

Edgar Filing: Allegiance Bancshares, Inc. - Form 10-Q

Allegiance Bancshares, Inc.  
Form 10-Q  
August 03, 2017  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2017

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

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Allegiance Bancshares, Inc.  
(Exact name of registrant as specified in its charter)

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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)

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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, smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting," and "emerging growth 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

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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As of July 31, 2017, there were 13,161,490 outstanding shares of the registrant's Common Stock, par value \$1.00 per share.

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ALLEGIANCE BANCSHARES, INC.  
INDEX TO FORM 10-Q  
JUNE 30, 2017

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## PART I—FINANCIAL INFORMATION

## ITEM 1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## ALLEGIANCE BANCSHARES, INC.

## CONSOLIDATED BALANCE SHEETS

	June 30, 2017	December 31, 2016
	(Unaudited)	
	(Dollars in thousands, except share data)	
<b>ASSETS</b>		
Cash and due from banks	\$141,952	\$94,073
Interest-bearing deposits at other financial institutions	45,539	48,025
Total cash and cash equivalents	187,491	142,098
Available for sale securities, at fair value	321,268	316,455
Loans held for investment	2,114,652	1,891,635
Less: allowance for loan losses	(21,010 )	(17,911 )
Loans, net	2,093,642	1,873,724
Accrued interest receivable	9,284	9,007
Premises and equipment, net	18,240	18,340
Other real estate owned	365	1,503
Federal Home Loan Bank stock	16,675	13,175
Bank owned life insurance	22,131	21,837
Goodwill	39,389	39,389
Core deposit intangibles, net	3,664	4,055
Other assets	12,567	11,365
<b>TOTAL ASSETS</b>	<b>\$2,724,716</b>	<b>\$2,450,948</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES:</b>		
Deposits:		
Noninterest-bearing	\$662,527	\$593,751
Interest-bearing		
Demand	163,443	114,772
Money market and savings	509,533	483,266
Certificates and other time	763,739	678,394
Total interest-bearing deposits	1,436,715	1,276,432
Total deposits	2,099,242	1,870,183
Accrued interest payable	466	285
Borrowed funds	310,569	285,569
Subordinated debentures	9,249	9,196
Other liabilities	6,731	5,898
Total liabilities	2,426,257	2,171,131
<b>COMMITMENTS AND CONTINGENCIES (See Note 12)</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
	—	—

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Preferred stock, \$1 par value; 1,000,000 shares authorized; there were no shares issued or outstanding

Common stock, \$1 par value; 40,000,000 shares authorized; 13,153,053 shares issued and outstanding at June 30, 2017 and 12,958,341 shares issued and outstanding at December 31, 13,153 12,958  
2016

Capital surplus	216,158	212,649
Retained earnings	68,704	57,262
Accumulated other comprehensive income (loss)	444	(3,052 )
Total shareholders' equity	298,459	279,817
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$2,724,716</b>	<b>\$2,450,948</b>

See condensed notes to interim consolidated financial statements.

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

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2017	2016	2017	2016
	(Dollars in thousands, except per share data)			
<b>INTEREST INCOME:</b>				
Loans, including fees	\$26,736	\$22,839	\$51,996	\$45,067
Securities:				
Taxable	503	452	1,001	723
Tax-exempt	1,591	1,086	3,215	1,896
Deposits in other financial institutions	157	150	287	292
Total interest income	28,987	24,527	56,499	47,978
<b>INTEREST EXPENSE:</b>				
Demand, money market and savings deposits	702	569	1,356	1,113
Certificates and other time deposits	2,283	1,665	4,240	3,225
Borrowed funds	761	224	1,414	370
Subordinated debentures	134	120	254	237
Total interest expense	3,880	2,578	7,264	4,945
NET INTEREST INCOME	25,107	21,949	49,235	43,033
Provision for loan losses	3,007	1,645	4,350	2,355
Net interest income after provision for loan losses	22,100	20,304	44,885	40,678
<b>NONINTEREST INCOME:</b>				
Nonsufficient funds fees	184	145	383	308
Service charges on deposit accounts	205	173	400	318
Gain on sale of branch assets	—	—	—	2,050
Bank owned life insurance income	146	153	294	319
Other	942	741	1,741	1,521
Total noninterest income	1,477	1,212	2,818	4,516
<b>NONINTEREST EXPENSE:</b>				
Salaries and employee benefits	10,415	9,177	20,977	18,450
Net occupancy and equipment	1,302	1,214	2,729	2,446
Depreciation	398	415	798	832
Data processing and software amortization	719	622	1,414	1,275
Professional fees	987	401	1,882	935
Regulatory assessments and FDIC insurance	569	355	1,158	700
Core deposit intangibles amortization	196	195	391	394
Communications	233	274	480	554
Advertising	288	197	551	398
Other	1,354	1,073	2,630	2,192
Total noninterest expense	16,461	13,923	33,010	28,176
INCOME BEFORE INCOME TAXES	7,116	7,593	14,693	17,018
Provision for income taxes	1,721	2,339	3,251	5,409
NET INCOME	\$5,395	\$5,254	\$11,442	\$11,609

**EARNINGS PER SHARE:**

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Basic	\$0.41	\$0.41	\$0.88	\$0.90
Diluted	\$0.40	\$0.40	\$0.85	\$0.89

See condensed notes to interim consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(Dollars in thousands)			
Net income	\$5,395	\$5,254	\$11,442	\$11,609
Other comprehensive income, before tax:				
Unrealized gain on securities:				
Change in unrealized holding gain on available for sale securities during the period	4,183	6,232	5,380	7,435
Total other comprehensive income	4,183	6,232	5,380	7,435
Deferred tax benefit related to other comprehensive income	(1,465 )	(2,181 )	(1,884 )	(2,602 )
Other comprehensive income, net of tax	2,718	4,051	3,496	4,833
Comprehensive income	\$8,113	\$9,305	\$14,938	\$16,442
See condensed notes to interim consolidated financial statements.				

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ALLEGIANCE BANCSHARES, INC.  
 CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
 (Unaudited)

BALANCE  
 AT  
 JANUARY  
 1, 2016

Comm  
 Shares  
 (In thou  
 12,814,

Net income The Company also provides our Named Executive Officers with certain limited perquisites and other personal benefits that the Company believes are reasonable and consistent with the Company's overall compensation program to better enable the Company to attract and retain employees. Messrs. Clements and Wilson have access to use of the Company's aircraft for personal use, but they are required to reimburse the Company for the incremental cost of such use.

Policies and Programs Related to Our Compensation and Governance Program  
 We maintain other policies and programs that provide meaningful value to members of Executive Management, including the Named Executive Officers, while at the same time promoting the retention of these highly valued executives and aligning their interests with those of the stockholders.

Stock Ownership Guidelines  
 We require our Named Executive Officers and all our Executive Vice Presidents to have a meaningful equity stake in the Company to further align their economic interests with those of our stockholders. Our Stock Ownership Guidelines are summarized in the following table:

Position	As a Multiple of Base Salary
Chief Executive Officer	5x Base Salary
All Other Named Executive Officers	3x Base Salary
All Other Executive Vice Presidents	2x Base Salary

All shares held or controlled by a Named Executive Officer are considered in determining compliance with this ownership requirement, including, but not limited to, direct holdings and unvested restricted stock units. Each person subject to the Stock Ownership Guidelines is required to hold shares until he or she satisfies the Stock Ownership Guidelines; provided, however, that any such person is permitted, subject to the requirements in our Insider Trading Policy, to sell a sufficient amount of shares to pay the exercise price and related withholding taxes due in connection with the exercise or vesting of an equity award. Currently, each of the Named Executive Officers, other than Mr. Ervin, owns the requisite number of shares.

In 2015, we made certain clarifications and enhancements to our Stock Ownership Guidelines. We amended our Stock Ownership Guidelines to clarify that the accumulation period begins on the date an employee becomes an Executive Vice President. We also revised our Stock Ownership Guidelines to address those instances where a person is no longer in compliance with the Stock Ownership Guidelines merely due to fluctuations in our stock price (rather than resulting from the sale of shares). We further amended our Stock Ownership Guidelines to allow for in-the-money, vested options (after taxes) to count towards the ownership requirements. We historically granted only option awards prior to 2012, and many persons subject to these guidelines hold a significant amount of options that satisfy these requirements. Each such option counts 50% of an actual share owned outright.

Compensation Risk Assessment

In 2016, representatives from our legal and human resources department along with our Compensation Consultants conducted (and presented to the Compensation Committee) a risk assessment of our compensation plans and programs to determine whether incentive compensation programs are reasonably likely to have a material adverse effect on the Company. As part of this analysis, we reviewed applicable compensation plans to ensure compliance with the compensation standards under the Volcker Rule. This risk assessment consisted of a review of cash and equity compensation provided to our employees, with a focus on incentive compensation plans which provide variable compensation to employees based upon our performance and that of the individual. The incentive plans are designed to provide a strong link between performance and pay. In the study, we found that our compensation programs include some of the following risk-mitigating characteristics:

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Characteristic	Description
Mixture of Fixed and Variable Compensation	Balance of short-and long-term incentives of fixed and variable compensation features.
Metrics	Plans include multiple qualitative and quantitative metrics and strategic objectives.
Governance and Oversight Features	Compensation programs have strong governance and oversight with multi-level reviews to help mitigate the opportunity for individuals to receive short-term payouts for risky performance behaviors.
Pay Mix and Levels	Comprehensive review of pay mix and levels for senior executives with line of sight.
Rewarding Performance	The Compensation Committee approves performance awards for executive officers based on corporate and/or individual performance.
Limits on Bonus Amounts	The majority of plans have a cap on the incentive compensation paid to participants.
Stock Ownership Guidelines	Executive Management is required to own a certain number of shares, aligning their interests with ours and those of our stockholders.

In light of the review, the Company concluded that the compensation programs are designed with the appropriate balance of risk and reward in relation to our overall business strategy and do not create risk that is reasonably likely to have a material adverse effect on us. The Company also concluded that risks can be effectively monitored and managed. The Compensation Committee agreed with the process undertaken and the findings associated with this risk assessment and will continue to consider compensation risk implications during its deliberations on designing our compensation programs.

In addition to the annual risk assessment process, the Company's Risk Management Department conducted a review of the Retail Bank's five sales incentive plans to determine whether proper controls are in place to mitigate the risk of the unsafe or unsound sales practices. Risk Management conducted process walk-throughs to assess control effectiveness, and performed transaction testing. Risk Management concluded (and presented to the Compensation Committee) that controls are in place to prevent: (i) the unauthorized opening of deposit and credit card accounts; (ii) the transfer of funds from authorized, existing accounts to unauthorized accounts; (iii) the unauthorized enrollment of consumers in online banking services; and (iv) the unauthorized ordering and activation of debit cards. Overall testing results substantiated the effectiveness of the control environment. The results of this review further supports that our Retail Bank plans do not create risk that is reasonably likely to have a material adverse effect on us.

#### Insider Trading Policy

Consistent with our compensation philosophy of rewarding Named Executive Officers based on the Company's long-term success, the Company's Insider Trading Policy prohibits all employees, including our Named Executive Officers, from speculative trading in our stock and places limitations on a Named Executive Officer's ability to conduct short-term trading, thus encouraging long-term ownership of our stock.

#### Hedging and Pledging Policy

On February 27, 2014, we adopted a Hedging and Pledging Policy to: (i) prohibit our employees, including our Executive Management, and directors from purchasing any financial instrument or entering into any transaction that is designed to hedge or offset any decrease in the market value of our stock, including exchange funds, prepaid variable forward contracts, equity swaps, puts, calls, collars, forwards or short sales; and (ii) place certain limitations on the ability of our employees, including our Executive Management, and directors from pledging, hypothecating or otherwise encumbering our stock as collateral from indebtedness. The policy states that an employee or director of the Company may pledge no more than 25% of the total holdings of Company stock owned or controlled by that employee or director. Any employee or director who was not in compliance with the pledging restrictions in the policy on February 27, 2014, has 24 months from such date to comply with the policy. Pledged shares of Company stock do

not count towards satisfying applicable Stock Ownership Guidelines. All employees and director are in compliance with the policy.

#### Trading Controls

All designated employees, including our Named Executive Officers, are required to receive the permission of the Company's Office of the General Counsel prior to entering into any transactions in Company securities. Generally, trading is permitted only during announced trading periods. Those employees subject to trading restrictions, including the Named Executive Officers, may enter into a trading plan under Rule 10b5-1 of the 1934 Act. These trading plans may be entered into only during an open trading period and must be approved by our legal department. We require trading plans to include a waiting period and the trading plans may not be amended during their term. Each employee bears full responsibility if he/she violates our policy by permitting shares to be bought or sold without preapproval or when trading is restricted.

#### Clawback Policy

On January 22, 2015, we adopted a Compensation Recoupment Policy with standards that exceed the requirements under the Sarbanes-Oxley Act. Our policy provides that we may, to the extent permitted by applicable law, recoup compensation from each Named Executive Officer who, any time after January 22, 2015, and during the three-year period preceding the date on which we are required to prepare an accounting restatement due to its material noncompliance with any financial reporting requirement under U.S. securities law, received non-equity incentive compensation or received or realized compensation from equity awards, in either case, based on erroneous financial data. If an accounting restatement, as described above, is required, the Compensation Committee, in its sole discretion, may determine whether to seek recovery of non-equity incentive compensation and equity awards from covered executives and if so, when and how such recovery shall be effected. When determining whether to seek recovery of compensation, the Compensation Committee may review the circumstances surrounding the restatement, including, but not limited to, whether the restatement was caused by the misconduct of any covered executive. We recognize that our policy may need to be modified once the SEC, as required under the Dodd-Frank Act, issues final rules and guidance to exchange listed companies on this subject.

#### Tax Treatment of Various Forms of Compensation

Section 162(m) of the Code places a limit of \$1 million on the amount of compensation that public companies may deduct in any one year with respect to its Named Executive Officers other than the Chief Financial Officer who are employed as of the end of the year, unless the

compensation qualifies as “performance-based” within the meaning of Section 162(m). Market-priced stock options and stock appreciation rights are two examples of performance-based compensation. Other types of awards, such as restricted stock, restricted stock units and cash-based awards that are granted pursuant to pre-established objective performance formulas, may also qualify as fully-deductible performance-based compensation, so long as certain requirements are met. The Company’s Section 162(m) post-IPO transition rule expired on the date of the 2016 Annual Meeting. At the 2016 Annual Meeting, our stockholders approved the material terms of the performance goals under the 2011 Plan and the Executive Cash Incentive Plan in order to preserve our ability to grant fully tax-deductible performance-based awards under such plans.

Our Compensation Committee considers the effect of Section 162(m) in establishing total compensation. Our compensation philosophy and practices are generally intended to comply with Section 162(m) to the extent the Compensation Committee determines appropriate. However, there are several requirements under Section 162(m) that must be satisfied for amounts realized under the 2011 Plan and the Executive Cash Incentive Plan to qualify for the performance-based compensation exemption under Section 162(m). There can be no guarantee that amounts payable under the 2011 Plan or the Executive Cash Incentive Plan will be treated as qualified performance-based compensation under Section 162(m). In addition, to maintain flexibility in compensating our executive officers, the Compensation Committee reserves the right to use its judgment to authorize compensation payments that may be subject to the Section 162(m) deduction limit when the Compensation Committee believes that such payments are appropriate.

#### Employment and Severance Arrangements

Employment agreements secure the services of key talent within the highly competitive financial services industry in which we operate. Generally, we enter into employment agreements with high performing and long-term potential senior employees and structure the agreements to carefully balance the individual financial goals of the executives relative to our needs and those of our stockholders. We have entered into an employment agreement with each of our Named Executive Officers.

The employment agreements define compensation and benefits payable in certain termination scenarios, giving the executives some certainty regarding their individual outcomes under these circumstances. Each employment agreement includes provisions that: (i) prohibit the executive from competing against us (or working for a competitor) during a specified period after the executive leaves us; and (ii) provide severance payments upon the executive’s termination of employment by us for other than “cause” or by the executive for “good reason”. We believe the employment agreements are a necessary component of the compensation package provided to our Named Executive Officers because: (i) the noncompetition provisions protect us from a competitive disadvantage if one of the executives leaves us; and (ii) the severance provisions serve as an effective recruiting and retention tool. The Compensation Committee approves the initial employment agreements and then reviews the agreements on an as-needed basis, based on market trends or on changes in our business environment.

The specific terms of these employment arrangements, as well as an estimate of the compensation that would have been payable had they been triggered as of fiscal year-end, are described in detail in “-Additional Information Regarding Executive Compensation-Potential Payments Upon a Change in Control” and “-Additional Information Regarding Executive Compensation-Potential Payments Upon Termination of Employment.”

#### Merger-Related Compensation

For a discussion of the compensation that is or may become payable to our Named Executive Officers that is based on or otherwise relates to the Merger, please see the section entitled “Interests of Certain Persons in the Merger” in our definitive proxy statement for the special meeting of stockholders that was held on November 9, 2016, which was filed with the SEC on September 30, 2016.

#### Conclusion

The Compensation Committee and the Company believe that the: (i) elements of our compensation program for the Named Executive Officers allow us to retain our talented executives while at the same

time encouraging short-term and long-term stockholder value; (ii) compensation decisions made with respect to our Named Executive Officers in 2016 were consistent with the Company's compensation philosophy and pay-for-performance culture; and (iii) compensation paid to our Named Executive Officers for 2016 was reasonable and appropriate.

#### COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed with management the above CD&A included in this proxy statement. Based on the Compensation Committee's review and discussions with management, the Compensation Committee recommended to the Board that the CD&A be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Scott M. Stuart (Chairman)

Richard P. Schifter

Robert J. Mylod, Jr.

#### COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 2016, the members of the Compensation Committee were Scott Mr. Stuart, Richard P. Schifter and Robert J. Mylod, Jr. None of the members of the Compensation Committee served, or has at any time served, during fiscal year 2016 as an officer or employee of our company or any of our subsidiaries. In addition, none of our executive officers has served as a member of a board of directors or a compensation committee, or other committee serving an equivalent function, of any other entity, one of whose executive officers served as a member of our Board of Directors or the Compensation Committee. Accordingly, the Compensation Committee members have no interlocking relationships required to be disclosed under SEC rules and regulations.

The information contained in the Compensation Committee Report shall not be deemed to be "soliciting material" or to be "filed" with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate it by reference in such filing.

## SUMMARY COMPENSATION TABLE

The following table sets forth the cash and other compensation that we paid to our Named Executive Officers, or that was otherwise earned by our Named Executive Officers, for their services in all capacities during the last three fiscal years.

## 2016 Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$) <sup>(1) (2)</sup>	Option Awards (\$) <sup>(3)</sup>	Non-Equity Incentive Plan Compensation \$ <sup>(4)</sup>	All Other Compensation (\$) <sup>(5)</sup>	Total (\$)
Robert M. Clements	2016	775,000	849,041	—	1,216,750	18,424	2,859,215
Chairman of the Board and	2015	775,000	650,000	650,000	1,140,800	18,599	3,234,399
Chief Executive Officer	2014	750,000	568,750	568,750	980,000	18,863	2,886,363
W. Blake Wilson	2016	675,000	783,730	—	1,059,750	18,286	2,536,766
President and Chief Operating	2015	675,000	600,000	600,000	993,600	18,421	2,887,021
Officer	2014	650,000	516,250	516,250	849,333	18,718	2,550,551
John S. Surface	2016	415,000	244,916	—	347,493	15,523	1,021,097
Senior Executive Vice	2015	400,000	187,500	187,500	314,027	15,645	1,104,672
President of Corporate	2014	385,000	184,625	184,625	287,467	15,933	1,057,650
Development							
Steven J. Fischer	2016	415,000	244,916	—	347,493	13,688	1,021,097
Senior Executive Vice	2015	400,000	187,500	187,500	314,027	14,561	1,103,588
President and Chief Financial	2014	370,000	184,250	184,250	276,267	14,532	1,029,299
Officer							
Francis X. Ervin, Jr.	2016	337,000	163,277	—	240,674	15,417	756,368
Executive Vice President and	2015	320,391	100,000	100,000	221,172	15,536	757,099
Chief Risk Officer	2014	283,854	86,875	86,875	169,000	15,779	642,338

(1) Reflects the aggregate grant date fair value of stock awards, determined in accordance with FASB ASC Topic 718.

The long-term equity incentive awards granted in March 2016 to our Named Executive Officers consist of time-based restricted stock units (50%) and performance-based restricted stock units (50%). The grant date fair value of the time-based restricted stock units is based on the closing trading price of our common stock on March 29, 2016, the date of grant (\$15.06). The grant date fair value of the performance-based restricted stock units is based on a Monte-Carlo simulation valuation of the

(2) Company's common stock as of the grant date. For additional detail on the assumptions used in the Monte Carlo model to determine the fair value, see Note 20 on page 122 of our annual report on Form 10-K filed with the SEC on February 17, 2017. Assuming, instead, that the Company were to achieve the maximum performance levels, the grant date fair value of the performance-based restricted stock units would be \$399,082 for Mr. Clements, \$367,460 for Mr. Wilson, \$114,832 for each of Messrs. Surface and Fischer, and \$76,554 for Mr. Ervin.

(3) Reflects the aggregate grant date fair value of option awards, determined in accordance with FASB ASC Topic 718. The assumptions used in calculating these amounts are discussed in Note 20 on page 122 of our annual report on Form 10-K filed with the SEC on February 17, 2017.

(4) Reflects the dollar amount of non-equity incentive compensation amounts earned in 2016, 2015 and 2014 and paid in 2017, 2016 and 2015, respectively, under the Executive Cash Incentive Plan. For more information regarding the non-equity incentive compensation amounts, see "Compensation Discussion and Analysis."

(5) All Other Compensation for 2016 includes: (i) profit sharing contributions of \$4,355 for each of Messrs. Clements, Wilson, Surface, Fischer and Ervin; (ii) 401(k) matching contributions of

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\$10,600 for each of Messrs. Clements, Wilson, Surface, and Ervin, respectively, and \$8,765 for Mr. Fischer; and (iii) certain other non-perquisite items that individually are less than \$10,000. Perquisites and other personal benefits for 2016 totaled less than \$10,000 and, accordingly, per SEC rules, such items have been excluded from this footnote.

2016 Grants of Plan-Based Awards

The following table sets forth the target cash bonuses for each of our Named Executive Officers in 2016 and the grants of equity awards made to each of our Named Executive Officers during 2016.

Name	Grant Date	Estimated	Estimated Future Payouts Under			All Other Stock Awards: of Shares or Units (#)	Grant Date Fair Value of Stock Awards (\$) <sup>(4)</sup>
		Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>	Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(1)</sup>	Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(3)</sup>	Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(3)</sup>		
		Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	
Mr. Clements		1,162,500	1,743,750	—	—	—	—
	3/29/2016	—	—	—	—	—	45,968 <sup>(2)</sup> 650,000
	3/29/2016	—	—	—	45,968	91,936	— 199,041
Mr. Wilson		1,012,500	1,518,750	—	—	—	—
	3/29/2016	—	—	—	—	—	42,432 <sup>(2)</sup> 600,000
	3/29/2016	—	—	—	42,432	84,864	— 183,730
Mr. Surface		332,000	498,000	—	—	—	—
	3/29/2016	—	—	—	—	—	13,260 <sup>(2)</sup> 187,500
	3/29/2016	—	—	—	13,260	26,520	— 57,416
Mr. Fischer		332,000	498,000	—	—	—	—
	3/29/2016	—	—	—	—	—	13,260 <sup>(2)</sup> 187,500
	3/29/2016	—	—	—	13,260	26,520	— 57,416
Mr. Ervin		235,900	303,300	—	—	—	—
	3/29/2016	—	—	—	—	—	8,840 <sup>(2)</sup> 125,000
	3/29/2016	—	—	—	8,840	17,680	— 38,277

Reflects target and maximum bonus opportunities for each of our Named Executive Officers under the (1) Executive Cash Incentive Plan. For additional information regarding the Executive Cash Incentive Plan, see “Compensation Discussion and Analysis.”

(2) Reflects time-based restricted stock units granted by the Compensation Committee on March 29, 2016 under the 2011 Plan. All of the restricted stock units are subject to three-year cliff vesting.

(3) Reflects performance-based restricted stock units granted by the Compensation Committee on March 29, 2016 under the 2011 Plan. Holders of performance-based restricted stock units may earn between 0% and 200% of their target award based on the achievement of goals related to total shareholder return over three successive rolling performance periods, with an opportunity for full vesting based on three-year performance. See footnote 13 in the Outstanding Equity Awards table for a more detailed description of the vesting schedule of the performance-based restricted stock units.

(4) Determined pursuant to FASB ASC Topic 718.

Outstanding Equity Awards at 2016 Fiscal Year End

The following table provides information concerning unexercised options and stock awards outstanding as of December 31, 2016 for each of our Named Executive Officers.

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Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(12)</sup>	Equity Incentive Plan Areas: Number of Shares, Other Rights That Have Not Vested <sup>(13)</sup>	Equity Incentive Plan Awards: Market Value of Unearned Shares, Other Rights That Have Not Vested <sup>(12)</sup>
Mr. Clements	1,500,000 <sup>(1)</sup>	—		(1)	(1) 31,422 <sup>(9)</sup>	611,158	45,968	894,078
	126,459 <sup>(2)</sup>	—	13.83	2/27/2022	37,334 <sup>(10)</sup>	726,146	—	—
	73,041 <sup>(3)</sup>	—	16.71	3/6/2023	45,968 <sup>(11)</sup>	894,078	—	—
	—	87,365 <sup>(4)</sup>	18.6	3/7/2024	—	—	—	—
	—	112,847 <sup>(5)</sup>	18.08	3/9/2025	—	—	—	—
	75,000 <sup>(6)</sup>	—	7.92	1/2/2019	28,522 <sup>(9)</sup>	554,753	42,432	825,302
	75,000 <sup>(7)</sup>	—	10.63	1/2/2020	34,462 <sup>(10)</sup>	670,286	—	—
Mr. Wilson	613,333 <sup>(1)</sup>	—		(1)	42,432 <sup>(11)</sup>	825,302	—	—
	116,731 <sup>(2)</sup>	—	13.83	2/27/2022 <sup>(1)</sup>	—	—	—	—
	66,401 <sup>(3)</sup>	—	16.71	3/6/2023	—	—	—	—
	—	79,301 <sup>(4)</sup>	18.6	3/7/2024	—	—	—	—
	—	104,166 <sup>(5)</sup>	18.08	3/9/2025	—	—	—	—
Mr. Surface	—	28,360 <sup>(4)</sup>	18.6	3/7/2024	10,200 <sup>(9)</sup>	198,390	13,260	257,907
	—	32,552 <sup>(5)</sup>	18.08	3/9/2025	10,769 <sup>(10)</sup>	209,457	—	—
	—	—			13,260 <sup>(11)</sup>	257,907	—	—
Mr. Fischer	75,000 <sup>(8)</sup>	—	15.9	6/6/2021	10,179 <sup>(9)</sup>	197,982	13,260	257,907
	16,600 <sup>(3)</sup>	—	16.71	3/6/2023	10,769 <sup>(10)</sup>	209,457	—	—
	—	28,302 <sup>(4)</sup>	18.6	3/7/2024	13,260 <sup>(11)</sup>	257,907	—	—
	—	32,552 <sup>(5)</sup>	18.08	3/9/2025	—	—	—	—
Mr. Ervin	—	13,344 <sup>(4)</sup>	18.6	3/7/2024	4,799 <sup>(9)</sup>	93,341	8,840	171,938
	—	17,361 <sup>(5)</sup>	18.08	3/9/2025	5,743 <sup>(10)</sup>	111,701	—	—
	—	—			8,840 <sup>(11)</sup>	171,938	—	—

Reflects options granted on October 31, 2008, under the First Amended and Restated 2005 Equity (1) Incentive Plan, or the 2005 Plan. The following table reflects the vesting schedule, exercise price and expiration date of each tranche in this grant:

Exercise Price	Mr. Clements	Mr. Wilson	Mr. Surface
Total Shares Awarded	1,875,000	1,725,000	825,000
Shares Vested			
On July 21, 2009*	375,000	345,000	165,000

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Shares Vested	250,000	230,000	110,000
on			
July 21,	125,000	115,000	55,000
2010			
Shares Vested	291,667	268,333	128,333
on			
July 21,	83,333	76,667	36,667
2011			
Shares Vested	333,333	306,667	146,667
on			
July 21,	41,667	38,333	18,333
2012			
Shares Vested			
on			
July 21,	375,000	345,000	165,000
2013			
Expiration			
Date*	July 20, 2018	July 20, 2018	July 20, 2018

\*Options which vested on July 21, 2009 expired on July 20, 2013. Each Named Executive Officer exercised such vested options prior to July 20, 2013.

- (2) Reflects options granted on February 27, 2012, under our 2005 Plan, which vested 100% on the third anniversary of the grant date.
- (3) Reflects options granted on March 6, 2013, under our 2011 Plan, which vest 100% on the third anniversary of the grant date.
- (4) Reflects options granted on March 7, 2014, under our 2011 Plan, which vest 100% on the third anniversary of the grant date.
- (5) Reflects options granted on March 9, 2015, under our 2011 Plan, which vest 100% on the third anniversary of the grant date.
- (6) Reflects options granted on January 2, 2009, under our 2005 Plan, which vested in three equal annual installments beginning on the first anniversary of the grant date.
- (7) Reflects options granted on January 2, 2010, under our 2005 Plan, which vested in three equal annual installments beginning on the first anniversary of the grant date.
- (8) Reflects options granted on June 6, 2011 under our 2005 Plan. One-half of the options are subject to five-year cliff vesting; the remainder of the options vest on the second, third, fourth and fifth anniversaries of April 13, 2011, respectively, with the percentage of options that vest on such dates dependent upon whether the fair market value of our common stock has appreciated from April 13, 2011 by more than 200% or 300%, as the case may be.
- (9) Reflects time-based restricted stock units granted on March 7, 2014, under our 2011 Plan, which vest 100% on the third anniversary of the grant date.
- (10) Reflects time-based restricted stock units granted on March 9, 2015, under our 2011 Plan, which vest 100% on the third anniversary of the grant date.
- (11) Reflects time-based restricted stock units granted on March 29, 2016, under our 2011 Plan, which vest 100% on the third anniversary of the grant date.
- (12) Based on the Company's closing stock price of \$19.45 on December 30, 2016, the last trading day of fiscal year 2016.

Reflects performance-based restricted stock units granted on March 29, 2016, under our 2011 Plan. Each Named Executive Officer may earn between 0% and 200% of his target award based on the achievement of goals related to total shareholder return over three successive rolling performance periods, with an opportunity for full vesting based on three-year performance. Specifically, 33% of the performance-based RSUs will be eligible to vest following the completion of the one-year performance period beginning on March 29, 2016 and ending on March 29, 2017, 33% will be eligible to vest following the completion of the two-year performance period beginning on March 29, 2016 (13) and ending on March 29, 2018 and a number of performance-based RSUs will be eligible to vest following the completion of the three year performance period beginning on March 29, 2016 and ending on March 29, 2019, in each case based on the Company's achievement of pre-established absolute total shareholder return goals. Any performance-based restricted stock units that do not vest in each of the first two performance periods will be eligible to vest following the completion of the third performance period, subject to a maximum of 200%. As a result of actual performance measured as of December 30, 2016, the last day of the previous fiscal year, the amounts shown represent the number of shares of our common stock that would be earned at the target payout level.

Option Exercises and Stock Vested in 2016

The following table summarizes amounts received by Named Executive Officers in 2016 upon the exercise of their respective stock options and the vesting of restricted stock units:

Name	Option Awards <sup>(1)</sup>		Stock Awards <sup>(2)</sup>	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Mr. Clements	—	—	32,914	464,417
Mr. Wilson	841,667	4,520,895	28,522	321,868
Mr. Surface	712,422	4,771,356	10,472	147,760
Mr. Fischer	—	—	7,480	105,543
Mr. Ervin	—	—	16,677	320,198

Represents the number of options for our common stock that were exercised in 2016, and the aggregate value of the shares of common stock received upon exercise based upon the difference between the exercise price and the fair market value of our common stock on the exercise date. The number of (1) shares of common stock sold by the Named Executive Officers to satisfy the exercise price and related withholding taxes paid by the Named Executive Officers in connection with the option exercise is not reflected in these values.

Represents the number of time-based restricted stock units for our common stock for which the restrictions lapsed in 2016, and the aggregate value of the shares of common stock received upon such (2) lapse. Each of Messrs. Clements, Wilson, Surface and Fischer elected to have the Company withhold a sufficient number of shares to pay the withholding taxes due. The number of shares of common stock withheld by the Company to pay the withholding taxes due in connection with the lapse is not reflected in these values.

Potential Payments Upon Termination of Employment

During 2016, we were a party to employment agreements with each of our Named Executive Officers, that provide for certain payments and benefits upon their termination of employment for various reasons. The following analysis is based solely on those payments that would be made to each of our Named Executive Officers under their employment agreements, and does not take into account any new compensation arrangements entered into in connection with the Merger.

Payments Made Upon Termination Without Cause or Good Reason

Messrs. Clements and Wilson. In the event of Mr. Clements' or Mr. Wilson's termination of employment by us without Cause or by the executive for Good Reason, and upon signing a general release of claims against the Company, the executive will be entitled to:

Severance. Severance equal to 2 times the average of his annual base salary in effect for the year in which termination occurs and his annual base salary during the immediately preceding year, plus 2 times the average of his target bonus for the year in which his termination occurs and his actual bonus for the immediately preceding year, payable in installments over 24 months; and

Benefits. The cost of continued group health benefits for 18 months and, at the conclusion of such 18-month period, a lump sum cash payment in an amount equal to 6 times the monthly cost to us of such benefits.

As described below, each of Messrs. Clements and Wilson is subject to certain restrictive covenants during his employment with us, and for 18 months following his termination of employment. Prior to the completion of the first 12 months of such restriction period, the executive may elect to be released from the remaining 6 months of the restriction period, in which case he will forfeit the remaining cash severance payments that would otherwise have been payable over the remaining 12 months and the group health benefits that would have been available to him over the remaining 12 months.

The employment agreements with Messrs. Clements and Wilson also provide that the executive will be entitled to a tax gross-up payment from us to cover any excise tax liability he may incur under Section 280G of the Code.

Messrs. Surface, Fischer and Ervin. In the event of Mr. Surface's, Mr. Fischer's or Mr. Ervin's termination of employment by the Company without Cause or by the executive for Good Reason, and provided that the executive signs a general release of claims against the Company, he will be entitled to:

Severance. Severance equal to his annual base salary in effect immediately preceding his termination, plus his target bonus in effect immediately preceding his termination, payable in installments over 12 months; and

Benefits. The cost of continued group health benefits for a period of 12 months.

Definitions Applicable to Agreements. For purposes of all such employment agreements, the following definition applies:

- “Cause” generally means the executive’s: (1) willful and substantial failure or refusal to perform his duties; (2) material breach of his fiduciary duties to the Company; (3) gross negligence or willful misconduct in the execution of his professional duties which is materially injurious to the Company; or (4) illegal conduct which results in a conviction of a felony (or a no contest or nolo contendere plea thereto) and which is materially injurious to the business or public image of the Company.
- “Good Reason” generally means: (1) the assignment to executive of duties that are inconsistent with his duties as contemplated under the employment agreement; (2) an adverse change in the executive’s position as a result of significant diminution in his duties or responsibilities; (3) a reduction in the executive’s base salary and/or target bonus opportunity; (4) relocation of executive’s principal office more than 50 miles; or (5) the Company’s breach of its material obligations under the employment agreement.

#### Payments Made Upon Death or Disability

In the event an executive’s employment terminates by reason of his death or disability, the executive will be entitled to receive the prorated portion (based on the effective date of his termination) of the payment he would have earned under the Executive Cash Incentive Plan absent his death or disability. The executive or his estate, as applicable, will receive such bonus payment at the time the payment would have been made absent death or disability.

#### Restrictive Covenants

The employment agreements each contain confidentiality covenants that apply during and following the executives’ employment with us. The agreements also contain certain non-compete and non-solicitation obligations that, in the case of Messrs. Clements and Wilson, continue for a period of 18 months following termination (or 12 months if the executive elects to forfeit a portion of his severance, as discussed above), and in the case of Messrs. Surface, Fischer and Ervin, continue for a period of 12 months following the executive’s termination of employment.

#### Summary of Termination Payments and Benefits

The following table summarizes the approximate value of the termination payments and benefits that each of our Named Executive Officers would have received if he had his terminated employment at the close of business on December 31, 2016.

The table does not include certain amounts that the Named Executive Officer would be entitled to receive under certain plans or arrangements that do not discriminate in scope, terms or operation, in favor of our executive officers and that are generally available to all salaried employees, such as our 401(k) plan. It also does not include values of awards that would vest normally on or prior to December 31, 2016.

	Termination of Employment: By Executive for Good Reason; By Us Without Cause (Not in Connection with a Change of Control)				
	Mr. Clements	Mr. Wilson	Mr. Surface	Mr. Fischer	Mr. Ervin
	(\$)	(\$)	(\$)	(\$)	(\$)
Cash severance <sup>(1)</sup>	3,853,300	3,356,100	747,000	747,000	560,900
Health care benefits continuation <sup>(2)</sup>	23,530	23,926	15,951	15,687	15,950
Health care benefits-lump sum payment <sup>(3)</sup>	7,844	7,975	—	—	—
Stock options <sup>(4)</sup>	228,861	210,113	68,702	68,652	35,127
Time-based restricted stock units <sup>(5)</sup>	2,231,382	2,050,341	665,754	665,346	376,980
Performance-based restricted stock units <sup>(6)</sup>	225,356	208,021	65,007	65,007	43,338

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Total	6,570,273	5,856,476	1,562,414	1,561,692	1,032,295
	Death or Disability				
	Mr. Clements	Mr. Wilson	Mr. Surface	Mr. Fischer	Mr. Ervin
	(\$)	(\$)	(\$)	(\$)	(\$)
Bonus <sup>(7)</sup>	1,162,500	1,012,500	332,000	332,000	235,900
Health care benefits continuation <sup>(2)</sup>	23,530	23,926	15,951	15,687	15,950
Health care benefits-lump sum payment <sup>(3)</sup>	7,844	7,975	—	—	—
Stock options <sup>(4)</sup>	—	—	—	—	—
Time-based restricted stock units <sup>(5)</sup>	2,231,382	2,050,341	665,754	665,346	376,980
Performance-based restricted stock units <sup>(6)</sup>	—	—	—	—	—
Total	3,425,256	3,094,742	1,013,705	1,013,033	628,830

Reflects: (i) for Messrs. Clements and Wilson, an amount equal to two times the average of the executive officer's annual base salary in effect for the year in which termination occurs and his annual base salary during the immediately preceding year, plus two times the average of his target bonus in effect for the year in which termination occurs and his actual bonus for the immediately preceding year; (1) and (ii) for Messrs. Surface, Fischer and Ervin, an amount equal to the executive officer's annual base salary in effect immediately preceding the executive officer's termination plus his target bonus in effect immediately preceding the executive officer's termination. The cash severance is paid in equal installments over a two-year period, in the case of Messrs. Clements and Wilson, or a one-year period, in the case of Messrs. Surface, Fischer and Ervin.

Reflects the cost of continued medical benefits, based on: (i) our portion of the projected cost of the (2) benefits (the executive pays the employee-cost for such coverage); and (ii) the level of medical coverage selected by the executive.

Reflects the full cost to us of the lump sum payment, based on the level of medical coverage selected  
 (3) by the executive, assuming the executive does not elect to be released from the remainder of the restrictive covenants period.

Reflects the difference, if any, between the Company's closing stock price of \$19.45 on December 30, 2016, the last trading day of fiscal year 2016, and the exercise price of the executive's outstanding,  
 (4) unvested stock options that become fully-vested and exercisable upon such termination in accordance with the terms of the underlying option agreement.

Represents the value of shares underlying outstanding time-based restricted stock units, based on the Company's closing stock price of \$19.45 on December 30, 2016, the last trading day of fiscal year 2016,  
 (5) which vest and convert to shares of common stock in accordance with the terms of the underlying restricted stock unit agreement.

Represents the value of shares underlying outstanding performance-based restricted stock units, based on the Company's closing stock price of \$19.45 on December 30, 2016, the last trading day of fiscal year 2016. Pursuant to the performance-based restricted stock unit award agreements, in the event of the Named Executive Officer's termination of employment without cause or by the Named Executive Officer for good reason prior to the conclusion of the three-year performance period, the Named Executive Officer may earn a prorated number of performance-based restricted stock units based on  
 (6) actual performance as of the end of the three-year performance period (and subtracting therefrom any previously vested performance-based restricted stock units). For purposes of this table, as a result of actual performance measured as of December 30, 2016, the last day of the previous fiscal year, we assumed that the performance-based restricted stock units would vest at the target level, and multiplied such number of units by a fraction, the numerator of which is the number of days during the performance period preceding the Named Executive Officer's termination of employment, or 276 days, and the denominator of which is 1,095.

Potential Payments Upon a Change in Control

The following table summarizes the approximate value of the payments that each of our Named Executive Officers would have received if: (i) a change in control of the Company occurred on December 31, 2016, regardless of whether his employment was terminated in connection with the change in control; or (ii) a change in control of the Company occurred on December 31, 2016, and the Named Executive Officer terminated employment for Good Reason or we had terminated his employment without Cause as of such date.

All equity awards granted to the Named Executive Officers since 2013 include "double-trigger" change in control provisions. If awards granted under the 2011 Plan are assumed by a successor in connection with a change in control, such awards will not automatically vest and pay out solely as a result of the change in control. Instead, such awards will vest if within twelve months after the effective date of the change in control, the participant's employment is terminated by us without Cause or, in the case of certain participants, the participant resigns for good reason. Unless otherwise provided by our Compensation Committee, upon the occurrence of a change in control in which awards are not assumed by the surviving entity or otherwise equitably converted or substituted in connection with the change in control in a manner approved by our Compensation Committee or Board of Directors, (i) all outstanding awards in the nature of rights that may be exercised will become fully exercisable; (ii) all time-based vesting restrictions on outstanding awards will lapse; and (iii) the payout opportunities attainable under all outstanding performance-based awards will vest based on target performance and the awards will pay out on a pro rata basis, based on the time elapsed prior to the change in control. The table does not include values of awards that would vest normally on or prior to December 31, 2016:

Change of Control (No Termination of Employment)					Change in Control and Termination of Employment By Executive for Good Reason; By Us Without Cause				
Mr. Clements	Mr. Wilson	Mr. Surface	Mr. Fischer	Mr. Ervin	Mr. Clements	Mr. Wilson	Mr. Surface	Mr. Fischer	Mr. Ervin

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Cash severance <sup>(1)</sup>	\$—	\$—	\$—	\$—	\$3,853,300	\$3,356,100	\$747,000	\$747,000	\$560,900
Health care benefits continuation <sup>(2)</sup>	—	—	—	—	23,530	23,926	15,951	15,687	15,950
Health care benefits-lump sum payment <sup>(3)</sup>	—	—	—	—	7,844	7,975	—	—	—
Stock options <sup>(4)</sup>	—	—	—	—	228,861	210,113	68,702	68,652	35,127
Time-based restricted stock units <sup>(5)</sup>	—	—	—	—	2,231,382	2,050,341	665,754	665,346	376,980
Performance-based restricted stock units <sup>(6)(7)</sup>	208,021	65,007	65,007	43,338	225,356	208,021	65,007	65,007	43,338
280G gross-up payment <sup>(8)</sup>	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>\$208,356</b>	<b>\$65,007</b>	<b>\$65,007</b>	<b>\$43,338</b>	<b>\$6,570,274</b>	<b>\$5,856,476</b>	<b>\$1,562,414</b>	<b>\$1,561,692</b>	<b>\$1,032,295</b>

Reflects: (i) for Messrs. Clements and Wilson, an amount equal to two times the average of the executive officer's annual base salary in effect for the year in which termination occurs and his annual base salary during the immediately preceding year, plus two times the average of his target bonus in effect for the year in which termination occurs and his actual bonus for the immediately preceding year; (1) and (ii) for Messrs. Surface, Fischer and Ervin, an amount equal to the executive officer's annual base salary in effect immediately preceding the executive officer's termination plus his target bonus in effect immediately preceding the executive officer's termination. The cash severance is paid in equal installments over a two-year period, in the case of Messrs. Clements and Wilson, or a one-year period, in the case of Messrs. Surface, Fischer and Ervin.

Reflects the cost of continued medical benefits, based on: (i) our portion of the projected cost of the (2) benefits (the executive pays the employee-cost for such coverage); and (ii) the level of medical coverage selected by the executive.

Reflects the full cost to us of the lump sum payment, based on the level of medical coverage selected (3) by the executive, assuming the executive does not elect to be released from the remainder of the restrictive covenants period.

Reflects the difference, if any, between the Company's closing stock price of \$19.45 on December 30, (4) 2016, the last trading day of fiscal year 2016, and the exercise price of the executive's outstanding, unvested stock options that become fully-vested and exercisable upon a change in control in accordance with the terms of the underlying option agreement.

Represents the value of shares underlying outstanding restricted stock units, based on the Company's (5) closing stock price of \$19.45 on December 30, 2016, the last trading day of fiscal year 2016, and assumes that the awards are not assumed by the successor in connection with the change in control.

(6)

Pursuant to the performance-based restricted stock unit award agreements, in the event of a change in control prior to the conclusion of the three-year performance period, a number of performance-based restricted stock units will convert to time-based restricted stock units on the effective date

of the change in control, provided that the Named Executive Officer remains continuously employed by us from the grant date to the effective date of the change in control. Per the terms of award agreement, the number of performance-based restricted stock units that will convert to time-based restricted stock units will be equal (i) to the target number of units, if actual performance is less than or equal to target performance, or (ii) between 100% and 200% of the target number of units based on actual performance, if actual performance is greater than target performance. For purposes of this table, we have assumed that, as a result of actual performance as of December 30, 2016, the last day of the previous fiscal year, the number of performance-based restricted stock units that will convert to time-based restricted stock units will be equal to the target number of units. The values in the table represents the value of shares underlying such restricted stock units, based on the Company’s closing stock price of \$19.45 on December 30, 2016, the last trading day of fiscal year 2016, and assumes that the awards are not assumed by the successor in connection with the change in control.

Neither Mr. Clements nor Mr. Wilson would have incurred a 280G excise tax in connection with a (7) change in control and termination of employment occurring on December 31, 2016. Messrs. Surface, Fisher and Ervin are not entitled to a gross-up payment under their employment agreements.

**Merger-Related Compensation**

For a discussion of the compensation that is or may become payable to our Named Executive Officers that is based on or otherwise relates to the Merger, please see the section entitled “Interests of Certain Persons in the Merger” in our definitive proxy statement for the special meeting of stockholders that was held on November 9, 2016, which was filed with the SEC on September 30, 2016.

**COMPENSATION OF DIRECTORS**

**2016 Compensation of Directors**

The following table sets forth the compensation paid by us to the members of the Board of Directors of the Company for all services in all capacities during 2016:

Name <sup>(1)</sup>	Fees Earned or Paid in Cash (\$) <sup>(2)</sup>	Stock Awards (\$) <sup>(3)</sup>	Total (\$)
Gerald S. Armstrong <sup>(3)</sup>	37,500	—	37,500
Joseph D. Hinkel	76,500	50,000	126,500
Merrick R. Kleeman	50,000	50,000	100,000
Mitchell M. Leidner <sup>(4)</sup>	37,500	—	37,500
W. Radford Lovett, II	70,000	50,000	120,000
Arrington Mixon	71,500	50,000	121,500
Robert J. Mylod, Jr.	55,000	50,000	105,000
Russell B. Newton, III	62,500	50,000	112,500
William Sanford	50,000	50,000	100,000
Richard P. Schifter	100,000	—	100,000
Scott M. Stuart	107,500	—	107,500

<sup>(1)</sup> Messrs. Clements and Wilson served on the Board of Directors of the Company in 2016. Neither Messrs. Clements nor Wilson were compensated for their service on the Board of Directors.

<sup>(2)</sup> The amounts in this column reflect the sum of the retainer, meeting and special fees earned by each director as shown below:

Annual Retainer	Committee Chair Retainer	Committee Member Retainer	Cash Compensation in Lieu of Equity <sup>(e)</sup>	Director Service Fee
Gerald \$25,000	5,000 <sup>(c)</sup>	\$7,500	\$—	\$—
Armstrong <del>50,000</del>	15,000	10,000	—	—

D.

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Hinkel (a)				
Merrick <del>80,000</del>	—	—	—	—
Kleeman				
Mitchell				
M. Leidner 25,000	—	2,500	—	30,000
(b)				
W. Radford 50,000	10,000	10,000	—	—
Lovett, II				
Arrington 50,000	5,000 <sup>(c)</sup>	15,000	—	—
Mixon <sup>(a)</sup>				
Robert I 50,000	5,000	—	—	—
Mylod, Jr.				
Russell B. 50,000	—	12,500 <sup>(d)</sup>	—	—
Newton, III				
William 50,000	—	—	—	—
Sanford				
Richard <del>80,000</del>	—	—	50,000	—
Schifter				
Scott <del>50,000</del>	7,500	—	50,000	—
Stuart				

(a) In addition to the compensation identified in above chart, each of Mr. Hinkel and Ms. Mixon received \$1,500 for attending the 2016 OCC Directors Roundtable in November 2016.

(b) Mr. Leidner did not stand for re-election as a director at the 2016 Annual Meeting. Mr. Leidner received a \$30,000 director service fee for his six years of service on our Board of Directors. See the narrative following this table for additional detail on the director service fee.

(c) Mr. Armstrong served as Chairperson of our Risk Committee from January 1, 2016 through the 2016 Annual Meeting. At the date of the 2016 Annual Meeting, our Board of Directors appointed Ms. Mixon to serve as Chairperson of the Risk Committee. Mr. Armstrong and Ms. Mixon each received \$5,000 for his/her service as Chairperson of the Risk Committee.

(d) Messrs. Armstrong and Leidner served on our Audit Committee from January 1, 2016 through the 2016 Annual Meeting. As of the date of the 2016 Annual Meeting, our Board of Directors appointed Mr. Newton to serve as a member of the Audit Committee. The \$12,500 in membership fees for Mr. Newton includes \$2,500 for his service on the Audit Committee.

(e) Reflects \$50,000 in cash compensation in lieu of restricted stock units having an equivalent value, as described in greater detail in the narrative following this table.

With respect to all directors, this amount reflects the aggregate grant date fair value of restricted stock units granted on May 19, 2016, computed in accordance with FASB ASC Topic 718. The grant date (3) fair value of the restricted stock units was determined by reference to the closing price of the shares on the grant date. The restrictions on the restricted stock units lapse on May 19, 2017, one year from the date of grant.

Other than the restricted stock units identified above, our non-employee directors do not hold any unvested stock awards or any option awards.

#### Description of Director Compensation Program

Our cash compensation program for non-employee directors serving on our Board of Directors consists of:

Fees <sup>(1)</sup>	Full Board of Director	Audit Committee	Risk Committee	Compensation Committee	Nominating & Corporate Governance Committee	Oversight Committee <sup>(2)</sup>
Annual Board of Director Retainer Fee	\$50,000	\$—	\$—	\$—	\$—	\$—
Annual Committee Chairperson Retainer Fee	—	15,000	10,000	7,500	5,000	10,000
Annual Committee Membership Retainer Fee	—	5,000	5,000	—	—	5,000

(1) All fees are payable on a quarterly basis.

On April 13, 2011, we and EverBank, our banking subsidiary, entered into separate consent orders with the Office of Thrift Supervision, or OTS, with respect to EverBank's mortgage foreclosure practices and our oversight of those practices. The OCC succeeded the OTS with respect to EverBank's consent order, and the Board of Governors of the Federal Reserve System, or FRB, succeeded the OTS with respect to our consent order. Each consent order required the creation of an Oversight Committee to oversee ongoing compliance with such order. Mr. Lovett serves as Chairman of both committees. Mr. Newton and Ms. Mixon serve as the other members of both committees. In 2015, the Compensation Committee determined that the members of the Oversight Committee should be compensated for their services. The OCC terminated EverBank's consent order on January 5, 2016. Our Consent Order with the Federal Reserve remains outstanding.

From time to time, our directors are encouraged to attend Director Workshops held by the OCC. In addition to reimbursing those directors who attend such meetings all reasonable travel expenses, hotel and meals, we pay such directors an attendance fee of \$1,500 per meeting. The above charts reflect the payment of such attendance fees.

In addition to the cash compensation component described above, each non-employee director of our Board is eligible to receive an annual award of restricted stock units having a value of \$50,000. As noted above, non-employee directors associated with certain institutional holders will receive \$50,000 in cash compensation in lieu of the restricted stock units in light of various regulatory considerations. The restrictions will lapse on each such annual grant of restricted stock units in full one year from the grant date. Those non-employee directors receiving cash in lieu of restricted stock units will receive the \$50,000 on the same date the restrictions lapse on the restricted stock units. After completion of our 2016 Annual Meeting and the re-election of our directors, we either granted restricted stock units or accrued for the \$50,000 cash payment in lieu of restricted stock units to all of our non-employee directors. The number of restricted stock units granted was determined based on the closing price of our common stock on the grant

date.

We reimburse our non-employee directors for travel, lodging and other reasonable expenses incurred in connection with their attendance at Board of Director and committee meetings. We do not compensate our directors who are employed by us for their services as directors.

Certain of our directors who joined our Board of Directors on or before December 30, 2010, and who continued to serve for a minimum of five years, were eligible to receive a \$5,000 credit for each year of service on our Board of Directors up to \$50,000 payable upon their departure from our Board of Directors. These deferred amounts are not eligible for above-market or preferential earnings. This policy was frozen in December 2010, and is not available to directors who joined our Board after such date. Each of our non-employee directors, with the exception of Mr. Hinkel and Ms. Mixon, is eligible to receive a payment of up to \$50,000 when they leave our Board, the exact amount of which will depend on the years of service on our Board.

#### Stock Ownership Guidelines for Non-Employee Directors

We require our non-employee directors to own a meaningful equity stake in the Company to further align their economic interests with stockholders. Our directors are required to own a number of shares of Company stock having a value of not less than three times (3x) the cash retainer portion of the director's annual retainer. Each director must meet the minimum ownership requirement by the date that is five (5) years from the date he or she is first appointed to our Board. All shares held or controlled by a director are considered in determining compliance with this ownership requirement, including, but not limited to, direct and indirect holdings and unvested restricted stock units granted by the Company. Each director will be required to hold shares of Company stock until he or she satisfies the stock ownership guidelines; provided, however, that any such person is permitted to sell a sufficient amount of shares to pay the related income taxes due in connection with the vesting of restricted stock units. Currently, each non-employee director owns the requisite number of shares.

In 2015, we made certain clarifications and enhancements to our stock ownership guidelines for non-employee directors. We amended our stock ownership guidelines to address those instances where a non-employee director is no longer in compliance with the stock ownership guidelines merely due to fluctuations in our stock price (rather than resulting from the sale of shares). We further amended our stock ownership guidelines to allow for in-the-money, vested options (after taxes) to count towards the ownership requirements. Although we have not previously granted our non-employee directors option awards, we included this provision in the guidelines to be consistent with the stock ownership guidelines for Executive Management. Each such option counts 50% of an actual share owned outright.

#### Compensation Committee

Committee Chair: Scott M. Stuart

Additional Committee Members: Richard P. Schifter and Robert J. Mylod, Jr.

Meetings Held in 2016: 4

Primary Responsibilities:

Responsibilities	Description
CEO Compensation	Reviewing and determining the annual compensation of the Company's Chief Executive Officer.
Executive Compensation	Recommending to the Board the compensation and benefits of the Company's executive officers other than the Chief Executive Officer.
Director Compensation	Recommending to the Board the compensation of the Company's non-employee directors.
Compensation and Benefit Plans	Annually monitoring and reviewing the Company's compensation and benefit plans to ensure that they meet corporate objectives.
Incentive Compensation Plans	Administering the Company's equity and other incentive compensation plans and programs and preparing recommendations and periodic reports for the Board relating to these matters.
Severance and Terminations	Reviewing and making recommendations to the Board with respect to any severance or termination arrangement to be made with any executive officer.
Annual Report	Preparing the Compensation Committee report required by SEC rules to be included in the Company's Annual Report on Form 10-K.
Equity Compensation Plans	Reviewing all equity-compensation plans to be submitted for stockholder approval under NYSE listing standards, and reviewing, and in the Compensation Committee's sole discretion, approving all equity-compensation plans that are exempt from such stockholder approval requirement.
Other	Handling such other matters that are specifically delegated to the Compensation Committee by the Board from time to time.

The Board has evaluated the independence of the members of the Compensation Committee and has determined that each of the members of the Compensation Committee is "independent" under Section 303A.02 of the NYSE Listed Company Manual. The members of the Compensation Committee also qualify as "non-employee directors" within the meaning of Rule 16b-3 under the Exchange Act and "outside directors" within the meaning of Section 162(m) of the Code.

#### Compensation Consultant Independence

The Compensation Committee considered the independence of the Company's consultant, Compensation Advisory Partners, LLC, or the "Compensation Consultant", in light of new SEC rules and NYSE listing standards. The Compensation Committee received a letter from the Compensation Consultant addressing its independence, including the following factors:

- Other services provided to the Company by the Compensation Consultant;
- Fees paid by the Company as a percentage of the Compensation Consultant's total revenue;
- Policies or procedures maintained by the Compensation Consultant that are designed to prevent a conflict of interest;
- Any business or personal relationships between the individual consultants involved in the engagement and any member of the Compensation Committee;
- Any Company stock owned by the individual consultants involved in the engagement; and
- Any business or personal relationships between the Company's executive officers and the Compensation Consultant or the individual consultants involved in the engagement.

The Compensation Committee discussed the considerations above and concluded that the work of the Compensation Consultant did not raise any conflict of interest.

#### Committee Charter

The Compensation Committee operates pursuant to a written charter, which is available on the Company's website at <http://about.everbank> under the Governance section of the Investor Relations tab.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

At the 2016 Annual Meeting, our stockholders approved reducing the number of shares available for future issuance to 4,500,000, plus any shares that again become available due to cancellations and forfeitures. In the event that any outstanding award for any reason is forfeited, terminates, expires or lapses, in each case without a distribution of shares to the participant, any shares subject to the award will again be available for issuance under the 2011 Plan.

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The following table sets forth certain information regarding shares of our common stock authorized for issuance under equity compensation plans as of December 31, 2016:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a) <sup>(2)</sup>	(b) <sup>(3)</sup>	(c) <sup>(4)</sup>
Equity compensation plans approved by security holders <sup>(1)</sup>	7,507,869	\$13.92	4,554,672
Equity compensation plans not approved by security holders	0	0	0
Total	7,507,869	0	0

(1) Includes the 2011 Plan and the 2005 Plan.

(2) Includes: (i) 6,322,991 options to purchase shares of our common stock granted under the 2005 Plan and 2011 Plan; (ii) 913,565 restricted stock units granted under the 2011 Plan; and (iii) 271,313 performance-based restricted stock units granted under the 2011 Plan, assuming achievement of target performance levels (100%).

(3) Calculation of weighted-average exercise price includes options but does not include restricted stock units or performance shares that convert to shares of common stock for no consideration.

(4) No future grants may be awarded under the 2005 Plan.

#### Security Ownership of Certain Beneficial Owners

As of March 28, 2017, the Company had 127,814,763 shares of common stock issued and outstanding. The following table sets forth the common stock beneficially owned as of March 28, 2017 by each stockholder known to the Company, based on public filings made with the SEC, to beneficially own 5% or more of the Company's outstanding common stock.

Name and Nature of Beneficial Ownership	No. of Shares of Beneficial Stock Owned	% of Class
TPG Funds <sup>(1)</sup>	8,737,103	6.84%
BlackRock, Inc. <sup>(2)</sup>	6,643,932	5.20%
The Bancorp Group <sup>(3)</sup>	8,285,277	6.48%

(1) Includes: (i) 6,963,236.42 shares of common stock held by TPG Partners VI, L.P. ("TPG Partners VI"), a Delaware limited partnership, whose general partner is TPG GenPar VI, L.P., a Delaware limited partnership, whose general partner is TPG GenPar VI Advisors, LLC, a Delaware limited liability

company; (ii) 1,747,421.43 shares of common stock held by TPG Tortoise AIV, L.P. (“TPG Tortoise”), a Delaware limited partnership, whose general partner is TPG Tortoise GenPar, L.P., a Delaware limited partnership, whose general partner is TPG Tortoise GenPar Advisors, LLC, a Delaware limited liability company; and (iii) 26,445.18 shares of common stock held by TPG FOF VI SPV, L.P. (“TPG FOF VI SPV” and, together with TPG Partners VI and TPG Tortoise, the “TPG Funds”), a Delaware limited partnership, whose general partner is TPG Advisors VI, Inc. The sole member of each of TPG GenPar VI Advisors, LLC and TPG Tortoise GenPar Advisors, LLC is TPG Holdings I, L.P., a Delaware limited partnership, whose general partner is TPG Holdings I-A, LLC, a Delaware limited liability company, whose sole member is TPG Group Holdings (SBS), L.P., a Delaware limited partnership, whose general partner is TPG Group Holdings (SBS) Advisors, Inc. David Bonderman and James G. Coulter are directors, officers and sole shareholders of TPG Group Holdings (SBS) Advisors, Inc. and TPG Advisors VI, Inc. and may therefore be deemed to be the beneficial owners of the common stock held by TPG Partners VI, TPG Tortoise and TPG FOF VI SPV. The address of TPG Group Holdings (SBS) Advisors, Inc., TPG Advisors VI, Inc. and Messrs. Bonderman and Coulter is c/o TPG Capital, L.P., 301 Commerce Street, Suite 3300, Fort Worth, TX 76102.

Based solely upon information contained in the Schedule 13G filed by BlackRock, Inc. (“BlackRock”) with the SEC on January 30, 2017. BlackRock beneficially owned 6,643,932 shares of Common Stock (2) as of December 31, 2016, with sole voting power over 6,422,965 shares, sole dispositive power over 6,643,932 shares, shared voting power over no shares and shared dispositive power over no shares. The address for BlackRock is 55 East 52<sup>nd</sup> Street, New York, NY 10055.

Based solely upon information contained in the Schedule 13G filed by The Vanguard Group (“Vanguard”) with the SEC on February 9, 2017. Vanguard beneficially owned 8,285,277 shares of (3) Common Stock as of December 31, 2016, with sole voting power over 125,793 shares, sole dispositive power over 8,154,874 shares, shared voting power over 9,955 shares and shared dispositive power over 130,403 shares. The address for Vanguard is 100 Vanguard Blvd., Malvern, PA 19355.

#### Security Ownership of Management and Directors

The following table sets forth information about the beneficial ownership of our common stock for each named executive officer, each director and director nominee, and all executive officers and directors as a group.

Unless otherwise noted below, the address of each beneficial owner listed on the table is c/o EverBank Financial Corp, 501 Riverside Avenue, Jacksonville, Florida 32202.

The Company has determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, the Company believes, based on the information furnished to us, that the persons and entities named in the tables below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws. A person is deemed to be a beneficial owner of any security of which that person has the right to acquire beneficial ownership within 60 days from the date of determination. The footnotes to the table indicate how many shares each person has the right to acquire within 60 days of March 28, 2017. The

Company has based the calculation of the percentage of beneficial ownership of 127,814,763 shares of common stock outstanding as of March 28, 2017.

In computing the number of shares of common stock beneficially owned by a person identified in the table below and the percentage ownership of such person, the Company deemed outstanding shares of common stock subject to options or restricted stock units held by that person that are currently exercisable or exercisable within 60 days of March 28, 2017. The Company did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any person not identified in the chart below.

Name and Address of Beneficial Owner	Shares Beneficially Owned As of March 31, 2017	
	Number	Percentage
Named Executive Officers and Directors:		
Robert M. Clements <sup>(1)</sup>	3,639,647	2.81%
W. Blake Wilson <sup>(2)</sup>	1,528,210	1.19%
Steven J. Fischer <sup>(3)</sup>	132,546	*
Francis X. Ervin, Jr. <sup>(4)</sup>	36,840	*
John S. Surface <sup>(5)</sup>	55,027	*
Joseph D. Hinkel <sup>(6)</sup>	18,800	*
Merrick R. Kleeman <sup>(7)</sup>	155,801	*
W. Radford Lovett, II <sup>(8)</sup>	1,469,002	1.15%
Arrington H. Mixon <sup>(9)</sup>	11,300	*
Robert J. Mylod, Jr. <sup>(10)</sup>	476,915	*
Russell B. Newton, III <sup>(11)</sup>	4,018,183	3.14%
William Sanford <sup>(12)</sup>	12,030	*
Richard P. Schifter <sup>(13)</sup>	—	—
Scott M. Stuart	—	—
All directors and executive officers as a group (15 persons)	11,554,301	8.83%

\* Less than one percent.

Consists of: (i) 1,849,782 shares of common stock, of which 14,996 are shares for which Mr. Clements acts as custodian on behalf of one his children; and (ii) options to purchase 1,786,865 shares of common stock that are currently exercisable or are exercisable within 60 days of March 28, 2017. Ann H. Clements, Mr. Clements' wife, owns 1,044,563 additional shares of common stock in her own name, of which 40,296 are shares for which Mrs. Clements acts as custodian on behalf of one of her children.

(1) Ann T. Clements, Mr. Clements' daughter, owns 94,583 additional shares of common stock in her own name. Ruth C. Clements, Mr. Clements' daughter, owns 96,578 additional shares of common stock in her own name. Robert M. Clements Jr., Mr. Clements' son, owns 92,153 additional shares of common stock in his own name. Mr. Clements does not have any voting or dispositive power over the shares of common stock held by his wife, son or daughters and accordingly disclaims any beneficial ownership thereof.

Consists of: (i) 502,444 shares of common stock; and (ii) options to purchase 1,025,766 shares of common stock that are currently exercisable or are exercisable within 60 days of March 28, 2017. Of (2) the 502,444 shares of common stock: Mr. Wilson owns 447,500 with his spouse, Stephanie K. Wilson, as tenants by the entirety and beneficially owns 54,944 shares of common stock as trustee of the Wilson Family Irrevocable Trust.

(3) Consists of: (i) 12,664 shares of common stock; and (ii) options to purchase 119,902 shares of common stock that are currently exercisable or are exercisable within 60 days of March 28, 2017.

(4) Consists of: (i) 20,163 shares of common stock; and (ii) options to purchase 16,677 shares of common stock that are currently exercisable or are exercisable within 60 days of March 28, 2017.

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Consists of: (i) 26,667 shares of common stock, 19,257 shares which are owned by Surface Investment (5) Partnership, Ltd.; and (ii) options to purchase 28,360 shares of common stock that are currently exercisable or are exercisable within 60 days of March 28, 2017.

(6) The address for Mr. Hinkel is 919 Chestnut Avenue, Wilmette, IL 60091.

Mr. Kleeman also holds 37,000 Depositary Shares representing 1/1000th of a share of our 6.75% Series (7) A Non-Cumulative Perpetual Preferred Stock. The address for Mr. Kleeman is c/o Wheelock Street Capital, 660 Steamboat Rd. 3rd floor, Greenwich, CT 06830.

Consists of: (i) 12,030 shares of common stock; (ii) 594,532 shares of common stock held by the W. Radford Lovett II GST Exempt Trust, of which Mr. Lovett is the general partner; (iii) 810,450 shares of common stock held by Lovett Miller Venture Fund III, Limited Partnership, of which Mr. Lovett and Scott Miller are managing directors of Lovett Miller Venture Partners III, LLC, the general partner of Lovett Miller Venture Fund III, Limited Partnership; (iv) 32,096 shares of common stock held by (8) Lovett Miller & Co. Incorporated Profit Sharing Plan, FBO William Radford Lovett II; and (v) 22,475 shares held by a family member of Mr. Lovett sharing his household, over which Mr. Lovett does not have any voting or dispositive power and accordingly disclaims any beneficial ownership thereof. The address for Mr. Lovett is c/o Lovett Miller & Co., One Independent Dr., Suite 1600, Jacksonville, FL 32202. In addition, the W. Radford Lovett II GST Exempt Trust has pledged 360,959 shares of common stock as security.

(9) The address for Ms. Mixon is 6000 Fairview Road, Suite 1525, Charlotte, NC 28210.

Consists of 476,915 shares of common stock owned jointly with his wife, Heather Mylod. The address (10) for Mr. Mylod is c/o Annox Capital Management, Suite 101, 40701 Woodward Ave., Bloomfield Hills, MI 48304.

The 1995 Newton Family Limited Partnership, LLP owns 2,794,235 shares of common stock. Mr. Newton is the sole manager of Newton O5, LLC, the general partner of the Newton Family Limited Partnership, LLP. Timucuan Fund, L.P. owns 641,928 shares of common stock. Mr. Newton is the controlling partner of Timucuan Fund Management, L.P., the general partner of Timucuan (11) Fund, L.P. R2 Partners owns 387,430 shares of common stock. Mr. Newton is one of two general partners of R2 Partners and owns 50% of the partnership units of R2 Partners. DV Properties, Inc. owns 186,155 shares of common stock. Mr. Newton is director and President of DV Properties, Inc. The address for Mr. Newton is c/o Timucuan Asset Management Inc., 200 West Forsyth St., Suite 1600, Jacksonville, FL 32202.

(12) The address for Mr. Sanford is c/o EverBank Financial Corp, 501 Riverside Ave, Jacksonville, FL 32202.

Mr. Schifter is a senior advisor to TPG Capital, L.P., which is an affiliate of the TPG Funds. (13) Mr. Schifter does not have voting or dispositive power over the shares held by the TPG Funds. The address for Mr. Schifter is c/o TPG Capital, L.P., 301 Commerce Street, Suite 3300, Fort Worth, TX 76102.

Item 13. Certain Relationships and Related Transactions, and Director Independence

In addition to the director and executive officer compensation arrangements discussed in Item 12 under “Executive Compensation,” the following is a description of transactions since January 1, 2016, including currently proposed transactions, to which we have been or are to be a party, in which the amount involved exceeded or will exceed \$120,000, and in which any of the Company’s directors, executive officers or beneficial holders of more than 5% of the Company’s capital stock, or their immediate family members or entities affiliated with them, had or will have a direct or indirect material interest.

#### Registration Rights

The Company has entered into separate registration rights agreements with each of: (i) Arena (whose rights are now held by the limited partners of Arena who continue to hold shares of the Company’s common stock) and Lovett Miller; and (ii) the former stockholders of Tygris. Under the terms of these agreements, certain holders of the Company’s common stock or their transferees are entitled to rights with respect to the registration of such shares, which we refer to as the Registrable Securities, under the Securities Act of 1933, as amended.

#### Arena/Lovett Miller

The Company entered into an Amended and Restated Registration Rights Agreement with Arena and Lovett Miller on November 22, 2002, which the Company further amended on July 21, 2008. Under that agreement, Arena and Lovett Miller, as holders of Registrable Securities, have the right to demand, on an aggregate of three occasions, that the Company use its commercially reasonable best efforts to register their Registrable Securities and maintain the effectiveness of the corresponding registration statement for at least 270 days. Once in any given 12-month period, the Company may postpone the filing of such a registration statement for up to 120 days if the Board believes, in good faith, that the registration would require the disclosure of non-public information and that such disclosure would materially adversely affect any material business opportunity, transaction or negotiation then contemplated. In addition, the Company may postpone the filing of such registration statement for up to 180 days if the Board believes, in good faith, that the registration is not then in our best interests. Arena and Lovett Miller have the right to select a lead underwriter for the demand offering, subject to the Company’s approval, which may not be unreasonably withheld. In 2014, Arena distributed all of the shares of the Company’s common stock then held to its limited partners, and ceased operations. As such the rights of Arena under the Amended and Restated Registration Rights Agreement are held by the former limited partners who continue to hold shares of the Company’s common stock they received from Arena.

If the Company registers any of its common stock either for its own account or for the account of other security holders, the holders of Registrable Securities are entitled to notice of such registration and are entitled to certain “piggyback” registration rights allowing the holders to include their common stock in such registration, subject to certain marketing and other limitations. In addition, all expenses of such registrations, other than underwriting discounts and commissions incurred by the holders of the Registrable Securities exercising their registration rights in connection with registrations, filings or qualifications, must be paid by the Company.

#### Former Tygris Stockholders

The Company entered into a Registration Rights Agreement with Tygris on October 20, 2009 in connection with the Tygris acquisition. Under that agreement, former Tygris stockholders who are holders of Registrable Securities have the right to demand, on an aggregate of three occasions, that the Company use its reasonable best efforts to register their Registrable Securities for public sale and maintain the effectiveness of the corresponding registration statement for at least 180 days. Once in any given 12-month period, the Company may postpone the filing of such a registration statement for up to 120 days if our Board believes, in good faith, that the registration would either materially adversely affect or materially interfere with a material financing or other material transaction or require disclosure of non-public information which would materially adversely affect the Company. If the Company is eligible to file a shelf registration statement on Form S-3, the former Tygris stockholders may request that the

Company register their Registrable Securities on a Form S-3. The holders of a majority of the former Tygris stockholders' Registrable Securities covered by a demand registration have the right to select the underwriters for such offerings, subject to our approval, which may not be unreasonably withheld. If the Company registers any of its common stock either for its own account or for the account of other security holders, the holders of Registrable Securities are entitled to notice of such registration and are entitled to certain "piggyback" registration rights allowing the holders to include their common stock in such registration, subject to certain marketing and other limitations. In addition, all reasonable fees and expenses of such registrations, other than underwriting discounts and commissions incurred by the holders of the Registrable Securities exercising their registration rights in connection with registrations, filings or qualifications, must be paid by the Company.

In addition to the Registration Rights Agreement entered into with Tygris in connection with the Tygris acquisition, the Company entered into a separate Registration Rights Agreement on August 27, 2012 with the former Tygris stockholders participating in the escrowed cash conversion transaction pursuant to which \$48.7 million of escrowed cash was converted into 4,032,662 shares of our common stock. The terms of this 2012 Registration Rights Agreement are substantially identical to the terms of the Registration Rights Agreement entered into in connection with the Tygris acquisition.

#### Related Party Transactions

##### Loans to Related Parties

Lauren Fant, the sister of W. Radford Lovett, II, a director of the Company, has an outstanding loan with EverBank. The loan, which accrued interest at an annual rate of 3.30%, had an aggregate balance (including accrued interest) of \$1,192,971 as of December 31, 2016, and the largest aggregate amount of principal outstanding on the loan during the last fiscal year was \$1,221,154. During 2016, \$28,224 of principal was repaid on the loan, and \$37,045 of interest was paid to EverBank.

##### Related Party Employees

Christian Kren, the brother-in-law of W. Blake Wilson, the Company's President and Chief Operating Officer, is employed as the Manager of Accounting/Finance Special Projects/Lending Team at EverBank, and received a salary and incentives of approximately \$140,000 in 2016, as well as benefits consistent with those provided to other employees with equivalent qualifications and responsibilities.

#### Other Relationships

##### Relationship with Frilot, L.L.C.

Frilot, L.L.C. serves as the Company's principal outside counsel for labor and employment matters and assists us on various other litigation and commercial matters from time to time. Miles P. Clements is the brother of Robert M. Clements, the Company's Chairman of the Board and Chief Executive Officer, and is a partner and a member of the management committee of Frilot, L.L.C. The Company paid fees and related expenses to Frilot, L.L.C. for legal services rendered in the amount of \$360,960 for the year ended December 31, 2016.

##### Relationship with Great Meadows I LLC and Great Meadows II LLC

Great Meadows I LLC and Great Meadows II LLC are parties to a commercial loan agreement with EverBank. David Surface, the brother of John S. Surface, the Company's Senior Executive Vice President, holds a 5% interest in Great Meadows I LLC and Great Meadows II LLC, and he is the President of both entities. The largest aggregate balance under the loan agreement (including accrued interest) during the last fiscal year was \$3,658,795, and the loan has an interest rate of 4.0%. During the last fiscal year, \$3,658,795 of principal had been repaid, \$121,553 of interest had been paid and \$0 remained outstanding. The loan was made in the ordinary course of business, on substantially the same terms, including interest rates, collateral and repayment terms, as those prevailing at the time for comparable loans with persons not related to the Company and did not involve more than the normal collection risk or present other unfavorable features.

##### Relationships in the Ordinary Course

The Company has had, and may be expected to have in the future, lending relationships in the ordinary course of business with the Company's directors and executive officers, members of their immediate families and affiliated companies in which they are employed or in which they are principal equity holders. The lending relationships with these persons were made in the ordinary course of business and on substantially the same terms, including interest rates, collateral and repayment terms, as those prevailing at the time for comparable transactions with persons not related to the Company and do not involve more than normal collection risk or present other unfavorable features.

##### Policy Concerning Related Party Transactions

The Company has adopted a formal written policy concerning related party transactions. A related party transaction is a transaction, arrangement or relationship that involves: (i) the Company or a consolidated subsidiary (whether or not the Company or the subsidiary is a direct party to the transaction), on the one hand, and (a) a director or executive officer of the Company, his or her immediate family members or any entity that any of them controls or in which any of them has a substantial beneficial ownership interest; or (b) any person who is the beneficial owner of more than 5% of the Company's voting securities or a member of the immediate family of such person, on the other hand; and (ii) exceeds \$120,000, exclusive of employee compensation and directors' fees. A copy of the Company's policy may be found at <https://about.everbank>.

The policy assigns to the Nominating and Corporate Governance Committee the duty to ensure that there is an ongoing review of all related party transactions for potential conflicts of interest and requires that the Nominating and Corporate Governance Committee approve any such transactions. The Company's Nominating and Corporate Governance Committee evaluates each related party transaction for the purpose of recommending to the disinterested members of the Board whether the transaction is fair, reasonable and in compliance with the policy, and whether such transaction should be ratified and approved by the Board. Relevant factors include the benefits of the transaction to the Company, the terms of the transaction, whether the transaction was on an arm's-length basis and in the ordinary course of the Company's business, the direct or indirect nature of the related party's interest in the transaction, the size and expected term of the transaction and other facts and circumstances that bear on the materiality of the related party transaction under applicable law and listing standards.

Management provides the Nominating and Corporate Governance Committee with ongoing information pertaining to related party transactions, as necessary. Related party transactions entered into, but not approved or ratified as required by the policy concerning related party transactions, will be subject to termination by the Company or the relevant subsidiary, if so directed by the Nominating and Corporate Governance Committee or the Board, taking into account factors as such body deems appropriate and relevant.

Item 14. Principal Accountant Fees and Services

Audit Fees and Other Fees

The aggregate fees paid to Deloitte & Touche LLP by the Company during 2016 and 2015, are set forth in the following table:

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Type of Fees	2016 Fees	2015 Fees
Audit Fees	\$2,080,307	\$2,026,785
Audit Related Fees	624,226	574,347
Tax Fees	565,920	465,718
All Other Fees	2,000	2,000
Total Fees	\$3,272,453	\$3,068,850

**Audit Fees**

Audit fees include fees associated with the annual audit of the Company's consolidated financial statements and internal control over financial reporting, SEC regulatory filings, various acquisitions, statutory audits, and financial audits of subsidiaries.

**Audit Related Fees**

Audit related fees include fees associated with reviews of the Company's quarterly reports on Form 10-Q and fees for assurance related to offerings of the Company's securities, not reported under "Audit fees".

**Tax Fees**

Tax fees include fees associated with tax compliance services, tax advice, and tax planning.

**All Other Fees**

All other fees were comprised of fees for permissible advisory services.

**Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors**

In accordance with the Audit Committee Charter, the Audit Committee must pre-approve any engagement of Deloitte & Touche LLP for audit or non-audit services. The Audit Committee has delegated to its chairperson the authority to pre-approve permissible non-audit services. Any such approval of non-audit services pursuant to this delegation of the full Audit Committee's authority must be presented to the Audit Committee at its next regular meeting. All of the services described above were approved by the Audit Committees, and in doing so, the Audit Committees did not rely on the de minimis exception set forth in Rule 2-01(c)(7)(i)(C) under Regulation S-X.

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a)(3) Exhibits Required by Securities and Exchange Commission Regulation S-K

- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.\*
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.\*
- 32.1 Certification of Chief Executive Officer pursuant to Rule pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. \*\*
- 32.2 Certification of Chief Financial Officer pursuant to Rule pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. \*\*

\* Provided herewith.

\*\* Provided herewith. The certifications attached as Exhibits 32.1 and 32.2 accompany this Annual Report on Form 10-K/A and are “furnished” to the Securities and Exchange Commission pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed “filed” by us for purposes of Section 18 of the Securities Exchange Act of 1934, as amended

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment No. 1 to be signed on its behalf by the undersigned thereunto duly authorized.

EverBank Financial Corp

Date: April 13, 2017 /s/ Robert M. Clements

Robert M. Clements

Chairman of the Board and Chief Executive Officer

(Principal Executive Officer)