Value / 2019E Earnings	**13.7x**	14.2x	12.6x	16.5x

Allegiance Stock Trading History. Performance Trust reviewed the historical stock price performance of Allegiance common stock for the year-to-date period ended April 24, 2018 and the period from Allegiance s IPO on October 7, 2015 through April 24, 2018. Performance Trust then compared the relationship between the stock price performance of the Allegiance common stock to movements in the Allegiance Peer Group (as described in the Allegiance Selected Public Companies Analysis) as well as certain stock indices.

Allegiance Year-to-Date Stock Price Performance

	January 1, 2018	**Year-to-Date (through April 24, 2018)**
Allegiance	100%	111%
Allegiance Peer Group	100%	110%
NASDAQ Bank Index	100%	105%
S&P 500 Index	100%	98%

Allegiance Since-IPO Stock Price Performance

	October 7, 2015	**Since-IPO (through April 24, 2018)**
Allegiance	100%	198%
Allegiance Peer Group	100%	169%

NASDAQ Bank Index	100%	132%
S&P 500 Index	100%	148%

Relative Contribution Analysis. Performance Trust considered certain standalone operating and financial metrics of Post Oak and Allegiance and reviewed the relative standalone contribution of Post Oak and Allegiance to certain operating and financial metrics of the combined company. To perform this analysis, Performance Trust used balance sheet data as of December 31, 2017, net income results for the year ended December 31, 2017, projected net income for Post Oak for 2018 and 2019 based on the financial forecasts prepared by Post Oak management and projected net income for Allegiance for 2018 and 2019 based on consensus research analyst estimates as reported by S&P Global Market Intelligence. The relative contribution analysis did not give effect to the impact of any synergies resulting from the proposed merger.

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The results of the relative contribution analysis are summarized below.

	Contribution	
	Post Oak	**Allegiance**
Total Assets	33%	67%
Gross Loans Held for Investment	34%	66%
Total Deposits	36%	64%
Tangible Common Equity	36%	64%
2017 Net Income (Tax-Normalized)	44%	56%
2018E Net Income	40%	60%
2019E Net Income	37%	63%
Proposed Ownership at 0.7017 Exchange Ratio	**39%**	**61%**

Pro Forma Merger Analysis

Performance Trust analyzed certain potential pro forma effects of the merger, assuming the merger closes at the end of the third quarter of 2018. In performing this analysis, Performance Trust utilized the following information: (i) closing balance sheet estimates as of September 30, 2018 for Allegiance and Post Oak, (ii) consensus street estimates for Allegiance for 2018 and 2019 and assumed long-term strategic plan and earnings growth rate provided by Allegiance management and discussed with Post Oak management, (iii) Post Oak management earnings projections for 2018 to 2020 and long-term earnings growth rate as provided by Post Oak management and (iv) pro forma assumptions (including the cost savings and related expenses expected to result from the merger and other adjustments assumed with respect thereto) as discussed with Post Oak management and Allegiance management. Performance Trust analyzed the potential financial impact of the proposed merger on certain projected financial results of Allegiance. This analysis indicated the proposed merger could be accretive to Allegiance s 2019 estimated earnings per share (excluding the impact of restructuring charges which may be realized during 2018 and 2019) and accretive to Allegiance s 2020 estimated earnings per share and dilutive to Allegiance s estimated tangible book value per share as of September 30, 2018.

In connection with this analysis, Performance Trust considered and discussed with the Post Oak Board how the analysis would be affected by changes in the underlying assumptions, including the impact of final purchase accounting adjustments determined at the closing of the transaction, and noted that the actual results achieved by the combined company may vary from projected results and the variations may be material.

Other Matters. Post Oak engaged Performance Trust as financial advisor in connection with the potential merger based on Performance Trust s experience, reputation and familiarity with Post Oak s business. Performance Trust has an investment banking division and is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions. Assuming the merger is completed, Performance Trust will receive a fee for its services equal to one percent of the aggregate merger consideration. Post Oak paid Performance Trust a $25,000 retainer and a fee of $250,000 upon delivery of its fairness opinion, which, if the merger is completed, will both be credited against Performance Trust s investment banking fee. The balance of the one percent fee is payable upon consummation of the merger. In addition, Post Oak has agreed to indemnify Performance Trust and certain related parties for certain liabilities arising out of or related to the engagement and to reimburse Performance Trust for certain expenses incurred in connection with its engagement. Performance Trust has not previously been engaged by Post

Oak. Performance Trust has provided fixed income services to Allegiance beginning in late 2017, for which it received customary fees.

Performance Trust is a broker-dealer engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, Performance Trust and its affiliates may acquire, hold or sell, for its and its affiliates own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of Post

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Oak, Allegiance and certain of their affiliates as well as provide investment banking and other financial services to such companies and entities.

Allegiance s Reasons for the Merger; Recommendation of Allegiance Board

After careful consideration, the Allegiance Board, by written consent signed after a meeting held on April 23, 2018, unanimously approved the merger agreement and the transactions contemplated thereby. Accordingly, the Allegiance Board unanimously recommends that Allegiance shareholders vote FOR the Allegiance Merger Proposal and FOR the Allegiance Stock Issuance Proposal.

In reaching its decision to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, and to recommend that its shareholders approve the Allegiance Merger Proposal and Allegiance Stock Issuance Proposal, the Allegiance Board evaluated the merger agreement and the merger in consultation with members of Allegiance s management, as well as Allegiance s legal counsel and financial advisors, and considered a number of factors in favor of the merger, including the following material factors, which are not presented in order of priority:

- the fact that the merger is consistent with Allegiance s long-term strategic goal of creating shareholder value by being and remaining a preeminent community bank in the Houston area, including through growth by acquisitions;
- the fact that the merger is expected to create the largest locally-headquartered community bank in the Houston area and bring together two well-known financial services brands in the local community;
- the fact that Post Oak is among the few, and most attractive, acquisition targets of scale in the Houston area;
- the complementary branch footprints of Allegiance and Post Oak;
- the fact that the merger would respond immediately to Allegiance s need for more scale in the attractive Houston market;
- the complementary cultures of Allegiance and Post Oak and prospects for a smooth integration of key personnel and systems;
- the employment agreements entered into with numerous of Post Oak s employees to help maintain continuity of Post Oak s key personnel, customers and loan and deposit portfolios;

each of Allegiance s and Post Oak s businesses, operations, financial condition, earnings and prospects, including the view of the Allegiance Board that Post Oak s business and operations complement Allegiance s existing operations and lines of business;

the nature and quality of Post Oak s loan portfolio and deposit base;

the fact that the merger will enhance Allegiance s operating scale at reasonable pricing;

the current and prospective environment in which Allegiance and Post Oak operate, including national, regional and local economic conditions, the competitive environment for financial institutions generally and the likely effect of these factors on Allegiance both with and without the merger;

its review and discussions with Allegiance s management and its legal counsel and financial advisors concerning the due diligence investigation of Post Oak and the potential financial impact of the merger on the combined company;

management s expectation that Allegiance will retain its strong capital position upon completion of the merger;

the financial presentation, dated April 30, 2018, of Raymond James to the Allegiance Board and the opinion, dated April 30, 2018, of Raymond James to the Allegiance Board as to the fairness, from a

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financial point of view and as of the date of the opinion, to Allegiance of the exchange ratio, as more fully described below under the section of this joint proxy statement/prospectus entitled Opinion of Allegiance s Financial Advisor;

the terms of the merger agreement, including the expected tax treatment and deal protection and termination fee provisions, which it reviewed with Allegiance s legal and financial advisors; and

the expectation that the regulatory and other approvals required in connection with the merger will be received in a timely manner and without the imposition of unacceptable conditions.

The Allegiance Board also considered potential risks associated with the merger in connection with its deliberations of the merger, including (a) the potential risk of diverting management attention and resources from the operation of Allegiance s business and towards the completion of the merger; (b) the potential risks associated with achieving anticipated cost synergies and savings and successfully integrating Post Oak s business, operations and workforce with those of Allegiance; and (c) the other risks identified in the sections of this joint proxy statement/prospectus entitled Risk Factors and Cautionary Notice Regarding Forward-Looking Statements.

The foregoing discussion of the factors considered by the Allegiance Board is not intended to be exhaustive, but, rather, includes the material factors considered by the Allegiance Board in reaching its decision to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement. The Allegiance Board did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The Allegiance Board considered all these factors as a whole and overall considered the factors to be favorable to, and to support, its determination. It should be noted that this explanation of the Allegiance Board s reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the section of this joint proxy statement/prospectus entitled Cautionary Notice Regarding Forward-Looking Statements.

For the reasons set forth above, the Allegiance Board approved the merger agreement and the transactions contemplated thereby. The Allegiance Board unanimously recommends that the Allegiance shareholders vote FOR the Allegiance Merger Proposal, FOR the Allegiance Stock Issuance Proposal and FOR the Allegiance Adjournment Proposal.

Opinion of Allegiance s Financial Advisor

The Allegiance Board retained Raymond James as its advisor on April 20, 2018 solely to deliver an opinion as to the fairness of the exchange ratio, from a financial point of view, to Allegiance.

On April 30, 2018, at the request of the Allegiance Board, representatives of Raymond James rendered its written opinion, dated April 30, 2018, that as of such date and based upon and subject to the qualifications, assumptions and other matters considered in connection with the preparation of its opinion, the exchange ratio in the merger pursuant to the merger agreement was fair, from a financial point of view, to Allegiance.

The full text of the written opinion of Raymond James is attached as *Annex E* to this document and is incorporated by reference herein. The summary of the opinion of Raymond James set forth in this document is qualified in its entirety by reference to the full text of such written opinion. Holders of Allegiance common

stock are urged to read such opinion carefully in its entirety. Raymond James opinion speaks only as of the date of such opinion. Raymond James opinion does not reflect any developments that may occur or may have occurred after the date of its opinion and prior to the completion of the merger.

Raymond James provided its opinion for the information of the Allegiance Board (solely in its capacity as such) in connection with, and for purposes of, its consideration of the merger agreement and its opinion only addresses whether the exchange ratio was fair, from a financial point of view, to Allegiance as of the date of such

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opinion. The opinion of Raymond James does not address any other term or aspect of the merger agreement or the merger contemplated thereby. The Raymond James opinion does not constitute a recommendation to the Allegiance Board or to any holder of Allegiance common stock or Post Oak common stock as to how the Allegiance Board, such shareholder or any other person should vote or otherwise act with respect to the merger agreement or any other matter. Raymond James does not express any opinion as to the likely trading range of Allegiance common stock following the date of its opinion or the completion of the merger, which in either case may vary depending on numerous factors that generally impact the price of securities or on the financial condition of Allegiance at that time. Raymond James also does not express any opinion as to Allegiance s future financial condition or results of operation.

In connection with its review of the proposed merger and the preparation of its opinion, Raymond James, among other things:

- reviewed the financial terms and conditions stated in the draft of the merger agreement dated as of April 30, 2018;

- reviewed certain information related to the historical, current and future operations, financial condition and prospects of Post Oak and Allegiance made available to Raymond James by Allegiance, including, but not limited to, financial projections prepared by the management of Allegiance relating to Post Oak and Allegiance for the periods ending December 31, 2018 through December 31, 2023, as approved by Allegiance for Raymond James use in connection with rendering its opinion (the Projections);

- reviewed certain pro forma financial adjustments made available to Raymond James by Allegiance that are expected to occur as a result of the merger and that are reflected in the Projections, as approved by Allegiance for Raymond James use in connection with rendering its opinion (the Pro Forma Financial Adjustments);

- reviewed Allegiance s and Post Oak s recent public filings and certain other publicly available information regarding Allegiance and Post Oak;

- reviewed financial, operating and other information regarding Allegiance, Post Oak and the industry in which those companies operate;

- reviewed the financial and operating performance of Allegiance, Post Oak and those of other selected public companies that Raymond James deemed to be relevant;

- considered the publicly available financial terms of certain transactions Raymond James deemed to be relevant;

reviewed the current and historical market prices and trading volume for Allegiance s common stock and the current market prices and trading volumes of the publicly traded securities of certain other companies that Raymond James deemed to be relevant;

conducted such other financial studies, analyses and inquiries and considered such other information and factors as Raymond James deemed appropriate;

reviewed a certificate, dated April 30, 2018, addressed to Raymond James from an executive officer of Allegiance regarding, among other things, the accuracy of financial information and data provided to, or discussed with, Raymond James by or on behalf of Allegiance, including, but not limited to, the Projections and the Pro Forma Financial Adjustments; and

discussed with members of the senior management of Allegiance certain information relating to the aforementioned and any other matters which Raymond James deemed relevant to its inquiry.

With Allegiance s consent, Raymond James assumed and relied upon the accuracy and completeness of all written and oral information supplied by or on behalf of Allegiance, or otherwise reviewed by or discussed with Raymond James, and Raymond James did not undertake any duty or responsibility to, nor did Raymond James

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independently verify any of such information. Raymond James is not an expert in GAAP in general or specifically regarding the evaluation of loan and lease portfolios for purposes of assessing the adequacy of the allowances for loan and lease losses or any other reserves; accordingly, Raymond James assumed that such allowances and reserves were in the aggregate adequate to cover such losses. Raymond James did not make or obtain an independent appraisal of the assets or liabilities (contingent or otherwise) of Allegiance or Post Oak. With respect to projections and any other information and data provided to or otherwise reviewed by or discussed with Raymond James, Raymond James, with Allegiance s consent, assumed that projections and data were reasonably prepared in good faith on assumptions reflecting the best currently available estimates and judgments of management of Allegiance, and Raymond James relied upon Allegiance to promptly advise Raymond James if any information previously provided became inaccurate or was required to be updated during the period of its review. Raymond James expressed no opinion with respect to the Projections or the assumptions on which they were based. Raymond James relied upon and assumed, without independent verification, that the final form of the merger agreement would be substantially similar to the draft reviewed by Raymond James in all respects material to its analysis, and that the merger would be consummated in accordance with the terms of the merger agreement without waiver of or amendment to any of the conditions thereto and without adjustment to the Aggregate Stock Consideration (as defined in the merger agreement). Furthermore, Raymond James assumed, in all respects material to its analysis, that the representations and warranties of each party contained in the merger agreement were true and correct and that each party will perform all of the covenants and agreements required to be performed by it under the merger agreement, and that the conditions precedent in the merger agreement will not be waived. Raymond James also relied upon and assumed, without independent verification, that (i) the merger would be consummated in a manner that complies in all respects with all applicable international, federal and state statutes, rules and regulations, and (ii) all governmental, regulatory or other consents and approvals necessary for the consummation of the merger would be obtained and that no delay, limitations, restrictions or conditions would be imposed or amendments, modifications or waivers made that would have an effect on the merger or Allegiance that would be material to its analysis or opinion.

Raymond James expressed no opinion as to the underlying business decision to effect the merger, the structure or tax consequences of the merger, or the availability or advisability of any alternatives to the merger. The Raymond James opinion is limited to the fairness of the exchange ratio, from a financial point of view, to Allegiance. Raymond James expressed no opinion with respect to any other reasons (legal, business or otherwise) that may support the decision of Allegiance s Board to approve or consummate the merger. Furthermore, no opinion, counsel or interpretation was intended by Raymond James on matters that require legal, accounting or tax advice. Raymond James assumed that such opinions, counsel or interpretations had been or would be obtained from appropriate professional sources. Furthermore, Raymond James relied, with the consent of Allegiance, on the fact that Allegiance was assisted by legal, accounting and tax advisors, and, with the consent of Allegiance, relied upon and assumed the accuracy and completeness of the assessments by Allegiance and its advisors, as to all legal, accounting and tax matters with respect to Allegiance and the merger including, without limitation, that Post Oak s and the Allegiance s financial statements have been prepared in accordance with GAAP and that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended.

In formulating its opinion, Raymond James considered only the exchange ratio, and Raymond James did not consider, and its opinion did not address, the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of Post Oak, or such class of persons, in connection with the merger, whether relative to the exchange ratio or otherwise. Raymond James was not requested to opine as to, and its opinion did not express an opinion as to or otherwise address, among other things: (1) the fairness of the merger to the holders of any class of securities, creditors or other constituencies of Allegiance, or to any other party, except and only to the extent expressly set forth in the last sentence of its opinion or (2) the fairness of the merger to any one class or group of

Allegiance s or any other party s security holders or other constituents vis-à-vis any other class or group of Allegiance s or such other party s security holders or other constituents (including, without limitation, the allocation of any consideration to be received in the merger amongst or within such classes or groups of security holders or other constituents). Raymond James expressed no opinion as to the

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impact of the merger on the solvency or viability of Allegiance or Post Oak or the ability of Allegiance or Post Oak to pay their respective obligations when they come due.

The financial analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the financial analyses. Accordingly, Raymond James believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create an incomplete or potentially misleading view of the process underlying its analyses and opinion. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data that existed on or before April 27, 2018 (the last trading day before the date of the Raymond James opinion), and is not necessarily indicative of current market conditions.

Material Financial Analyses

The following summarizes the material financial analyses Raymond James considered in rendering its opinion. No company or transaction used in the analyses described below is identical or directly comparable to Allegiance, Post Oak or the merger.

Contribution Analysis. Raymond James analyzed the relative contribution of Allegiance and Post Oak to certain financial and operating metrics for the pro forma combined company resulting from the merger. Such financial and operating metrics included: (i) gross loans; (ii) deposits; (iii) tangible common equity; (iv) LTM net income; (v) LTM net income adjusted to exclude the impact of deferred tax asset adjustments that took place in the fourth quarter of 2017 due to revisions in the U.S. corporate tax rate pursuant to the Tax Cuts and Jobs Act (adjusted net income); (vi) 2018 estimated net income based on the Projections; and (vii) 2019 estimated net income based on the Projections. The relative contribution analysis did not give effect to any synergies or purchase accounting adjustments as a result of the merger. The results of this analysis are summarized in the table below:

	Relative Contribution		**Implied**
	Allegiance	**Post Oak**	**Exchange Ratio**
Gross Loans	66.6%	33.4%	0.5651x
Deposits	64.8%	35.2%	0.6132x
Tangible Common Equity	63.2%	36.8%	0.6561x
LTM Net Income	54.5%	45.5%	0.9421x
LTM Adjusted Net Income	55.7%	44.3%	0.8966x
2018E Net Income	60.7%	39.3%	0.7310x
2019E Net Income	63.2%	36.8%	0.6585x
Exchange Ratio in the Merger			0.7017x

Discounted Cash Flow Analysis. Raymond James performed a discounted cash flow analysis of Allegiance and Post Oak based on the Projections. Consistent with the periods included in the Projections, Raymond James used calendar year 2023 as the final year for the analysis and applied multiples, ranging from 14.0x to 16.0x, to calendar year 2023 earnings in order to derive a range of terminal values for Allegiance and Post Oak in 2023.

For Allegiance, Raymond James used discount rates ranging from 11.0% to 13.0%. For Post Oak, Raymond James used discount rates ranging from 11.9% to 13.9%. Raymond James arrived at its discount rate ranges by using the Modified CAPM methodology as presented in the 2017 Duff & Phelps Valuation Handbook. Raymond James reviewed the ranges of implied per share values indicated by the discounted cash flow analysis for each of Allegiance and Post Oak and calculated a range of implied exchange ratios by dividing the maximum implied per share value of Post Oak common stock by the minimum implied per share value of Allegiance common stock to calculate the maximum implied exchange ratio, and by dividing the minimum implied per share value of Post Oak common stock by the maximum implied per share value of Allegiance common stock to calculate the

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minimum implied exchange ratio. The results of the discounted cash flow analysis are summarized in the table below (dollars in thousands):

	Implied Aggregate Equity Value				Implied		
	Allegiance		Post Oak		Exchange Ratio		
	Low	High	Low	High	Low/High		High/Low
Net Income Terminal Multiple	$ 524,293	$ 637,052	$ 330,903	$ 393,111	0.5863x	-	0.8463x
Exchange Ratio in the Merger						0.7017x	

Selected Companies Analysis. Raymond James reviewed certain data for selected companies with publicly traded equity securities that it deemed relevant for its analysis. The selected group represents companies Raymond James believed relevant to Allegiance and Post Oak. Raymond James selected certain companies that (i) are headquartered in Texas; (ii) have total assets between $750.0 million and $10.0 billion; and (iii) are traded on the NASDAQ, NYSE or NYSEAM exchanges. The selected group excludes mutual holding companies, targets of announced mergers and Triumph Bancorp, Inc., which is not comparable due to its unique business model. No company used in the analysis described below is identical or directly comparable to Allegiance or Post Oak. The selected companies Raymond James deemed relevant include the following:

Selected Companies

LegacyTexas Financial Group, Inc.	Green Bancorp, Inc.
Independent Bank Group, Inc.	CBTX, Inc.
First Financial Bankshares, Inc.	Veritex Holdings, Inc.
Southside Bancshares, Inc.	Guaranty Bancshares, Inc.

Raymond James calculated various financial multiples for each selected public company, including: closing price per share on April 27, 2018 compared to (i) tangible book value (TBV) per share at March 31, 2018; (ii) LTM earnings per share (EPS) for the most recent LTM period reported; (iii) LTM adjusted earnings per share (LTM Adjusted EPS), which adjusts LTM earnings to remove the impact of deferred tax asset write downs in the fourth quarter of 2017 due to the change in the corporate tax rate; and (iv) consensus forward operating EPS for the 2018 and 2019 fiscal years based on FactSet Research Systems Inc. data and as shown by S&P Global Market Intelligence. The estimates published by Wall Street research analysts were not prepared in connection with the merger or at the request of Raymond James and may or may not prove to be accurate. All financial multiples TBV per share, LTM EPS, LTM Adjusted EPS, 2018 forward EPS and 2019 forward EPS greater than two standard deviations away from the unadjusted mean were considered not meaningful. Raymond James reviewed the 75th percentile, mean, median and 25th percentile relative valuation multiples of the selected public companies. The results of the selected companies analysis are summarized below:

	Selected Companies	
	25th	75th
Tangible Book Value	210%	243%
LTM EPS	22.1x	24.2x

LTM Adjusted EPS	19.3x	21.3x
2018E EPS	13.9x	16.0x
2019E EPS	12.8x	13.8x

Taking into account the results of the selected companies analysis, Raymond James applied the 75th and 25th percentiles of the price to tangible book value ratio and earnings per share multiples to corresponding financial data for each of Allegiance and Post Oak. Raymond James reviewed the ranges of implied per share values and calculated a range of implied exchange ratios by dividing the higher implied per share value of Post Oak common stock by the lower implied per share value of Allegiance common stock to calculate the implied exchange ratio, and by dividing the lower implied per share value of Post Oak common stock by the higher

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implied per share value of Allegiance common stock to calculate the low implied exchange ratio. The results of the selected companies analysis are summarized below (dollars in thousands):

	Implied Aggregate Equity Value				Implied		
	Allegiance		Post Oak		Exchange Ratio		
	25th	75th	25th	75th	Low/High		High/Low
Tangible Book Value	$ 564,960	$ 654,941	$ 328,424	$ 380,732	0.5660x	-	0.7607x
LTM EPS	$ 426,983	$ 467,301	$ 356,372	$ 390,023	0.8608x	-	1.0310x
LTM Adjusted EPS	$ 422,099	$ 465,933	$ 335,284	$ 370,103	0.8122x	-	0.9897x
2018E EPS	$ 463,294	$ 531,105	$ 300,058	$ 343,976	0.6377x	-	0.8380x
2019E EPS	$ 518,658	$ 561,676	$ 302,605	$ 327,703	0.6081x	-	0.7132x
Exchange Ratio in the Merger					0.7017x		

Selected Transaction Analysis. Raymond James analyzed publicly available information relating to selected transactions announced since November 1, 2016 involving targets headquartered in Texas with target assets between $750.0 million and $3.0 billion. Financial data for the selected targets was based on the most recent 12 month period reported prior to announcement of the respective transaction. The selected transactions (with respective transaction announcement dates shown) used in the analysis included:

Selected Transactions

Acquisition of Icon Capital Corporation by BancorpSouth Bank (Announced 4/18/18)

Acquisition of First Bank Lubbock Bancshares, Inc. by Heartland Financial USA, Inc. (Announced 12/12/17)

Acquisition of Integrity Bancshares, Inc. by Independent Bank Group, Inc. (Announced 11/28/17)

Acquisition of Diboll State Bancshares, Inc. by Southside Bancshares, Inc. (Announced 6/12/17)

Acquisition of First Texas BHC, Inc. by Simmons First National Corporation (Announced 1/23/17)

Acquisition of Sovereign Bancshares, Inc. by Veritex Holdings, Inc. (Announced 12/14/16)

Acquisition of Carlile Bancshares, Inc. by Independent Bank Group, Inc. (Announced 11/21/16)

Raymond James examined valuation multiples of transaction value compared to the target companies (i) most recent quarter TBV per share; (ii) most recent LTM net income, (iii) LTM adjusted net income, which adjusts LTM earnings to remove the impact of deferred tax asset write downs in the fourth quarter of 2017 due to the change in the corporate tax rate; (iv) next 12 months net income; and (v) premium to tangible book value divided by core deposits (total deposits less time deposits greater than $100,000). Where available, forward operating EPS multiples for the next 12 months (NTM EPS) were based on mean analyst estimates per FactSet Research Systems Inc. and public filings including merger prospectuses; where NTM earnings were not available earnings for the next fiscal year were used. The estimates published by Wall Street research analysts and the companies involved in the selected transaction analysis were not prepared in connection with the merger or at the request of Raymond James and may or may not prove to be accurate. All financial multiples TBV, LTM Net Income, LTM Adjusted Net Income, NTM Net Income and core deposit premiums greater than two standard deviations away from the unadjusted mean were considered not meaningful. Raymond James applied the 25th percentile and 75th percentile tangible book value multiple, LTM net income multiple, LTM adjusted net income multiple, NTM net income multiple, and core deposit premium to the corresponding Post Oak metrics to create

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the range of exchange ratios used for its analysis based on Allegiance s 20-day average closing stock price as of April 27, 2018. The results of the selected transactions analysis are summarized below (dollars in thousands):

	Post Oak	Percentiles		Post Oak Implied Aggregate Equity Value		Implied Exchange Ratio		
	Statistic	25th	75th	25th	75th	25th Pctl.		75th Pctl.
Tangible Book Value	$ 156,678	207%	218%	$ 324,972	$ 376,624	0.6785x	-	0.7863x
LTM Net Income	$ 16,105	18.3x	21.6x	$ 294,220	$ 381,821	0.6143x		0.7972x
LTM Adjusted Net Income	$ 17,409	18.3x	21.6x	$ 318,047	$ 412,743	0.6640x	-	0.8617x
NTM Net Income	$ 21,540	16.4x	21.6x	$ 353,070	$ 414,434	0.7371x		0.8653x
Premium to Core Deposits	$ 938,673	15.8%	16.7%	$ 148,645	$ 160,765	0.6375x	-	0.6628x
Exchange Ratio in the Merger								0.7017x

Pro Forma Impact Analysis. Raymond James performed a pro forma financial impact analysis that combined projected income statement and balance sheet information of Allegiance and Post Oak. Using (i) closing balance sheet estimates as of September 30, 2018 for Allegiance and Post Oak based on Allegiance management estimates; (ii) financial forecasts and projections of Allegiance and Post Oak for the years ending 2018, 2019 and 2020 as provided by Allegiance management and (iii) pro forma assumptions (including, without limitation, the cost savings expected to result from the merger, as well as the purchase accounting adjustments and restructuring charges assumed with respect thereto) provided by Allegiance management. Raymond James analyzed the estimated financial impact of the merger on certain projected financial results. This analysis indicated that the merger could be dilutive to Allegiance s estimated tangible book value per share at September 30, 2018, dilutive to Allegiance s estimated full year 2018 earnings per share (excluding the impact of one-time deal charges) and accretive to Allegiance s estimated 2019 and 2020 earnings per share. For all of the above analyses, the actual results achieved by Allegiance following the merger may vary from the projected results, and the variations may be material.

Additional Considerations. The preparation of a fairness opinion is a complex process and is not susceptible to a partial analysis or summary description. Raymond James believes that its analyses must be considered as a whole and that selecting portions of its analyses, without considering the analyses taken as a whole, would create an incomplete view of the process underlying its opinion. In addition, Raymond James considered the results of all such analyses and did not assign relative weights to any of the analyses, but rather made qualitative judgments as to significance and relevance of each analysis and factor, so the ranges of valuations resulting from any particular analysis described above should not be construed to be the view of Raymond James as to the actual value of Allegiance.

In performing its analyses, Raymond James made numerous assumptions with respect to industry performance, general business, economic and regulatory conditions and other matters, many of which are beyond the control of Allegiance. The analyses performed by Raymond James are not necessarily indicative of actual values, trading values or actual future results which might be achieved, all of which may be significantly more or less favorable than suggested by such analyses. Such analyses were provided to the Allegiance Board (solely in each director s capacity as such) and were prepared solely as part of the analysis of Raymond James of the fairness of the exchange ratio, from a financial point of view, to Allegiance. The analyses do not purport to be appraisals or to reflect the prices at which companies may actually be sold, and such estimates are inherently subject to uncertainty. The opinion of Raymond James was one of many factors taken into account by the Allegiance Board in making its determination to approve the merger. Neither Raymond James opinion, nor the analyses described above, should be viewed as determinative of the Allegiance Board s nor Allegiance management s views with respect to Allegiance, Post Oak or the merger. Raymond James did not determine the amount of consideration, recommend any specific amount of consideration or recommend that any specific consideration constituted appropriate consideration for the merger. Allegiance placed no limits on the scope of the analyses performed, or opinion expressed, by Raymond James.

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The Raymond James opinion was necessarily based upon market, economic, financial and other circumstances and conditions existing and disclosed to it as of April 30, 2018, and any material change in such circumstances and conditions may affect the opinion of Raymond James, but Raymond James does not have any obligation to update, revise or reaffirm its opinion. Raymond James relied upon and assumed, without independent verification, that there had been no change in the business, assets, liabilities, financial condition, results of operations, cash flows or prospects of Allegiance or Post Oak since the respective dates of the most recent financial statements and other information, financial or otherwise, provided to Raymond James that would be material to its analyses or its opinion, and that there was no information or any facts that would make any of the information reviewed by Raymond James incomplete or misleading in any material respect.

For services rendered in connection with the delivery of its opinion, Allegiance paid Raymond James a customary investment banking fee of $300,000 upon delivery of its opinion. Allegiance has agreed to reimburse Raymond James for its reasonable expenses incurred in connection with its services, including the fees and expenses of its counsel and will indemnify Raymond James against certain liabilities arising out of its engagement.

Raymond James is actively involved in the investment banking business and regularly undertakes the valuation of investment securities in connection with public offerings, private placements, business combinations and similar transactions. Raymond James and its affiliates have not in the past provided investment banking or financial services to Allegiance or Post Oak. In the ordinary course of business, Raymond James may trade in the securities of Allegiance for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities. Raymond James may provide investment banking, financial advisory and other financial services to Allegiance and/or Post Oak or other participants in the merger in the future, for which Raymond James may receive compensation, although as of the date of Raymond James opinion, there was no agreement to do so. One of the members of the Allegiance Board, James J. Kearney, is employed by Raymond James. Mr. Kearney s employment was considered and discussed by the Allegiance Board and disclosed in the engagement letter between Allegiance and Raymond James. Mr. Kearney did not receive any consideration from Raymond James or Allegiance in connection with the proposed merger or as a result of the engagement by Allegiance of Raymond James.

Certain Unaudited Prospective Financial Info

Allegiance and Post Oak do not as a matter of course publicly disclose forecasts or internal projections as to future performance, revenues, earnings, financial condition or other results due to, among other reasons, the uncertainty of the underlying assumptions and estimates and the inherent difficulty of accurately predicting financial performance for future periods. However, in connection with the proposed merger, Post Oak provided to the Allegiance Board, the Post Oak Board and the parties respective financial advisors, for purposes of performing the financial analyses described above under The Merger Opinion of Post Oak s Financial Advisor, and The Merger Opinion of Allegiance s Financial Advisor, certain unaudited prospective financial information with respect to Post Oak. Allegiance also utilized these projections to derive other projections with respect to Post Oak utilized in the pro forma merger analyses prepared by Performance Trust and Raymond James. Post Oak and Allegiance have included in this joint proxy statement/prospectus certain limited unaudited financial information for Post Oak to give Allegiance and Post Oak shareholders access to certain nonpublic information provided to the Post Oak Board and the Allegiance Board, respectively, and their respective financial advisors, for purposes of considering and evaluating the merger.

The projections were not prepared with a view toward public disclosure, and the inclusion of the projections in this joint proxy statement/prospectus should not be regarded as an indication that Post Oak, Allegiance or any other recipient of the projections considered, or now considers, them to be necessarily predictive of actual future results, or that it should be construed as financial guidance, and it should not be relied on as such. This information was prepared solely for internal use and is subjective in many respects. While presented with numeric specificity, the unaudited prospective financial information reflects numerous estimates and assumptions

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made with respect to business, economic, market, competition, regulatory and financial conditions and matters specific to Post Oak s business, all of which are difficult to predict and many of which are beyond the control of Allegiance and Post Oak.

The projections also reflect assumptions as to certain business decisions that are subject to change. The projections reflect subjective judgment in many respects and thus are susceptible to multiple interpretations and periodic revisions based on actual experience and business developments. As such, the projections constitute forward-looking information and are subject to risks and uncertainties that could cause actual results to differ materially from the results forecasted in such prospective information, including, but not limited to, Post Oak s performance, industry performance, general business and economic conditions, customer requirements, competition, adverse changes in applicable laws, regulations or rules. For other factors that could cause the actual results to differ, please see the Risk Factors section and Cautionary Notice Regarding Forward-Looking Statements in this joint proxy statement/prospectus.

None of Allegiance, Post Oak or their respective affiliates assumes any responsibility for the accuracy, completeness or validity of the projections. The projections were not prepared with a view toward complying with the guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation or presentation of financial information. None of Allegiance s current independent registered public accounting firm, Crowe LLP, Post Oak s former independent auditors, Harper & Pearson Company, P.C. or any other independent accountants, have compiled, examined or performed any procedures with respect to the projections included below, or expressed any opinion or any other form of assurance on such information or its achievability.

For purposes of performing its valuation and pro forma merger analyses of Post Oak, Performance Trust used projections of Post Oak net income as prepared by Post Oak management of $22.2 million for the year ended December 31, 2018, $24.7 million for the year ended December 31, 2019, and $26.8 million for the year ended December 31, 2020. Based on the guidance provided by Post Oak management, Performance Trust assumed an annual growth rate with respect to Post Oak s net income of 6.0% for the years thereafter.

For purposes of performing its valuation and pro forma merger analyses of Post Oak, Raymond James used projections of Post Oak s net income as derived by Allegiance management of $21.5 million for the year ended December 31, 2018, and $23.7 million for the year ended December 31, 2019. Based on the guidance of Allegiance management, Raymond James assumed an annual growth rate with respect to Post Oak s net income of 10.0% for the years thereafter.

Allegiance is covered by equity research analysts. Consensus estimates based on the earnings per share estimates published by such analysts are compiled by a nationally recognized earnings estimate consolidator. The publicly available earnings per share consensus street estimates or median analyst earnings per share estimates for Allegiance were utilized by the parties financial advisors in connection with the performance of their respective analyses as more specifically discussed under the captions The Merger Opinion of Post Oak s Financial Advisor and The Merger Opinion of Allegiance s Financial Advisor. For purposes of those analyses, Raymond James and Performance Trust used consensus median earnings per share estimates for Allegiance common stock of $2.48 for the year ended December 31, 2018 and $3.01 for the year ended December 31, 2019. In addition, based on the guidance of Allegiance s management, each of the financial advisors used an assumed annual growth rate with respect to Allegiance s earnings per share of 10.0% for the years thereafter.

Financial Interests of Directors and Officers of Post Oak in the Merger

In considering the recommendation of the Post Oak Board to vote for the Post Oak Merger Proposal, you should be aware that certain directors and officers of Post Oak have interests in the merger that are in addition to,

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or different from, their interests as shareholders of Post Oak. The Post Oak Board was aware of these interests and considered them in approving the merger agreement. These interests include the following:

Retention Payments. Renee Bourland, Charles Carmouche, Fernando Parra, Robert Phillips, Romi Sandel and Roland L. Williams will receive retention payments from Post Oak upon closing of the merger in the following amounts:

Renee Bourland	$ 665,160
Charles Carmouche	638,940
Fernando Parra	757,780
Robert Phillips	665,160
Romi Sandel	610,710
Roland L. Williams	1,845,678
	$ 5,183,428

Employment Agreements. Allegiance s obligation to consummate the merger is subject to certain of Post Oak s executive officers having employment and non-competition agreements with Allegiance Bank prior to the completion of the merger. On April 30, 2018, Post Oak Bank and Allegiance Bank entered into employment agreements with, among others, Roland L. Williams, Renee Bourland, Fernando Parra, Robert Phillips and Romi Sandel.

The agreements with Mr. Williams and Ms. Bourland are for a term of three years after the effective date of the merger and entitle the named individual to receive a base annual salary, a minimum bonus paid quarterly during the three-year period and a restricted stock award of 8,591 and 5,164 shares, respectively, that will vest over two years, plus reimbursement of certain business expenses and participation in certain employee benefit programs. The agreements also contain non-competition and non-solicitation obligations for three years from the effective date of the merger. For the entire three-year term, the aggregate value of the employment agreements (excluding any stock awards and perquisites) for Mr. Williams and Ms. Bourland is $1.45 million and $750,000, respectively.

The agreements with Messrs. Parra and Phillips and Ms. Sandel are for a term of two years after the effective date of the merger and entitle the named individual to receive a base annual salary, a minimum bonus paid quarterly during the two-year period and a restricted stock award of 6,898, 5,738 and 5,057 shares, respectively, that will vest over four years, plus reimbursement of certain business expenses and participation in certain employee benefit programs. The agreements also contain non-competition and non-solicitation obligations for two years from the effective date of the merger. For the entire two-year term, the aggregate value of the employment agreements (excluding any stock awards and perquisites) for Messrs. Parra and Phillips and Ms. Sandel is $749,000, $657,500 and $582,750, respectively.

The employment agreements entitle each named individual, after termination of employment by Allegiance Bank for any reason other than for cause (as defined in the employment agreement) or as a result of death or disability, to receive payment of base salary and bonus for the remainder of the term of the agreement from Allegiance Bank.

Accelerated Vesting of Restricted Stock Awards. At the effective time, each restricted stock award granted by Post Oak, including an aggregate of 63,720 shares held by Messrs. Williams, Carmouche, Parra and Phillips and Messes. Bourland and Sandel, will become fully vested and each holder of such restricted stock awards will be entitled to receive the per share merger consideration for each share of Post Oak common stock held by such holder.

Insurance. Post Oak agreed that it will purchase for a period of not less than four years after completion of the merger past acts insurance coverage for no less than the four-year period immediately preceding the effective

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time of the merger under its (1) current directors and officers insurance policy coverage (or comparable coverage), (2) employment practices liability insurance, (3) current financial institutions bond (or comparable coverage) and (4) bankers professional liability, mortgage errors and omissions and fiduciary liability insurance for each director and officer of Post Oak or one of its subsidiaries currently covered under the comparable policies maintained by Post Oak or one of its subsidiaries.

Director Arrangements. Allegiance agreed to expand the Allegiance Board by three, with one new vacancy created in each class of Allegiance s staggered board, and fill such newly created vacancies with Mr. Roland L. Williams and two of the outside directors of the board of Post Oak selected by Post Oak and reasonably acceptable to Allegiance.

Indemnification. Allegiance agreed to indemnify and hold harmless the directors and officers of Post Oak or Post Oak Bank as of the effective time and for four years thereafter, subject to the limitations of any regulatory body, against costs or expenses, judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of matters existing or occurring at or before the effective time of the merger, whether asserted or claimed before, at or after the effective time of the merger, arising in whole or in part out of or pertaining to the fact that he or she was acting in his or her capacity as a director or officer of Post Oak or Post Oak Bank to the fullest extent that the indemnified party would be entitled under the articles of incorporation of Post Oak or the articles of association of Post Oak Bank, as applicable, as in effect on the date of the merger agreement and to the extent permitted by applicable law.

In addition, Charles Carmouche, a Post Oak director, is the beneficial owner of 2,056 shares, or less than 1.0%, of Allegiance common stock as of August 1, 2018. Mr. Carmouche disclosed such ownership at the meeting of the Post Oak Board at which the Post Oak Board approved the merger agreement and the transactions contemplated thereby.

Public Trading Markets

Allegiance common stock is listed for trading on NASDAQ under the symbol ABTX . Following the merger, shares of Allegiance common stock will continue to be traded on NASDAQ under the symbol ABTX . Under the merger agreement, Allegiance will cause the shares of Allegiance common stock to be issued in the merger to be approved for listing on NASDAQ, subject to notice of issuance, and the merger agreement provides that neither Allegiance nor Post Oak will be required to complete the merger if such shares are not authorized for listing on NASDAQ, subject to notice of issuance.

Allegiance s Dividend Policy

Allegiance has not historically declared or paid cash dividends on its common stock and it does not expect to pay dividends on Allegiance common stock for the foreseeable future. Instead, Allegiance anticipates that all of its future earnings will be retained to support its operations and to finance the growth and development of Allegiance s business. In addition, the payment of dividends by bank holding companies is generally subject to legal and regulatory limitations. For further information, see Comparative Market Prices and Dividends.

Restrictions on Resale of Allegiance Common Stock

The shares of Allegiance common stock to be issued in connection with the merger will be registered under the Securities Act, and will be freely transferable, except for shares issued to any shareholder who may be deemed to be an affiliate of Allegiance for purposes of Rule 144 under the Securities Act. Persons who may be deemed to be affiliates of Allegiance include individuals or entities that control, are controlled by, or are under common control with Allegiance and may include the executive officers, directors and significant shareholders of Allegiance.

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Dissenters Rights in the Merger

General. If you hold one or more shares of Post Oak common stock, you have the right to dissent from the merger and have the appraised fair value of your shares of Post Oak common stock as of the date immediately prior to the effective date of the merger paid to you in cash under Chapter 10, Subchapter H of the TBOC. The appraised fair value may be more or less than the value of the shares of Allegiance common stock being paid in the merger in exchange for shares of Post Oak common stock. If you are contemplating exercising your right to dissent, we urge you to read carefully the provisions of Chapter 10, Subchapter H of the TBOC, a copy of which is attached to this joint proxy statement/prospectus as *Annex F* and which qualify in all respects the following discussion of those provisions, and consult with your legal counsel before electing or attempting to exercise these rights. The following discussion describes the steps you must take if you want to exercise your right to dissent. You should read this summary and the full text of the law carefully.

How to Exercise and Perfect Your Right to Dissent. To be eligible to exercise your right to dissent to the merger:

- you must, prior to the Post Oak special meeting, provide Post Oak with a written objection to the merger that states that you intend to exercise your right to dissent if the merger agreement is approved and the merger is completed and that provides an address to which a notice of effectiveness of the merger should be delivered or mailed to you if the merger is completed;

- you must vote your shares of Post Oak common stock against approval of the merger agreement at the Post Oak special meeting in person or by proxy;

- you must, not later than the 20th day after Allegiance (which will be the successor to Post Oak) sends you notice that the merger was completed, deliver to Allegiance a written demand for payment of the fair value of the shares of Post Oak common stock you own that states the number and class of shares of Post Oak common stock you own, your estimate of the fair value of such stock and an address to which a notice relating to the dissent and appraisal procedures may be sent; and

- you must, not later than the 20th day after you make your demand for payment to Allegiance as described above, submit your certificates representing Post Oak common stock to Allegiance.

If you intend to exercise your right to dissent from the merger, prior to the special meeting you must send the notice of objection to Post Oak, addressed to:

Post Oak Bancshares, Inc.

2000 West Loop South, Suite 100

Houston, Texas 77027

Attention: Charles Carmouche

If you fail to send the written objection to the merger in the proper form and prior to the special meeting, to vote your shares of Post Oak common stock at the Post Oak special meeting against the approval of the merger agreement or to submit your demand for payment in the proper form and on a timely basis, you will lose your right to dissent from the merger. If you fail to submit to Allegiance on a timely basis the certificates representing the shares of Post Oak common stock after you have submitted the demand for payment as described above, Allegiance will have the option to terminate your right of dissent as to your shares of Post Oak common stock. In any instance of a termination or loss of your right of dissent, you will instead receive the merger consideration as set forth in the merger agreement. If you comply with the first two items above and the merger is completed, Allegiance will send you a written notice advising you that the merger has been completed. Allegiance must deliver this notice to you within ten days after the merger is completed.

Your Demand for Payment. If the merger is completed, you have provided your written objection to the merger to Post Oak in a timely manner and in proper form and you have voted against the merger agreement at

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the Post Oak special meeting as described above and you desire to receive the fair value of your shares of Post Oak common stock in cash, you must, within 20 days of the date on which Allegiance sends to you the notice of the effectiveness of the merger, give Allegiance a written demand for payment of the fair value of your shares of Post Oak common stock. The fair value of your shares of Post Oak common stock will be the value of the shares on the day immediately preceding the merger, excluding any appreciation or depreciation in anticipation of the merger. After the merger is completed, your written demand and any notice sent to Allegiance must be addressed to:

Allegiance Bancshares, Inc.

8847 West Sam Houston Parkway, N., Suite 200

Houston, Texas 77040

Attention: President and Secretary

Your written demand must include a demand for payment for your shares for which rights of dissent and appraisal are sought and must state the number of shares and class of Post Oak common stock you own and your estimate of the fair value of your shares of Post Oak common stock and an address to which a notice relating to the dissent and appraisal procedures may be sent. This written demand must be delivered to Allegiance within 20 days of the date on which Allegiance sends to you the notice of the effectiveness of the merger. If your written demand for payment in proper form is not received by Allegiance within that 20-day period, you will be bound by the merger and you will not be entitled to receive a cash payment representing the fair value of your shares of Post Oak common stock. Instead, you will receive shares of Allegiance common stock as the merger consideration set forth in the merger agreement.

Delivery of Stock Certificates. If you have satisfied the requirements for the exercise of your right to dissent described above, including the delivery of the written demand for payment to Allegiance as described above, you must, not later than the 20th day after you make your written demand for payment to Allegiance, submit to Allegiance your certificate or certificates representing the shares of Post Oak common stock you own. You may submit those certificates with your demand for payment if you prefer. In accordance with the provisions of the TBOC, Allegiance will note on each such certificate that you have demanded payment of the fair value of the shares of Post Oak common stock that were represented by such certificate under the provisions of the TBOC relating to the rights of dissenting owners. After making those notations on those certificates, Allegiance will return each such certificate to you at your request. If you fail to submit all of the certificates representing the shares of Post Oak common stock for which you have exercised the right of dissent in a timely fashion, Allegiance will have the right to terminate your rights of dissent and appraisal with respect to all of your shares of Post Oak common stock unless a court, for good cause shown, directs Allegiance not to terminate those rights.

Allegiance s Actions Upon Receipt of Your Demand for Payment. Within 20 days after Allegiance receives your written demand for payment and your estimate of the fair value of your shares of Post Oak common stock submitted as described above, Allegiance must send you written notice stating whether or not it accepts your estimate of the fair value of your shares.

If Allegiance accepts your estimate, Allegiance will notify you that it will pay the amount of your estimated fair value within 90 days after the effective date of the merger. Allegiance will make this payment to you only if you have surrendered the share certificates representing your shares of Post Oak common stock, duly endorsed for transfer, to Allegiance.

If Allegiance does not accept your estimate, Allegiance will notify you of this fact and will make an offer of an alternative estimate of the fair value of your shares that it is willing to pay you within 120 days after the effective date of the merger, which you may accept within 90 days after the effective date of the merger or decline.

Payment of the Fair Value of Your Shares of Post Oak Common Stock Upon Agreement of an Estimate. If you and Allegiance have reached an agreement on the fair value of your shares of Post Oak common stock within

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90 days after the effective date of the merger, Allegiance must pay you the agreed amount within 120 days after the effective date of the merger, provided that you have surrendered the share certificates representing your shares of Post Oak common stock, duly endorsed for transfer, to Allegiance.

Commencement of Legal Proceedings if a Demand for Payment Remains Unsettled. If you and Allegiance have not reached an agreement as to the fair market value of your shares of Post Oak common stock within 90 days after the effective date of the merger, you or Allegiance may, within 60 days after the expiration of the 90 day period, commence proceedings in Harris County, Texas asking the court to determine the fair value of your shares of Post Oak common stock. The court will determine if you have complied with the provisions of the TBOC regarding your right of dissent and if you have become entitled to receive payment for your shares of Post Oak common stock. The court will appoint one or more qualified persons to act as appraisers to determine the fair value of your shares in the manner prescribed by the TBOC. The appraisers will determine the fair value of your shares and will report this value to the court. Once the appraisers report is filed with the court, you will receive a notice from the court indicating that the report has been filed. You will be responsible for obtaining a copy of the report from the court. If you or Allegiance objects to the report or any part of it, the court will hold a hearing to determine the fair value of your shares of Post Oak common stock. Both you and Allegiance may address the court about the report. The court will determine the fair value of your shares and direct Allegiance to pay that amount, plus interest, which will begin to accrue 91 days after the merger is completed. The court may require you to share in the court costs relating to the matter to the extent the court deems it fair and equitable that you do so.

Rights as a Shareholder. If you have made a written demand on Allegiance for payment of the fair value of your shares of Post Oak common stock, you will not thereafter be entitled to vote or exercise any other rights as a shareholder of Allegiance, but will only have the right to receive payment for your shares as described herein and the right to maintain an appropriate action to obtain relief on the ground that the merger would be or was fraudulent. In the absence of fraud in the transaction, your right under the dissent provisions described herein is the exclusive remedy for the recovery of the value of your shares of Post Oak common stock or money damages with respect to the merger.

Withdrawal of Demand. If you have made a written demand on Allegiance for payment of the fair value of your Post Oak common stock, you may withdraw such demand at any time before payment for your shares has been made or before a petition has been filed with a court for determination of the fair value of your shares. If you withdraw your demand or are otherwise unsuccessful in asserting your dissenters rights, you will be bound by the merger and you will have the same rights to receive the merger consideration with respect to your shares of Post Oak common stock as you would have had if you had not made a demand for payment as to those shares, as well as to participate to the appropriate extent in any dividends or distributions on the shares of Allegiance common stock that may have been paid to Allegiance shareholders after the effective date of the merger. Such rights will, however, be subject to any change in or adjustment to those shares made because of an action taken after the date your demand for payment.

Beneficial Owners. Persons who beneficially own shares of Post Oak common stock that are held of record in the name of another person, such as a broker, bank, trustee or other nominee, and who desire to have the right of dissent exercised as to those shares must act promptly to cause the record holder of those shares to take the actions required under Texas law to exercise the dissenter s rights with respect to those shares. Only the persons in whose names shares of Post Oak common stock are registered on the share transfer records of Post Oak may exercise the right of dissent and appraisal discussed above.

U.S. Federal Income Tax Consequences. See Material U.S. Federal Income Tax Consequences of the Merger for a discussion of the federal income tax consequences of your action if you elect to dissent from the merger.

You should remember that if you return a signed proxy card, but fail to provide instructions as to how your shares of Post Oak common stock are to be voted, you will be considered to have voted in favor of the merger

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agreement, and you will not be able to assert dissenters rights. You should also remember that if you otherwise vote at the Post Oak special meeting in favor of the merger agreement, you will not be able to assert dissenters rights.

The foregoing summary is not intended to be a complete statement of the procedures for exercising dissenter s rights under the TBOC and is qualified in its entirety by reference to the full text of Chapter 10, Subchapter H of the TBOC, a copy of which is attached as *Annex F* to this joint proxy statement/prospectus. Post Oak urges any shareholder wishing to exercise dissenters rights, if any, to read this summary and the TBOC provisions carefully, and to consult legal counsel before attempting to exercise dissenters rights. Failure to comply strictly with all of the procedures set forth in of Chapter 10, Subchapter H of the TBOC may result in the loss of your statutory dissenters rights.

Regulatory Approvals Required for the Merger

The merger must be approved by the Federal Reserve, unless such approval is waived by the Federal Reserve. On June 14, 2018, Allegiance filed the required documentation with the Federal Reserve Bank of Dallas to request a waiver of its approval, which was granted on June 26, 2018.

The merger of Post Oak Bank with and into Allegiance Bank requires the approval of the FDIC and the TDB. On May 25, 2018, Allegiance Bank filed the required application with the FDIC and the TDB. Although neither Post Oak nor Allegiance knows of any reason why it cannot obtain these regulatory approvals in a timely manner, Post Oak and Allegiance cannot be certain when or if they will be obtained.

The U.S. Department of Justice has between 15 and 30 days following approval by the FDIC to challenge the approval on antitrust grounds. While Allegiance and Post Oak do not know of any reason that the Department of Justice would challenge regulatory approval by the FDIC and believe that the likelihood of such action is remote, there can be no assurance that the Department of Justice will not initiate such a proceeding, or if such a proceeding is initiated, as to the result of any such challenge.

Notifications and/or applications requesting approval may be submitted to various other federal and state regulatory authorities and self-regulatory organizations.

The approval of any notice or application merely implies satisfaction of regulatory criteria for approval, and does not include review of the merger from the standpoint of the adequacy of the consideration to be received by, or fairness to, shareholders. Regulatory approval does not constitute an endorsement or recommendation of the proposed transaction.

Allegiance and Post Oak are not aware of any material governmental approvals or actions that are required prior to the parties completion of the merger other than those described in this joint proxy statement/prospectus. If any additional governmental approvals or actions are required, the parties presently intend to seek those approvals or actions. However, the parties cannot assure you that any of these additional approvals or actions will be obtained.

THE MERGER AGREEMENT

The following describes certain aspects of the merger, including certain material provisions of the merger agreement. The following description of the merger agreement is subject to, and qualified in its entirety by reference to, the merger agreement, which is attached to this joint proxy statement/prospectus as *Annex A* and is incorporated by reference into this joint proxy statement/prospectus. We urge you to read the merger agreement carefully and in its entirety, as it is the legal document governing the merger.

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Structure of the Merger

Each of the Allegiance Board and the Post Oak Board has unanimously approved the merger agreement. Under the merger agreement, Post Oak will merge with and into Allegiance, with Allegiance being the surviving corporation. Immediately following the merger (or at such later time as Allegiance may determine in its sole discretion), Allegiance will cause Post Oak Bank to merge with and into Allegiance Bank, with Allegiance Bank surviving the bank merger.

Prior to the effective time, Allegiance and Post Oak may, by mutual agreement, change the method or structure of effecting the combination of Post Oak and Allegiance, except that no such change may (i) change in kind or reduce the amount of merger consideration to be paid to the holders of Post Oak common stock, (ii) adversely affect the tax treatment of Post Oak s shareholders, or (iii) materially delay or jeopardize the receipt of any required regulatory approvals.

Merger Consideration

If the merger is completed, each share of Post Oak common stock (other than shares of Post Oak common stock held by Post Oak, Allegiance and any dissenting shareholder) will be converted into the right to receive 0.7017 of a share of Allegiance common stock. Allegiance will not issue any fractional shares of Allegiance common stock in the merger. Post Oak shareholders who would otherwise be entitled to a fraction of a share of Allegiance common stock upon the completion of the merger will instead receive, for the fraction of a share, an amount in cash determined by multiplying the fractional share by the average closing price of Allegiance common stock.

The Allegiance common stock is listed on NASDAQ under the symbol ABTX. The market value of the shares of Allegiance common stock to be paid as consideration will fluctuate with the market price of Allegiance common stock and will not be known at the time the Post Oak shareholders vote on the Post Oak Merger Proposal and the Allegiance shareholders vote on the Allegiance Merger Proposal and the Allegiance Stock Issuance Proposal.

The table below sets forth the implied value of the per share merger consideration based on the closing price of Allegiance common stock as quoted by NASDAQ on the specified dates:

Date	Closing Price of Allegiance Common Stock	Implied Value of Per Share Stock Consideration(1)	Aggregate Merger Consideration(1)
April 27, 2018(2)	$40.80	$28.63	$349,925,165(3)
August 1, 2018(4)	44.85	31.47	385,653,718(5)

(1) Assumes there is no adjustment to the merger consideration. For a discussion of the possible adjustments to the merger consideration, see The Merger Agreement Structure of the Merger Adjustments to Merger Consideration.
(2) The last trading day before public announcement of the merger agreement.
(3) Calculated based on 11,828,154 shares of Post Oak common stock issued and outstanding as of April 27, 2018, and the issuance of 572,850 shares upon the exercise of outstanding Post Oak options with a weighted average exercise price of $8.93.

(4) The latest practicable trading day before the date of this joint proxy statement/prospectus.

(5) Calculated based on 11,882,629 shares of Post Oak common stock issued and outstanding as of August 1, 2018, and the issuance of 518,950 shares upon the exercise of outstanding Post Oak options with a weighted average exercise price of $8.94.

Based on the number of shares of Allegiance common stock and Post Oak common stock outstanding as of August 1, 2018, the last date before the date of this joint proxy statement/prospectus for which it was practicable to obtain this information, approximately 61.6% of outstanding Allegiance common stock following the merger

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will be held by shareholders who were holders of Allegiance common stock immediately prior to the effective time and approximately 38.4% of outstanding Allegiance common stock will be held by shareholders who were holders of Post Oak common stock immediately prior to the effective time.

The merger agreement governs the merger. The merger agreement is included in this joint proxy statement/ prospectus as *Annex A*. All descriptions in this summary and elsewhere in this joint proxy statement/prospectus of the terms and conditions of the merger are qualified by reference to the merger agreement. Please read the merger agreement carefully for a more complete understanding of the merger.

Adjustments to Merger Consideration

The aggregate merger consideration that Post Oak shareholders would be entitled to receive in the merger will be reduced on a dollar-for-dollar basis (using the average closing price of Allegiance common stock to determine the number of shares to be subtracted from the aggregate merger consideration) to the extent by which Post Oak s tangible common equity, as defined in the merger agreement, is less than the minimum equity required by the merger agreement. The minimum equity required by the merger agreement is set at approximately $154.3 million if closing were to occur on the last business day of October 2018, and increases by $1.8 million for each month after October (and decreases by $1.8 million for each month prior to October). As of the date of this joint proxy statement/prospectus, Post Oak estimates that, assuming closing occurs on the last business day of October 2018, the Post Oak tangible common equity as of the closing of the merger will be $154.3 million or greater, resulting in no downward adjustment to the aggregate merger consideration with respect to the Post Oak tangible common equity.

In addition, if (1) the average closing price of the Allegiance common stock is less than $32.52 and (2) the number obtained by dividing the average closing price by $40.65 is less than the number obtained by dividing (A) the Final Index Price by (B) the Initial Index Price and subtracting 0.20 from such quotient, then Post Oak may give notice of its intent to terminate the merger agreement, at which time Allegiance has the discretion, but not the obligation, to increase the merger consideration by increasing the number of shares of Allegiance common stock in the aggregate merger consideration such that the value of the aggregate merger consideration is equal to at least $278,564,572 (valuing the aggregate stock consideration based on the average closing price). The Final Index Price, as such term is used herein, is the average of the daily closing value of the Index for the 20 consecutive trading days ending on and including the fifth trading day preceding the closing date. The Initial Index Price, as such term is used herein, is $42.75 (the closing value of the Index on the date immediately prior to the date of the merger agreement). The Index, as such term is used herein, means the financial institutions with the following trading symbols on an equal weighted basis: CBTX, FFIN, GNBC, GNTY, IBTX, IBOC, LTXB, PB, SBSI and VBTX. If Allegiance elects to increase the merger consideration, Post Oak will no longer have the right to terminate the merger agreement for these reasons. If Allegiance elects not to increase the merger consideration, Post Oak may terminate the merger agreement.

Fractional Shares

Allegiance will not issue any fractional shares of Allegiance common stock in the merger. Post Oak shareholders who would otherwise be entitled to a fraction of a share of Allegiance common stock upon the completion of the merger will instead be entitled to receive, in lieu of the fraction of a share, an amount in cash (rounded to the nearest cent) determined by multiplying (i) the volume-weighted average price of Allegiance common stock on NASDAQ for the twenty trading-day period ending on and including the fifth trading day before the day of completion of the merger by (ii) the fraction of a share of Allegiance common stock which such shareholder would otherwise be entitled to receive.

Governing Documents; Directors and Officers; Governance Matters

At the effective time, the certificate of formation and bylaws of Allegiance in effect immediately prior to the effective time will be the certificate of formation and bylaws of the surviving corporation after completion of the

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merger, until thereafter amended in accordance with applicable law. The directors of Allegiance immediately prior to the effective time shall be the initial directors of the surviving corporation and shall hold office until their respective successors and assigns are duly elected and qualified, or their earlier death, resignation or removal. The officers of Allegiance immediately prior to the effective time shall be the initial officers of the surviving corporation, each to hold office until the earlier of their death, resignation or removal in accordance with the surviving corporation s certificate of formation and bylaws.

In accordance with the merger agreement, contemporaneously with the closing of the merger, the Allegiance Board will increase the size of the board by three, with one new vacancy created in each class of Allegiance s staggered board, and fill such newly created vacancies with Roland L. Williams and two of the outside directors of the Post Oak Board selected by Post Oak and reasonably acceptable to Allegiance.

Roland L. Williams is the Chairman, President and Chief Executive Officer of both Post Oak and Post Oak Bank. Mr. Williams was a founding member of Post Oak Bank and has over 40 years of banking experience. Prior to founding Post Oak Bank, Mr. Williams served as Chairman, President and Chief Executive Officer of Langham Creek National Bank and Market Chief Executive Officer of SouthTrust Bank. In addition, Mr. Williams previously served as a member of the Federal Reserve Bank of Dallas Community Depository Institutions Advisory Council and a board member for the Texas Bankers Association. Mr. Williams has also served as an advisory board member and board member of Outreach Center of West Houston and on the Bauer College of Business Banking Certificate Board Committee at the University of Houston. Mr. Williams received a Bachelor of Science degree in business administration from McNeese State University in Lake Charles, Louisiana, and graduated from the Southwestern Graduate School of Banking at Southern Methodist University. Mr. William s extensive business experience in the community banking industry qualifies him to serve on the Allegiance Board.

Treatment of Post Oak Equity Awards

Restricted Stock Awards

Immediately prior to the effective time, each restricted stock award granted in respect of a share of Post Oak common stock that is outstanding immediately prior to the effective time and which is subject to vesting criteria shall vest in full in accordance with its terms and be converted into and represent only the right to receive the per share merger consideration for each share of Post Oak common stock then subject to such restricted stock award. There are 128,305 restricted shares of Post Oak common stock expected to vest in connection with the merger.

Stock Options

Upon completion of the merger, each option to purchase shares of Post Oak common stock granted under the Post Oak Bancshares, Inc. Stock Option Plan, as amended, that is outstanding immediately prior to the merger will automatically be converted into an option to purchase shares of Allegiance common stock. The number of shares of Allegiance common stock purchasable under the converted option, as well as the exercise price of these stock options, will be adjusted to reflect the exchange ratio, rounded to the nearest whole share. Each converted option will remain subject to the same terms and conditions as were applicable prior to the merger.

Closing and Effective Time

The merger will become effective at the date and time specified in the certificate of merger to be issued by the Secretary of State of Texas. If the shareholders of Post Oak approve the Post Oak Merger Proposal and the shareholders of Allegiance approve the Allegiance Merger Proposal and the Allegiance Stock Issuance Proposal at their respective special meetings, and if all required regulatory approvals are obtained and the other conditions to the parties obligations to effect the merger are met or waived by the party entitled to do so, we anticipate that the merger will be completed in the fourth quarter of 2018, although delays could occur.

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We cannot assure you that we can obtain the necessary shareholder and regulatory approvals or that the other conditions to completion of the merger can or will be satisfied.

Conversion of Shares; Exchange of Certificates

The conversion of Post Oak common stock into the right to receive the merger consideration will occur automatically at the effective time. After completion of the merger, the exchange agent will exchange certificates representing shares of Post Oak common stock for the merger consideration to be received pursuant to the terms of the merger agreement.

If you are a shareholder of Post Oak, as soon as practicable after the effective time of the merger, Allegiance s transfer and exchange agent, Computershare, will mail a letter of transmittal and instructions to you for use in surrendering your Post Oak stock certificates. When you properly surrender your certificates or provide other satisfactory evidence of ownership, and return the letter of transmittal duly executed and completed in accordance with its instructions, Computershare will promptly cancel the surrendered stock certificates and deliver to you the number of shares of Allegiance common stock and cash, if any, to which you are entitled under the merger agreement.

You should not send in your certificates until you receive the letter of transmittal and instructions.

At the effective time of the merger, and until surrendered as described above, each outstanding Post Oak stock certificate will be deemed for all purposes to represent only the right to receive the merger consideration to be paid pursuant to the merger agreement. If a Post Oak stock certificate has been lost, stolen or destroyed, Computershare will issue the merger consideration upon receipt of (i) an affidavit of that fact by the claimant and (ii) if required by Allegiance or Computershare, the posting of a bond in an amount as Computershare may direct as indemnity against any claim that may be made against it with respect to such certificate. After the effective time of the merger, Post Oak s transfer books will be closed and no transfer of the shares of Post Oak stock outstanding immediately prior to the effective time will be made on Allegiance s stock transfer books.

To the extent permitted by law, you will be entitled to vote after the effective time of the merger at any meeting of Allegiance s shareholders the number of whole shares of Allegiance common stock into which your shares of Post Oak are converted, regardless of whether you have exchanged your Post Oak stock certificates for Allegiance stock certificates. If and when Allegiance declares a dividend or other distribution on the Allegiance common stock which has a record date after the effective time, the declaration will include dividends or other distributions on all shares of Allegiance common stock issuable pursuant to the merger agreement. However, no dividend or other distribution payable to the holders of record of Allegiance common stock will be delivered to you until you surrender your Post Oak stock certificates for exchange as described above. Upon surrender of your Post Oak stock certificates, the certificate representing the Allegiance common stock into which your shares of Post Oak common stock have been converted, together with any cash in lieu of any fractional share of Allegiance common stock to which you would otherwise be entitled and any undelivered dividends, will be delivered and paid to you, without interest.

Representations and Warranties

The representations, warranties and covenants described below and included in the merger agreement were made by Allegiance and Post Oak for purposes of the merger agreement and as of specific dates, may be subject to limitations, qualifications or exceptions agreed upon by the parties, including those included in confidential disclosures made for the purposes of, among other things, allocating contractual risk between Allegiance and Post Oak rather than establishing matters as facts, and may be subject to standards of materiality that differ from those standards relevant to investors. You should not rely on the representations, warranties, covenants or any description thereof as characterizations of the actual state of facts or condition of Allegiance, Post Oak or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the merger agreement, which subsequent

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information may or may not be fully reflected in public disclosures by Allegiance or Post Oak. The representations and warranties and other provisions of the merger agreement should not be read alone, but instead should be read only in conjunction with the information provided elsewhere in this joint proxy statement/prospectus and in the documents incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information.

The merger agreement contains customary representations and warranties of each of Allegiance and Post Oak relating to their respective businesses. The representations and warranties in the merger agreement do not survive the effective time.

The merger agreement contains representations and warranties made by Post Oak relating to a number of matters, including the following:

- corporate organization and existence;
- capitalization;
- authority and power to execute the merger agreement and to complete the transactions contemplated by the merger agreement;
- the absence of conflicts between the execution of the merger agreement and completion of the transactions contemplated by the merger agreement and certain other agreements;
- pending or threatened litigation and other proceedings;
- the accuracy of their financial statements and reports;
- compliance with applicable laws and regulatory filings and its ability to receive required regulatory approval;
- the absence of certain changes and events;
- compliance with tax laws, payment of taxes and filing of tax returns;
- its brokers , finders and financial advisors fees; and

its receipt of a fairness opinion.

Post Oak also has made additional representations and warranties to Allegiance with respect to (among other things):

its investments;

its loan portfolio and reserve for loan losses;

the existence of certain loan agreements and related matters;

Post Oak Bank s performance of fiduciary responsibilities;

its real property and leases;

its personal property;

its compliance with environmental laws;

the existence of certain contracts and commitments;

its fidelity bonds and insurance coverage;

actions taken by regulatory authorities;

certain employee matters;

its compensation and benefit plans;

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- the absence of post-retirement agreements;
- its accounting controls;
- the absence of derivative contracts;
- its deposit accounts;
- its intellectual property rights;
- its shareholders list;
- its status concerning SEC filings and registration of shares;
- dissenting shareholders; and
- anti-takeover laws.

Allegiance has also made additional representations and warranties to Post Oak with respect to its compliance with its SEC reporting obligations and the accuracy of such reports.

Certain representations and warranties of Allegiance and Post Oak are qualified as to materiality or material adverse effect. For purposes of the merger agreement, a material adverse effect, when used in reference to either Post Oak, Allegiance or the surviving corporation, means a material adverse effect (i) that prevents or materially impairs any party from consummating the merger, or any of the transactions contemplated by the merger agreement, including the bank merger or (ii) on the financial condition, assets, properties, deposits, results of operations, earnings, business or cash flows other than any effect caused by (A) changes in laws and regulations or interpretations thereof that are generally applicable to the banking or savings industries; (B) changes in GAAP or regulatory accounting principles that are generally applicable to the banking or savings industries; (C) changes in global, national or regional political conditions or general economic or market conditions in the United States or the State of Texas, including changes in prevailing interest rates, credit availability and liquidity, currency exchange rates, and price levels or trading volumes in the United States or foreign securities markets affecting other companies in the financial services industry; (D) general changes in the credit markets or general downgrades in the credit markets; (E) actions or omissions of a party required by the merger agreement or taken with the prior informed written consent of the other party or parties in contemplation of the transactions contemplated by the merger agreement; or (F) any outbreak or escalation of hostilities, declared or undeclared acts of war or terrorism; except to the extent that the effects of such changes in the foregoing (A) through (F) disproportionately affect such entity and its subsidiaries, taken as a whole, as compared to other companies in the industry in which such entity and its subsidiaries operate.

Covenants and Agreements

Conduct of Businesses Prior to the Completion of the Merger

From the date of the merger agreement to and including the closing date, Post Oak has agreed to, and has agreed to cause Post Oak Bank to:

- conduct its affairs (including the making of or agreeing to make any loans or other extensions of credit) only in the ordinary course of business consistent with past practices and safe and sound banking principles;

- use commercially reasonable efforts to preserve intact its present business organization, keep available the services of its present officers, directors, employees and agents, and preserve its relationships and goodwill with customers and advantageous business relationships;

- promptly give written notice to Allegiance of (a) any material changes in its business, operations or prospects, (b) any complaints, investigations or hearings (or communications indicating the same may be contemplated) of any regulatory authority, (c) the institution or threat of any proceeding or litigation against Post Oak or Post Oak Bank or (d) the occurrence of any event or the failure of any event to

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occur or the existence of any circumstance that would reasonably be expected to cause a breach of any covenant, condition or agreement contained in the merger agreement, any of the representations or warranties of Post Oak in the merger agreement to be materially untrue or a material adverse effect on Post Oak; and

except as required by law or regulation or expressly permitted by the merger agreement, take no action which would adversely affect or delay the ability of Post Oak or Allegiance to obtain any regulatory or other approvals required for the completion of the merger or to perform its obligations and agreements under the merger agreement.

From the date of the merger agreement to and including the effective time of the merger, unless otherwise permitted by the merger agreement, required by law or a regulatory order or policy and unless Allegiance otherwise consents in writing, Post Oak has agreed not to, and has agreed not to permit Post Oak Bank to:

adjust, split, combine or reclassify any of the Post Oak common stock;

make, acquire, modify or renew or agree to make, acquire, modify or renew any loans, loan participations or other extensions of credit to any borrower that (1) would be a material violation of policies and procedures in effect as of the date of the merger agreement, (2) would not be in the ordinary course of business consistent with past practices and safe and sound banking principles, (3) would be in excess of $10.0 million individually or in the aggregate to any new borrower with respect to any new loan to be made or acquired, or (4) would exceed $15.0 million individually or in the aggregate to any existing borrower with respect to any existing loan to be modified or renewed (except pursuant to commitments made before the date of the merger agreement and not covered by items (1) or (2), or loans fully secured by a certificate of deposit at Post Oak Bank);

issue or sell or obligate itself to issue or sell any shares of its capital stock or any warrants, rights or options to acquire, or any securities convertible into, any shares of its capital stock;

grant any stock appreciation rights, stock appreciation units, restricted stock, stock options or other form of incentive compensation, or voluntarily accelerate the vesting of, or the lapsing of restrictions with respect to, any stock options, restricted stock, or other stock-based compensation;

open, close or relocate any branch office, or acquire or sell or agree to acquire or sell any branch office or any deposit liabilities;

enter into, amend or terminate certain agreements specified in the merger agreement or any other material agreement, or acquire or dispose of any material amount of assets or liabilities or make any change in any of its leases, except in the ordinary course of business consistent with past practices and safe and sound banking practices;

hire any employee or independent contractor with an annual salary in excess of $85,000;

grant any severance or termination payment to, or enter into any collective bargaining, change-in-control, retention, noncompetition, retirement, parachute, severance or indemnification agreement with, any officer, director, employee or agent of Post Oak or one of its subsidiaries, either individually or as part of a class of similarly situated persons

increase in any manner the compensation or fringe benefits of any of its employees, directors, consultants or other service providers other than in the ordinary course of business consistent with past practice and pursuant to policies in effect as of the date of the merger agreement, or pay any perquisite such as automobile allowance, club membership or dues or other similar benefits other than in accordance with past practice, or institute any employee welfare, retirement or similar plan or arrangement;

amend any Post Oak employee plan, other than as required to maintain the tax qualified status of such plan or as contemplated under the merger agreement;

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(1) declare, pay or set aside for payment any dividend or other distribution (whether in cash, stock or property) in respect of Post Oak common stock or preferred stock, other than the payment of dividends from Post Oak Bank to Post Oak, or (2) directly or indirectly, purchase, redeem or otherwise acquire any shares of Post Oak common stock;

make any change in accounting methods, principles and practices, except as may be required by GAAP or any governmental authority;

sell, transfer, convey, mortgage, encumber or otherwise dispose of any material properties or assets (including other real estate owned) or interest therein, other than the other real estate owned properties under contract for sale as of the date of the merger agreement;

foreclose upon or otherwise acquire any commercial real property before receipt and approval by Allegiance of a Phase I environmental review thereof;

increase or decrease the rate of interest paid on deposit accounts, except in a manner and pursuant to policies consistent with Post Oak s past practices and safe and sound banking practices;

unless requested by a governmental authority, charge-off any loan or other extension of credit greater than $250,000 before review and approval by Allegiance of the amount of such charge-off;

(1) establish any new subsidiary or affiliate or enter into any new line of business, or (2) except pursuant to contracts or agreements in force at the date of or permitted by the merger agreement, make any equity investment in, or purchase outside the ordinary course of business any property or assets of, any other individual, corporation or other entity;

materially deviate from policies and procedures existing as of the date of the merger agreement with respect to (1) classification of assets, (2) the allowance for loan losses and (3) accrual of interest on assets, except as otherwise required by the provisions of the merger agreement, applicable law or regulation or any governmental authority;

amend or change any provision of the certificate of formation, bylaws or the governing documents of Post Oak or Post Oak Bank;

make any capital expenditure which would exceed an aggregate of $100,000;

excluding deposits and certificates of deposit, incur or modify any indebtedness for borrowed money, including FHLB advances;

prepay any indebtedness or other similar arrangements so as to cause Post Oak to incur any prepayment penalty thereunder;

settle any claim, action or proceeding involving payment by Post Oak or Post Oak Bank of money damages in excess of $50,000 in the aggregate or impose any restriction on the operations of Post Oak or any of its subsidiaries;

make any changes to its investment securities portfolio from that as of December 31, 2017, or the manner in which the portfolio is classified or reported, except that Post Oak and Post Oak Bank may sell investment securities and purchase U.S. governmental agency securities, mortgage-backed securities and municipal securities having a maturity date no greater than three years;

make or change any tax election or tax method of accounting, settle or compromise any tax liability, enter into any tax closing agreement, surrender any right to claim a return of taxes, file any amended tax return, or consent to any extension or waiver of any statute of limitations; or

agree to do any of the foregoing.

For a complete description of such restrictions on the conduct of the business of Post Oak, we refer you to the merger agreement, which is attached as *Annex A* to this joint proxy statement/prospectus.

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Regulatory Matters

Allegiance and Post Oak have agreed to take all reasonable actions to aid and assist in the completion of the merger and use commercially reasonable efforts to take or cause to be taken all other actions necessary, proper or advisable to complete the transactions contemplated by the merger agreement, including such actions which are necessary, proper or advisable in connection with filing applications with, or obtaining approvals from all regulatory authorities having jurisdiction over the transactions contemplated by the merger agreement.

Allegiance agreed, at its expense, to file all notices and applications for all regulatory approvals required to be obtained by Allegiance or Allegiance Bank in connection with the merger agreement and the transactions contemplated thereby and to provide Post Oak copies of such filings for which confidential treatment has not been requested. Post Oak agreed to cause Post Oak Bank to cooperate with Allegiance and Allegiance Bank as necessary in conjunction with all approvals, filings and other steps necessary to cause the completion of the combination of Post Oak Bank with Allegiance Bank, with Allegiance Bank surviving, through merger, purchase and assumption or otherwise after the effective time of the merger. In addition, Post Oak agreed, to the extent permitted by law, to provide Allegiance all information concerning Post Oak required for inclusion in this joint proxy statement/prospectus, or any other application, filing, statement or document to be made or filed in connection with the merger and the other transactions contemplated by the merger agreement.

Employee Benefit Matters

Post Oak agreed to execute and deliver such instruments and take such actions as Allegiance reasonably requires to cause the amendment or termination of any of Post Oak s employee benefit plans and Allegiance agreed that the employees of Post Oak and its subsidiaries who continue their employment after the closing of the merger will be entitled to participate as employees in the employee benefit plans and programs maintained for employees of Allegiance and Allegiance Bank, such employees will be entitled to credit for prior service with Post Oak, and Allegiance will take all necessary acts to facilitate such coverage, including, without limitation, waiving any eligibility waiting periods and pre-existing condition exclusions, to the extent allowed by Allegiance s plans and applicable law and subject to the provisions set forth in the merger agreement.

Director and Officer Indemnification and Insurance

Allegiance agreed to indemnify and hold harmless the directors and officers of Post Oak or Post Oak Bank as of the effective time and for four years thereafter, subject to the limitations of any regulatory body, against costs or expenses, judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of matters existing or occurring at or before the effective time of the merger, whether asserted or claimed before, at or after the effective time of the merger, arising in whole or in part out of or pertaining to the fact that he or she was acting in his or her capacity as a director or officer of Post Oak or Post Oak Bank to the fullest extent that the indemnified party would be entitled under the articles of incorporation of Post Oak or the articles of association of Post Oak Bank, as applicable, as in effect on the date of the merger agreement and to the extent permitted by applicable law.

Post Oak agreed that it will purchase for a period of not less than four years after completion of the merger past acts insurance coverage for no less than the four-year period immediately preceding the effective time of the merger under its (1) current directors and officers insurance policy coverage (or comparable coverage), (2) employment practices liability insurance, (3) current financial institutions bond (or comparable coverage) and (4) bankers professional liability, mortgage errors and omissions and fiduciary liability insurance for each director and officer of Post Oak or one of its subsidiaries currently covered under the comparable policies maintained by Post Oak or one of its subsidiaries.

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Agreement Not to Solicit Other Offers

Post Oak agreed that neither it, any of its subsidiaries, nor any of their respective directors, officers, agents or representatives will directly or indirectly take any action to solicit, initiate, encourage or facilitate the making of any inquiries, or provide any information to, conduct any assessment of or negotiate with any other party, with respect to any acquisition proposal or which could reasonably be expected to lead to an acquisition proposal.

If Post Oak or any of its representatives receives an unsolicited bona fide acquisition proposal before the special meeting that the Post Oak Board has:

- determined in its good faith judgment (after consultation with its financial advisors and outside legal counsel) that such acquisition proposal constitutes or would reasonably be expected to result in a superior proposal;

- determined in its good faith judgment (after consultation with outside legal counsel) that the failure to take such action would cause, or would be reasonably expected to cause, it to violate its fiduciary duties under applicable law; and

- obtained from such person or entity an executed confidentiality agreement,

then Post Oak or its representatives may furnish information to and enter into discussions and negotiations with such other party.

Post Oak agreed to notify Allegiance in writing within three business days after receipt of any unsolicited acquisition proposal and provide reasonable detail as to the identity of the person making such proposal and the material terms of such acquisition proposal.

Conditions to Complete the Merger

The merger agreement contains a number of conditions to the obligations of Allegiance and Post Oak to complete the merger which must be satisfied as of the closing date, including, but not limited to, the following:

- approval of the merger agreement by the Post Oak shareholders and the approval of the Allegiance share issuance by the Allegiance shareholders;

- receipt of all required regulatory approvals of transactions contemplated by the merger agreement, including the merger of Post Oak Bank with and into Allegiance Bank, in a manner that does not impose any restrictions on the operations of Allegiance which are reasonably unacceptable to Allegiance;

the registration statement of which this joint proxy statement/prospectus forms a part has become effective and no stop order suspending its effectiveness is in effect and no proceedings for that purpose have been initiated and continuing or threatened by the SEC, and all necessary approvals under state securities laws relating to the issuance or trading of the Allegiance common stock to be issued have been received;

the shares of Allegiance common stock to be issued to Post Oak shareholders being authorized for listing on the NASDAQ;

except as explicitly provided in the merger agreement, the other party s representations and warranties contained in the merger agreement being true and correct as of the date of the merger agreement and being true and correct in all material respects as of the date of the closing and receipt of a certificate signed by an appropriate representative of the other party to that effect;

the absence of a material adverse change in the financial condition, assets, properties, deposits, results of operations, earnings, business or cash flows of either party or any event that could reasonably be expected to cause or result in a material adverse effect on either party;

the performance or compliance in all material respects by each party with its respective covenants and obligations required by the merger agreement to be performed or complied with before the closing of the merger and receipt of a certificate signed by an appropriate representative of the other party to that effect; and

receipt by each party of an opinion of such party s counsel to the effect that the merger will qualify as a reorganization under Section 368(a) of the Code.

In addition to the conditions listed above, Post Oak s obligation to complete the merger is subject to certain consents identified in the merger agreement having been obtained by Allegiance, and Post Oak having received evidence thereof in form and substance satisfactory to it.

In addition to the conditions listed above, Allegiance s obligation to complete the merger is subject to the satisfaction of the following conditions:

each of the directors and certain officers of Post Oak and Post Oak Bank must have executed a release agreement, releasing Post Oak and Post Oak Bank and their respective successors from any and all claims of such directors and officers, subject to certain limited exceptions, and such releases must remain in full force and effect;

certain officers of Post Oak Bank each having entered into a two-year employment and non-competition agreement with Allegiance Bank, which have been executed, and such employment agreements must remain in full force and effect;

each of the non-employee directors of Post Oak and Post Oak Bank having entered into a support (non-competition) agreement with Allegiance, which have been executed, and such support agreements must remain in full force and effect;

each of the directors and certain officers of Post Oak and Post Oak Bank must have executed a voting agreement, which has been executed;

holders of no more than 5.0% of the outstanding Post Oak common stock have demanded or are entitled to demand payment of the appraised fair value of their shares as dissenting shareholders;

Post Oak s allowance for loan losses as of the closing date must be at a level equal to at least 1.0% of its total loans;

- Post Oak s tangible equity capital must not be less than the minimum equity required by the merger agreement;

- Post Oak will have accrued for any costs and expenses, including legal fees and expenses and settlement costs, related to outstanding legal proceedings;

- Post Oak, at the request of Allegiance, will have amended or terminated any employee benefit plans; and

- Post Oak will deliver to Allegiance all other instruments and documents which Allegiance or its counsel may reasonably request to effectuate the merger and transactions contemplated by the merger agreement.

Any condition to the completion of the merger, except the required shareholder and regulatory approvals, and the absence of an order or ruling prohibiting the merger, may be waived in writing by the party to the merger agreement entitled to the benefit of such condition.

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Additional Agreements

In addition to the agreements described above, each party has agreed in the merger agreement to take certain other actions, including but not limited to:

Post Oak has agreed to give Allegiance access to all of its properties, books and records and to provide additional financial and operating data and other information about its business and properties;

each party has agreed to hold in confidence documents and information concerning the other in accordance with the terms of the letter of intent dated March 16, 2018, between Allegiance and Post Oak;

each party has agreed that it will not issue or cause the publication of any press release or public announcement with respect to the transactions contemplated by the merger agreement without the consent of the other party except as required by applicable law or securities exchange rules or in connection with the regulatory approval process;

Post Oak agreed to deliver or make available to Allegiance all unaudited monthly and quarterly financial statements and all call reports filed by Post Oak Bank;

Post Oak agreed that it will provide, for a period of at least four years after the effective time of the merger, past acts and extended reporting period insurance for no less than the four-year period immediately preceding the effective time of the merger under its (1) current directors and officers insurance policy (or comparable coverage), (2) employment practices liability insurance, (3) financial institutions bond (or comparable coverage) and (4) bankers professional liability, mortgage errors and omissions and fiduciary liability insurance for each director and officer of Post Oak or one its subsidiaries currently covered under comparable policies held by Post Oak or any of its subsidiaries;

Post Oak agreed to make such accounting entries consistent with GAAP as Allegiance may reasonably request in order to conform the accounting records of Post Oak to the accounting policies and practices of Allegiance, but such adjustments will not affect the calculation of Post Oak s tangible equity capital;

Post Oak agreed to maintain its allowance for loan losses at a level consistent with Post Oak Bank s historical methodology, past practices, existing policies and in compliance with GAAP, and, if the allowance for loan losses plus the purchase discount on purchased loans is less than 1.0% of total loans on the business day immediately before the closing date, Post Oak will take all action necessary to increase the allowance for loan losses to an amount equal to 1.0% of total loans on that date;

Post Oak agreed to use commercially reasonable efforts to ensure that, at Allegiance s request, its current data processing contracts and contracts related to the provision of other electronic banking services will be terminated on a mutually agreeable date after the merger is completed;

Post Oak agreed to use its commercially reasonable efforts to obtain all consents, approvals, authorizations or waivers as described on a disclosure schedule;

Post Oak agreed to cause Post Oak Bank to cooperate with Allegiance and Allegiance Bank as necessary in conjunction with all approvals, filings and other steps necessary to cause the completion of the combination of Post Oak Bank with Allegiance Bank, with Allegiance Bank surviving, through merger, purchase and assumption or otherwise after the effective time of the merger;

Allegiance agreed, at its expense, to file all notices and applications for all regulatory approvals required to be obtained by Allegiance or Allegiance Bank in connection with the merger agreement and the transactions contemplated thereby and to provide Post Oak copies of such filings for which confidential treatment has not been requested;

Allegiance agreed to file all documents required to be filed to have the shares of the Allegiance common stock to be issued pursuant to the merger agreement included for listing on the NASDAQ and use its commercially reasonable efforts to effect said listing;

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Allegiance agreed to prepare and file a registration statement with the SEC with respect to the shares of Allegiance common stock to be issued pursuant to the merger agreement, and use its commercially reasonable efforts to cause the registration statement to become effective;

Allegiance agreed to expand the Allegiance Board by three, with one new vacancy created in each class of Allegiance s staggered board, and fill such newly created vacancies with Mr. Roland L. Williams and two of the outside directors of the board of Post Oak selected by Post Oak and reasonably acceptable to Allegiance; and

Allegiance agreed to indemnify and hold harmless the directors and officers of Post Oak or Post Oak Bank as of the effective time and for four years thereafter, subject to the limitations of any regulatory body, against costs or expenses, judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of matters existing or occurring at or before the effective time of the merger, whether asserted or claimed before, at or after the effective time of the merger, arising in whole or in part out of or pertaining to the fact that he or she was acting in his or her capacity as a director or officer of Post Oak or Post Oak Bank to the fullest extent that the indemnified party would be entitled under the articles of incorporation of Post Oak or the articles of association of Post Oak Bank, as applicable, as in effect on the date of the merger agreement and to the extent permitted by applicable law.

Termination of the Merger Agreement

Allegiance and Post Oak can mutually agree at any time to terminate the merger agreement without completing the merger. In addition, either Allegiance or Post Oak may decide, without the consent of the other, to terminate the merger agreement if:

any order, decree or ruling or any other action which seeks to restrain, enjoin or prohibit the merger is issued, and such order, decree, ruling or other action is final and non-appealable;

any of the transactions contemplated by the merger agreement are not approved by the appropriate regulatory authorities or the applications or notices are suggested or recommended to be withdrawn by any regulatory authorities;

the merger has not been completed by October 27, 2018 (unless one or more of the regulatory approvals has not been received on or before October 27, 2018, in which case this deadline will be extended to November 26, 2018) or such later date approved in writing by the boards of directors of Allegiance and Post Oak, unless the failure to complete the merger by that time is due to a violation of the merger agreement by the party that seeks to terminate the merger agreement;

- Allegiance shareholders fail to approve the Allegiance Merger Proposal or the Allegiance Stock Issuance Proposal;

- Post Oak shareholders fail to approve the Post Oak Merger Proposal; or

- the other party materially breaches its representations and warranties or any covenant or agreement contained in the merger agreement and such breach has not been cured within 15 days after the terminating party gives written notice of such failure to the breaching party.

Post Oak may terminate the merger agreement, without the consent of Allegiance, if the Post Oak Board receives an unsolicited, bona fide alternative acquisition proposal (as defined in the merger agreement) and, under certain terms and conditions, determines that it is a superior proposal to that of the merger agreement and that the failure to accept such proposal would be inconsistent with its fiduciary duties; but, Allegiance has the right to adjust the terms and conditions of the merger agreement so that the superior proposal no longer constitutes a superior proposal.

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Post Oak may also terminate the merger agreement if (1) the average closing price of the Allegiance common stock is less than $32.52 and (2) the number obtained by dividing the average closing price by $40.65 is less than the number obtained by dividing (A) the Final Index Price by (B) the Initial Index Price and subtracting 0.20 from such quotient. Upon receipt of such notice, Allegiance has the discretion, but not the obligation, to increase the merger consideration by increasing the number of shares of Allegiance common stock in the aggregate merger consideration such that the value of the aggregate merger consideration is equal to at least $278,564,572 (valuing the aggregate stock consideration based on the average closing price). The Final Index Price, as such term is used herein, is the average of the daily closing value of the Index for the 20 consecutive trading days ending on and including the fifth trading day preceding the closing date. The Initial Index Price, as such term is used herein, is $42.75 (the closing value of the Index on the date immediately prior to the date of the merger agreement). The Index, as such term is used herein, means the financial institutions with the following trading symbols on an equal weighted basis: CBTX, FFIN, GNBC, GNTY, IBTX, IBOC, LTXB, PB, SBSI and VBTX. If Allegiance elects to increase the merger consideration, Post Oak will no longer have the right to terminate the merger agreement for these reasons.

In addition, Allegiance may terminate the merger agreement, without the consent of Post Oak, if:

- any required regulatory approval is obtained subject to restrictions or conditions on the operations of Post Oak, Post Oak Bank, Allegiance or Allegiance Bank that are reasonably unacceptable to Allegiance;

- Post Oak breaches the non-solicitation obligations set forth in the merger agreement in a manner adverse to Allegiance;

- the Post Oak Board agrees to accept a superior proposal (as defined in the merger agreement); or

- the Post Oak