ORMAT TECHNOLOGIES, INC.
Form 8-K
May 04, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): May 4, 2018 (April 30, 2018)

Ormat Technologies, Inc.

(Exact Name of Registrant as Specified in Its Charter)

001-32347

(Commission File Number)

Delaware	**No. 88-0326081**
(State of Incorporation)	(I.R.S. Employer Identification No.)
6225 Neil Road, Reno, Nevada	**89511-1136**
(Address of Principal Executive Offices)	(Zip Code)

(775) 356-9029
(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions: (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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INFORMATION TO BE INCLUDED IN THE REPORT

Item 1.01 Entry into a Material Definitive Agreement.

On April 30, 2018, Geotérmica Platanares, S.A. de C.V. ("Platanares"), a Honduran *sociedad anónima de capital variable* and an indirect subsidiary of Ormat Technologies, Inc. (the "Company"), entered into a Finance Agreement (the "Finance Agreement") with Overseas Private Investment Corporation ("OPIC"), an agency of the United States of America, pursuant to which OPIC will provide to Platanares senior secured debt financing in an aggregate principal amount of up to $124.7 million (the "OPIC Loan"), the proceeds of which will be used principally for the reimbursement of certain costs incurred by Platanares in connection with the development, engineering, procurement and construction of an approximately 35 MW geothermal power plant located in western Honduras (the "Project").

The OPIC Loan may be funded to Platanares in up to three total disbursements of not less than $10 million and in multiples of $100,000 in excess thereof, with no more than one disbursement in any fiscal quarter. The OPIC Loan has a maturity date of September 20, 2032 and is to be repaid in approximately 58 equal quarterly principal installments on the 20th day of each March, June, September and December. Interest is payable on the OPIC Loan in arrears on each quarterly payment date at a rate to be determined by reference to the interest rate on the applicable certificates of participation to be issued to fund the OPIC Loan and an OPIC guaranty fee.

Disbursements of the OPIC Loan are subject to the satisfaction or waiver of certain conditions precedent, including, among others, delivery of a disbursement request by Platanares to OPIC, delivery of evidence that the Debt to Equity Ratio (as defined in the Finance Agreement) is no greater than 75:25, receipt by OPIC of a certificate of an independent engineer and receipt by OPIC of evidence that funds or assets with a value in excess of a minimum threshold are on deposit in a debt service reserve account.

Under the Finance Agreement, Platanares may, upon prior written notice to OPIC, make voluntary prepayments of the OPIC Loan, in whole or in part, in a minimum partial prepayment amount of $5,000,000, together with payment to OPIC of all accrued but unpaid interest on the principal amount of the OPIC Loan to be prepaid, plus a prepayment premium. The prepayment premium is equal to (i) 2% of the principal amount of the OPIC Loan to be prepaid for any voluntary prepayment in the first or second year following expiration of the Commitment Period (as defined in the Finance Agreement) and (ii) 1% of the principal amount of the OPIC Loan to be prepaid for any voluntary prepayment in the third year following expiration of the Commitment Period. There is no prepayment premium for any voluntary prepayment in the fourth year following expiration of the Commitment Period or thereafter. The OPIC Loan is also subject to customary mandatory prepayment upon the occurrence of certain events, including, among others, (i) receipt by Platanares of compensation or damages in excess of a certain threshold following a dispute that results in a material adverse change to the primary power purchase agreement for the Project, (ii) receipt by Platanares of a termination or indemnity payment from a third party (other than OPIC) or expropriation proceeds from a governmental authority upon the termination of any project documents or the condemnation, nationalization, seizure

or expropriation of all or a substantial portion of the Project or property of Platanares by a governmental authority, respectively, and (iii) receipt by Platanares of sale proceeds in excess of a certain threshold from the disposition of all or any part of the property of Platanares, subject to certain exceptions.

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The OPIC Loan will be secured by a first priority lien on all of the assets and ordinary shares of Platanares.

The Finance Agreement contains customary representations, warranties and affirmative and negative covenants applicable to Platanares. Affirmative covenants include, among others, covenants to operate and maintain the Project in accordance with applicable legal requirements, the annual operating budget and good industry practice, to maintain insurance, to prepare and deliver financial statements, to prepare an annual operating budget for approval by OPIC, to maintain a projected and historic debt service coverage ratio of no less than 1.1 to 1 and to maintain on deposit in a debt service reserve account funds or assets with a value in excess of a minimum threshold. Negative covenants include, among others, covenants that restrict Platanares from creating certain liens and incurring certain indebtedness, making certain payments or other distributions to its equity holders, selling, leasing or disposing of its assets, subject to certain exceptions, or merging, and amending its organizational documents or certain material contracts relating to the Project.

The Finance Agreement also contains customary events of default, including, among others, failure to pay principal, interest or other amounts when due, non-payment or acceleration of other indebtedness of Platanares, the occurrence of a change of control of Platanares without the prior approval of OPIC, expropriation, judgments rendered against Platanares in excess of a certain threshold, failure to comply with covenants, a voluntary abandonment of the Project and the occurrence of certain bankruptcy events, subject to various exceptions and applicable notice, cure and grace periods.

A copy of the press release announcing the Finance Agreement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit 99.1 Press Release of the Company dated May 3, 2018

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Ormat Technologies, Inc.

By: /s/ Isaac Angel
Name: Isaac Angel
Title: Chief Executive Officer

Date: May 4, 2018

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EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release of the Company dated May 3, 2018

any and its Subsidiaries and to conduct the environmental investigations provided in Section 5.12, and (ii) furnish Allegiance with such additional financial and operating data and other information as to the business and properties of the Company as Allegiance shall, from time to time, reasonably request.

(b) As soon as practicable after they become available, the Company will deliver or make available to Allegiance all unaudited monthly and quarterly financial information prepared for the internal use of management of the Company and all Consolidated Reports of Condition and Income filed by the Bank with the appropriate Governmental Body after the date of this Agreement. In the event of the termination of this Agreement, Allegiance will return to the Company all documents and other information obtained pursuant hereto and will keep confidential any information obtained pursuant to Section 7.2.

Section 5.4 Information for Regulatory Applications and SEC Filings.

(a) To the extent permitted by law and during the pendency of this Agreement, the Company will furnish Allegiance with all information concerning the Company or any of its Subsidiaries required for inclusion in any application, filing, statement or document to be made or filed by Allegiance with any Governmental Body in connection with the transactions contemplated by this Agreement and any filings with the SEC and any applicable state securities authorities. The Company will fully cooperate with Allegiance in the filing of any applications or other documents necessary to complete the transactions contemplated by this Agreement. The Company agrees at any time, upon the request of Allegiance, to furnish to Allegiance a written letter or statement confirming the accuracy of the information with respect to the Company or any of its Subsidiaries contained in any report or other application or statement referred to in this Agreement, and confirming that the information with respect to the Company and its Subsidiaries contained in such document or draft was furnished by the Company expressly for use therein or, if such is not the case, indicating the inaccuracies contained in such document or indicating the information not furnished by the Company expressly for use therein.

(b) None of the information relating to the Company and its Subsidiaries that is provided by the Company for inclusion in (i) the Proxy Statement (as defined herein) to be prepared in accordance with the Company s Organizational Documents and applicable law and mailed to the Company s shareholders in connection with the solicitation of proxies by the board of directors of the Company for use at the Company Shareholder Meeting, any filings or approvals under applicable federal or state banking laws or regulations or state securities laws, or any filing pursuant to Rule 165 or Rule 425 under the Securities Act will, at the time of mailing the Proxy Statement to the Company s shareholders, at the time of the Company Shareholder Meeting and at the Effective Time, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, and (ii) the Registration Statement (as defined herein) will, at the time the Registration Statement and each amendment or supplement thereto, if any, becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not

misleading.

Section 5.5 Standstill Provision.

(a) The Company agrees that neither it nor any of its Subsidiaries shall, and they shall instruct their respective directors, officers, agents or representatives not to, directly or indirectly take any action to solicit, initiate, encourage or facilitate the making of any inquiries with respect to, or provide any information to,

conduct any assessment of or negotiate with any other party with respect to any Acquisition Proposal (as defined herein) or which could reasonably be expected to lead to any Acquisition Proposal.

(b) Notwithstanding anything to the contrary in Section 5.5(a), if the Company has complied with Section 5.5(a) and the Company or any of its representatives receives an unsolicited bona fide Acquisition Proposal before the Company Shareholder Approval that the Company Board has (i) determined in its good faith judgment (after consultation with the Company s financial advisors set forth in Section 3.23 of the Disclosure Schedules or a nationally recognized investment firm (the Financial Advisor), and the Company s outside legal counsel) that such Acquisition Proposal constitutes or would reasonably be expected to result in a Superior Proposal, (ii) determined in its good faith judgment (after consultation with the Company s 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 (iii) obtained from such Person an executed confidentiality agreement that is no less protective of the Company s confidential information than the Letter of Intent (as defined herein), then the Company or its representatives may furnish information to and enter into discussions and negotiations with such other Person.

(c) The Company agrees to notify Allegiance in writing within three (3) Business Days, after receipt of any unsolicited Acquisition Proposal and provide reasonable detail as to the identity of the Person making such Acquisition Proposal and the material terms of such Acquisition Proposal. The Company will immediately cease and cause to be terminated any existing activities, discussions or negotiations with any Person conducted heretofore that relate to any Acquisition Proposal. The Company will, and will cause the Bank to, take the necessary steps to inform the appropriate Persons referred to in this Section 5.5 of the obligations undertaken in this Section 5.5.

Section 5.6 Termination of Data Processing Contracts. The Company will use commercially reasonable efforts, including notifying appropriate parties and negotiating in good faith a reasonable settlement, to ensure that, if requested by Allegiance, each contract listed on Section 5.6 of the Disclosure Schedules will, if the Merger occurs, be terminated after the consummation of the Merger on a date to be mutually agreed upon by Allegiance and the Company; provided, however, that until the thirtieth (30th) day prior to Closing, Allegiance shall have the right to add to Section 5.6 of the Disclosure Schedules any data processing contracts and contracts related to the provision of electronic banking services of the Company or the Bank not then listed on Section 5.6 of the Disclosure Schedules. Such notice and actions by the Company will be in accordance with the terms of such contracts. For the avoidance of doubt, the use of commercially reasonable efforts by the Company as used in this Section 5.6 shall include the payment of any termination fees or liquidated damages required by the terms of the contracts referenced in this Section 5.6 upon the termination of such contracts.

Section 5.7 Conforming Accounting Adjustments. If requested by Allegiance, the Company shall and shall cause the Bank to, consistent with GAAP, immediately prior to Closing, make such accounting entries as Allegiance may reasonably request in order to conform the accounting records of the Company and the Bank to the accounting policies and practices of Allegiance and Allegiance Bank, respectively. No such adjustment shall by itself constitute or be deemed to be a breach, violation or failure to satisfy any representation, warranty, covenant, condition or other provision or constitute grounds for termination of this Agreement or be an acknowledgment by the Company or the Bank (a) of any adverse circumstances for purposes of determining whether the conditions to Allegiance s obligations under this Agreement have been satisfied or (b) that such adjustment has any bearing on the Aggregate Merger Consideration. No adjustment required by Allegiance shall (y) require any prior filing with any Governmental Body or (z) violate any law, rule or regulation applicable to the Company or the Bank.

Section 5.8 Liability Insurance. The Company shall purchase for a period of not less than four (4) years after the Effective Time, past acts and extended reporting period insurance coverage for no less than the four-year period immediately preceding the Effective Time under its (a) current directors and officers insurance (or comparable

coverage), (b) employment practices liability insurance, (c) current financial institutions bond (or

comparable coverage) and (d) bankers professional liability, mortgage errors and omissions and fiduciary liability insurance for each of the directors and officers of the Company and its Subsidiaries currently covered under comparable policies held by the Company or its Subsidiaries.

Section 5.9 Allowance for Loan Losses. The Company shall cause the Bank to maintain its allowance for loan losses at a level consistent with the Bank s historical methodology, past practices, existing policies and in compliance with GAAP and, at a minimum, on the Business Day immediately prior to the Closing Date, the sum of (i) the allowance for loan losses of the Bank and (ii) the ASC 310-30 purchase discount on purchased loans shall be at least 1.0% of total loans (subject to any adjustment for any reduction in the allowance for loan losses specifically allocated to those previously identified impaired loans set forth on Section 5.9 of the Disclosure Schedules) (the Minimum Allowance Amount); *provided*, *however*, that if the allowance for loan losses is less than the Minimum Allowance Amount on the Calculation Date, the Company shall take or cause to be taken all action necessary to increase the allowance for loan losses to an amount equal to the Minimum Allowance Amount as of the Calculation Date and any such increase shall be accounted for in the calculation of Tangible Equity Capital for purposes of Section 2.3(b).

Section 5.10 Third Party Consents. The Company will use commercially reasonable efforts, and Allegiance shall reasonably cooperate with the Company at the Company s request, to provide all required notices and obtain all consents, approvals, authorizations, waivers or similar affirmations described in Section 3.4 of the Disclosure Schedules.

Section 5.11 Coordination; Integration.

(a) The senior officers of the Company and the Bank agree to meet with senior officers of Allegiance and Allegiance Bank, on a weekly basis or as reasonably requested by Allegiance, relating to the development, coordination and implementation of the post-Merger operating and integration plans of Allegiance Bank, as the resulting institution in the Bank Merger and to otherwise review the financial and operational affairs of the Company and the Bank; *provided*, that Allegiance and Allegiance Bank shall have no right to review confidential supervisory information (as such term is defined in 12 C.F.R. § 261.2) of the Company or the Bank, and to the extent permitted by applicable law, each of the Company and the Bank agrees to give reasonable consideration to Allegiance s input on such matters, consistent with this Section 5.11, with the understanding that Allegiance shall in no event be permitted to exercise control of the Company or the Bank prior to the Effective Time and, except as specifically provided under this Agreement, the Company and the Bank shall have no obligation to act in accordance with Allegiance s input.

(b) Commencing after the date hereof and to the extent permitted by applicable law, Allegiance, Allegiance Bank, the Company and the Bank shall use their commercially reasonable efforts to plan the integration of the Company and the Bank with the businesses of Allegiance and their respective Affiliates to be effective as much as practicable as of the Closing Date; *provided*, *however*, that in no event shall Allegiance or its Affiliates be entitled to control the Company or the Bank prior to the Effective Time. Without limiting the generality of the foregoing, from the date hereof through the Effective Time and consistent with the performance of their day-to-day operations and the continuous operation of the Company and the Bank in the ordinary course of business, the Company s and the Bank s employees and officers shall use their commercially reasonable efforts to provide support, including support from the Company s and the Bank s outside contractors, and to assist Allegiance in performing all tasks, including equipment installation, reasonably required to result in a successful integration at the Closing; *provided*, *however*, that no integration shall take place prior to the Closing. Allegiance shall provide such assistance of its personnel as the Company and the Bank shall request to permit the Company and the Bank to comply with their obligations under this Section 5.11.

Section 5.12 Environmental Investigation; Rights to Terminate Agreement.

(a) Allegiance and its consultants, agents and representatives shall have the right to the same extent that the Company or the Bank has such right (at Allegiance s cost and expense), but not the obligation or

responsibility, to inspect any Company or Bank property, including conducting asbestos surveys and sampling, environmental assessments and investigation, and other non-invasive or non-destructive environmental surveys and analyses (Environmental Inspections) at any time on or prior to forty-five (45) days after the date of this Agreement. If, as a result of any such Environmental Inspection, further investigation (Secondary Investigation) including test borings, soil, water, asbestos or other sampling, is deemed desirable by Allegiance, Allegiance shall (i) notify the Company of any property for which it intends to conduct such a Secondary Investigation and the reasons for such Secondary Investigation, (ii) submit a work plan to the Company for such Secondary Investigation, for which Allegiance agrees to afford the Company the ability to comment on and Allegiance agrees to reasonably consider all such comments (and negotiate in good faith any such comments), and (iii) conclude such Secondary Investigation, on or prior to sixty (60) days after the date of receipt of the Company s comments. Allegiance shall give reasonable notice to the Company of such Secondary Investigations, and the Company may place reasonable restrictions on the time and place at which such Secondary Investigations may be carried out.

(b) The Company agrees to indemnify and hold harmless Allegiance for any claims for damage to property, or injury or death to persons, made as a result of any Environmental Inspection or Secondary Investigation conducted by Allegiance or its agents, representatives or contractors to the extent attributable to the gross negligence or willful misconduct of the Company or its agents, representatives or contractors. Allegiance agrees to indemnify and hold harmless the Company for any claims for damage to property, or injury or death to persons made as a result of any Environmental Inspection or Secondary Investigation conducted by Allegiance or its agents, representatives or contractors, to the extent attributable to the gross negligence or willful misconduct of Allegiance or its agents, representatives or contractors in performing any Environmental Inspection or Secondary Investigation. If the Closing does not occur, the foregoing indemnities shall survive the termination of this Agreement. Allegiance shall not have any Liability or responsibility of any nature whatsoever for the results, conclusions or other findings related to any Environmental Inspection, Secondary Investigation or other environmental survey. If this Agreement is terminated, then, except as otherwise required by law, reports to any Governmental Body of the results of any Environmental Inspection, Secondary Investigation or other environmental survey shall be made by the Company in the exercise of its sole discretion and not by Allegiance. Allegiance shall make no such report prior to Closing unless required to do so by law, and in such case will give the Company reasonable prior written notice of Allegiance s intentions so as to enable the Company to review and comment on such proposed report.

(c) To the extent that Allegiance identifies any past or present events, conditions or circumstances that would require further investigation, remedial or cleanup action under Environmental Laws, the Company shall use all commercially reasonable best efforts to take and complete any such reporting, remediation or other response actions prior to Closing; provided, however, that, to the extent any such response actions have not been completed prior to Closing (Unresolved Response Action), the Company shall include the after-tax amount of the costs expected to be incurred by the Continuing Corporation on or after the Closing Date, as determined by an independent third party with recognized expertise in environmental clean-up matters, to fully complete all Unresolved Response Actions in determining its Tangible Equity Capital pursuant to Section 2.3(b).

(d) Allegiance shall have the right to terminate this Agreement within ninety (90) days after the date of this Agreement if (i) the results of such Environmental Inspection, Secondary Investigation or other environmental survey are disapproved by Allegiance because the Environmental Inspection, Secondary Investigation or other environmental survey identifies violations or potential violations of Environmental Laws that are reasonably likely to result in a Material Adverse Effect on the Company; (ii) any past or present events, conditions or circumstances that would reasonably be expected to require further investigation, remedial or cleanup action under Environmental Laws involving an expenditure reasonably expected by Allegiance to exceed $1,000,000 or that is reasonably likely to result in a Material Adverse Effect on the Company or the Bank; (iii) the Environmental Inspection, Secondary Investigation or other environmental survey identifies the presence of any underground or above ground storage tank in, on or under

any Company Real Property that is not shown to be in compliance with all Environmental Laws applicable to such tank, or that has had a release of petroleum

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or some other Hazardous Materials that has not been remediated in accordance with applicable Environmental Law; or (iv) the Environmental Inspection, Secondary Investigation or other environmental survey identifies the presence of any asbestos-containing material or mold in, on or under any Company Real Property, the removal or abatement of which would reasonably be expected to involve an expenditure in excess of $1,000,000 or that is reasonably likely to result a Material Adverse Effect on the Company. In the event Allegiance terminates this Agreement or elects not to proceed to Closing pursuant to this Section 5.12(d), if the Company reimburses Allegiance for the costs of preparing any Environmental Inspections, Allegiance promptly shall deliver to the Company copies of any environmental report, engineering report, or property condition report prepared by Allegiance or any third party with respect to any Company Real Property. Any results or findings of any Environmental Inspections will not be disclosed by Allegiance to any third party not affiliated with Allegiance, unless Allegiance is required by law to disclose such information.

(e) The Company agrees to make available upon request to Allegiance and its consultants, agents and representatives all documents and other materials relating to environmental conditions of any Company Real Property including the results of other environmental inspections and surveys to the extent such documents are in the reasonable control of the Company. The Company also agrees that all engineers and consultants who prepared or furnished such reports may discuss such reports and information with Allegiance and, at Allegiance s cost and expense, shall be entitled to certify the same in favor of Allegiance and its consultants, agents and representatives and make all other data available to Allegiance and its consultants, agents and representatives.

Section 5.13 Bank Transaction. Prior to the Effective Time, the Company shall cause the Bank to cooperate with Allegiance and Allegiance Bank as necessary in conjunction with all approvals, filings, and other steps necessary to cause the consummation of the Bank Merger after the Effective Time.

Section 5.14 Financial Statements. The consolidated balance sheets as of future dates and the related statements of income, changes in stockholders equity and cash flows of the Company for the periods then ended, which may be provided by the Company to Allegiance subsequent to the date hereof, will be prepared from the books and records of the Company and its Subsidiaries and will fairly present, in all material respects, the consolidated financial position, results of operations, stockholders equity and cash flows of the Company at the dates and for the periods indicated in conformity with GAAP applied on a consistent basis throughout the periods indicated, except that unaudited financial statements may (i) omit the footnote disclosure required by GAAP and (ii) be subject to normal year-end audit adjustments required by GAAP. The Consolidated Reports of Condition and Income filed by the Bank subsequent to the date hereof will fairly present the financial position of the Bank and the results of its operations at the dates and for the periods indicated in compliance with the rules and regulations of applicable federal and state banking authorities.

Section 5.15 Change in Control Payments. The Company shall and shall cause the Bank to take all necessary actions to ensure that no payment set forth on Section 3.21(f) of Disclosure Schedules would constitute an excess parachute payment within the meaning of § 280G of the Code (or any corresponding or similar provision of state, local or foreign Tax law), and be subject to the excise tax imposed by Section 4999 of the Code.

Section 5.16 Regulatory Matters. The Company shall and shall cause the Bank to take all necessary actions to address and remediate any findings of or requests, if any, made by a Governmental Body of the Company or the Bank prior to Closing, or if not possible to address and remediate such findings or requests prior to Closing, the Company shall accrue an amount sufficient to cover expenses reasonably required by Allegiance to timely remediate after the Merger.

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ARTICLE VI.

COVENANTS OF ALLEGIANCE

Allegiance covenants and agrees with the Company as follows:

Section 6.1 Regulatory Filings; Efforts. Within thirty (30) days following the date of this Agreement, Allegiance will prepare and file, or will cause to be prepared and filed, all necessary applications or other documentation with the FDIC, the TDB and any other appropriate Governmental Bodies having jurisdiction over the transactions contemplated by this Agreement, including the Bank Merger, other than the Federal Reserve Board. Allegiance will prepare and file all necessary applications or other documentation with the Federal Reserve Board as soon as practicable after the TDB and the FDIC have accepted the applications with respect to the Bank Merger for filing. Allegiance will take all reasonable action to aid and assist in the consummation of the Merger, and will use commercially reasonable efforts to take or cause to be taken all other actions necessary, proper or advisable to consummate the transactions contemplated by this Agreement, including such actions which are necessary, proper or advisable in connection with filing applications and registration statements with, or obtaining approvals from, all Governmental Bodies having jurisdiction over the transactions contemplated by this Agreement and the Merger. Allegiance will provide the Company with copies of all such regulatory filings and all correspondence with Governmental Bodies in connection with the Merger for which confidential treatment has not been requested. Allegiance will pay, or will cause to be paid, any applicable fees and expenses incurred by it or any of its Subsidiaries in connection with the preparation and filing of such regulatory applications.

Section 6.2 Approval of the Shareholders of Allegiance; Registration Statement.

(a) As soon as practicable after the execution of this Agreement, Allegiance will take all steps under applicable laws and its Organizational Documents necessary to duly call, give notice of, convene and hold a special meeting of Allegiance s shareholders to be called to consider the Merger, this Agreement and the transactions contemplated hereby (the Allegiance Shareholder Meeting) at such time as may be mutually agreed to by the parties for the purpose of (i) considering and voting upon the approval of this Agreement and the transactions contemplated hereby and (ii) for such other purposes consistent with the complete performance of this Agreement as may be necessary and desirable. The board of directors of Allegiance shall not withdraw, amend or modify in a manner adverse to the Company its recommendation and will use its reasonable best efforts to obtain the necessary approvals by Allegiance s shareholders of this Agreement and the transactions contemplated hereby (the Allegiance Shareholder Approval).

(b) As soon as practicable after the execution of this Agreement, Allegiance will prepare and file with the SEC a Registration Statement on Form S-4 under the Securities Act (the Registration Statement) and any other applicable documents, including the notice, proxy statement and prospectus and other proxy solicitation materials of the Company constituting a part thereof (the Proxy Statement), relating to the shares of Allegiance Common Stock to be delivered to the shareholders of the Company pursuant to this Agreement, and will use its commercially reasonable efforts to cause the Registration Statement to become effective. The Company and its counsel shall be given the opportunity to participate in the preparation of the Registration Statement and shall have the right to approve the content of the Registration Statement with respect to information about the Company and the meeting of the Company s shareholders. At the time the Registration Statement becomes effective, the Registration Statement will comply in all material respects with the provisions of the Securities Act and the published rules and regulations thereunder.

(c) None of the information relating to Allegiance and its Subsidiaries that is provided by Allegiance for inclusion in (i) the Proxy Statement, any filings or approvals under applicable federal or state banking laws or regulations or state

securities laws, or any filing pursuant to Rule 165 or Rule 425 under the Securities Act will, at the time of mailing the Proxy Statement to the Company s shareholders, at the time of the Allegiance Shareholder Meeting or at the Effective Time, contain any untrue statement of a material fact or omit to state any

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material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, and (ii) the Registration Statement will, at the time the Registration Statement and each amendment or supplement thereto, if any, becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

Section 6.3 NASDAQ Listing. Allegiance shall file all documents required to be filed to have the shares of Allegiance Common Stock to be issued pursuant to this Agreement included for listing on NASDAQ and use its commercially reasonable efforts to effect said listing.

Section 6.4 Affirmative Covenants. Except as otherwise permitted or required by this Agreement, from the date hereof until the Effective Time, Allegiance shall and shall cause each of its Subsidiaries to (a) maintain its corporate existence in good standing; (b) maintain the general character of its business and conduct its business in its ordinary and usual manner; (c) extend credit only in accordance with its existing lending policies and practices; and (d) use commercially reasonable efforts to preserve its business organization intact.

Section 6.5 Negative Covenants. Allegiance shall not, nor shall it permit any of its Subsidiaries to, (a) amend its Organizational Documents in a manner that would adversely affect the Company, (b) take, or knowingly fail to take, any action that would reasonably be expected to prevent the Merger from qualifying as a reorganization under Section 368(a) of the Code, (c) take any action that, to the knowledge of Allegiance, would adversely affect or delay (i) Allegiance s ability to obtain the necessary approvals of any Governmental Body required for the consummation of the transactions contemplated hereby or (ii) Allegiance s ability to perform its obligations under this Agreement or to consummate the transactions contemplated hereby, or (d) agree or commit to do any of the foregoing.

Section 6.6 Employee Matters.

(a) Each employee of the Company and its Subsidiaries who remains in the active employment of Allegiance or its Subsidiaries after the Closing Date (the Company Employees) will be entitled to participate as an employee in the employee benefit plans and programs maintained for employees of Allegiance and Allegiance Bank with credit for prior service with the Company for all purposes under the employee welfare benefit plans and other employee benefit plans and programs (including any severance programs but excluding vesting requirements under stock incentive plans) sponsored by Allegiance or Allegiance Bank in which such Company Employee becomes eligible to participate from and after the Closing Date, to the extent such service was credited under a comparable Company Plan immediately prior to the Closing, to the extent permitted by such Allegiance plans and applicable law and to the extent that such service crediting will not result in any duplication of benefits for the same period of service. Notwithstanding the preceding sentence, each Converted Stock Option described in Section 2.1(d) shall be vested as of the Effective Time to the same extent that the corresponding assumed Company Stock Option was vested immediately prior to the Effective Time. To the extent permitted by such Allegiance plans and applicable law, any eligibility waiting period and pre-existing condition exclusion applicable to such plans and programs shall be waived with respect to each Company Employee and their eligible dependents. To the extent permitted by the applicable Allegiance plans and applicable law, Allegiance further agrees to credit each Company Employee and his eligible dependents for the year during which coverage under Allegiance s group health plan begins, with any deductibles, co-pays or out-of-pocket payments already incurred by such Company Employee during such year under the Company s group health plan. For purposes of determining Company Employee s benefits for the calendar year in which the Merger occurs under Allegiance s vacation program, any vacation taken by a Company Employee immediately preceding the Closing Date for the calendar year in which the Merger occurs will be deducted from the total Allegiance vacation benefit available to such Company Employee for such calendar year.

(b) The provisions of this Section 6.6 are for the sole benefit of the parties and nothing herein, expressed or implied, is intended or will be construed to confer upon or give to any person (including, for the

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avoidance of doubt, any Company Employee or other current or former employee of the Company or any of its Subsidiaries), other than the parties and their respective permitted successors and assigns, any legal or equitable or other rights or remedies (including with respect to the matters provided for in this Section 6.6) under or by reason of any provision of this Agreement. Nothing in this Section 6.6 amends, or will be deemed to amend (or prevent the amendment or termination of), any Company Plan or any employee benefit plan of Allegiance or any of its Affiliates. Allegiance and its Affiliates shall have no obligation to continue to employ or retain the services of any Company Employee for any period of time following the Effective Time and Allegiance and its Affiliates will be entitled to modify any compensation or benefits provided to, and any other terms or conditions of employment of, any such employees in its absolute discretion.

Section 6.7 Financial Statements. The consolidated balance sheets as of future dates and the related statements of income, comprehensive income, shareholders equity and cash flows of Allegiance for the periods then ended, which may be filed by Allegiance with the SEC subsequent to the date hereof, will be prepared from the books and records of Allegiance and its Subsidiaries and will fairly present, in all material respects, the consolidated financial position, results of operations, shareholders equity and cash flows of Allegiance at the dates and for the periods indicated in conformity with GAAP applied on a consistent basis throughout the periods indicated, except that unaudited financial statements may (i) omit the footnote disclosure required by GAAP and (ii) be subject to normal year-end audit adjustments required by GAAP.

Section 6.8 Issuance of Allegiance Common Stock; Stock Reserves. The shares of Allegiance Common Stock to be issued by Allegiance to the shareholders of the Company pursuant to this Agreement will, on the issuance and delivery to such shareholders pursuant to this Agreement, be duly authorized, validly issued, fully paid and nonassessable. The shares of Allegiance Common Stock to be issued to the shareholders of the Company pursuant to this Agreement are and will be free of any preemptive rights of the shareholders of Allegiance or any other Person. Allegiance agrees at all times from the date of this Agreement until the Aggregate Merger Consideration has been paid in full to reserve a sufficient number of shares of Allegiance Common Stock to fulfill its obligations under this Agreement.

Section 6.9 Director and Officer Indemnification.

(a) For a period of four (4) years after the date hereof, and subject to the limitations contained in applicable Federal Reserve Board and FDIC regulations and to any limitations contained in the Certificate of Formation of the Company or the Articles of Association of the Bank, Allegiance will indemnify and hold harmless each present director and officer of the Company or the Bank, as applicable, determined as of the Effective Time (each, an Indemnified Party) against any costs or expenses (including reasonable attorneys fees), 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, whether asserted or claimed before, at or after the Effective Time, 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 the Company or the Bank to the fullest extent that the Indemnified Party would be entitled under the Articles of Incorporation of the Company or the Articles of Association of the Bank, as applicable, in each case as in effect on the date hereof and to the extent permitted by applicable law.

(b) Any Indemnified Party wishing to claim indemnification under this Section 6.9, upon learning of any such claim, action, suit, proceeding or investigation, is to promptly notify Allegiance, but the failure to so notify will not relieve Allegiance of any liability it may have to the Indemnified Party to the extent such failure does not prejudice Allegiance. In any such claim, action, suit, proceeding or investigation (whether arising before or after the Effective Time), (i) Allegiance will have the right to assume the defense thereof and bear the costs incurred in connection

therewith and Allegiance will not be liable to an Indemnified Party for any legal expenses of other counsel or any other expenses subsequently incurred by an Indemnified Party in connection with the defense thereof, except that if Allegiance elects not to assume such defense or counsel for the Indemnified Party advises that there are issues which raise conflicts of interest between Allegiance and the Indemnified Party, the

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Indemnified Party may retain counsel reasonably satisfactory to Allegiance, and Allegiance will promptly pay the reasonable fees and expenses of such counsel for the Indemnified Party as any such fees and expenses are incurred by such Indemnified Party (which may not exceed one firm in any jurisdiction), provided that the Indemnified Party for whom fees and expenses are to be paid provides a signed written undertaking to repay such amounts if it is ultimately determined by a court of competent jurisdiction that such Indemnified Party is not entitled to indemnification under applicable laws or regulations, (ii) the Indemnified Party will cooperate in the defense of any such matter, (iii) Allegiance will not be liable for any settlement effected without its prior written consent and (iv) Allegiance will have no obligation hereunder if indemnification of an Indemnified Party in the manner contemplated hereby is prohibited by applicable laws and regulations.

(c) If Allegiance fails promptly to pay the amounts due pursuant to this Section 6.9, and, in order to obtain such payment, an Indemnified Party commences a Proceeding which results in a judgment against Allegiance for failure to provide indemnification, Allegiance shall pay the costs and expenses of the Indemnified Party (including attorneys fees and expenses) in connection with such Proceeding.

Section 6.10 Director Nomination. Contemporaneously with Closing, the board of directors of Allegiance shall expand the 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 (2) of the outside directors of the board of directors of the Company selected by the Company and reasonably acceptable to Allegiance.

ARTICLE VII.

MUTUAL COVENANTS OF ALLEGIANCE

AND THE COMPANY

Section 7.1 Notification; Updated Disclosure Schedules.

(a) The Company shall give prompt written notice to Allegiance, and Allegiance shall give prompt written notice to the Company, of (i) any representation or warranty made by it in this Agreement becoming untrue or inaccurate in any material respect (without regard to any materiality qualifier contained therein), including as a result of any change in a Schedule, or (ii) the failure by it to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it under this Agreement; *provided*, *however*, that no such notification shall affect the representations, warranties, covenants or agreements of the parties or the conditions to the obligations of the parties under this Agreement; and *provided further*, *however*, that if such notification under clause (i) relates to any matter which arises for the first time after the date of this Agreement, then the other party may only terminate this Agreement if such matter would cause the condition set forth in Section 10.1(c), with respect to the Company, and in Section 10.2(c), with respect to Allegiance, incapable of being satisfied.

(b) At least five (5) Business Days prior to the Closing Date, the Company shall provide Allegiance with supplemental Disclosure Schedules and Allegiance shall provide the Company with an updated Allegiance Disclosure Letter reflecting any material changes to the Disclosure Schedules and the Allegiance Disclosure Letter, respectively, between the date of this Agreement and the date thereof. Delivery of such supplemental Disclosure Schedules and updated Allegiance Disclosure Letter shall not cure a breach or modify a representation or warranty of this Agreement.

Section 7.2 Confidentiality. Allegiance and the Company agree that terms of the Confidentiality provisions of the Letter of Intent dated March 16, 2018 between Allegiance and the Company (the Letter of Intent) are incorporated

into this Agreement by reference and shall continue in full force and effect and shall be binding on Allegiance and the Company and their respective affiliates, officers, directors, employees and representatives as if parties thereto, in accordance with the terms thereof.

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Section 7.3 Publicity. Except as otherwise required by applicable law or securities exchange rules or in connection with the regulatory application process, as long as this Agreement is in effect, neither Allegiance nor the Company shall, nor shall they permit any of their officers, directors or representatives to, issue or cause the publication of any press release or public announcement with respect to, or otherwise make any public announcement concerning, the transactions contemplated by this Agreement without the consent of the other party, which consent shall not be unreasonably withheld or delayed.

Section 7.4 Employee Benefit Plans. To the extent requested by Allegiance, the Company or its appropriate Subsidiary shall execute and deliver such instruments and take such other actions as Allegiance may reasonably require in order to cause the amendment or termination of any Company Plan on terms satisfactory to Allegiance and in accordance with applicable law and effective prior to the Closing Date, except that the winding up of any such plan may be completed following the Closing Date.

Section 7.5 Certain Tax Matters.

(a) Each of the Company and Allegiance shall take any actions required to cause the Merger to qualify as a reorganization within the meaning of Section 368(a) of the Code, including by reporting consistently for all U.S. federal, state, and local income Tax or other purposes. Without limiting the generality of the foregoing, none of the Company or Allegiance shall take any action, or fail to take any action, that would reasonably be expected to cause the Merger to fail to qualify as a reorganization within the meaning of Section 368(a) of the Code.

(b) Allegiance shall deliver to Bracewell LLP and Fenimore Kay Harrison & Ford, LLP an officer s certificate, dated as of the Closing Date, and signed by an officer of Allegiance, containing representations of Allegiance as shall be reasonably necessary or appropriate to enable Bracewell LLP and Fenimore Kay Harrison & Ford, LLP to render the opinions described in Section 10.3(c), on the Closing Date (an Allegiance Tax Representation Letter). Allegiance shall not take or cause to be taken any action that would cause to be untrue (or fail to take or cause not to be taken any action that would cause to be untrue) any of the certifications and representations included in the Allegiance Tax Representation Letter.

(c) The Company shall deliver to Bracewell LLP and Fenimore Kay Harrison & Ford, LLP an officer s certificate, dated as of the Closing Date, and signed by an officer of the Company, containing representations of the Company as shall be reasonably necessary or appropriate to enable Bracewell LLP and Fenimore Kay Harrison & Ford, LLP to render the opinions described in Section 10.3(c) on the Closing Date, (a Company Tax Representation Letter). The Company shall not take or cause to be taken any action that would cause to be untrue (or fail to take or cause not to be taken any action that would cause to be untrue) any of the certifications and representations included in the Company Tax Representation Letter.

(d) Without limiting the provisions of this Section 7.5, the Company and Allegiance shall comply with the recordkeeping and information reporting requirements set forth in Treasury Regulation Section 1.368-3.

ARTICLE VIII.

CLOSING

Section 8.1 Closing. The closing of the transactions contemplated by this Agreement (Closing) will take place remotely via the exchange of documents and signatures or at such location mutually acceptable to the parties hereto. The Closing will take place as soon as practicable once the conditions of ARTICLE X have been satisfied or waived but in any event within the thirty (30) day period commencing on the later of the following dates, unless the parties

otherwise agree (Closing Date):

(a) the receipt of shareholder approvals and the last Regulatory Approval and the expiration of any statutory or regulatory waiting period which is necessary to effect the Merger and the Bank Merger; and

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(b) if the transactions contemplated by this Agreement are being contested in any Proceeding and Allegiance or the Company, pursuant to Section 10.3(a), has elected to contest the same, then the date that such Proceeding has been brought to a conclusion favorable, in the reasonable judgment of each of Allegiance and the Company, to the consummation of the transactions contemplated herein, or such prior date as each of Allegiance and the Company shall elect whether or not such proceeding has been brought to a conclusion.

Section 8.2 Effective Time. Subject to the terms and upon satisfaction of all requirements of law and the conditions specified in this Agreement including, among other conditions, the receipt of the approval of the shareholders of the Company and of Allegiance and the Regulatory Approvals, the Merger shall become effective, and the effective time of the Merger shall occur, at the date and time specified in the certificate of merger to be filed with the Secretary of State of the State of Texas (Effective Time).

ARTICLE IX.

TERMINATION

Section 9.1 Termination.

(a) Notwithstanding any other provision of this Agreement, this Agreement may be terminated and the Merger contemplated hereby may be abandoned by action of the board of directors of Allegiance or the Company at any time prior to the Effective Time if:

(i) any court of competent jurisdiction in the United States or other Governmental Body shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the Merger and such order, decree, ruling or other action shall be final and non-appealable;

(ii) any of the transactions contemplated by this Agreement are disapproved (or the applications or notices for which are suggested or recommended to be withdrawn) by any Governmental Body or other Person whose approval is required to consummate any of such transactions;

(iii) the Effective Time has not occurred on or before the one hundred eightieth (180th) day following the date of this Agreement, unless one or more of the Regulatory Approvals has not been received on or before the 180th day after the date of this Agreement, in which case the Effective Time has not occurred on or before the two hundred tenth (210th) day following the date of this Agreement, or such later date as has been approved in writing by the boards of directors of Allegiance and the Company; but the right to terminate under this Section 9.1(a)(iii) shall not be available to any party whose failure to fulfill any material obligation under this Agreement has been the cause of, or has resulted in, the failure of the Effective Time to occur on or before such applicable date;

(iv) the Allegiance Shareholder Approval shall not have been obtained by reason of the failure to obtain the required vote at the Allegiance Shareholder Meeting; or

(v) the Company Shareholder Approval shall not have been obtained by reason of the failure to obtain the required vote at the Company Shareholder Meeting.

(b) This Agreement may be terminated at any time prior to the Effective Time by action of the board of directors of the Company if Allegiance shall fail to comply in any material respect with any of its covenants or agreements contained in this Agreement, or if any of the representations or warranties of Allegiance contained herein shall be inaccurate in any material respect. If the board of directors of the Company desires to terminate this Agreement

because of an alleged breach or inaccuracy as provided in this Section 9.1(b), the board of directors must notify Allegiance in writing of its intent to terminate stating the reason therefor. Allegiance shall have fifteen (15) days from the receipt of such notice to cure the alleged breach or inaccuracy, if the breach or inaccuracy is capable of being cured.

(c) This Agreement may be terminated at any time prior to the Effective Time by action of the board of directors of Allegiance if (i) the Company fails to comply in any material respect with any of its covenants or

agreements contained in this Agreement, or if any of the representations or warranties of the Company contained herein shall be inaccurate in any material respect, (ii) any approval required to be obtained from any regulatory authority or agency is obtained subject to restrictions or conditions on the operations of the Company, the Bank, Allegiance or Allegiance Bank that, in the reasonable judgment of Allegiance, materially and adversely impairs the value of the Company and its Subsidiaries, taken as a whole, to Allegiance, that materially and adversely impairs the economic or business benefits of the transactions contemplated by this Agreement to Allegiance or otherwise would, in the reasonable judgment of Allegiance, be so burdensome as to render inadvisable the consummation of the transactions contemplated by this Agreement, or (iii) any of the conditions set forth in Section 5.12(d) shall have occurred. In the event the board of directors of Allegiance desires to terminate this Agreement because of an alleged breach or inaccuracy as provided in Section 9.1(c)(i), the board of directors must notify the Company in writing of its intent to terminate stating the reason therefor. The Company shall have fifteen (15) days from the receipt of such notice to cure the alleged breach or inaccuracy, if the breach or inaccuracy is capable of being cured.

(d) This Agreement may be terminated at any time prior to the Effective Time upon the mutual written consent of Allegiance and the Company and the approval of such action by their respective boards of directors.

(e) This Agreement may be terminated at any time before the Company Shareholder Approval by the board of directors of the Company if before such time, the Company receives an unsolicited bona fide Acquisition Proposal and the board of directors of the Company determines in its good faith judgment (after consultation with the Financial Advisor and the Company s outside legal counsel), that (i) such Acquisition Proposal (if consummated pursuant to its terms and after giving effect to the payment of the Termination Fee (as defined herein) is a Superior Proposal and (ii) the failure to terminate this Agreement and accept such Superior Proposal would cause or would be reasonably likely to cause it to violate its fiduciary duties under applicable law; *provided*, *however*, that the Company may not terminate this Agreement under this Section 9.1(e) unless:

(i) the Company has provided prior written notice to Allegiance at least five (5) Business Days in advance (the Notice Period) of taking such action, which notice shall advise Allegiance that the board of directors of the Company has received a Superior Proposal and specify the material terms and conditions of such Superior Proposal (including the identity of the Person or Group (as such term is defined in Section 13(d) under the Exchange Act) making the Superior Proposal); and

(ii) during the Notice Period, the Company shall have, and shall have caused the Financial Advisor and the Company s outside counsel to, negotiate with Allegiance in good faith (to the extent Allegiance desires to so negotiate) to make such adjustments in the terms and conditions of this Agreement so that such Superior Proposal ceases to constitute a Superior Proposal, and the board of directors of the Company shall have considered such adjustments in the terms and conditions of this Agreement resulting from such negotiations and concluded in good faith based upon consultations with the Financial Advisor and the advice of the Company s outside legal counsel that such Superior Proposal remains a Superior Proposal even after giving effect to the adjustments in the terms and conditions of this Agreement proposed by Allegiance.

If during the Notice Period any revisions are made to the Superior Proposal and the board of directors of the Company in its good faith judgment determines such revisions are material, the Company shall deliver a new written notice to Allegiance and shall comply with the requirements of this Section 9.1(e) with respect to such new written notice, except that the new Notice Period shall be three (3) Business Days. Termination under this Section 9.1(e) shall not be deemed effective until payment of the Termination Fee as required by Section 9.3.

(f) This Agreement may be terminated at any time before the Closing by the board of directors of Allegiance if (i) the Company has breached the covenant contained in Section 5.5 in a manner adverse to Allegiance; (ii) the board of

directors of the Company resolves to accept a Superior Proposal; or (iii) the board of directors of the Company effects a Change in Recommendation.

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(g) This Agreement may be terminated at any time before the Closing by the Company, if:

(i) the Average Closing Price is less than $32.52; and

(ii) 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 (as defined below) by (B) the Initial Index Price (as defined below) and subtracting 0.20 from such quotient; provided, however, that a termination by the Company pursuant to this Section 9.1(g) will have no force and effect if Allegiance agrees in writing (within two (2) Business Days after receipt of the Company s written notice of such termination) to increase the number of shares of Allegiance Common Stock in the Aggregate Merger Consideration (as may be adjusted pursuant to Section 2.3(a)) such that the Aggregate Merger Consideration is equal to $278,564,572 (valuing the Aggregate Stock Consideration based on the Average Closing Price). If within such two (2)-Business Day period, Allegiance delivers written notice to the Company that Allegiance intends to proceed with the Merger by paying such additional consideration as contemplated by the preceding sentence, and notifies the Company in writing of the revised Aggregate Merger Consideration, then no termination will occur pursuant to this Section 9.1(g), and this Agreement will remain in full force and effect in accordance with its terms (except that the Aggregate Merger Consideration will be modified in accordance with this Section 9.1(g)).

(iii) For purposes of this Section 9.1(g), the following terms will have the meanings indicated below:

(i) Final Index Price means the average of the daily closing value of the Index for the twenty (20) consecutive trading days ending on and including the fifth trading day preceding the Closing Date.

(ii) Index 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.

(iii) Initial Index Price means the closing value of the Index on the date immediately prior to the date of this Agreement.

Section 9.2 Effect of Termination. Except as provided in Section 9.3, if this Agreement is terminated by either Allegiance or the Company as provided in Section 9.1, this Agreement shall become void and have no effect, without any liability on the part of any party or its directors, officers or shareholders, except that the provisions of Section 5.12, Section 7.2, this Section 9.2 and Section 11.5 shall survive termination of this Agreement. Nothing contained in this Section 9.2 shall relieve any party hereto of any liability for a breach of this Agreement.

Section 9.3 Termination Fee and Expenses. To compensate Allegiance for entering into this Agreement, taking actions to consummate the transactions contemplated hereunder and incurring the costs and expenses related thereto and other losses and expenses, including foregoing the pursuit of other opportunities by Allegiance, the Company and Allegiance agree as follows:

(a) Provided that Allegiance is not in material breach of any covenant or obligation under this Agreement (which breach has not been cured within fifteen (15) days following receipt of written notice thereof by the Company specifying in reasonable detail the basis of such alleged breach), if this Agreement is terminated by:

(i) the Company under the provisions of Section 9.1(e), then the Company shall pay to Allegiance the sum of $14,272,000 (the Termination Fee);

(ii) Allegiance under the provisions of Section 9.1(f), then the Company shall pay to Allegiance the Termination Fee; or

(iii) either Allegiance or the Company under the provisions of (A) Section 9.1(a)(iii), if at the time of termination, the Registration Statement has been declared effective for at least twenty-five (25) Business Days prior to such termination and the Company shall have failed to call, give notice of, convene and hold the Company Shareholder Meeting in accordance with Section 5.1, or (B) Section 9.1(a)(v), if, at the time of termination, there exists an Acquisition Proposal with respect to the Company, then the Company shall pay to Allegiance an amount in immediately available funds equal to the out-of-pocket expenses (including all

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fees and expenses of counsel, accountants, investment bankers, experts and consultants to Allegiance) incurred by Allegiance in connection with or related to the authorization, preparation, negotiation, execution and performance of this Agreement (Allegiance Expenses); *provided*, *however*, that the Company s reimbursement obligation hereunder shall not exceed $775,000 in the aggregate; or

(iv) either Allegiance or the Company under the provisions of (A) Section 9.1(a)(iii), if at such time the Company Shareholder Approval has not occurred, or (B) Section 9.1(a)(v), if, at the time of termination, there exists an Acquisition Proposal with respect to the Company and, with respect to either clause (A) or (B), within twelve (12) months of the termination of this Agreement, the Company enters into an Acquisition Agreement with any Person with respect to any Acquisition Proposal, then the Company shall pay to Allegiance the Termination Fee in immediately available funds, which shall be net of the Allegiance Expenses previously paid to Allegiance by the Company pursuant to Section 9.3(a)(iii).

(b) The payment of the Termination Fee and/or the Allegiance Expenses shall be Allegiance s sole and exclusive remedy with respect to termination of this Agreement as set forth in this Section 9.3. For the avoidance of doubt, in no event shall the Termination Fee under the circumstances described in this Section 9.3 be payable on more than one occasion.

(c) Any payment required by this Section 9.3 shall become payable within two (2) Business Days after receipt by the non-terminating party of written notice of termination of this Agreement; *provided*, *however*, that if the payment of the Termination Fee is required pursuant to Section 9.3(a)(iii), then such payment shall become payable on or before the second (2nd) Business Day following the execution by the Company of an Acquisition Agreement.

ARTICLE X.

CONDITIONS PRECEDENT

Section 10.1 Conditions Precedent to Obligations of Allegiance. The obligation of Allegiance under this Agreement to consummate the Merger is subject to the satisfaction, at or prior to the Closing Date of the following conditions, which may be waived by Allegiance in its sole discretion, to the extent permitted by applicable law:

(a) *Compliance with Representations and Warranties.* (i) Each of the representations and warranties of the Company set forth in Section 3.2 (other than inaccuracies that are de minimis in amount and effect) and Section 3.8 shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (unless any such representation or warranty is made only as of a specific date, in which case as of such specific date); (ii) each of the other representations and warranties made by the Company in this Agreement shall be true and correct in all respects as of the date of this Agreement (unless any such representation or warranty is made only as of a specific date, in which case as of such specific date); *provided*, *however*, that the Company may cure any such inaccurate representation or warranty covered by this clause (ii) by providing written notice to Allegiance or taking lawful action to cure within 30 days of the Company having knowledge of such inaccuracy; and (iii) each of the representations and warranties made by the Company in this Agreement, other than set forth in Section 3.2 and Section 3.8, is true and correct in all material respects (except to the extent such representations and warranties are qualified by their terms by reference to material, materiality, in all material respects, Material Adverse Effect, or th like, in which case such representations and warranties as so qualified are true and correct in all respects) as of the Closing Date with the same force and effect as if such representations and warranties were made on and as of the Closing Date, except with respect to those representations and warranties specifically made as of an earlier date (in which case such representations and warranties must have been true and correct as of such earlier date). Allegiance shall have received a certificate, executed by an appropriate representative of the Company and dated as of the

Closing Date, to the foregoing effect.

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(b) *Performance of Obligations.* The Company shall have performed or complied in all material respects with all covenants and obligations required by this Agreement to be performed and complied with prior to or at the Closing. Allegiance shall have received a certificate, executed by an appropriate representative of the Company and dated as of the Closing Date, to the foregoing effect.

(c) *Absence of Material Adverse Change.* No Material Adverse Effect on the Company or the Bank shall have occurred since the date hereof.

(d) *Certain Agreements*.

(i) Each of the employment agreements entered into by those certain individuals listed on Section 10.1(d)(i) of the Disclosure Schedules (the Employment Agreements), shall remain in full force and effect as of the Effective Time.

(ii) Each of the Director Support Agreements shall remain in full force and effect.

(iii) Each agreement entered into by each director or officer of the Company or the Bank as a condition and inducement to Allegiance s willingness to enter into this Agreement, releasing the Company and the Bank from any and all claims by such directors and officers (except as described in such instrument), which shall each be in substantially the form attached hereto as Exhibit D, remain in full force and effect.

(e) *Dissenters Rights.* Holders of shares representing no more than five percent (5.0%) of the issued and outstanding Company Stock shall have demanded or shall be entitled to receive payment of the fair value of their shares as dissenting shareholders.

(f) *Consents and Approvals.* The Required Consents shall have been obtained, and Allegiance shall have received evidence thereof in form and substance reasonably satisfactory to Allegiance and all applicable waiting periods shall have expired.

(g) *Allowance for Loan Losses.* As of the Closing Date, the Company s allowance for loan losses shall be equal to at least the Minimum Allowance Amount.

(h) *Minimum Equity*. As of the Closing Date, the Company s Tangible Equity Capital shall not be less than the Minimum Equity.

(i) *Outstanding Litigation*. The Company will accrue for any costs and expenses, including legal fees and expenses and settlement costs, related to the outstanding Proceedings set forth in Section 3.5 of the Disclosure Schedules, as such schedule may be updated, as specified in such schedule, or if no such amount is specified, as jointly determined by the Company and Allegiance. No accrual will be required for any Proceeding that is settled or dismissed in any final, binding and non-appealable Proceeding after payment of all related fees, costs and expenses owed by the Company or any Subsidiary.

(j) *Termination of Company Plans.* The Company shall have amended or terminated any Company Plans as requested by Allegiance in accordance with Section 7.4.

(k) *Other Documents.* The Company shall have delivered to Allegiance all other instruments and documents which Allegiance or its counsel may reasonably request to effectuate the transactions contemplated hereby.

Section 10.2 Conditions Precedent to Obligations of the Company. The obligation of the Company under this Agreement to consummate the Merger is subject to the satisfaction, at or prior to the Closing Date, of the following conditions, which may be waived by the Company in its sole discretion, to the extent permitted by applicable law:

(a) *Compliance with Representations and Warranties.* (i) Each of the representations and warranties of Allegiance set forth in Section 4.2 (other than inaccuracies that are de minimis in amount and effect) and

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Section 4.9 shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date (unless any such representation or warranty is made only as of a specific date, in which case as of such specific date); (ii) each of the other representations and warranties made by Allegiance in this Agreement shall be true and correct in all respects as of the date of this Agreement (unless any such representation or warranty is made only as of a specific date, in which case as of such specific date); *provided*, *however*, that Allegiance may cure any such inaccurate representation or warranty covered by this clause (ii) by providing written notice to the Company or taking lawful action to cure within 30 days of Allegiance having knowledge of such inaccuracy; and (iii) each of the representations and warranties made by Allegiance in this Agreement, other than set forth in Section 4.2 and Section 4.9, is true and correct in all material respects (except to the extent such representations and warranties are qualified by their terms by reference to material, materiality, in all material respects, Material Adverse Effect, or the like, in which case such representations and warranties as so qualified are true and correct in all respects) as of the Closing Date with the same force and effect as if such representations and warranties were made on and as of the Closing Date, except with respect to those representations and warranties specifically made as of an earlier date (in which case such representations and warranties must have been true and correct as of such earlier date). The Company shall have received a certificate, executed by an appropriate representative of Allegiance and dated as of the Closing Date, to the foregoing effect.

(b) *Performance of Obligations.* Allegiance shall have performed or complied in all material respects with all covenants and obligations required by this Agreement to be performed and complied with prior to or at the Closing. The Company shall have received a certificate, executed by an appropriate representative of Allegiance and dated as of the Closing Date, to the foregoing effect.

(c) *Absence of Material Adverse Change.* No Material Adverse Effect on Allegiance or Allegiance Bank shall have occurred since the date hereof.

(d) *Consents and Approvals.* The consents set forth in the Allegiance Disclosure Letter shall have been obtained, and the Company shall have received evidence thereof in form and substance reasonably satisfactory to the Company and all applicable waiting period shall have expired.

Section 10.3 Conditions Precedent to Obligations of Allegiance and the Company. The respective obligations of Allegiance and the Company under this Agreement are subject to the satisfaction, at or prior to the Closing Date, of the following conditions which may be waived by Allegiance and the Company, respectively, in their sole discretion, to the extent permitted by applicable law:

(a) *Government Approvals.* Allegiance shall (a) have received the Regulatory Approvals, which approvals shall not impose any restrictions on the operations of Allegiance or the Continuing Corporation that, in the reasonable judgment of Allegiance, materially and adversely impairs the value of the Company and its Subsidiaries, taken as a whole, to Allegiance or that materially and adversely impairs the economic or business benefits of the transactions contemplated by this Agreement to Allegiance or otherwise would, in the reasonable judgment of Allegiance, be so burdensome as to render inadvisable the consummation of the transactions contemplated by this Agreement, and (b) any statutory or regulatory waiting period necessary to effect the Merger and the transactions contemplated hereby, including the Bank Merger, shall have expired. Such approvals and the transactions contemplated hereby shall not have been contested by any Governmental Body or any third party (except shareholders asserting dissenters rights) by formal proceeding. It is understood that, if any such contest is brought by formal proceeding, Allegiance or the Company may, but shall not be obligated to, answer and defend such contest or otherwise pursue the Merger and the transactions contemplated hereby over such objection.

(b) *Shareholder Approval.* The shareholders of each of the Company and Allegiance shall have approved this Agreement and the transactions contemplated hereby by the requisite votes.

(c) *Tax Opinions.* The Company shall have received an opinion of Fenimore Kay Harrison & Ford, LLP, and Allegiance shall have received an opinion of Bracewell LLP, in each case dated the Closing Date, to

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the effect that, based on the terms of this Agreement and on the basis of certain facts, representations and assumptions set forth in such opinion, the Merger will qualify as a reorganization under Section 368(a) of the Code. In rendering such opinion, such counsel may require and rely upon and may incorporate by reference representations and covenants, including (without limitation) those contained in the Allegiance Tax Representation Letter and the Company Tax Representation Letter.

(d) *Registration of Allegiance Common Stock.* The Registration Statement covering the shares of Allegiance Common Stock to be issued in the Merger shall have become effective under the Securities Act and no stop orders suspending such effectiveness shall be in effect, and no Proceeding by the SEC to suspend the effectiveness of the Registration Statement shall have been initiated or continuing, or have been threatened and be unresolved, and all necessary approvals under state s securities laws relating to the issuance or trading of the Allegiance Common Stock to be issued in the Merger shall have been received and such approval shall not have been withdrawn or revoked.

(e) *Listing of Allegiance Common Stock.* The shares of Allegiance Common Stock to be delivered to the shareholders of the Company pursuant to this Agreement shall have been authorized for listing on the NASDAQ.

ARTICLE XI.

MISCELLANEOUS

Section 11.1 Certain Definitions. Except as otherwise provided herein, the capitalized terms set forth below shall have the following meanings:

(a) Acquisition Agreement means any letter of intent, agreement in principle, memorandum of understanding, merger agreement, asset or share purchase agreement, share exchange agreement, option agreement or any similar agreement related to any Acquisition Proposal.

(b) Acquisition Proposal means any proposal (whether communicated to the Company or publicly announced to the Company s shareholders) by any Person (other than Allegiance or any of its Affiliates) for an Acquisition Transaction involving the Company, any Subsidiary or any future Subsidiary of the Company, or any combination of such Subsidiaries, the assets of which constitute, or would constitute, twenty percent (20%) or more of the consolidated assets of the Company as reflected on the Company s most recent consolidated statement of condition prepared in accordance with GAAP.

(c) Acquisition Transaction means any transaction or series of related transactions (other than the transactions contemplated by this Agreement) involving: (i) any acquisition or purchase from the Company by any Person or Group (as such term is defined in Section 13(d) under the Exchange Act), other than Allegiance or any of its Affiliates, of twenty percent (20%) or more in interest of the total outstanding voting securities of the Company or the Bank, or any tender offer or exchange offer that if consummated would result in any Person or Group (other than Allegiance or any of its Affiliates) beneficially owning twenty percent (20%) or more in interest of the total outstanding voting securities of the Company or the Bank, or any merger, consolidation, business combination or similar transaction involving the Company or the Bank pursuant to which the shareholders of the Company immediately preceding such transaction hold less than eighty percent (80%) of the equity interests in the surviving or resulting entity (which includes the parent corporation of any constituent corporation to any such transaction) of such transaction; (ii) any sale or lease (other than in the ordinary course of business), or exchange, transfer, license, acquisition or disposition of twenty percent (20%) or more of the assets of the Company or the Bank; or (iii) any liquidation or dissolution of the Company or the Bank.

(d) Affiliate means, with respect to any specified Person, a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified,

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unless a different definition has been included in this Agreement for purposes of a particular provision hereof. For purposes of this definition, control (including the correlative terms controlling, controlled by and under common control with) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting equity interest, by contract or otherwise.

(e) Affiliated Group means any affiliated group within the meaning of § 1504(a) of the Code.

(f) Borrower means any Person (including any Affiliate, shareholder, member or partner of such Person) and any guarantor, surety, spouse, co-maker or co-obligor of any extension of credit to any Person;

(g) Business Day means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in Houston, Texas.

(h) Controlled Group Liability means any and all Liabilities (1) under Title IV of ERISA, (2) under § 302 of ERISA, (3) under §§ 412 and 4971 of the Code, (4) as a result of a failure to comply with the continuation coverage requirements of § 601 *et seq.* of ERISA and § 4980B of the Code or similar state law, and (5) under corresponding or similar provisions of foreign laws or regulations.

(i) Environmental Laws, as used in this Agreement, means all applicable federal, state or local statute, law, rule, regulation, ordinance or code now in effect and in each case as amended to date and any controlling judicial or administrative interpretation thereof, including all common law theories (at law or in equity), any judicial or administrative order, consent decree, or judgment, relating to pollution, preservation, remediation or protection of the environment, natural resources, human health or safety, or Hazardous Materials, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601, *et seq.*; the Hazardous Materials Transportation Authorization Act, as amended, 49 U.S.C. § 5101, *et seq*.; the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. § 6901, *et seq.*; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1201, *et seq.;* the Toxic Substances Control Act, 15 U.S.C. § 2601, *et seq.*; the Clean Air Act, 42 U.S.C. § 7401, *et seq.*; and the Safe Drinking Water Act, 42 U.S.C. § 300f, *et seq*.

(j) ERISA Affiliates means, with respect to any entity, trade or business, any other entity, trade or business that is a member of a group described in §§ 414(b), (c), (m) or (o) of the Code or § 4001(b)(1) of ERISA that includes the first entity, trade or business, or that is a member of the same controlled group as the first entity, trade or business pursuant to § 4001(a)(14) of ERISA.

(k) ESOP means the Post Oak Bancshares, Inc. Employee Stock Ownership Plan.

(l) Governmental Body means any supranational, national, federal, state, local, municipal, foreign or other government or quasi-governmental authority or any department, agency, commission, board, subdivision, bureau, agency, instrumentality, court or other tribunal of any of the foregoing.

(m) Hazardous Materials, includes, but is not limited to, (a) any petroleum or petroleum products, natural gas, or natural gas products, radioactive materials, asbestos, mold, urea formaldehyde foam insulation, transformers or other equipment that contains dielectric fluid containing levels of polychlorinated biphenyls (PCBs), and radon gas; (b) any chemicals, materials, waste or substances defined as or included in the definition of hazardous substances, hazardous wastes, hazardous materials, extremely hazardous wastes, restricted hazardous wastes, toxic substances, toxic pollutants, contaminants, or pollutants, or words of similar import, under any Environmental Laws; and (c) any other chemical, material, waste or substance which is in any way regulated as hazardous or toxic by any federal, state or local Governmental Body, agency or instrumentality, including mixtures thereof with other materials, and including

any regulated building materials such as asbestos and lead, provided, notwithstanding the foregoing or any other provision in this Agreement to

the contrary, the words Hazardous Material shall not mean or include any such Hazardous Material used, generated, manufactured, stored, disposed of or otherwise handled in normal quantities in the ordinary course of the business of the Company or any Subsidiary in compliance with all Environmental Laws, or such that may be naturally occurring in any ambient air, surface water, ground water, land surface or subsurface strata.

(n) knowledge and phrases of similar import means, as to the Company, the actual knowledge of any executive officer of the Bank designated by the Bank as an executive officer pursuant to Regulation O, 12 C.F.R. § 215.1, *et seq.*, after reasonable inquiry and, as to Allegiance, the actual knowledge of any executive officer of Allegiance after reasonable inquiry.

(o) Liability means any liability, debt, obligation, loss, damage, claim, cost or expense (including court costs and reasonable attorneys , accountants and other experts fees and expenses associated with investigating, preparing for and participating in any litigation or proceeding, including all appeals), interest, penalties, amounts paid in settlement, Taxes, fines, judgments or assessments, in each case, whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due.

(p) Material Adverse Effect with respect to any Person means any effect, change, development or occurrence that individually, or in the aggregate together with all other effects, changes, developments or occurrences, (i) is material and adverse to the financial condition, assets, properties, deposits, results of operations, earnings, business or cash flows of that Person, taken as a whole; *provided*, that a Material Adverse Effect shall not be deemed to include any effect on the referenced Person which is 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 this Agreement or taken with the prior informed written consent of the other party or parties in contemplation of the transactions contemplated hereby; 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 Person and its Subsidiaries, taken as a whole, as compared to other companies in the industry in which such Person and its Subsidiaries operate; or (ii) prevents or materially impairs any party from consummating the Merger, or any of the transactions contemplated by this Agreement, including the Bank Merger to which such Person is a party.

(q) Organizational Documents means (a) with respect to a corporation, the articles or certificate of incorporation and bylaws of such entity, (b) with respect to a limited partnership, the certificate of limited partnership (or equivalent document) and partnership agreement or similar operational agreement, (c) with respect to a limited liability company, the articles of organization (or equivalent document) and regulations, company agreement, or similar operational document and (d) with respect to any foreign entity, equivalent constituent and governance documents.

(r) Person means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a Governmental Body or any department, agency or political subdivision thereof.

(s) Proceeding means any action, suit, litigation, arbitration, lawsuit, claim, proceeding, hearing, audit, investigation or dispute (whether civil, criminal, administrative, investigative, at law or in equity) commenced, brought, conducted,

pending or heard by or before, or otherwise involving, any Governmental Body or any arbitrator.

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(t) Security Interest means any mortgage, pledge, lien, encumbrance, charge, or other security interest, other than (a) mechanic s, materialmen s, and similar liens, (b) liens for Taxes not yet due and payable or for Taxes that the Company or any Subsidiary is contesting in good faith through appropriate proceedings, if any, and for which adequate reserves have been established on the most recent applicable Balance Sheet in accordance with GAAP, (c) purchase money liens and liens securing rental payments under capital lease arrangements, and (d) other liens arising in the ordinary course of business and not incurred in connection with the borrowing of money.

(u) Subsidiary or Subsidiaries means, with respect to any Person, any other Person (other than a natural person), whether incorporated or unincorporated, in which such Person, directly or indirectly through one or more Subsidiaries (i) has fifty percent (50%) or more equity interest or (ii) owns at least a majority of the securities or ownership interests having by their terms ordinary voting power to elect a majority of the board of directors or other persons performing similar functions; *provided*, *however*, that the term shall not include any such entity in which such voting securities or equity interest is owned or controlled in a fiduciary capacity, without sole voting power, or was acquired in securing or collecting a debt previously contracted in good faith.

(v) Superior Proposal means any bona fide written Acquisition Proposal which the board of directors of the Company reasonably determines, in its good faith judgment based on, among other things, the advice of the Company s outside counsel and the Financial Advisor, (i) to be more favorable from a financial point of view to the Company s shareholders than the Merger taking into account all terms and conditions of the proposal and (ii) reasonably capable of being consummated on the terms proposed, taking into account all legal, financial, regulatory (including the advice of the Company s outside counsel regarding the potential for regulatory approval of any such proposal) and other aspects of such proposal and any other relevant factors permitted under applicable law; *provided*, that for purposes of the definition of Superior Proposal, the references to twenty percent (20%) and eighty percent (80%) in the definitions of Acquisition Proposal and Acquisition Transaction shall be deemed to be references to fifty percent (50%).

(w) Tax or Taxes means all (i) United States federal, state or local or non-United States taxes, assessments, charges, duties, levies or other similar governmental charges of any nature, including all income, franchise, margin, profits, capital gains, capital stock, transfer, sales, use, occupation, property, excise, severance, windfall profits, stamp, stamp duty reserve, license, payroll, employment, withholding, ad valorem, value added, alternative minimum, environmental, customs, social security (or similar), unemployment, sick pay, disability, registration and other taxes, assessments, charges, duties, fees, levies or other similar governmental charges of any kind whatsoever, whether disputed or not, together with all estimated taxes, deficiency assessments, additions to tax, penalties and interest; (ii) any Liability for the payment of any amount of a type described in clause (i) arising by operation of law, Treasury Regulation Section 1.1502-6 (or any predecessor or successor thereof of any analogous or similar provision under law) or otherwise; and (iii) any Liability for the payment of any amount of a type described in clause (i) or clause (ii) as a result of any obligation to indemnify or otherwise assume or succeed to the Liability of any other Person.

(x) Tax Return means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

(y) Treasury Regulation means the regulations (including temporary regulations) promulgated by the United States Department of the Treasury pursuant to and in respect of the provisions of the Code.

(z) Union means a union, works council or other labor organization.

(aa) WARN Act means the federal Worker Adjustment and Retraining Notification Act of 1988, and similar state, local and foreign laws related to plant closings, relocations, mass layoffs and employment losses.

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Section 11.2 Other Definitional Provisions.

(a) All references in this Agreement to Disclosure Schedules, Articles, Sections, subsections and other subdivisions refer to the corresponding Disclosure Schedules, Articles, Sections, subsections and other subdivisions of or to this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any Articles, Sections, subsections or other subdivisions of this Agreement are for convenience only, do not constitute any part of this Agreement, and shall be disregarded in construing the language hereof.

(b) The words this Agreement, herein, hereby, hereunder and hereof, and words of similar import, refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The words this Article, this Section and this subsection, and words of similar import, refer only to the Article, Section or subsection hereof in which such words occur. The word or is exclusive, and the word including (in its various forms) means including without limitation.

(c) All references to $ and dollars shall be deemed to refer to United States currency unless otherwise specifically provided.

(d) Pronouns in masculine, feminine or neuter genders shall be construed to state and include any other gender, and words, terms and titles (including terms defined herein) in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

(e) References herein to any law shall be deemed to refer to such law as amended, reenacted, supplemented or superseded in whole or in part and in effect from time to time and also to all rules and regulations promulgated thereunder.

(f) References herein to any contract, agreement, commitment, arrangement or similar terms mean the foregoing as amended, supplemented or modified (including any waiver thereto) in accordance with the terms thereof, except that with respect to any contract, agreement, commitment, arrangement or similar matter listed on any schedule hereto, all such amendments, supplements, modifications must also be listed on such schedule.

(g) If the last day for the giving of any notice or the performance of any act required or permitted under this Agreement is a day that is not a Business Day, then the time for the giving of such notice or the performance of such action shall be extended to the next succeeding Business Day.

(h) Each representation, warranty, covenant and agreement contained in this Agreement will have independent significance, and the fact that any conduct or state of facts may be within the scope of two or more provisions in this Agreement, whether relating to the same or different subject matters and regardless of the relative levels of specificity, shall not be considered in construing or interpreting this Agreement.

(i) References herein to documents being made available to Allegiance mean that such documents, prior to the date of this Agreement, have been uploaded to the Company s virtual data room maintained by the Company s financial advisor and to which representatives of Allegiance have access.

Section 11.3 Investigation; Survival of Agreements. No investigation by the parties hereto made heretofore or hereafter shall affect the representations and warranties of the parties which are contained herein and each such representation and warranty shall survive such investigation. Except for those covenants and agreements expressly to be carried out after the Effective Time, the agreements, representations, warranties and covenants in this Agreement or in any instrument delivered pursuant to this Agreement shall not survive the Effective Time.

Section 11.4 Amendments. This Agreement may be amended by the parties hereto, by action taken by or on behalf of their respective boards of directors, at any time before or after approval of the Merger by the shareholders of the Company; *provided, however*, that after such approval no such amendment shall reduce the

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value of or change the form of the consideration to be delivered to each of the Company s shareholders as contemplated by this Agreement, unless such amendment is subject to the obtaining of the approval of the amendment by the shareholders of the Company and such approval is obtained. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto which expressly states its intention to amend this Agreement.

Section 11.5 Expenses. Whether or not the transactions provided for herein are consummated, each party to this Agreement will pay its respective expenses incurred in connection with the preparation and performance of its obligations under this Agreement. Similarly, each party agrees to indemnify the other party against any cost, expense or Liability (including reasonable attorneys fees) in respect of any claim made by any party for a broker s or finder s fee in connection with this transaction other than one based on communications between the party and the claimant seeking indemnification.

Section 11.6 Notices. Except as explicitly provided herein, any notice given hereunder shall be in writing and shall be delivered in person, mailed by first class mail, postage prepaid or sent by email, courier or personal delivery to the parties at the following addresses unless by such notice a different address shall have been designated:

If to Allegiance:

Allegiance Bancshares, Inc.

8847 West Sam Houston Parkway, N., Suite 200

Houston, Texas 77040

Attention: Mr. Steven F. Retzloff, President

Email: steve.retzloff@allegiancebank.com

With copies to:

Allegiance Bancshares, Inc.

8847 West Sam Houston Parkway, N., Suite 200

Houston, Texas 77040

Attention: Ms. Shanna Kuzdzal, General Counsel

Email: shanna.kuzdzal@allegiancebank.com

Bracewell LLP

1445 Ross Avenue, Suite 3800

Dallas, Texas 75201

Attention: Mr. Josh McNulty

Email: josh.mcnulty@bracewell.com

If to the Company:

Post Oak Bancshares, Inc.

2000 West Loop South, Suite 100

Houston, Texas 77027

Attention: Mr. Roland Williams, President, Chairman & Chief Executive Officer

Email: roland.williams@postoakbank.com

With copies to:

Post Oak Bancshares, Inc.

2000 West Loop South, Suite 100

Houston, Texas 77027

Attention: Mr. Charles Carmouche, General Counsel

Email: charles.carmouche@postoakbank.com

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Fenimore Kay Harrison & Ford, LLP

812 San Antonio Street, Suite 600

Austin, Texas 78701

Attention: Mr. Chet Fenimore

Email: cfenimore@fkhpartners.com

All notices sent by mail as provided above shall be deemed delivered three (3) days after deposit in the mail. All notices sent by courier as provided above shall be deemed delivered one day after being sent and all notices sent by email shall be deemed delivered upon confirmation of receipt. All other notices shall be deemed delivered when actually received. Any party to this Agreement may change its address for the giving of notice specified above by giving notice as herein provided. Notices permitted to be sent via e-mail shall be deemed delivered only if sent to such persons at such e-mail addresses as may be set forth in writing (and confirmation of receipt is received by the sending party).

Section 11.7 Controlling Law; Jurisdiction.

(a) This Agreement and any claim, controversy or dispute arising under or related in any way to this Agreement and/or the interpretation and enforcement of the rights and duties of the parties hereunder or related in any way to the foregoing, shall be governed by and construed in accordance with the internal, substantive laws of the State of Texas applicable to agreements entered into and to be performed solely within such state without giving effect to the principles of conflict of laws thereof.

(b) Any Proceeding arising out of or relating to the matters contemplated by this Agreement must be brought in the courts of the State of Texas, County of Harris, or, if it has or can acquire jurisdiction, in the United States District Court for the Southern District of Texas (Houston Division), and each of the parties irrevocably submits to the exclusive jurisdiction of each such court in any such Proceeding, waives any objection it may now or hereafter have to venue or to convenience of forum, agrees that all claims in respect of such Proceeding shall be heard and determined only in any such court, and agrees not to bring any Proceeding arising out of or relating to the matters contemplated by this Agreement in any other court. Each party acknowledges and agrees that the provisions of this Section 11.7 constitute a voluntary and bargained for agreement between the parties. Process in any Proceeding may be served on any party anywhere in the world.

Section 11.8 Waiver. At any time prior to the Effective Time, the parties hereto, by action taken or authorized by their respective boards of directors, may, to the extent legally allowed: (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto; (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto; and (c) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party, but such extension or waiver or failure to insist on strict compliance with an obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 11.9 Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable. In all such cases, the parties shall use their reasonable best efforts to substitute a valid, legal and enforceable provision which, insofar as practicable, implements the original purposes and intents of this Agreement.

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Section 11.10 Entire Agreement. Except for the confidential provisions of the Letter of Intent, this Agreement and the exhibits and attachments hereto represent the entire agreement between the parties respecting the transactions contemplated hereby, and all understandings and agreements heretofore made between the parties hereto are merged in this Agreement, including the exhibits and schedules delivered pursuant hereto, which (together with any agreements executed by the parties hereto contemporaneously with or, if contemplated hereby, subsequent to the execution of this Agreement) shall be the sole expression of the agreement of the parties respecting the Merger. Each party to this Agreement acknowledges that, in executing and delivering this Agreement, it has relied only on the written representations, warranties and promises of the other parties hereto that are contained herein or in the other agreements executed by the parties contemporaneously with or, if contemplated hereby, subsequent to the execution of this Agreement, and has not relied on the oral statements of any other party or its representatives.

Section 11.11 Counterparts. This Agreement may be executed in multiple counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including .pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

Section 11.12 Assignment; Binding on Successors. Except as otherwise provided herein, this Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, executors, trustees, administrators, guardians, successors and permitted assigns, but shall not be assigned by any party without the prior written consent of the other parties.

Section 11.13 No Third Party Beneficiaries. Nothing contained in this Agreement, express or implied, is intended to confer upon any persons, other than the parties hereto or their respective successors, any rights, remedies, obligations, or Liabilities under or by reason of this Agreement.

[Signature Page Immediately Follows]

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

ALLEGIANCE BANCSHARES, INC.

By: /s/ Steven F. Retzloff
Name: Steven F. Retzloff
Title: President

POST OAK BANCSHARES, INC.

By: /s/ Roland L. Williams
Name: Roland L. Williams
Title: President, Chairman & Chief Executive Officer

[*Signature Page to Agreement and Plan of Reorganization*]

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Annex B

FORM OF VOTING AGREEMENT

THIS VOTING AGREEMENT (the "Voting Agreement"), dated as of April 30, 2018, is executed by and among Allegiance Bancshares, Inc., a Texas corporation ("Allegiance"), Post Oak Bancshares, Inc., a Texas corporation (the "Company"), and the other persons who are signatories hereto (referred to herein individually as a "Shareholder" and collectively as the "Shareholders").

WHEREAS, concurrently herewith, Allegiance and the Company are entering into that certain Agreement and Plan of Reorganization (as such agreement may be amended or supplemented from time to time, the "Reorganization Agreement"), pursuant to which the Company will merge with and into Allegiance, with Allegiance as the surviving entity (the "Merger");

WHEREAS, the Reorganization Agreement provides that all of the issued and outstanding shares of common stock, par value $0.01 per share, of the Company ("Company Stock") (other than any Dissenting Shares or Treasury Shares, each as defined in the Reorganization Agreement) will be exchanged for such consideration as set forth in the Reorganization Agreement;

WHEREAS, as a condition and inducement to Allegiance's willingness to enter into the Reorganization Agreement, each member of the board of directors and certain officers of the Company and Post Oak Bank, N.A., a national banking association and wholly-owned subsidiary of the Company (the "Bank"), in each case as set forth following their name on the Shareholder signature page hereto, have agreed to vote his or her shares of Company Stock in favor of approval of the Reorganization Agreement and the transactions contemplated thereby; and

WHEREAS, the Company and Allegiance are relying on this Voting Agreement in incurring expenses in reviewing the Company's business, in preparing a proxy statement/prospectus, in proceeding with the filing of applications for regulatory approvals and in undertaking other actions necessary for the consummation of the Merger.

NOW, THEREFORE, in consideration of the substantial expenses that Allegiance will incur in connection with the transactions contemplated by the Reorganization Agreement and to induce Allegiance to execute the Reorganization Agreement and to proceed to incur such expenses, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby, severally and not jointly, agree as follows:

1. Each of the Shareholders hereby severally, but not jointly, represents and warrants to Allegiance and the Company that such Shareholder is the registered owner or beneficial owner of, or has full voting power with respect to, the number of shares of Company Stock set forth below such Shareholder's name on the Shareholder signature page to this Voting Agreement (the "Shares"). While this Voting Agreement is in effect, each Shareholder shall not, directly or indirectly, (a) sell or otherwise dispose of or encumber prior to the record date of the Company's special meeting of shareholders referred to in Section 5.1(a) of the Reorganization Agreement (the "Company Shareholder Meeting") any or all of his or her Shares or (b) deposit any shares of Company Stock into a voting trust or enter into a voting agreement or arrangement with respect to any shares of Company Stock or grant any proxy with respect thereto, other than to other members of the board of directors of the Company for the purpose of voting to approve the Reorganization Agreement and the transactions contemplated thereby; *provided*, *however*, that the following transfers shall be permitted: (w) transfers to any member of the Shareholder's family, subject to the transferee agreeing in writing to be bound by the terms of this Voting Agreement, (x) transfers for estate and tax planning purposes, including transfers to relatives, trusts and charitable organizations, subject to the transferee agreeing in writing to be bound by the terms of this Voting Agreement, (y) transfers to any other

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shareholder of the Company who has executed a copy of this Voting Agreement on the date hereof, and (z) such transfers as Allegiance may otherwise permit in its sole discretion. Any transfer or other disposition in violation of the terms of this Section 1 shall be null and void.

2. Each Shareholder hereby agrees during the term of this Voting Agreement to vote the Shares, and any additional shares of Company Stock or other voting securities of the Company acquired by such Shareholder after the date hereof, (a) in favor of the approval and adoption of the Reorganization Agreement and the transactions contemplated thereby at the Company Shareholder Meeting and (b) against approval of any Acquisition Proposal (as defined in the Reorganization Agreement) made in opposition to or competition with such proposals (an Opposing Proposal) presented at the Company Shareholder Meeting or any other meeting of shareholders held prior or subsequent to the Company Shareholder Meeting. If there has been a modification or amendment to the Reorganization Agreement that reduces the Aggregate Merger Consideration (as defined in the Reorganization Agreement), other than any adjustment to the Aggregate Merger Consideration provided for in the Reorganization Agreement, then this Section 2 shall be inapplicable.

3. Each Shareholder shall not invite or seek any Opposing Proposal, support (or publicly suggest that anyone else should support) any Opposing Proposal that may be made, or ask the board of directors of the Company to consider, support or seek any Opposing Proposal or otherwise take any action designed to make any Opposing Proposal more likely. None of the Shareholders shall meet or otherwise communicate with any Person (as defined in the Reorganization Agreement) that makes or is considering making an Opposing Proposal or any representative of such Person after becoming aware that the Person has made or is considering making an Opposing Proposal. Each Shareholder shall promptly advise the Company of each contact the Shareholder or any of the Shareholder s representatives may receive from any Person relating to any Opposing Proposal or otherwise indicating that any Person may wish to participate or engage in any transaction arising out of any Opposing Proposal and will provide the Company with all information Allegiance reasonably requests that is available to the Shareholder regarding any such Opposing Proposal or possible Opposing Proposal. Each Shareholder will not make any claim or join in any litigation alleging that the board of directors of the Company is required to consider, endorse or support any Opposing Proposal or to invite or seek any Opposing Proposal. Each Shareholder shall not take any other action that is reasonably likely to make consummation of the Merger less likely or to impair Allegiance s ability to exercise any of the rights granted by the Reorganization Agreement.

4. Each Shareholder acknowledges that Allegiance and the Company are relying on this Voting Agreement in preparing a proxy statement/prospectus, in proceeding with the filing of applications for regulatory approvals and in undertaking other actions necessary for the consummation of the Merger. Each Shareholder and the Company acknowledge that the performance of this Voting Agreement is intended to benefit Allegiance.

5. This Voting Agreement shall continue in effect until the earlier to occur of (a) the termination of the Reorganization Agreement in accordance with its terms or (b) the consummation of the Merger.

6. Nothing in this Voting Agreement shall be deemed to restrict any of the Shareholders from taking any action in the capacity of a director or officer (if applicable) of the Company that such Shareholder shall believe is necessary to fulfill the Shareholder s duties and obligations as a director or officer (if applicable). Each Shareholder is executing this Voting Agreement solely in the Shareholder s capacity as a shareholder of the Company.

7. Each Shareholder has the legal capacity, power and authority to enter into and perform all of the Shareholder s obligations under this Voting Agreement. This Voting Agreement has been duly and validly executed and delivered by the Shareholder and constitutes the legal, valid and binding obligation of the Shareholder, enforceable against the Shareholder in accordance with its terms except as the enforceability may be limited by bankruptcy, insolvency or

other laws affecting creditors rights. If the Shareholder is married and his or her Shares constitute community property, this Voting Agreement has been duly

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authorized, executed and delivered by, and constitutes a valid and binding agreement of, such Shareholder s spouse, enforceable against such spouse in accordance with its terms.

8. Each Shareholder hereby (a) confirms his knowledge of the availability of the rights of dissenting shareholders under the Texas Business Organizations Code (TBOC) with respect to the Merger and (b) confirms receipt of a copy of the provisions of the TBOC related to the rights of dissenting shareholders attached hereto as Annex A. Each Shareholder hereby waives and agrees not to assert, and shall use its best efforts to cause any of its Affiliates (as defined in the Reorganization Agreement) who hold of record any of the Shareholder s Shares to waive and not to assert, any appraisal rights with respect to the Merger that the Shareholder or such Affiliate may now or hereafter have with respect to any Shares (or any other shares of capital stock of the Company that the Shareholder shall hold of record at the time that Shareholder may be entitled to assert appraisal rights with respect to the Merger) whether pursuant to the TBOC or otherwise.

9. This Voting Agreement may not be modified, amended, altered or supplemented with respect to a particular Shareholder except upon the execution and delivery of a written agreement executed by the Company, Allegiance and the Shareholder.

10. This Voting Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

11. This Voting Agreement, together with the Reorganization Agreement and the agreements contemplated thereby, embody the entire agreement and understanding of the parties hereto in respect to the subject matter contained herein. This Voting Agreement supersedes all prior agreements and understandings among the parties with respect to such subject matter contained herein.

12. All notices, requests, demands and other communications required or permitted hereby shall be in writing and shall be deemed to have been duly given if delivered by hand or mail, certified or registered mail (return receipt requested) with postage prepaid to the addresses of the parties hereto set forth below their signature on the signature pages hereof or to such other address as any party may have furnished to the others in writing in accordance herewith.

13. Each Shareholder recognizes and acknowledges that a breach by the Shareholder of any covenants or agreements contained in this Voting Agreement will cause Allegiance to sustain damages for which they would not have an adequate remedy at law for money damages, and therefore the parties hereto agree that, in the event of any such breach, Allegiance shall be entitled to seek the remedy of specific performance of such covenants and agreements and injunctive and other equitable relief, without the necessity of posting bond or proving actual damages, in addition to any other remedy to which it may be entitled, at law or in equity.

14. From time to time, at Allegiance s request and without further consideration, each Shareholder shall execute and deliver such additional documents reasonably requested by Allegiance as may be necessary or desirable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Voting Agreement.

15. This Voting Agreement and the relations among the parties hereto arising from this Voting Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without giving effect to any principles of conflicts of law.

[Signature Page Follows]

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IN WITNESS WHEREOF, the parties have executed this Voting Agreement as of the date above written.

ALLEGIANCE:

ALLEGIANCE BANCSHARES, INC.

By:
Name: Steven F. Retzloff
Title: President

Address:

Allegiance Bancshares, Inc.

8847 West Sam Houston Parkway, N., Suite 200
Houston, Texas 77040

Attention: Mr. Steven F. Retzloff

COMPANY:

POST OAK BANCSHARES, INC.

By:
Name: Roland L. Williams
Title: Chairman, President and Chief Executive Officer

Address:

Post Oak Bancshares, Inc.

2000 West Loop South, Suite 600
Houston, Texas 77027

Attention: Roland Williams

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SHAREHOLDERS:

Address for Shareholder:

[ ]

Number of Shares:

Spouse

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ANNEX A

[See attached copy of TBOC Chapter 10, Subchapter H]

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Annex C

FORM OF DIRECTOR SUPPORT AGREEMENT

THIS DIRECTOR SUPPORT AGREEMENT (this "Agreement"), dated as of April 30, 2018 (the "Execution Date"), is made and entered into by and among, Allegiance Bancshares, Inc., a Texas corporation ("Allegiance"), Post Oak Bancshares, Inc., a Texas corporation (the "Company"), and , an individual residing in the State of Texas (the "Undersigned").

WHEREAS, in connection with the execution of this Agreement, Allegiance and the Company are entering into that certain Agreement and Plan of Reorganization, dated as of the date hereof (as such agreement may be amended or supplemented from time to time, the "Reorganization Agreement"), pursuant to which, among other things, the Company will merge with and into Allegiance, with Allegiance continuing as the surviving entity (the "Merger");

WHEREAS, the term "Company" as used in this Agreement with respect to time periods after the day and time the Merger is completed pursuant to the terms of the Reorganization Agreement (the "Effective Time") shall mean Allegiance, as successor to the Company in the Merger;

WHEREAS, the Undersigned is a director of the Company and/or Post Oak Bank, N.A., a national banking association and wholly-owned subsidiary of the Company (the "Bank"), which, pursuant to the transactions contemplated by the Reorganization Agreement, will, among other things, merge with Allegiance Bank, a Texas banking association and wholly-owned subsidiary of Allegiance ("Allegiance Bank");

WHEREAS, the Undersigned, as a director of the Company and/or the Bank, as the case may be, has had access to certain Confidential Information (as defined below), including, without limitation, information concerning the Company s and the Bank s business and the relationships between the Company and the Bank, their respective subsidiaries, vendors, and customers, and the Company s and/or the Bank s status and relationship with peer institutions that compete with the Bank, the Company, and/or Allegiance Bank, and has had access to trade secrets, customer goodwill and proprietary information of the Company and/or the Bank and their respective businesses that constitute a substantial asset to be acquired by Allegiance;

WHEREAS, the Undersigned recognizes that Allegiance s willingness to enter into the Reorganization Agreement is dependent on the Undersigned entering into this Agreement (including the anti-piracy/non-solicitation/non-competition covenants below) and therefore this Agreement is incident thereto; and

WHEREAS, any capitalized term not defined herein shall have the meaning set forth in the Reorganization Agreement.

NOW, THEREFORE, for the new Confidential Information the Undersigned will be provided and for other good and valuable consideration contained herein and in the Reorganization Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Director Support. The Undersigned agrees to use his or her best efforts to refrain from harming the goodwill of Allegiance, the Company, the Bank, Allegiance Bank and their respective subsidiaries, and their respective customer and client relationships during the term of this Agreement.

2. Non-Disclosure Obligations. The Undersigned agrees that he or she will not make any unauthorized disclosure, directly or indirectly, of any Confidential Information of Allegiance, the Company, the Bank or Allegiance Bank to

third parties, or make any use thereof, directly or indirectly. The Undersigned also agrees that he or she shall deliver promptly to the Company or Allegiance at any time at its reasonable request, without retaining any copies, all documents and other material in the Undersigned s possession at that time relating, directly or indirectly, to any Confidential Information or other information of Allegiance, Allegiance Bank, the Company or the Bank, or Confidential Information or other information regarding third parties, learned in such person s position as a director, officer or shareholder of the Company or the Bank.

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For purposes of this Agreement, "Confidential Information" means and includes Allegiance's, the Company's, Allegiance Bank's and the Bank's confidential and/or proprietary information and/or trade secrets, including those of their respective subsidiaries, that have been and/or will be developed or used and that cannot be obtained readily by third parties from outside sources. Confidential Information includes, but is not limited to, the: information regarding past, current and prospective customers and investors and business affiliates, employees, contractors, and the industry not generally known to the public; strategies, methods, books, records, and documents; technical information concerning products, equipment, services, and processes; procurement procedures, pricing, and pricing techniques, including contact names, services provided, pricing, type and amount of services used; financial data; pricing strategies and price curves; positions; plans or strategies for expansion or acquisitions; budgets; research; financial and sales data; trading methodologies and terms; communications information; evaluations, opinions and interpretations of information and data; marketing and merchandising techniques; electronic databases; models and the output from same; specifications; computer programs; contracts; bids or proposals; technologies and methods; training methods and processes; organizational structure; personnel information, including compensation and bonuses; payments or rates paid to consultants or other service providers; other such confidential or proprietary information; and notes, analysis, compilations, studies, summaries, and other material prepared by or for Allegiance, the Company, Allegiance Bank, the Bank or any of their respective subsidiaries containing or based, in whole or in part, on any information included in any of the foregoing. The term "Confidential Information" does not include any information that (i) at the time of disclosure or thereafter is generally available to and known to the public, other than by a breach of this Agreement by the disclosing party; (ii) was available to the disclosing party, prior to disclosure by Allegiance, the Company, Allegiance Bank or the Bank, on a non-confidential basis from a source other than the Undersigned and is not known by the Undersigned, after reasonable investigation, to be subject to any fiduciary, contractual or legal obligations of confidentiality; or (iii) was independently acquired or developed by the Undersigned without violating any obligations of this Agreement. The Undersigned acknowledges that Allegiance's, the Company's, Allegiance Bank's and the Bank's respective businesses are highly competitive, that this Confidential Information constitutes valuable, special and unique assets to be acquired by Allegiance in the Merger and constitutes existing valuable, special, and unique assets held by the Company pre-Merger, and that protection of such Confidential Information against unauthorized disclosure and use is of critical importance to Allegiance.

3. Non-Competition Obligations. The Undersigned agrees that, for the period beginning on the Execution Date and continuing until the date that is three (3) years after the Effective Time of the Merger (the "Non-Competition Period"), the Undersigned will not, except as a director or officer of the Company or the Bank prior to the Effective Time of the Merger, in any capacity, directly or indirectly:

a) compete or engage, anywhere in the geographic area comprised of the fifty (50) mile radius surrounding the locations of the Bank or Allegiance Bank banking centers that were formerly locations of the Bank at the Effective Time (the "Market Area"), in a business as a federally insured depository institution;

b) take any action to invest in, own, manage, operate, control, participate in, be employed or engaged by, be a director of, or otherwise be connected in any manner with any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, or governmental body (each a "Person") engaging in a business similar to that of Allegiance, Allegiance Bank, the Company or the Bank anywhere within the Market Area. Notwithstanding the foregoing, the Undersigned is permitted hereunder to own, directly or indirectly, up to one percent (1%) of the issued and outstanding securities of any publicly traded

financial institution conducting business in the Market Area;

c) (i) call on, service or solicit competing business from customers of Allegiance, Allegiance Bank, the Company or the Bank or any of their respective affiliates if, within the twelve (12) months before the date of this Agreement, the Undersigned had or made contact with the customer, or had access to information and files about the customer or (ii) interfere with or damage (or attempt to interfere with or damage) any relationship between Allegiance, the Company or the Bank or any of their respective affiliates and any such customer; or

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d) call on, solicit or induce any employee of Allegiance, Allegiance Bank, the Company or the Bank or any of their respective affiliates whom the Undersigned had contact with, knowledge of, or association with in the course of service with the Company or the Bank (whether as an employee or a contractor) to terminate his or her employment from or contract with Allegiance, Allegiance Bank, the Company or the Bank or any of their respective affiliates, and will not assist any other Person in such activities.

4. Non-Competition Covenant Reasonable. The Undersigned acknowledges that the restrictions imposed by this Agreement are legitimate, reasonable and necessary to protect Allegiance s acquisition of the Company and the goodwill thereof. The Undersigned acknowledges that the scope and duration of the restrictions contained herein are reasonable in light of the time that the Undersigned has been engaged in the business of the Company and/or the Bank and the Undersigned s relationship with the customers of the Company and/or the Bank. The Undersigned further acknowledges that the restrictions contained herein are not burdensome to the Undersigned in light of the other opportunities that remain open to the Undersigned. Moreover, the Undersigned acknowledges that he or she has and will have other means available to him or her for the pursuit of his or her livelihood after the Effective Time of the Merger.

5. Consideration. In consideration for the above obligations of the Undersigned, in addition to those matters set forth in the Recitals to this Agreement, the Company agrees to provide the Undersigned with access to new Confidential Information relating to the Company s business, which will become Allegiance s business after the Effective Time of the Merger, in a greater quantity and/or expanded nature than that already provided to the Undersigned. The Undersigned also will have access to, or knowledge of, new Confidential Information of third parties, such as actual and potential customers, suppliers, partners, joint venturers, investors, financing sources, etc., of the Company and/or the Bank prior to the Merger and of Allegiance after the Effective Time of the Merger.

6. Injunctive Relief and Additional Remedies. The Undersigned acknowledges that the injury that would be suffered by Allegiance or the Company as a result of a breach of the provisions of this Agreement (including any provision of Section 3) would be irreparable and that an award of monetary damages to Allegiance or the Company, as the case may be, for such a breach would be an inadequate remedy. Consequently, each of Allegiance and the Company will have the right, in addition to any other rights it may have, to seek specific performance, to obtain injunctive relief to restrain any proposed or actual breach or threatened breach or otherwise to specifically enforce any provision of this Agreement without the obligation to post bond or other security in seeking such relief. Such equitable remedies are in addition to the right to obtain compensatory and punitive damages, and attorney s fees, and, notwithstanding Allegiance s or the Company s, as the case may be, right to so seek damages, the Undersigned waives any defense that an adequate remedy for Allegiance or the Company, as the case may be, exists under law. If the Undersigned, on the one hand, or Allegiance or the Company, on the other hand, must bring suit to enforce this Agreement, the prevailing party shall be entitled to recover its attorneys fees and costs related thereto.

7. Extension of Restrictive Covenant Period. In the event that the Company or Allegiance shall file a lawsuit in any court of competent jurisdiction alleging a breach of Section 3 of this Agreement by the Undersigned and the Company or Allegiance is successful on the merits of such lawsuit, then any time period set forth in this Agreement including the time periods set forth in Section 3, will be extended one month for each month the Undersigned was in breach of this Agreement, so that the Company or Allegiance is provided the benefit of the full Non-Competition Period.

8. Effectiveness of this Agreement. This Agreement shall become effective on the Execution Date. This Agreement shall automatically terminate and be of no further force or effect if (a) the Reorganization Agreement is not executed on or prior to the Execution Date, or (b) the Reorganization Agreement (once executed) is terminated in accordance with its terms and the Merger does not occur.

9. Waiver. The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by either party in exercising any right, power, or privilege under this Agreement will operate as a waiver of such right power, or privilege, and no single or partial exercise of any such right,

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power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable law, (a) no claim or right arising out of this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (b) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on one party will be deemed to be a waiver of any obligation of such party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement.

10. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Company, Allegiance and their respective successors and assigns, including, without limitation, any successor by merger, consolidation or stock purchase of the Company, Allegiance and any Person that acquires all or substantially all of the assets of the Company or Allegiance.

11. Notices. All notices, consents, waiver, and other communications under this Agreement must be in writing and will be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), (b) sent by electronic mail, provided, that a copy is mailed by registered mail, return receipt requested, or (c) when received by the addressee, if sent by a nationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses and electronic mail addresses set forth below (or to such other address or to such other Person as any party hereto has last designated by notice to the other parties in accordance herewith):

If to Allegiance:

Allegiance Bancshares, Inc.

8847 West Sam Houston Parkway, N., Suite 200

Houston, Texas 77040

Attention: Mr. George Martinez

Email: george.martinez@allegiancebank.com

With a copy to:

Bracewell LLP

1445 Ross Avenue, Suite 3800

Dallas, Texas 75202

Attention: Mr. Joshua T. McNulty

Email: josh.mcnulty@bracewell.com

If to the Company (prior to the Closing Date):

Post Oak Bancshares, Inc.

2000 West Loop South, Suite 100

Houston, Texas 77027

Attention: Mr. Roland Williams, President, Chairman & Chief Executive Officer

Email: roland.williams@postoakbank.com

With copies to:

Post Oak Bancshares, Inc.

2000 West Loop South, Suite 100

Houston, Texas 77027

Attention: Mr. Charles Carmouche, General Counsel

Email: charles.carmouche@postoakbank.com

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Fenimore Kay Harrison & Ford, LLP

812 San Antonio Street, Suite 600

Austin, Texas 78701

Attention: Mr. Chet Fenimore

Email: cfenimore@fkhpartners.com

If to the Undersigned:

At the address set forth under the Undersigned s signature page hereto.

12. Entire Agreement; Amendment. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, between the parties hereto with respect to the subject matter hereof. This Agreement may not be amended orally, but only by an agreement in writing signed by the parties hereto.

13. Governing Law. This Agreement and any claim, controversy or dispute arising under or related in any way to this Agreement and/or the interpretation and enforcement of the rights and duties of the parties hereunder or related in any way to the foregoing, shall be governed by and construed in accordance with the internal, substantive laws of the State of Texas applicable to agreements entered into and to be performed solely within such state without giving effect to the principles of conflict of laws thereof.

14. Jurisdiction. Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement may be brought against either of the parties in the courts of the State of Texas, County of Harris, or, if it has or can acquire jurisdiction, in a United States District Court of the Southern District of Texas located in Houston, Texas, and each of the parties consents to the jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein. Process in any action or proceeding referred to in the preceding sentence may be served on either party anywhere in the world. Notwithstanding the foregoing a party may commence any action or proceeding in a court other than the above-named courts solely for the purpose of enforcing an order or judgment issued by one of the above-named courts.

15. Section Headings, Construction. The headings of Sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. All references to Section or Sections refer to the corresponding Section or Sections of this Agreement unless otherwise specified. All words used in this Agreement will be construed to be of such gender or number, as the circumstances require. Unless otherwise expressly provided, the word including does not limit the preceding words or terms.

16. Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable. If any restriction in this Agreement is held invalid or unenforceable by any court of competent jurisdiction, it is the intention of the parties that the restrictions be reformed by such court in such a manner that protects the business and Confidential Information of Allegiance, the Company, Allegiance Bank and the Bank to the maximum extent permissible.

17. Representation by Counsel; Interpretation. Each party to this Agreement acknowledges that it has had the opportunity to be represented by counsel in the negotiation, preparation, and execution of this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of law, including, but not limited to, the doctrine of contra proferentem, or any legal decision which would require interpretation of any claimed ambiguities in this Agreement against the drafting party has no application and is expressly waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the intent of the parties.

18. Counterparts. This Agreement may be executed in multiple counterparts (including by means of telecopied signature pages or electronic transmission in portable document format (pdf)), any one of which need

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not contain the signatures of more than one party, but all such counterparts taken together shall constitute one and the same instrument.

[*Signature Page Follows*]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

COMPANY:

POST OAK BANCSHARES, INC.

By:
Name: Roland L. Williams
Title: Chairman, President and Chief Executive Officer

ALLEGIANCE:

ALLEGIANCE BANCSHARES, INC.

By:
Name: Steven F. Retzloff
Title: President

UNDERSIGNED:

Name:

Notice address:

Email:

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Annex D

April 30, 2018

Post Oak Bancshares, Inc.

2000 West Loop South, Suite 100

Houston, TX 77027

Members of the Board of Directors:

We understand that Post Oak Bancshares, Inc. (Post Oak) intends to enter into an Agreement and Plan of Reorganization (the Merger Agreement) by and between Post Oak and Allegiance Bancshares, Inc. (Allegiance), (the Merger). At the Effective Time, by virtue of the Merger and subject to the terms and conditions of the Merger Agreement, each share of Post Oak common stock issued and outstanding shall be converted into the right 0.7017 shares of Allegiance common stock plus cash in lieu of any fractional shares of Allegiance common stock (the Per Share Merger Consideration). At the Effective Time, each outstanding and unexercised option of Post Oak shall be converted into an option to purchase Allegiance common stock, subject to adjustments based upon the exchange ratio as more fully described in the Merger Agreement. Aggregate Merger Consideration shall mean the Per Share Merger Consideration plus the assumption and conversion of Post Oak stock options, including any cash paid in lieu of fractional shares. Based upon Allegiance s closing stock price on April 27, 2018 of $40.80, the implied value of the Aggregate Merger Consideration was $350 million as of such date.

You have requested that Performance Trust Capital Partners, LLC (Performance Trust or we) render an opinion as of the date hereof (this Opinion) to the Board of Directors of Post Oak (the Board) as to whether the Aggregate Merger Consideration pursuant to the Merger Agreement is fair, from a financial point of view, to the holders of Post Oak Common Stock.

In connection with this Opinion, we have made such reviews, analyses and inquiries as we have deemed necessary and appropriate under the circumstances. Among other things, we have:

(i) reviewed the Merger Agreement dated April 30th;

(ii) reviewed certain publicly available business and financial information relating to Post Oak and its subsidiary Post Oak Bank and Allegiance and its subsidiary Allegiance Bank;

(iii) 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 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;

(iv) 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;

(v) 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;

PERFORMANCE TRUST

CAPITAL PARTNERS

500 W. Madison, Suite 450

Chicago, IL 60661

P 312 521 1000 | **F** 312 521 1001

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(vi) reviewed certain financial data of Post Oak and Allegiance, and compared that data with similar data for companies with publicly traded equity securities that we deemed relevant;

(vii) 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;

(viii) reviewed and compared certain financial metrics of Post Oak with certain financial metrics of Allegiance that we deemed relevant; and

(ix) considered such other information, financial studies, analyses and investigations and financial, economic and market criteria that we deemed relevant.

In connection with our review, we have not independently verified any information, including the foregoing information, and we have assumed and relied upon all data, material and other information furnished, or otherwise made available, to us, discussed with or reviewed by us, or publicly available, being complete and accurate in all material respects and we do not assume any responsibility with respect to such data, material and other information. With respect to the financial forecasts and projections for Post Oak that we have used in our analyses, the management of Post Oak have advised us, and we have assumed, that such forecasts and projections have been reasonably prepared in good faith 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 we express no opinion with respect to such forecasts, projections, estimates or the assumptions on which they are based.

We have relied upon and assumed, without independent verification, that (a) the representations and warranties of all parties to the Merger Agreement and all other related documents and instruments that are referred to therein are true and correct, (b) each party to all such agreements will perform all of the covenants and agreements required to be performed by such party, (c) all conditions to the consummation of the Merger will be satisfied without waiver thereof, and (d) the Merger will be consummated in a timely manner in accordance with the terms described in the Merger Agreement provided to us, without any amendments or modifications thereto or any adjustments to the consideration. We have relied upon and assumed, without independent verification, that there has been no material 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 us that would be material to our analyses or this Opinion, and that there is no information or any facts that would make any of the information reviewed by us incomplete or misleading. We have also relied upon and assumed without independent verification, with your 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 Agreement without waiver, modification or amendment of any term, condition or provision thereof that would be material to our analyses or this Opinion. We have relied upon and assumed, with your consent, that the Merger Agreement, when executed by the parties thereto, will conform to the draft reviewed by us in all respects material to our analyses.

This Opinion only addresses the fairness, from a financial point of view, of the Aggregate Merger Consideration to the holders of Post Oak Common Stock pursuant to the Merger Agreement in the manner set forth above and this Opinion does not address any other aspect or implication of the Merger or any agreement, arrangement or

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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, class of such persons or shareholders of Allegiance, relative to the Aggregate Merger Consideration or otherwise.

This Opinion is necessarily based upon information made available to us as of the date hereof and financial, economic, market and other conditions as they exist and can be evaluated on the date hereof. As you are aware, the credit, financial and stock markets have been experiencing unusual volatility and we express no opinion or view as to any potential effects of such volatility on Post Oak, Allegiance or the Merger. We have not undertaken, and are under no obligation, to update, revise, reaffirm or withdraw this Opinion, or otherwise comment on or consider events occurring after the date hereof. This Opinion does not address the relative merits of the Merger as compared to alternative 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, we have relied on, with your consent, advice of the outside counsel and the independent accountants of Post Oak, and on the assumptions of the management of Post Oak and Allegiance, as to all legal, regulatory, accounting, insurance and tax matters with respect to Post Oak, Allegiance and the Merger.

We have not been requested to make, and have not made, any physical inspection or an independent evaluation or appraisal of any assets or liabilities (contingent or otherwise) of Post Oak or Allegiance, nor have we been furnished with any such evaluations or appraisals, with the exception of a third party loan review of Post Oak and Allegiance. In addition, we are not experts in evaluating loan, lease, investment or trading portfolios for purposes of assessing the adequacy of the allowances for losses, or evaluating loan servicing rights or goodwill for purposes of assessing any impairment thereto. We did not make an independent evaluation of the adequacy of Post Oak s or Allegiance s allowances for such losses, nor have we reviewed any individual loan or credit files or investment or trading portfolios. In all cases, we have assumed that Post Oak s and Allegiance s allowances for such losses are adequate to cover such losses. We have not evaluated the solvency of Post Oak or Allegiance or the solvency or fair value of Post Oak, Allegiance or any other entity or person or their respective assets or liabilities under any state or federal laws relating to bankruptcy, insolvency, fraudulent conveyance or similar matters.

We and our affiliates have in the past provided, may currently be providing and may in the future provide investment banking and other financial services to Post Oak, Allegiance and certain of their respective affiliates, for which we and our affiliates have received and would expect to receive compensation. We are 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, we and our affiliates may acquire, hold or sell, for our and our affiliates own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of Post Oak, Allegiance and certain of their affiliates, as well as provide investment banking and other financial services to such companies and entities. Performance Trust has adopted policies and procedures designed to preserve the independence of its investment advisory analysts whose views may differ from those of the members of

the team of investment banking professionals that advised Post Oak.

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CAPITAL PARTNERS

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We have acted as financial advisor to Post Oak in connection with the Merger and will receive customary investment banking fees for our services equal to one percent (1.00%) of the aggregate consideration to be received in the Merger, a significant portion of which is contingent upon the consummation of the Merger. Post Oak previously paid Performance Trust a $25,000 retainer, and it will pay Performance Trust a fee of $250,000 upon delivery of this Opinion, which, if the merger is completed, will be credited against Performance Trust s investment banking fee. In addition, Post Oak has agreed to indemnify us and certain related parties for certain liabilities arising out of or related to our engagement and to reimburse us for certain expenses incurred in connection with our engagement.

This Opinion and any other advice or analyses (written or oral) provided by Performance Trust were provided solely for the use and benefit of the Board (in its capacity as such) in connection with the Board s consideration of the Merger and does not, confer any rights or remedies upon any other person, and is not intended to be used, and may not be used, for any other purpose, without the express, prior written consent of Performance Trust. This Opinion may not be disclosed, reproduced, disseminated, quoted, summarized or referred to at any time, in any manner or for any purpose, nor shall any references to Performance Trust or any of its affiliates be made by any recipient of this Opinion, without the prior, written consent of Performance Trust, except as required by law. This Opinion should not be construed as creating, and Performance Trust shall not be deemed to have, any fiduciary duty to the Board, Post Oak, any security holder or creditor of Post Oak or any other person, regardless of any prior or ongoing advice or relationships. This Opinion does not constitute advice or a recommendation to any security holder of Post Oak or any other person or entity with respect to how such security holder or other person or entity should vote or act with respect to any matter relating to the Merger. The issuance of this Opinion was approved by an authorized internal committee of Performance Trust.

In connection with the Merger, the undersigned, acting as an independent financial advisor to Post Oak, hereby consents to the inclusion of our opinion letter to the Board of Directors of Post Oak as an Annex to, and the references to our firm and such opinion in, the Joint Proxy Statement / Prospectus relating to the proposed Merger. In giving such consent, we do not admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended (the Act), or the rules and regulations of the SEC thereunder (the Regulations), nor do we admit that we are experts with respect to any part of such Joint Proxy Statement / Prospectus within the meaning of the term experts as used in the Act or the Regulations.

Based upon and subject to the foregoing, and in reliance thereon, it is our opinion that, as of the date hereof, the Aggregate Merger Consideration pursuant to the Merger Agreement is fair, from a financial point of view, to the holders of Post Oak Common Stock.

PERFORMANCE TRUST CAPITAL PARTNERS, LLC

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Annex E

April 30, 2018

Board of Directors

Allegiance Bancshares, Inc.

8847 West Sam Houston Parkway, North

Suite 200

Houston, TX 77040

Members of the Board of Directors:

We understand that Allegiance Bancshares, Inc. (the Company) and Post Oak Bancshares, Inc. (Post Oak) propose to enter into the Agreement (defined below) pursuant to which, among other things, Post Oak will be merged with and into the Company, and that Post Oak Bank will merge with and into Allegiance Bank (the Transaction) and that, in connection with the Transaction, each share of common stock, par value $0.01 per share, of Post Oak (the Common Shares) issued and outstanding immediately prior to the Effective Time, excluding any Common Shares held by Post Oak as treasury stock and Common Shares that properly perfect dissenters rights, will be converted into the right to receive 0.7017 shares of Company common stock (the Exchange Ratio), subject to possible adjustment as set forth in the Agreement. The Board of Directors of the Company (the Board) has requested that Raymond James & Associates, Inc. (Raymond James) provide an opinion (the Opinion) to the Board as to whether, as of the date hereof, the Exchange Ratio in the Transaction pursuant to the Agreement is fair from a financial point of view to the Company.

In connection with our review of the proposed Transaction and the preparation of this Opinion, we have, among other things:

1. reviewed the financial terms and conditions as stated in the draft of the Agreement and Plan of Reorganization by and between Allegiance Bancshares, Inc. and Post Oak Bancshares, Inc. dated as of April 30, 2018 (the Agreement);

2. reviewed certain information related to the historical, current and future operations, financial condition and prospects of Post Oak and the Company made available to us by the Company, including, but not limited to, financial projections prepared by the management of the Company relating to Post Oak and the Company for the periods ending December 31, 2018 through December 31, 2023, as approved for our use by the Company (the Projections);

3. reviewed certain pro forma financial adjustments made available to us by the Company that are expected to occur as a result of the Transaction and that are reflected in the Projections, as approved for our use by the Company (the Pro Forma Financial Adjustments);

4. reviewed Post Oak and the Company s recent public filings and certain other publicly available information regarding Post Oak and the Company;

5. reviewed financial, operating and other information regarding Post Oak and the Company and the industry in which they operate;

6. reviewed the financial and operating performance of Post Oak and the Company and those of other selected public companies that we deemed to be relevant;

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Board of Directors

Allegiance Bancshares, Inc.

April 30, 2018

7. considered the publicly available financial terms of certain transactions we deemed to be relevant;

8. reviewed the current and historical market prices and trading volume for the Company s common stock, and the current market prices of the publicly traded securities of certain other companies that we deemed to be relevant;

9. conducted such other financial studies, analyses and inquiries and considered such other information and factors as we deemed appropriate;

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

11. discussed with members of the senior management of the Company certain information relating to the aforementioned and any other matters which we have deemed relevant to our inquiry.

With your consent, we have assumed and relied upon the accuracy and completeness of all information supplied by or on behalf of the Company or otherwise reviewed by or discussed with us, and we have undertaken no duty or responsibility to, nor did we, independently verify any of such information. We have not made or obtained an independent appraisal of the assets or liabilities (contingent or otherwise) of Post Oak or the Company or any of their respective subsidiaries. We are not experts in generally accepted accounting principles (GAAP) in general and also 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, we have assumed that such allowances and reserves are in the aggregate adequate to cover such losses. With respect to the Projections, Pro Forma Financial Adjustments and any other information and data provided to or otherwise reviewed by or discussed with us, we have, with your consent, assumed that the Projections, Pro Forma Financial Adjustments and such other information and data have been reasonably prepared in good faith on assumptions reflecting the best currently available estimates and judgments of senior management of the Company, and we have relied upon the Company to advise us promptly if any information previously provided became inaccurate, misleading or was required to be updated during the period of our review. We express no opinion with respect to the Projections or the assumptions on which they are based. We have assumed that the final form of the Agreement will be substantially similar to the draft reviewed by us, and that the Transaction will be consummated in accordance with the terms of the Agreement without waiver or amendment of any conditions thereto and without adjustment to the Aggregate Stock Consideration (as defined in the Agreement). Furthermore, we have assumed, in all respects material to our analysis, that the representations and warranties of each party contained in the Agreement are true and correct as of the dates indicated, and that each such party will perform all of the covenants and agreements required to be performed by it under the Agreement, and that the conditions

precedent in the Agreement will not be waived. We have relied upon and assumed, without independent verification, that (i) the Transaction will 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, and other consents and approvals necessary for the consummation of the Transaction will be obtained and that no delay, limitations, restrictions or conditions will be imposed or amendments, modifications or waivers made that would have an effect on the Transaction or the Company that would be material to our analyses or this Opinion.

Our opinion is based upon market, economic, financial and other circumstances and conditions existing and disclosed to us as of April 27, 2018 and any material change in such circumstances and conditions would require a reevaluation of this Opinion, which we are under no obligation to undertake. We have relied upon and assumed,

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Board of Directors

Allegiance Bancshares, Inc.

April 30, 2018

without independent verification, that there has been no change in the business, assets, liabilities, financial condition, results of operations, cash flows or prospects of the Company or Post Oak since the respective dates of the most recent financial statements and other information, financial or otherwise, provided to us that would be material to our analyses or this Opinion, and that there is no information or any facts that would make any of the information reviewed by us incomplete or misleading in any material respect.

We express no opinion as to the underlying business decision to effect the Transaction, the structure or tax consequences of the Transaction or the availability or advisability of any alternatives to the Transaction. This letter does not express any opinion as to the likely trading range of the Company s common stock following the Transaction, which may vary depending on numerous factors that generally impact the price of securities or on the financial condition of the Company at that time. Our opinion is limited to the fairness, from a financial point of view, to the Company of the Exchange Ratio to be paid by the Company.

We express no opinion with respect to any other reasons, legal, business, or otherwise, that may support the decision of the Board of Directors to approve or consummate the Transaction. Furthermore, no opinion, counsel or interpretation is intended by Raymond James on matters that require legal, accounting or tax advice. It is assumed that such opinions, counsel or interpretations have been or will be obtained from the appropriate professional sources. Furthermore, we have relied, with the consent of the Company, on the fact that the Company has been assisted by legal, accounting and tax advisors and we have, with the consent of the Company, relied upon and assumed the accuracy and completeness of the assessments by the Company and its advisors as to all legal, accounting and tax matters with respect to the Company and the Transaction including, without limitation, that Post Oak s and the Company s financial statements have been prepared in accordance with GAAP and that the Transaction will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended.

In formulating our opinion, we have considered only what we understand to be the consideration to be paid by the Company as is described above and we did not consider and we express no opinion on the fairness of the amount or nature of any compensation to be paid or payable to any of Post Oak s officers, directors or employees, or class of such persons, whether relative to the compensation paid by the Company or otherwise. We have not been requested to opine as to, and this Opinion does not express an opinion as to or otherwise address, among other things: (1) the fairness of the Transaction to the holders of any class of securities, creditors, or other constituencies of the Company, or to any other party, except and only to the extent expressly set forth in the last sentence of this Opinion or (2) the fairness of the Transaction to any one class or group of the Company s or any other party s security holders or other constituencies vis-à-vis any other class or group of the Company s or such other party s security holders or other constituents (including, without limitation, the allocation of any consideration to be received in the Transaction amongst or within such classes or groups of security holders or other constituents). We are not expressing any opinion as to the impact of the Transaction on the solvency or viability of Post Oak or the Company or the ability of Post Oak or the Company to pay its respective obligations when they come due.

The delivery of this Opinion was approved by an opinion committee of Raymond James.

Raymond James will receive a fee upon the delivery of this Opinion, which is not contingent upon the successful completion of the Transaction or on the conclusion reached herein. In addition, the Company has agreed to reimburse certain of our expenses and to indemnify us against certain liabilities arising out of our engagement.

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Board of Directors

Allegiance Bancshares, Inc.

April 30, 2018

In the ordinary course of our business, Raymond James may trade in the securities of the Company for our own account or for the accounts of our customers and, accordingly, may at any time hold a long or short position in such securities. Furthermore, Raymond James may provide investment banking, financial advisory and other financial services to Post Oak and/or the Company or other participants in the Transaction in the future, for which Raymond James may receive compensation.

It is understood that this Opinion is for the information of the Board of Directors of the Company (solely in each director s capacity as such) in evaluating the proposed Transaction and does not constitute a recommendation to the Board in connection with the Transaction or a recommendation to any shareholder of the Company or Post Oak regarding how said shareholder should vote on the proposed Transaction. Furthermore, our engagement in the rendering of this Opinion does not create any fiduciary duty on the part of Raymond James to any such party. This Opinion may not be reproduced or used for any other purpose without our prior written consent, except that this Opinion may be disclosed in and filed with a joint proxy statement/prospectus used in connection with the Transaction that is required to be filed with the Securities and Exchange Commission, provided that this Opinion is quoted in full in such joint proxy statement/prospectus.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Exchange Ratio in the Transaction pursuant to the Agreement is fair from a financial point of view to the Company.

Very truly yours,

/s/ RAYMOND JAMES & ASSOCIATES, INC.

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Annex F

Rights of Dissenting Owners: Texas Business Organizations Code § 10.351 *et. seq.*

TEXAS BUSINESS ORGANIZATIONS CODE

CHAPTER 10. MERGERS, INTERESTS EXCHANGES,

CONVERSIONS, AND SALES OF ASSETS

SUBCHAPTER H. RIGHTS OF DISSENTING OWNERS

Sec. 10.351 APPLICABILITY OF SUBCHAPTER.

(a) This subchapter does not apply to a fundamental business transaction of a domestic entity if, immediately before the effective date of the fundamental business transaction, all of the ownership interests of the entity otherwise entitled to rights to dissent and appraisal under this code are held by one owner or only by the owners who approved the fundamental business transaction.

(b) This subchapter applies only to a domestic entity subject to dissenters rights, as defined in Section 1.002. That term includes a domestic for-profit corporation, professional corporation, professional association, and real estate investment trust. Except as provided in Subsection (c), that term does not include a partnership or limited liability company.

(c) The governing documents of a partnership or a limited liability company may provide that its owners are entitled to the rights of dissent and appraisal provided by this subchapter, subject to any modification to those rights as provided by the entity s governing documents.

Sec. 10.352 DEFINITIONS. IN THIS SUBCHAPTER:

(1) Dissenting owner means an owner of an ownership interest in a domestic entity subject to dissenters rights who:

(A) provides notice under Section 10.356; and

(B) complies with the requirements for perfecting that owner s right to dissent under this subchapter.

(2) Responsible organization means:

(A) the organization responsible for:

(i) the provision of notices under this subchapter; and

(ii) the primary obligation of paying the fair value for an ownership interest held by a dissenting owner;

(B) with respect to a merger or conversion:

(i) for matters occurring before the merger or conversion, the organization that is merging or converting; and

(ii) for matters occurring after the merger or conversion, the surviving or new organization that is primarily obligated for the payment of the fair value of the dissenting owner s ownership interest in the merger or conversion;

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(C) with respect to an interest exchange, the organization the ownership interests of which are being acquired in the interest exchange;

(D) with respect to the sale of all or substantially all of the assets of an organization, the organization the assets of which are to be transferred by sale or in another manner; and

(E) with respect to an amendment to a domestic for-profit corporation s certificate of formation described by Section 10.354(a)(1)(G), the corporation.

Sec. 10.353 FORM AND VALIDITY OF NOTICE. (A) NOTICE REQUIRED UNDER THIS SUBCHAPTER:

(1) must be in writing; and

(2) may be mailed, hand-delivered, or delivered by courier or electronic transmission.

(b) Failure to provide notice as required by this subchapter does not invalidate any action taken.

Sec. 10.354 RIGHTS OF DISSENT AND APPRAISAL. (A) Subject to Subsection (b), an owner of an ownership interest in a domestic entity subject to dissenters rights is entitled to:

(1) dissent from:

(A) a plan of merger to which the domestic entity is a party if owner approval is required by this code and the owner owns in the domestic entity an ownership interest that was entitled to vote on the plan of merger;

(B) a sale of all or substantially all of the assets of the domestic entity if owner approval is required by this code and the owner owns in the domestic entity an ownership interest that was entitled to vote on the sale;

(C) a plan of exchange in which the ownership interest of the owner is to be acquired;

(D) a plan of conversion in which the domestic entity is the converting entity if owner approval is required by this code and the owner owns in the domestic entity an ownership interest that was entitled to vote on the plan of conversion;

(E) a merger effected under Section 10.006 in which:

(i) the owner is entitled to vote on the merger; or

(ii) the ownership interest of the owner is converted or exchanged;

(F) a merger effected under Section 21.459(c) in which the shares of the shareholders are converted or exchanged; or

(G) if the owner owns shares that were entitled to vote on the amendment, an amendment to a domestic for-profit corporation s certificate of formation to:

(i) add the provisions required by Section 3.007(e) to elect to be a public benefit corporation; or

(ii) delete the provisions required by Section 3.007(e), which in effect cancels the corporation s election to be a public benefit corporation; and

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(2) subject to compliance with the procedures set forth in this subchapter, obtain the fair value of that ownership interest through an appraisal.

(b) Notwithstanding Subsection (a), subject to Subsection (c), an owner may not dissent from a plan of merger or conversion in which there is a single surviving or new domestic entity or non-code organization, or from a plan of exchange, if:

(1) the ownership interest, or a depository receipt in respect of the ownership interest, held by the owner is part of a class or series of ownership interests, or depository receipts in respect of ownership interests, that are, on the record date set for purposes of determining which owners are entitled to vote on the plan of merger, conversion, or exchange, as appropriate:

(A) listed on a national securities exchange; or

(B) held of record by at least 2,000 owners;

(2) the owner is not required by the terms of the plan of merger, conversion, or exchange, as appropriate, to accept for the owner s ownership interest any consideration that is different from the consideration to be provided to any other holder of an ownership interest of the same class or series as the ownership interest held by the owner, other than cash instead of fractional shares or interests the owner would otherwise be entitled to receive; and

(3) the owner is not required by the terms of the plan of merger, conversion, or exchange, as appropriate, to accept for the owner s ownership interest any consideration other than:

(A) ownership interests, or depository receipts in respect of ownership interests, of a domestic entity or non-code organization of the same general organizational type that, immediately after the effective date of the merger, conversion, or exchange, as appropriate, will be part of a class or series of ownership interests, or depository receipts in respect of ownership interests, that are:

(i) listed on a national securities exchange or authorized for listing on the exchange on official notice of issuance; or

(ii) held of record by at least 2,000 owners;

(B) cash instead of fractional ownership interests the owner would otherwise be entitled to receive; or

(C) any combination of the ownership interests and cash described by Paragraphs (A) and (B).

(c) Subsection (b) shall not apply either to a domestic entity that is a subsidiary with respect to a merger under Section 10.006 or to a corporation with respect to a merger under Section 21.459(c).

(d) Notwithstanding Subsection (a), an owner of an ownership interest in a domestic for-profit corporation subject to dissenters rights may not dissent from an amendment to the corporation s certificate of formation described by Subsection (a)(1)(G) if the shares held by the owner are part of a class or series of shares, on the record date set for purposes of determining which owners are entitled to vote on the amendment:

(1) listed on a national securities exchange; or

(2) held of record by at least 2,000 owners.

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Sec. 10.355 NOTICE OF RIGHT OF DISSENT AND APPRAISAL.

(a) A domestic entity subject to dissenters rights that takes or proposes to take an action regarding which an owner has a right to dissent and obtain an appraisal under Section 10.354 shall notify each affected owner of the owner s rights under that section if:

(1) the action or proposed action is submitted to a vote of the owners at a meeting; or

(2) approval of the action or proposed action is obtained by written consent of the owners instead of being submitted to a vote of the owners.

(b) If a parent organization effects a merger under Section 10.006 and a subsidiary organization that is a party to the merger is a domestic entity subject to dissenters rights, the responsible organization shall notify the owners of that subsidiary organization who have a right to dissent to the merger under Section 10.354 of their rights under this subchapter not later than the 10th day after the effective date of the merger. The notice must also include a copy of the certificate of merger and a statement that the merger has become effective.

(a-1) If a corporation effects a merger under Section 21.459(c), the responsible organization shall notify the shareholders of that corporation who have a right to dissent to the plan of merger under Section 10.354 of their rights under this subchapter not later than the 10th day after the effective date of the merger. Notice required under this subsection that is given to shareholders before the effective date of the merger may, but is not required to, contain a statement of the merger s effective date. If the notice is not given to the shareholders until on or after the effective date of the merger, the notice must contain a statement of the merger s effective date.

(c) A notice required to be provided under Subsection (a), (b), or (b-1) must:

(1) be accompanied by a copy of this subchapter; and

(2) advise the owner of the location of the responsible organization s principal executive offices to which a notice required under Section 10.356(b)(1) or a demand under Section 10.356(b)(3), or both, may be provided.

(d) In addition to the requirements prescribed by Subsection (c), a notice required to be provided:

(1) under Subsection (a)(1) must accompany the notice of the meeting to consider the action;

(2) under Subsection (a)(2) must be provided to:

(A) each owner who consents in writing to the action before the owner delivers the written consent; and

(B) each owner who is entitled to vote on the action and does not consent in writing to the action before the 11th day after the date the action takes effect; and

(3) under Subsection (b-1) must be provided:

(A) if given before the consummation of the tender or exchange offer described by Section 21.459(c)(2), to each shareholder to whom that offer is made; or

(B) if given after the consummation of the tender or exchange offer described by Section 21.459(c)(2), to each shareholder who did not tender the shareholder s shares in that offer.

(e) Not later than the 10th day after the date an action described by Subsection (a)(1) takes effect, the responsible organization shall give notice that the action has been effected to each owner who voted against the action and sent notice under Section 10.356(b)(1).

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(f) If the notice given under Subsection (b-1) did not include a statement of the effective date of the merger, the responsible organization shall, not later than the 10th day after the effective date, give a second notice to the shareholders notifying them of the merger s effective date. If the second notice is given after the later of the date on which the tender or exchange offer described by Section 21.459(c)(2) is consummated or the 20th day after the date notice under Subsection (b-1) is given, then the second notice is required to be given to only those shareholders who have made a demand under Section 10.356(b)(3).

Sec. 10.356 PROCEDURE FOR DISSENT BY OWNERS AS TO ACTIONS; PERFECTION OF RIGHT OF DISSENT AND APPRAISAL.

(a) An owner of an ownership interest of a domestic entity subject to dissenters rights who has the right to dissent and appraisal from any of the actions referred to in Section 10.354 may exercise that right to dissent and appraisal only by complying with the procedures specified in this subchapter. An owner s right of dissent and appraisal under Section 10.354 may be exercised by an owner only with respect to an ownership interest that is not voted in favor of the action.

(b) To perfect the owner s rights of dissent and appraisal under Section 10.354, an owner:

(1) if the proposed action is to be submitted to a vote of the owners at a meeting, must give to the domestic entity a written notice of objection to the action that:

(A) is addressed to the entity s president and secretary;

(B) states that the owner s right to dissent will be exercised if the action takes effect;

(C) provides an address to which notice of effectiveness of the action should be delivered or mailed; and

(D) is delivered to the entity s principal executive offices before the meeting;

(2) with respect to the ownership interest for which the rights of dissent and appraisal are sought:

(A) must vote against the action if the owner is entitled to vote on the action and the action is approved at a meeting of the owners; and

(B) may not consent to the action if the action is approved by written consent; and

(3) must give to the responsible organization a demand in writing that:

(A) is addressed to the president and secretary of the responsible organization;

(B) demands payment of the fair value of the ownership interests for which the rights of dissent and appraisal are sought;

(C) provides to the responsible organization an address to which a notice relating to the dissent and appraisal procedures under this subchapter may be sent;

(D) states the number and class of the ownership interests of the domestic entity owned by the owner and the fair value of the ownership interests as estimated by the owner; and

(E) is delivered to the responsible organization at its principal executive offices at the following time:

(i) not later than the 20th day after the date the responsible organization sends to the owner the notice required by Section 10.355(e) that the action has taken effect, if the action was approved by a vote of the owners at a meeting;

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(ii) not later than the 20th day after the date the responsible organization sends to the owner the notice required by Section 10.355(d)(2) that the action has taken effect, if the action was approved by the written consent of the owners;

(iii) not later than the 20th day after the date the responsible organization sends to the owner a notice that the merger was effected, if the action is a merger effected under Section 10.006; or

(iv) not later than the 20th day after the date the responsible organization gives to the shareholder the notice required by Section 10.355(b-1) or the date of the consummation of the tender or exchange offer described by Section 21.459(c)(2), whichever is later, if the action is a merger effected under Section 21.459(c).

(c) An owner who does not make a demand within the period required by Subsection (b)(3)(E) or, if Subsection (b)(1) is applicable, does not give the notice of objection before the meeting of the owners is bound by the action and is not entitled to exercise the rights of dissent and appraisal under Section 10.354.

(d) Not later than the 20th day after the date an owner makes a demand under Subsection (b)(3), the owner must submit to the responsible organization any certificates representing the ownership interest to which the demand relates for purposes of making a notation on the certificates that a demand for the payment of the fair value of an ownership interest has been made under this section. An owner s failure to submit the certificates within the required period has the effect of terminating, at the option of the responsible organization, the owner s rights to dissent and appraisal under Section 10.354 unless a court, for good cause shown, directs otherwise.

(e) If a domestic entity and responsible organization satisfy the requirements of this subchapter relating to the rights of owners of ownership interests in the entity to dissent to an action and seek appraisal of those ownership interests, an owner of an ownership interest who fails to perfect that owner s right of dissent in accordance with this subchapter may not bring suit to recover the value of the ownership interest or money damages relating to the action.

Sec. 10.357 WITHDRAWAL OF DEMAND FOR FAIR VALUE OF OWNERSHIP INTEREST.

(a) An owner may withdraw a demand for the payment of the fair value of an ownership interest made under Section 10.356 before:

(1) payment for the ownership interest has been made under Sections 10.358 and 10.361; or

(2) a petition has been filed under Section 10.361.

(b) Unless the responsible organization consents to the withdrawal of the demand, an owner may not withdraw a demand for payment under Subsection (a) after either of the events specified in Subsections (a)(1) and (2).

Sec. 10.358 RESPONSE BY ORGANIZATION TO NOTICE OF DISSENT AND DEMAND FOR FAIR VALUE BY DISSENTING OWNER.

(a) Not later than the 20th day after the date a responsible organization receives a demand for payment made by a dissenting owner in accordance with Section 10.356(b)(3), the responsible organization shall respond to the dissenting owner in writing by:

(1) accepting the amount claimed in the demand as the fair value of the ownership interests specified in the notice; or

(2) rejecting the demand and including in the response the requirements prescribed by Subsection (c).

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(b) If the responsible organization accepts the amount claimed in the demand, the responsible organization shall pay the amount not later than the 90th day after the date the action that is the subject of the demand was effected if the owner delivers to the responsible organization:

(1) endorsed certificates representing the ownership interests if the ownership interests are certificated; or

(2) signed assignments of the ownership interests if the ownership interests are uncertificated.

(c) If the responsible organization rejects the amount claimed in the demand, the responsible organization shall provide to the owner:

(1) an estimate by the responsible organization of the fair value of the ownership interests; and

(2) an offer to pay the amount of the estimate provided under Subdivision (1).

(d) If the dissenting owner decides to accept the offer made by the responsible organization under Subsection (c)(2), the owner must provide to the responsible organization notice of the acceptance of the offer not later than the 90th day after the date the action that is the subject of the demand took effect.

(e) If, not later than the 90th day after the date the action that is the subject of the demand took effect, a dissenting owner accepts an offer made by a responsible organization under Subsection (c)(2) or a dissenting owner and a responsible organization reach an agreement on the fair value of the ownership interests, the responsible organization shall pay the agreed amount not later than the 120th day after the date the action that is the subject of the demand took effect, if the dissenting owner delivers to the responsible organization:

(1) endorsed certificates representing the ownership interests if the ownership interests are certificated; or

(2) signed assignments of the ownership interests if the ownership interests are uncertificated.

Sec. 10.359 RECORD OF DEMAND FOR FAIR VALUE OF OWNERSHIP INTEREST.

(a) A responsible organization shall note in the organization s ownership interest records maintained under Section 3.151 the receipt of a demand for payment from any dissenting owner made under Section 10.356.

(b) If an ownership interest that is the subject of a demand for payment made under Section 10.356 is transferred, a new certificate representing that ownership interest must contain:

(1) a reference to the demand; and

(2) the name of the original dissenting owner of the ownership interest.

Sec. 10.360 RIGHTS OF TRANSFEREE OF CERTAIN OWNERSHIP INTEREST. A transferee of an ownership interest that is the subject of a demand for payment made under Section 10.356 does not acquire additional rights with respect to the responsible organization following the transfer. The transferee has only the rights the original dissenting owner had with respect to the responsible organization after making the demand.

Sec. 10.361 PROCEEDING TO DETERMINE FAIR VALUE OF OWNERSHIP INTEREST AND OWNERS ENTITLED TO PAYMENT; APPOINTMENT OF APPRAISERS.

(a) If a responsible organization rejects the amount demanded by a dissenting owner under Section 10.358 and the dissenting owner and responsible organization are unable to reach an agreement relating to the fair value of the ownership interests within the period prescribed by Section 10.358(d), the dissenting owner or responsible

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organization may file a petition requesting a finding and determination of the fair value of the owner s ownership interests in a court in:

(1) the county in which the organization s principal office is located in this state; or

(2) the county in which the organization s registered office is located in this state, if the organization does not have a business office in this state.

(b) A petition described by Subsection (a) must be filed not later than the 60th day after the expiration of the period required by Section 10.358(d).

(c) On the filing of a petition by an owner under Subsection (a), service of a copy of the petition shall be made to the responsible organization. Not later than the 10th day after the date a responsible organization receives service under this subsection, the responsible organization shall file with the clerk of the court in which the petition was filed a list containing the names and addresses of each owner of the organization who has demanded payment for ownership interests under Section 10.356 and with whom agreement as to the value of the ownership interests has not been reached with the responsible organization. If the responsible organization files a petition under Subsection (a), the petition must be accompanied by this list.

(d) The clerk of the court in which a petition is filed under this section shall provide by registered mail notice of the time and place set for the hearing to:

(1) the responsible organization; and

(2) each owner named on the list described by Subsection (c) at the address shown for the owner on the list.

(e) (e) The court shall:

(1) determine which owners have:

(A) perfected their rights by complying with this subchapter; and

(B) become subsequently entitled to receive payment for the fair value of their ownership interests; and

(2) appoint one or more qualified appraisers to determine the fair value of the ownership interests of the owners described by Subdivision (1).

(f) The court shall approve the form of a notice required to be provided under this section. The judgment of the court is final and binding on the responsible organization, any other organization obligated to make payment under this subchapter for an ownership interest, and each owner who is notified as required by this section.

(g) The beneficial owner of an ownership interest subject to dissenters rights held in a voting trust or by a nominee on the beneficial owner s behalf may file a petition described by Subsection (a) if no agreement between the dissenting owner of the ownership interest and the responsible organization has been reached within the period prescribed by Section 10.358(d). When the beneficial owner files a petition described by Subsection (a):

(1) the beneficial owner shall at that time be considered, for purposes of this subchapter, the owner, the dissenting owner, and the holder of the ownership interest subject to the petition; and

(2) the dissenting owner who demanded payment under Section 10.356 has no further rights regarding the ownership interest subject to the petition.

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Sec. 10.362 COMPUTATION AND DETERMINATION OF FAIR VALUE OF OWNERSHIP INTEREST.

(a) For purposes of this subchapter, the fair value of an ownership interest of a domestic entity subject to dissenters rights is the value of the ownership interest on the date preceding the date of the action that is the subject of the appraisal. Any appreciation or depreciation in the value of the ownership interest occurring in anticipation of the proposed action or as a result of the action must be specifically excluded from the computation of the fair value of the ownership interest.

(b) In computing the fair value of an ownership interest under this subchapter, consideration must be given to the value of the domestic entity as a going concern without including in the computation of value any control premium, any minority ownership discount, or any discount for lack of marketability. If the domestic entity has different classes or series of ownership interests, the relative rights and preferences of and limitations placed on the class or series of ownership interests, other than relative voting rights, held by the dissenting owner must be taken into account in the computation of value.

(c) The determination of the fair value of an ownership interest made for purposes of this subchapter may not be used for purposes of making a determination of the fair value of that ownership interest for another purpose or of the fair value of another ownership interest, including for purposes of determining any minority or liquidity discount that might apply to a sale of an ownership interest.

Sec. 10.363 POWERS AND DUTIES OF APPRAISER; APPRAISAL PROCEDURES.

(a) An appraiser appointed under Section 10.361 has the power and authority that:

(1) is granted by the court in the order appointing the appraiser; and

(2) may be conferred by a court to a master in chancery as provided by Rule 171, Texas Rules of Civil Procedure.

(b) The appraiser shall:

(1) determine the fair value of an ownership interest of an owner adjudged by the court to be entitled to payment for the ownership interest; and

(2) file with the court a report of that determination.

(c) The appraiser is entitled to examine the books and records of a responsible organization and may conduct investigations as the appraiser considers appropriate. A dissenting owner or responsible organization may submit to an appraiser evidence or other information relevant to the determination of the fair value of the ownership interest required by Subsection (b)(1).

(d) The clerk of the court appointing the appraiser shall provide notice of the filing of the report under Subsection (b) to each dissenting owner named in the list filed under Section 10.361 and the responsible organization.

Sec. 10.364 OBJECTION TO APPRAISAL; HEARING.

(a) A dissenting owner or responsible organization may object, based on the law or the facts, to all or part of an appraisal report containing the fair value of an ownership interest determined under Section 10.363(b).

(b) If an objection to a report is raised under Subsection (a), the court shall hold a hearing to determine the fair value of the ownership interest that is the subject of the report. After the hearing, the court shall require the

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responsible organization to pay to the holders of the ownership interest the amount of the determined value with interest, accruing from the 91st day after the date the applicable action for which the owner elected to dissent was effected until the date of the judgment.

(c) Interest under Subsection (b) accrues at the same rate as is provided for the accrual of prejudgment interest in civil cases.

(d) The responsible organization shall:

(1) immediately pay the amount of the judgment to a holder of an uncertificated ownership interest; and

(2) pay the amount of the judgment to a holder of a certificated ownership interest immediately after the certificate holder surrenders to the responsible organization an endorsed certificate representing the ownership interest.

(e) On payment of the judgment, the dissenting owner does not have an interest in the:

(1) ownership interest for which the payment is made; or

(2) responsible organization with respect to that ownership interest.

Sec. 10.365 COURT COSTS; COMPENSATION FOR APPRAISER.

(a) An appraiser appointed under Section 10.361 is entitled to a reasonable fee payable from court costs.

(b) All court costs shall be allocated between the responsible organization and the dissenting owners in the manner that the court determines to be fair and equitable.

Sec. 10.366 STATUS OF OWNERSHIP INTEREST HELD OR FORMERLY HELD BY DISSENTING OWNER.

(a) An ownership interest of an organization acquired by a responsible organization under this subchapter:

(1) in the case of a merger, conversion, or interest exchange, shall be held or disposed of as provided in the plan of merger, conversion, or interest exchange; and

(2) in any other case, may be held or disposed of by the responsible organization in the same manner as other ownership interests acquired by the organization or held in its treasury.

(b) An owner who has demanded payment for the owner s ownership interest under Section 10.356 is not entitled to vote or exercise any other rights of an owner with respect to the ownership interest except the right to:

(1) receive payment for the ownership interest under this subchapter; and

(2) bring an appropriate action to obtain relief on the ground that the action to which the demand relates would be or was fraudulent.

(c) An ownership interest for which payment has been demanded under Section 10.356 may not be considered outstanding for purposes of any subsequent vote or action.

Sec. 10.367 RIGHTS OF OWNERS FOLLOWING TERMINATION OF RIGHT OF DISSENT.

(a) The rights of a dissenting owner terminate if:

(1) the owner withdraws the demand under Section 10.356;

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(2) the owner s right of dissent is terminated under Section 10.356;

(3) a petition is not filed within the period required by Section 10.361; or

(4) after a hearing held under Section 10.361, the court adjudges that the owner is not entitled to elect to dissent from an action under this subchapter.

(b) On termination of the right of dissent under this section:

(1) the dissenting owner and all persons claiming a right under the owner are conclusively presumed to have approved and ratified the action to which the owner dissented and are bound by that action;

(2) the owner s right to be paid the fair value of the owner s ownership interests ceases;

(3) the owner s status as an owner of those ownership interests is restored, as if the owner s demand for payment of the fair value of the ownership interests had not been made under Section 10.356, if the owner s ownership interests were not canceled, converted, or exchanged as a result of the action or a subsequent action;

(4) the dissenting owner is entitled to receive the same cash, property, rights, and other consideration received by owners of the same class and series of ownership interests held by the owner, as if the owner s demand for payment of the fair value of the ownership interests had not been made under Section 10.356, if the owner s ownership interests were canceled, converted, or exchanged as a result of the action or a subsequent action;

(5) any action of the domestic entity taken after the date of the demand for payment by the owner under Section 10.356 will not be considered ineffective or invalid because of the restoration of the owner s ownership interests or the other rights or entitlements of the owner under this subsection; and

(6) the dissenting owner is entitled to receive dividends or other distributions made after the date of the owner s payment demand under Section 10.356, to owners of the same class and series of ownership interests held by the owner as if the demand had not been made, subject to any change in or adjustment to the ownership interests because of an action taken by the domestic entity after the date of the demand.

Sec. 10.368 EXCLUSIVITY OF REMEDY OF DISSENT AND APPRAISAL. In the absence of fraud in the transaction, any right of an owner of an ownership interest to dissent from an action and obtain the fair value of the ownership interest under this subchapter is the exclusive remedy for recovery of:

(1) the value of the ownership interest; or

(2) money damages to the owner with respect to the action.

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IMPORTANT SPECIAL MEETING INFORMATION

Electronic Voting Instructions

Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Central Time, on September 14, 2018

Vote by Internet

Go to **www.envisionreports.com/ABTX**

Or scan the QR code with your smartphone

Follow the steps outlined on the secure website

Vote by telephone

Using a **black ink** pen, mark your votes with an X as shown in this example. Please do not write outside the designated

areas.

Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone

Follow the instructions provided by the recorded message

Special Meeting Proxy Card

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

A Proposals The Board of Directors recommends a vote FOR Proposal 1, 2, 3 and 4.

	For	Against	Abstain
1. **APPROVAL OF THE ALLEGIANCE MERGER PROPOSAL**. To approve the Agreement and Plan of Reorganization, dated as of April 30, 2018, by and between Allegiance Bancshares, Inc. (Allegiance) and Post Oak Bancshares, Inc. (Post Oak), pursuant to which Post Oak will merge with and into Allegiance, all on and subject to the terms and conditions contained therein, and the merger described therein.			
2. **APPROVAL OF THE ALLEGIANCE STOCK ISSUANCE PROPOSAL**. To approve the issuance of shares of Allegiance common stock to Post Oak shareholders in connection with the merger.			
3. **APPROVAL OF THE ALLEGIANCE CHARTER AMENDMENT PROPOSAL**. To approve an amendment to the Amended and Restated Certificate of			
4. **APPROVAL OF THE ALLEGIANCE ADJOURNMENT PROPOSAL**. To approve the adjournment of the Allegiance special meeting to a later date or dates, if			

Formation of Allegiance to increase the amount of authorized capital stock of Allegiance from 41,000,000 shares to 81,000,000 shares.	the board of directors of Allegiance determines such an adjournment is necessary to permit solicitation of additional proxies if there are not sufficient votes at the time of the Allegiance special meeting to constitute a quorum or to approve the Allegiance Merger Proposal or Allegiance Stock Issuance Proposal.

B Non-Voting Items

Change of Address Please print your new address below.	**Comments** Please print your comments below.	**Meeting Attendance** Mark the box to the right if you plan to attend the Special Meeting.

C Authorized Signatures This section must be completed for your vote to be counted. Date and Sign Below

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) Please print date below.	Signature 1 Please keep signature within the box.	Signature 2 Please keep signature within the box.
/ /		

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Special Meeting Admission Ticket

Special Meeting of

Allegiance Bancshares, Inc. Shareholders

September 14, 2018 at 1:00 p.m., Central Time

The Houstonian Hotel

111 North Post Oak Lane, Houston, Texas 77024

Upon arrival, please present this admission ticket and photo identification at the registration desk.

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

Proxy Allegiance Bancshares, Inc.

Notice of Special Meeting of Shareholders

Proxy Solicited by Board of Directors for Special Meeting September 14, 2018

George Martinez and Steve Retzloff, or any of them, each with the power of substitution, are hereby authorized to represent and vote the shares of the undersigned, with all the powers which the undersigned would possess if personally present, at the Special Meeting of Shareholders of Allegiance Bancshares, Inc. to be held on September 14, 2018 or at any postponement or adjournment thereof.

Shares represented by this proxy will be voted as indicated by the shareholder. If no such directions are indicated, the Proxies will have authority to vote FOR the Allegiance Merger Proposal, FOR the Allegiance Stock Issuance Proposal, FOR the Allegiance Charter Amendment Proposal and FOR the Allegiance Adjournment Proposal.

In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting.

(Items to be voted appear on reverse side.)