

Allegiance Bancshares, Inc.  
Form 10-Q  
November 20, 2015

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934**

**FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2015**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934**

**FOR THE TRANSITION PERIOD FROM            TO**

**COMMISSION FILE NUMBER: 001-37585**

**Allegiance Bancshares, Inc.**

**(Exact name of registrant as specified in its charter)**

**Texas** **26-3564100**  
(State or other jurisdiction (I.R.S. Employer  
of incorporation or organization) Identification No.)

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

(Address of principal executive offices, including zip code)

**(281) 894-3200**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

(Do not check if a smaller reporting company) Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No  x

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As of November 11, 2015, there were 12,812,985 outstanding shares of the registrant's Common Stock, par value \$1.00 per share.

**ALLEGIANCE BANCSHARES, INC.**

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**SEPTEMBER 30, 2015**

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## PART I—FINANCIAL INFORMATION

## ITEM 1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**ALLEGIANCE BANCSHARES, INC.****CONSOLIDATED BALANCE SHEETS**

	September 30, 2015 (Unaudited)	December 31, 2014 (Unaudited)
	(Dollars in thousands, except share data)	
<b>ASSETS</b>		
Cash and due from banks	\$75,196	\$57,314
Interest bearing deposits at other financial institutions	69,394	110,226
Total cash and cash equivalents	144,590	167,540
Available for sale securities, at fair value	154,546	84,962
Loans held for sale	27,004	-
Loans held for investment	1,589,412	1,002,054
Less: allowance for loan losses	(11,204 )	(8,246 )
Loans, net	1,605,212	993,808
Accrued interest receivable	5,213	3,285
Goodwill	39,389	11,144
Core deposit intangibles, net	5,437	1,747
Premises and equipment, net	18,838	10,969
Federal Home Loan Bank stock	7,688	468
Branch assets held for sale	1,446	-
Bank owned life insurance	21,040	-
Other assets	8,951	6,085
<b>TOTAL ASSETS</b>	<b>\$2,012,350</b>	<b>\$1,280,008</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES:</b>		
<b>Deposits:</b>		
Noninterest-bearing	\$560,773	\$373,795
Interest-bearing		
Demand	93,808	87,806
Money market and savings	454,797	279,595
Certificates and other time	547,170	392,488
Total interest-bearing deposits	1,095,775	759,889
Total deposits	1,656,548	1,133,684

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Accrued interest payable	150	43
Short-term borrowings	115,000	-
Subordinated debentures	9,062	-
Other borrowed funds	28,069	10,069
Other liabilities	7,478	4,434
Total liabilities	1,816,307	1,148,230

COMMITMENTS AND CONTINGENCIES (See Note 12)

STOCKHOLDERS' EQUITY:

Preferred stock, \$1 par value; 1,000,000 shares authorized; there were no shares issued and outstanding of Series A or Series B, each has a \$1,000 liquidation value	-	-
Common stock, \$1 par value; 40,000,000 shares authorized; 9,824,696 shares issued and 9,823,025 shares outstanding at September 30, 2015 and 7,477,309 shares issued and outstanding at December 31, 2014	9,825	7,477
Capital surplus	154,737	104,568
Retained earnings	30,199	19,184
Accumulated other comprehensive income	1,319	549
Less: Treasury stock, at cost, 1,671 shares	(37 )	-
Total stockholders' equity	196,043	131,778
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$2,012,350	\$1,280,008

See condensed notes to interim consolidated financial statements.

**ALLEGIANCE BANCSHARES, INC.****CONSOLIDATED STATEMENTS OF INCOME****(Unaudited)**

	Three Months Ended September 30, 2015		Nine Months Ended September 30, 2014	
	2015	2014	2015	2014
	(Dollars in thousands, except per share data)			
<b>INTEREST INCOME:</b>				
Loans, including fees	\$21,627	\$13,011	\$63,012	\$36,709
Securities:				
Taxable	252	332	694	1,053
Tax-exempt	723	140	1,441	348
Deposits in other financial institutions	43	70	167	243
Total interest income	22,645	13,553	65,314	38,353
<b>INTEREST EXPENSE:</b>				
Demand, money market and savings deposits	508	307	1,446	923
Certificates and other time deposits	1,324	1,026	3,778	3,034
Short-term borrowings	47	-	49	-
Subordinated debt	114	-	439	-
Other borrowed funds	245	76	691	151
Total interest expense	2,238	1,409	6,403	4,108
<b>NET INTEREST INCOME</b>	<b>20,407</b>	<b>12,144</b>	<b>58,911</b>	<b>34,245</b>
Provision for loan losses	1,530	750	3,633	1,650
Net interest income after provision for loan losses	18,877	11,394	55,278	32,595
<b>NONINTEREST INCOME:</b>				
Nonsufficient funds fees	179	118	512	335
Service charges on deposit accounts	163	125	514	378
Gains (losses) on sales of other real estate	1	-	(5)	188
Gains on sales of loans	235	-	235	-
Other	623	362	1,758	1,025
Total noninterest income	1,201	605	3,014	1,926
<b>NONINTEREST EXPENSE:</b>				
Salaries and employee benefits	8,996	4,994	26,419	14,497
Net occupancy and equipment	1,289	888	3,647	2,469
Data processing and software amortization	841	397	2,294	1,230
Professional fees	343	973	1,220	1,502
Regulatory assessments and FDIC insurance	296	214	990	636
Core deposit intangibles amortization	207	74	622	222
Depreciation	414	286	1,190	789
Communications	300	154	992	460
Advertising	188	116	510	394
Other	1,027	656	3,025	1,822

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Total noninterest expense	13,901	8,752	40,909	24,021
INCOME BEFORE INCOME TAXES	6,177	3,247	17,383	10,500
Provision for income taxes	1,957	1,226	5,809	3,795
NET INCOME	4,220	2,021	11,574	6,705
Preferred stock dividends	173	-	559	-
NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$4,047	\$2,021	\$11,015	\$6,705
EARNINGS PER COMMON SHARE:				
Basic	\$0.41	\$0.29	\$1.12	\$0.96
Diluted	\$0.40	\$0.28	\$1.10	\$0.94

See condensed notes to interim consolidated financial statements.



**ALLEGIANCE BANCSHARES, INC.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(Unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
	(Dollars in thousands)			
Net income	\$4,220	\$2,021	\$ 11,574	\$ 6,705
Other comprehensive income, before tax:				
Unrealized gain on securities:				
Change in unrealized holding gain on available for sale securities during the period	2,162	154	1,197	1,667
Total other comprehensive income	2,162	154	1,197	1,667
Deferred tax expense related to other comprehensive income	(756 )	(117 )	(427 )	(567 )
Other comprehensive income, net of tax	1,406	37	770	1,100
Comprehensive income	\$5,626	\$2,058	\$ 12,344	\$ 7,805

See condensed notes to interim consolidated financial statements.

**ALLEGIANCE BANCSHARES, INC.**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

**(Unaudited)**

Preferred Stock Shares	Common Stock	Capital	Retained	Accumulated Other Comprehensive	Treasury	Total Stockholders'
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