LegacyTexas
FINANCIAL GROUP, INC.™

Second Quarter 2018
Investor Presentation

July 18, 2018

Safe harbor statement

When used in filings by LegacyTexas Financial Group, Inc. (the "Company") with the Securities and Exchange Commission (the "SEC"), in the Company's press releases or other public or stockholder communications, and in oral statements made with the approval of an authorized executive officer, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "intends" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected, including, among other things: the expected cost savings, synergies and other financial benefits from acquisition or disposition transactions might not be realized within the expected time frames or at all and costs or difficulties relating to integration matters might be greater than expected; changes in economic conditions; legislative changes; changes in policies by regulatory agencies; fluctuations in interest rates; the risks of lending and investing activities, including changes in the level and direction of loan delinquencies and write-offs and changes in estimates of the adequacy of the allowance for loan losses; the Company's ability to access cost-effective funding; fluctuations in real estate values and both residential and commercial real estate market conditions; demand for loans and deposits in the Company's market area; fluctuations in the price of oil, natural gas and other commodities; competition; changes in management's business strategies; changes in the regulatory and tax environments in which the Company operates, including the impact of the "Tax Cuts and Jobs Act" (the "TCJA") on the Company's deferred tax asset, and the anticipated impact of the TCJA on the Company's future earnings; and other factors set forth in the Company's filings with the SEC.

The Company does not undertake - and specifically declines any obligation - to publicly release the result of any revisions which may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Today's presenters

Kevin Hanigan

President and Chief Executive Officer

- CEO and President of LegacyTexas Financial Group, Inc.
- Former Chairman and Chief Executive Officer of Highlands Bancshares in 2010
- Former Chairman and Chief Executive Officer of Guaranty Bank in 2009
- 37+ years of Texas banking experience

Mays Davenport

Executive Vice President, Chief Financial Officer

- Former Executive Vice President at LegacyTexas Bank
- Senior management experience for retail branch, treasury management, human resources, marketing, mortgage, and wealth advisory functions
- Certified Public Accountant, former national accounting and tax advisory firm experience
- 25+ years of Texas banking experience

LegacyTexas Financial Group, Inc.™

Key franchise highlights - Q2 2018

North Texas Focused	• #1 deposit market share among all banks in affluent Collin County • #2 deposit market share among Dallas-based banks[1] in the attractive DFW market, which is home to 22 companies on the 2018 Fortune 500 list • DFW hosts a diverse business environment across a broad set of industries, with 42% of employment in the service-providing sector and less than 1% in oil and gas[2]
Profitability	• Net income totaled $27.8 million, up $2.1 million from Q1 2018 and down $98,000 from Q2 2017. Q2 2018 basic EPS was $0.59 on both GAAP and core (non-GAAP) basis[3] • Core (non-GAAP) efficiency ratio improved to 44.44% compared to 48.40% for Q1 2018[3] • Gross loans held for investment[4] grew $102.0 million from Q1 2018, while non-interest-bearing demand deposits grew $40.3 million for the same period to 25% of total deposits • Q2 2018 GAAP and core (non-GAAP) ROAA was 1.24%, compared to GAAP ROAA of 1.19% for Q1 2018 and core (non-GAAP) ROAA for Q1 2018 of 1.13%[3]
Asset quality	• Non-performing loans declined by $30.2 million, or 60.7%, from Q1 2018, totaling $19.6 million for Q2 2018, or 0.29% of gross loans held for investment[4] • Total classified loans down $40.6 million from Q1 2018
Capital	*Profitability levered excess capital while maintaining strong capital levels* • TCE / TA[3]: 9.07% • Estimated Tier 1 common risk-based capital[5]: 9.78%

Source: Company Documents

1 Includes banks headquartered in the Dallas-Fort Worth-Arlington MSA

2 Represents latest available data from the Bureau of Labor Statistics for the Dallas-Fort Worth-Arlington, TX MSA (i.e., data as of Q4 2017)

3 See the section labeled "Supplemental Information - Non-GAAP Financial Measures"

4 Excludes Warehouse Purchase Program loans and loans held for sale

5 Calculated at the Company level, which is subject to the capital adequacy requirements of the Federal Reserve

LegacyTexas Financial Group, Inc.™

Second quarter highlights

($ in millions except for per share data)	Quarter ended				
	June 30, 2017	March 31, 2018	June 30, 2018	Linked Q Δ	YOY Δ
Selected balance sheet data					
Gross loans held for investment[1]	$ 6,168.8	$ 6,569.1	$ 6,671.1	1.6 %	8.1 %
Total deposits	6,562.5	6,954.4	6,881.3	(1.1)%	4.9 %
Non-interest-bearing demand deposits	1,522.9	1,681.1	1,721.4	2.4 %	13.0 %
Selected profitability data					
Net income	$ 27.9	$ 25.8	$ 27.8	8.1 %	(0.4)%
Core net income[2]	27.9	24.5	28.0	14.0 %	0.1 %
Basic EPS	0.60	0.55	0.59	7.3 %	(1.7)%
Core EPS[2]	0.60	0.52	0.59	13.5 %	(1.7)%
NIM	3.77%	3.85%	3.93%	8bps	16bps
Core return on average equity[2]	12.22%	10.08%	11.25%	11.6 %	(7.9)%
Core return on average assets[2]	1.32%	1.13%	1.24%	9.7 %	(6.1)%
Core efficiency ratio[2]	44.96%	48.40%	44.44%	(8.2)%	(1.2)%

Source: Company Documents

[1] Excludes Warehouse Purchase Program loans, the 2017 period includes a reclassification of three Warehouse relationships from the commercial and industrial category to the Warehouse Purchase Program category

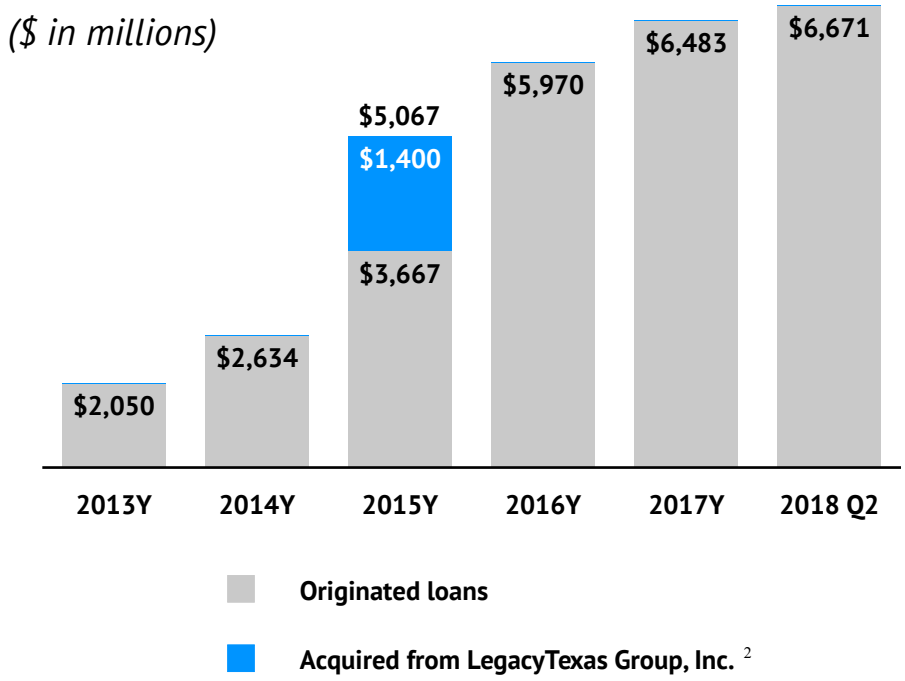
[2] See the section labeled "Supplemental Information- Non-GAAP Financial Measures"

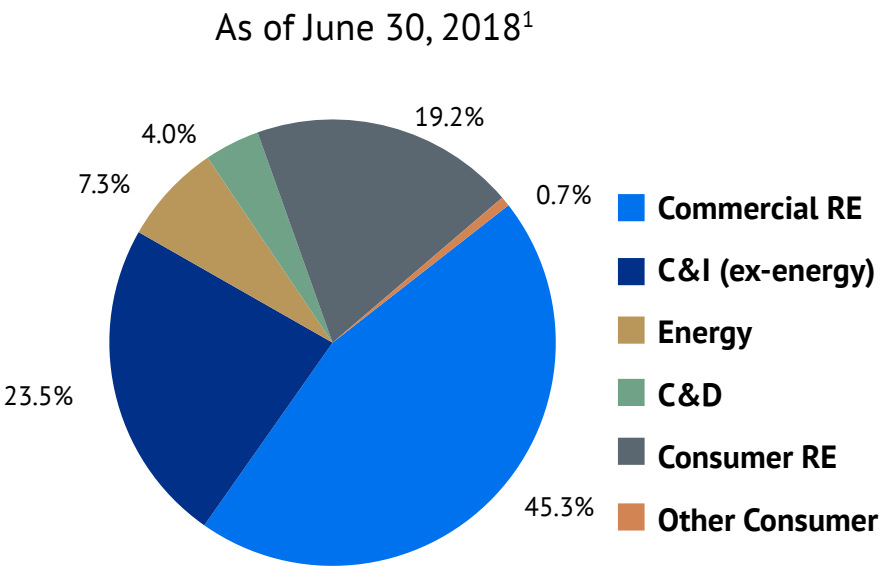
LegacyTexas Financial Group, Inc.™

Commercially focused loan portfolio

Gross loans held for investment[1] at Q2 2018 grew $102.0 million from Q1 2018, which included linked-quarter increases in commercial and industrial, consumer real estate, construction and land, and other consumer loans.

Total Loans HFI[1]





Quarterly yield on loans held for investment[1]: 5.21%

Source: Company Documents

[1] Excludes Warehouse Purchase Program loans, all prior year periods include a reclassification of three Warehouse relationships from the commercial and industrial category to the Warehouse Purchase Program category

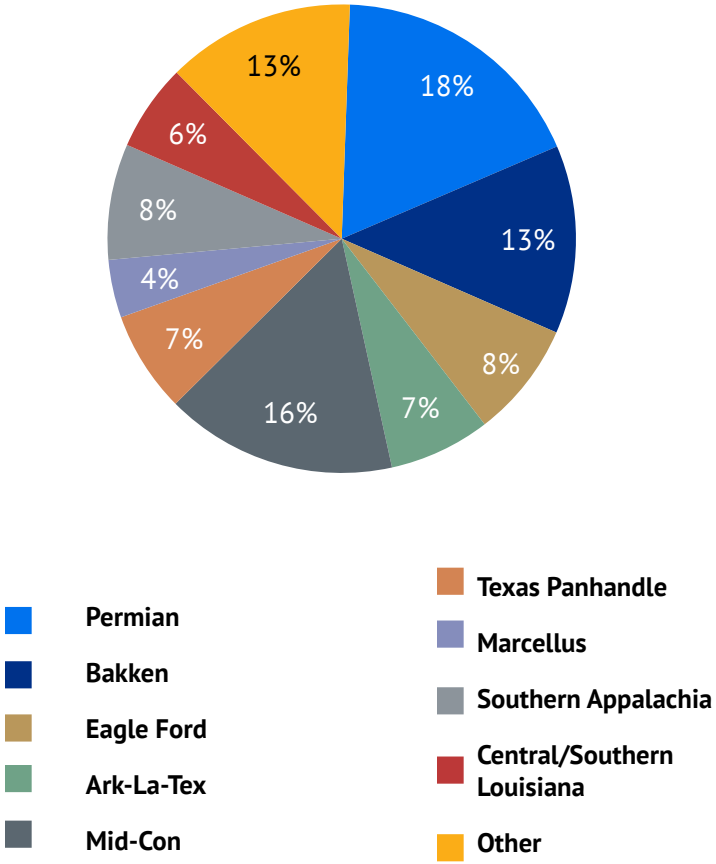
[2] Represents balance acquired on January 1, 2015

LEGACYTEXAS FINANCIAL GROUP, INC.™

Energy lending

- Reserve-based energy portfolio at June 30, 2018 consisted of 60% crude oil reserves and 40% natural gas reserves
- At June 30, 2018, 48 reserve-based borrowers and 3 midstream borrowers
- $383 million, or 74%, of our outstanding energy loans are backed by private equity firms with significant capital invested and additional equity commitments available

Geographic Concentration of Reserves



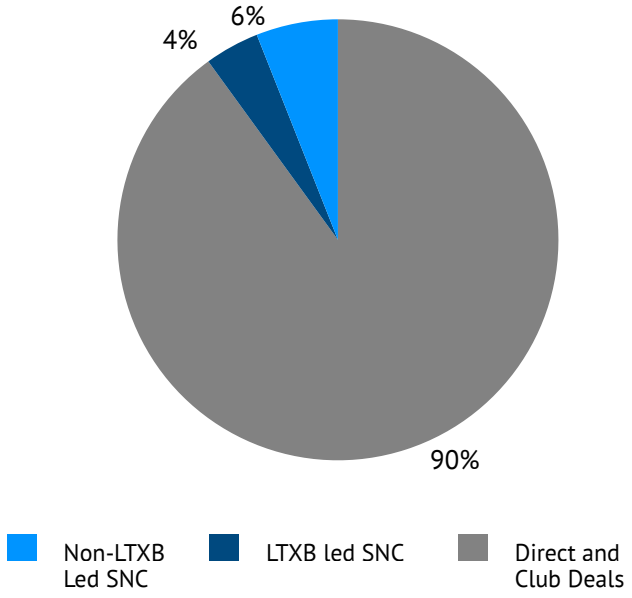
Source: Company documents for loans managed by Energy Finance group

LEGACYTEXAS FINANCIAL GROUP, INC.™

Energy lending

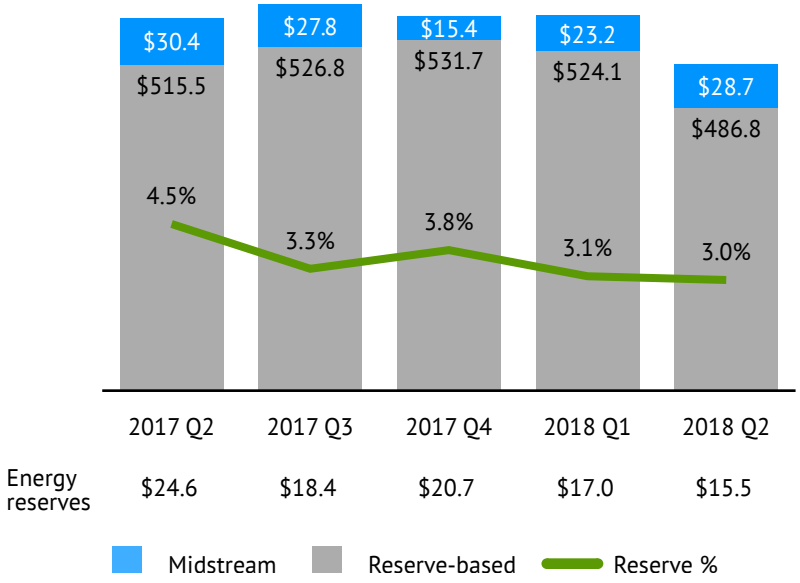
- Reserve-based loans are all first liens
- No unsecured commitments/exposure

SNC Breakout of Reserve-Based Energy Loans



Outstanding loan balances and related loan loss reserves

($ in millions)



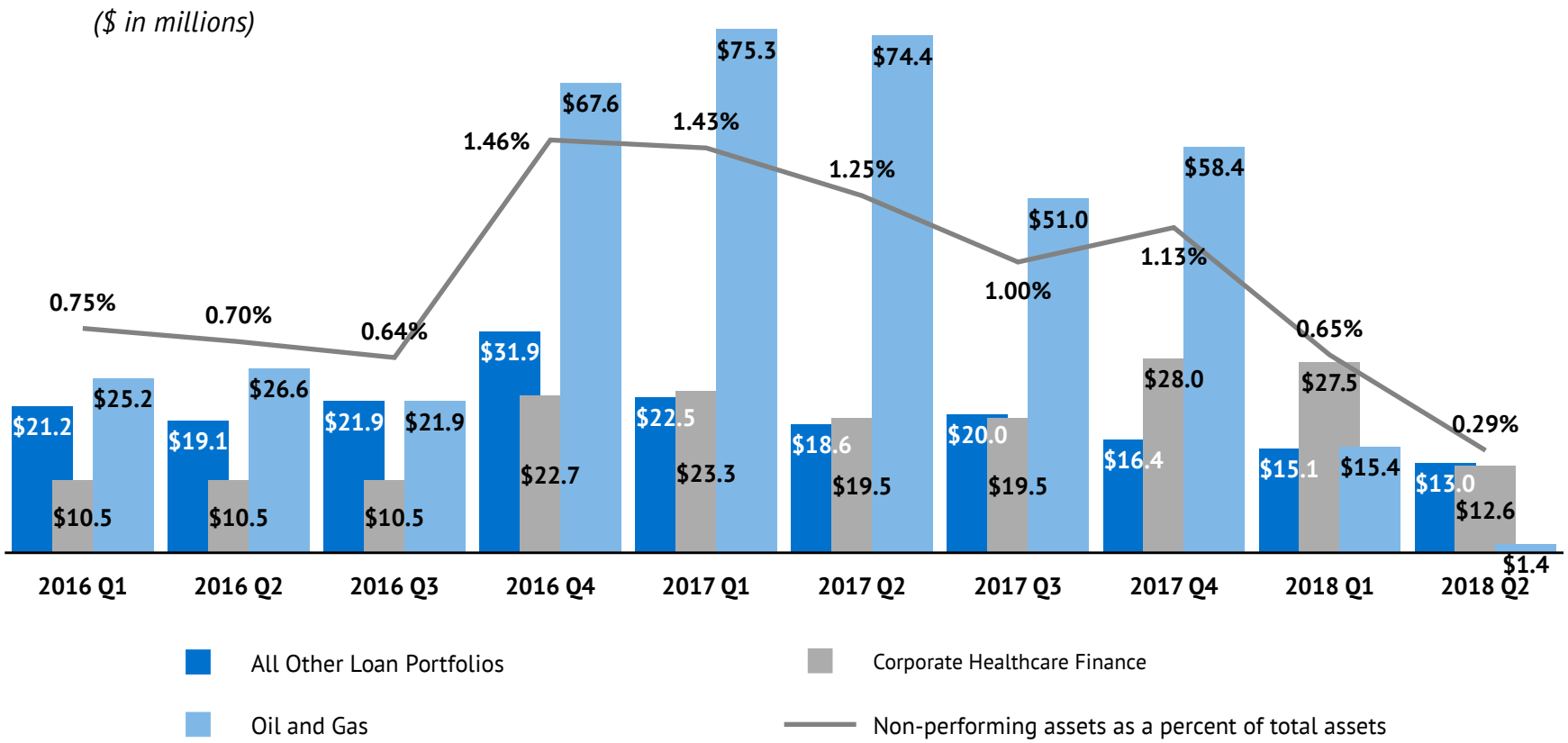
Source: Company documents for loans managed by Energy Finance group

LegacyTexas Financial Group, Inc.™

Asset quality

NPAs at Q2 2018 declined by $31.0 million from Q1 2018, totaling $27.0 million; NPAs to total assets improved to 0.29% at Q2 2018, compared to 0.65% at Q1 2018 and 1.25% at Q2 2017.

Total Non-performing Assets (including foreclosed assets)



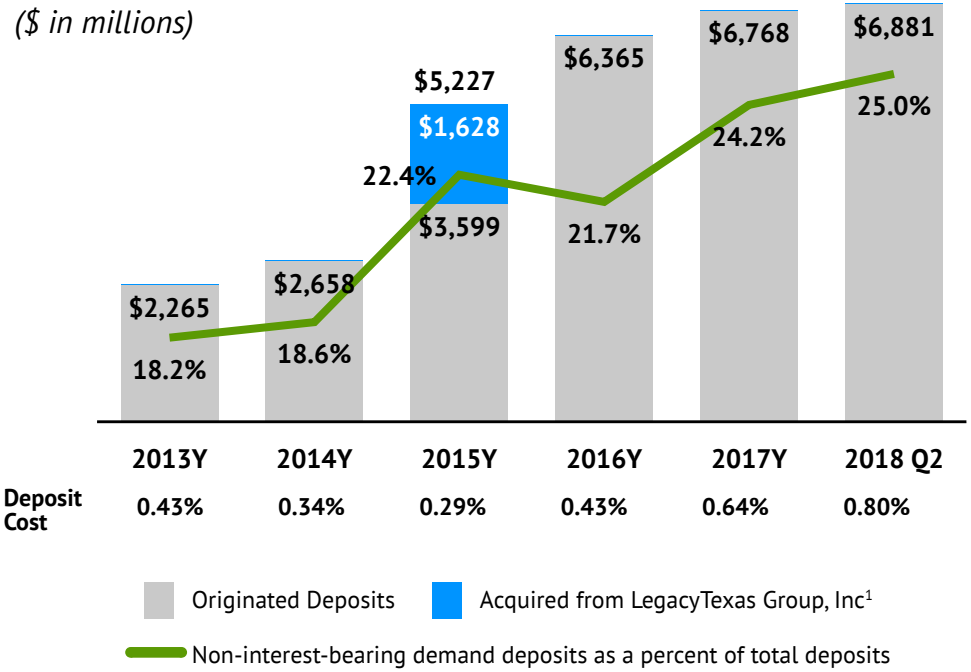
Source: Company documents

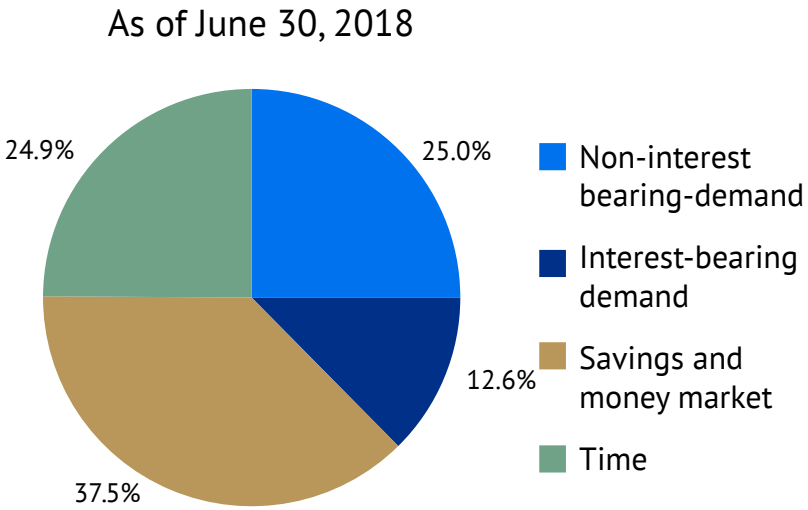
LegacyTexas Financial Group, Inc.™

Core funded, low cost deposit base

Total deposits at June 30, 2018 decreased by $73.1 million from March 31, 2018, which was partially offset by growth of $143.1 million in time deposits and $40.3 million in non-interest-bearing demand deposits.

Total Deposits





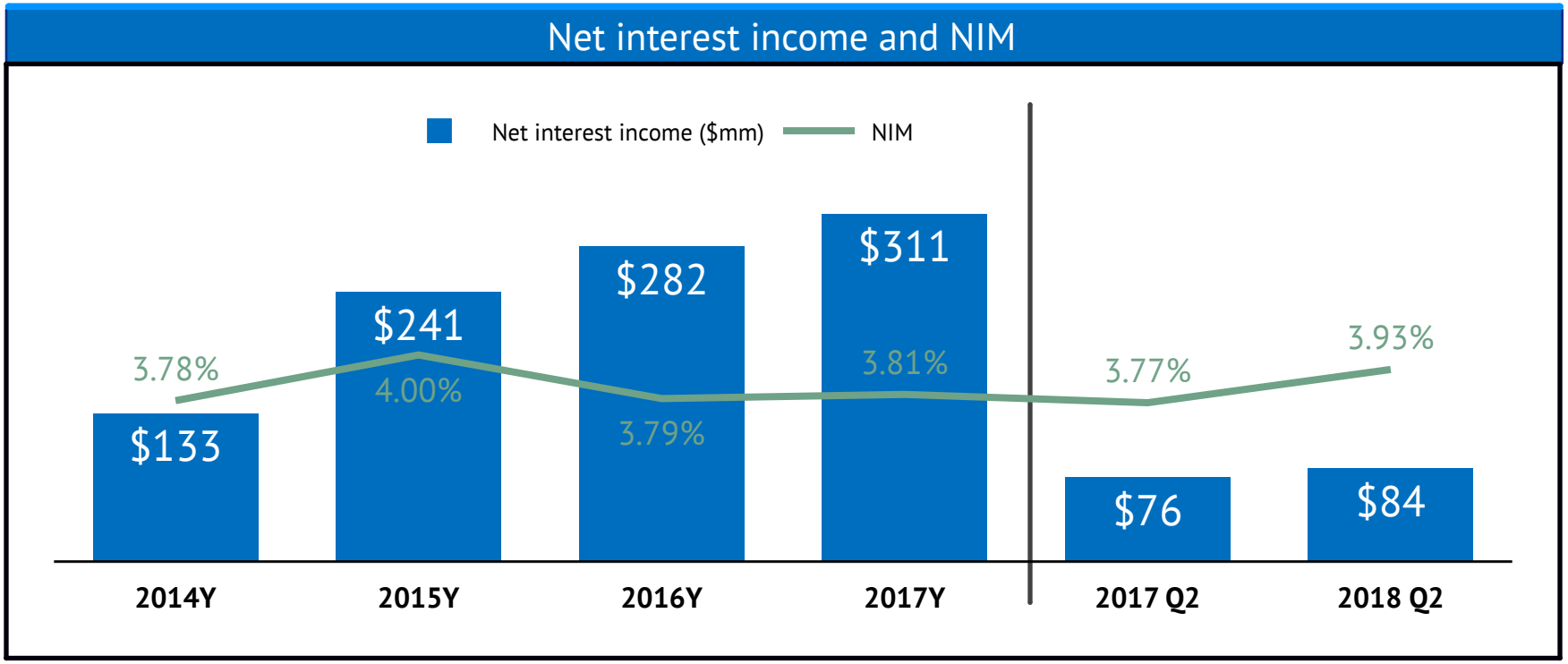
Source: Company Documents

[1] Represents balance acquired on January 1, 2015

LEGACYTEXAS FINANCIAL GROUP, INC.™

Net interest income

- Net interest income for Q2 2018 increased $5.3 million from Q1 2018 and increased $8.2 million from Q2 2017.
- The net interest margin for the second quarter of 2018 was 3.93%, an eight basis point increase from the first quarter of 2018 and a 16 basis point increase from the second quarter of 2017.

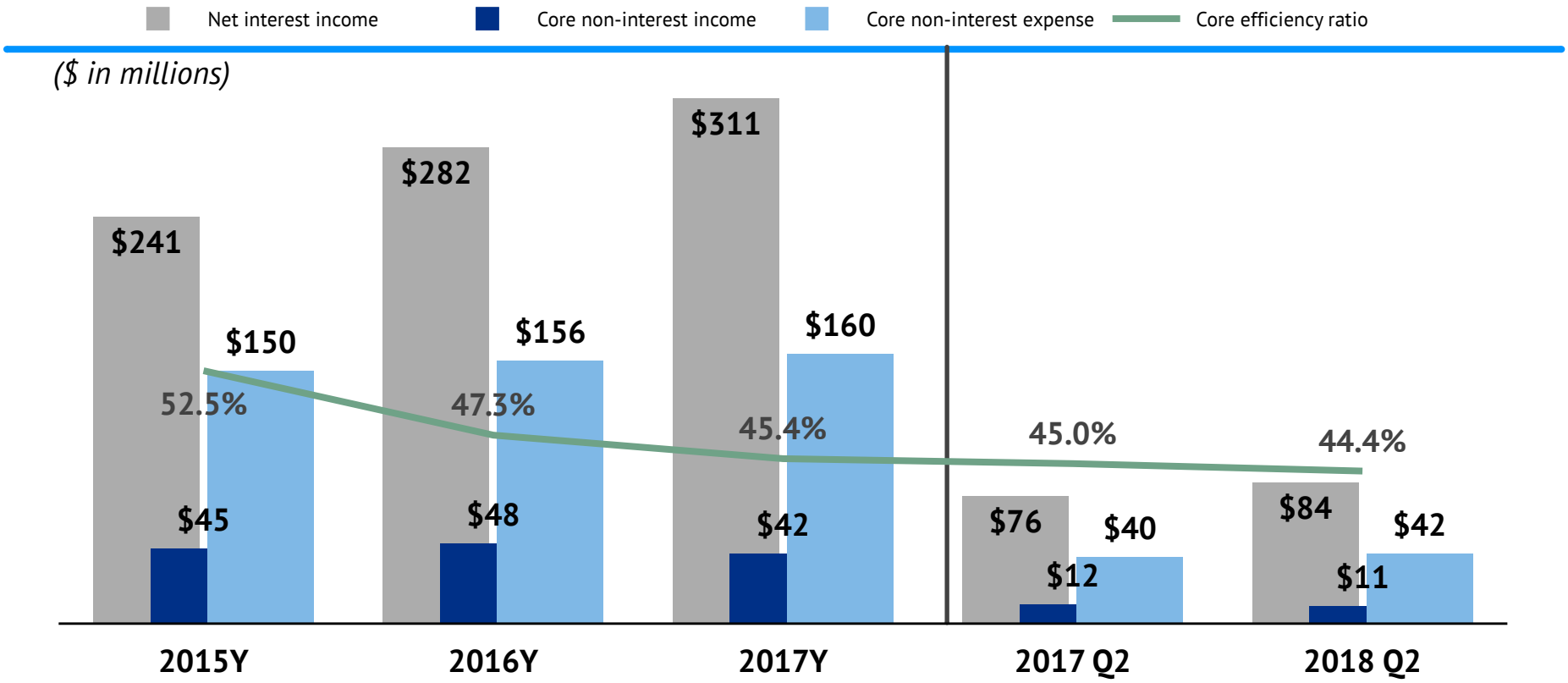


Source: Company Documents

LEGACYTEXAS FINANCIAL GROUP, INC.™

Disciplined expense management

Q2 2018 GAAP and core efficiency ratio improved to 44.51% and 44.44%, respectively, compared to a GAAP and core efficiency ratio of 47.95% and 48.40%, respectively, for Q1 2018. On a linked-quarter basis, core non-interest income increased by $364,000, while core non-interest expense decreased by $1.0 million.

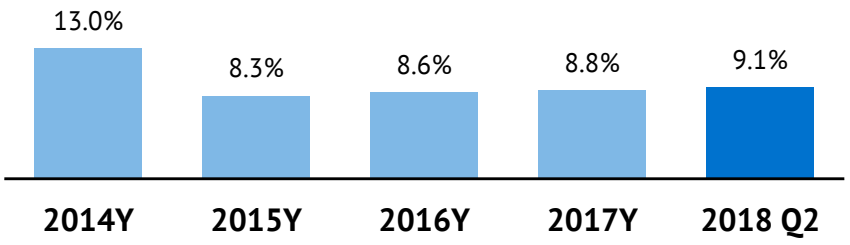


Note: Core (non-GAAP) non-interest income, non-interest expense and efficiency ratio are adjusted for the impact of infrequent or non-recurring items. The reconciliation of non-GAAP measures, which the Company believes facilitates the assessment of its banking operations and peer comparability, is included in tabular form at the end of this presentation.

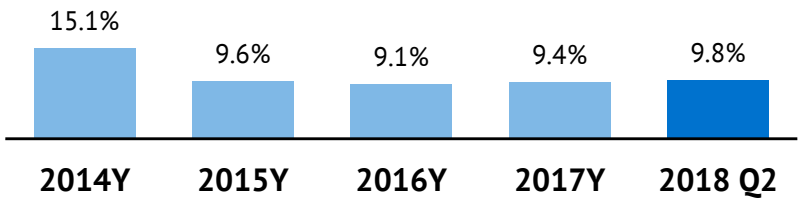
LEGACYTEXAS FINANCIAL GROUP, INC.™

Prudent capital management

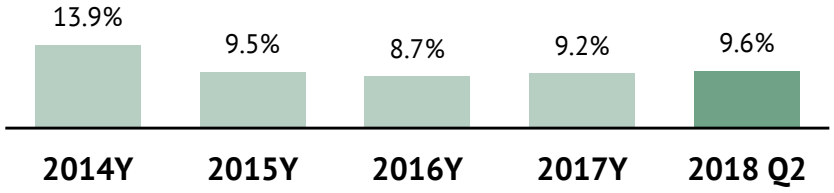
TCE / TA[1]



Tier 1 common risk-based[2]



Tier 1 leverage[2]



Source: Company documents
[1] See the section labeled "Supplemental Information- Non-GAAP Financial Measures"
[2] Calculated at the Company level, which is subject to the capital adequacy requirements of the Federal Reserve

LegacyTexas Financial Group, Inc.™

Key investment highlights

One of the largest independent Texas financial services companies built upon a strong customer focus and a long history of serving Texans

Commercially focused loan growth and disciplined expense management

Growth balanced with disciplined underwriting and risk management

Capital ratios remain strong; provides dry powder for robust organic growth

Looking ahead

Expand our Texas footprint and solidify our deep-rooted culture

Focus on growth – organically and through selective acquisitions

Diversify income sources

Prudent and focused expense management

Maintain asset quality

Strategic capital deployment

LegacyTexas Financial Group, Inc.™

Manifesto

We believe in our customers. Their goals. Their dreams. Their ambitions for tomorrow.

And since 1952, we've been doing whatever it takes to support them as they advance in business and in life.

We are responsive, accountable, trusted, experts at what we do. And we listen. Because we believe that true understanding is the first step toward bold, meaningful results.

Fueled by an independent spirit, inspired by the ingenuity of our customers and grounded by the values of our community, we are a family like no other.

We are LegacyTexas.

Appendix

Supplemental Information – Non-GAAP Financial Measures (unaudited)

Reconciliation of Core (non-GAAP) to GAAP Net Income and Earnings per Share (net of tax):

	At or For the Quarter Ended				
	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
	(Dollars in thousands, except per share amounts)				
GAAP net income available to common shareholders [1]	$ 27,770	$ 25,687	$ 14,613	$ 28,617	$ 27,837
Distributed and undistributed earnings to participating securities [1]	67	75	47	92	98
Insurance settlement proceeds from pre-acquisition fraud	–	(1,778)	–	–	–
One-time employee bonus related to tax law change	–	537	–	–	–
(Gain) loss on one-time tax adjustments[2]	–	–	13,493	–	–
(Gain) loss on sale of branch locations and land	126	–	–	(237)	–
Core (non-GAAP) net income	$ 27,963	$ 24,521	$ 28,153	$ 28,472	$ 27,935
Average shares for basic earnings per share	47,000,405	46,872,333	46,729,160	46,664,233	46,596,467
GAAP basic earnings per share	$ 0.59	$ 0.55	$ 0.31	$ 0.61	$ 0.60
Core (non-GAAP) basic earnings per share	0.59	0.52	0.60	0.61	0.60
Average shares for diluted earnings per share	47,618,157	47,564,587	47,290,308	47,158,729	47,005,554
GAAP diluted earnings per share	$ 0.58	$ 0.54	$ 0.31	$ 0.61	$ 0.59
Core (non-GAAP) diluted earnings per share	0.59	0.52	0.60	0.60	0.59

	At or For the Year Ended December 31,				
	2017	2016	2015	2014	2013
GAAP net income available to common shareholders [1]	$ 89,176	$ 97,324	$ 70,382	$ 30,942	$ 31,294
Distributed and undistributed earnings to participating securities [1]	318	497	534	336	394
(Gain) loss on one-time tax adjustments[2]	13,493	–	–	–	–
Merger and acquisition costs	–	–	1,009	7,071	431
Net (gain) on sale of insurance subsidiary operations	–	(39)	–	–	–
(Gain) loss on sale of branch locations and land	(1,084)	(2,529)	(190)	–	–
Loss on sale of FHA loan portfolio	–	969	–	–	–
Valuation adjustment on mortgage servicing rights	–	–	121	–	–
One-time payroll and severance costs	–	–	–	234	436
Core (non-GAAP) net income	$ 101,903	$ 96,222	$ 71,856	$ 38,583	$ 32,555
Average shares for basic earnings per share	46,611,780	46,184,074	45,847,284	37,919,065	37,589,548
GAAP basic earnings per share	$ 1.91	$ 2.11	$ 1.54	$ 0.82	$ 0.83
Core (non-GAAP) basic earnings per share	2.19	2.08	1.57	1.02	0.87
Average shares for diluted earnings per share	47,138,518	46,484,967	46,125,447	38,162,094	37,744,786
GAAP diluted earnings per share	$ 1.89	$ 2.09	$ 1.53	$ 0.81	$ 0.83
Core (non-GAAP) diluted earnings per share	2.16	2.07	1.56	1.01	0.86

[1] Unvested share-based awards that contain nonforfeitable rights to dividends (whether paid or unpaid) are participating securities and are included in the computation of GAAP earnings per share pursuant to the two-class method described in ASC 260-10-45-60B.

[2] This one-time income tax expense adjustment consists of an adjustment to the Company's deferred tax asset related to the December 22, 2017 enactment of the Tax Cuts and Jobs Act.

LegacyTexas Financial Group, Inc.™

Supplemental Information – Non-GAAP Financial Measures (unaudited)

	At or For the Quarter Ended				
	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
	(Dollars in thousands, except per share amounts)				
Reconciliation of Core (non-GAAP) to GAAP Non-Interest Income (gross of tax):					
GAAP non-interest income	$ 10,852	$ 12,898	$ 6,901	$ 12,226	$ 12,325
Insurance settlement proceeds from pre-acquisition fraud	–	(2,250)	–	–	–
(Gain) loss on sale of branch locations and land	160	–	–	(365)	–
Core (non-GAAP) non-interest income	$ 11,012	$ 10,648	$ 6,901	$ 11,861	$ 12,325
Reconciliation of Core (non-GAAP) to GAAP Non-Interest Expense (gross of tax):					
GAAP non-interest expense	$ 42,191	$ 43,879	$ 40,708	$ 40,295	$ 39,589
One-time employee bonus related to tax law change	–	(679)	–	–	–
Core (non-GAAP) non-interest income	$ 42,191	$ 43,200	$ 40,708	$ 40,295	$ 39,589
Reconciliation of Core (non-GAAP) to GAAP Efficiency Ratio (gross of tax):					
GAAP efficiency ratio:					
Non-interest expense	$ 42,191	$ 43,879	$ 40,708	$ 40,295	$ 39,589
Net interest income plus non-interest income	94,781	91,511	87,100	91,190	88,045
Efficiency ratio- GAAP basis	44.51%	47.95 %	46.74%	44.19%	44.96%
Core (non-GAAP) efficiency ratio:					
Core (non-GAAP) non-interest expense	$ 42,191	$ 43,200	$ 40,708	$ 40,295	$ 39,589
Net interest income plus core (non-GAAP) non-interest income	94,941	89,261	87,100	90,825	88,045
Efficiency ratio- core (non-GAAP) basis	44.44%	48.40%	46.74%	44.37%	44.96%

LegacyTexas Financial Group, Inc.™

Supplemental Information – Non-GAAP Financial Measures (unaudited)

	At or For the Year Ended December 31,		
	2017	2016	2015
Reconciliation of Core (non-GAAP) to GAAP Non-Interest Income and Expense (gross of tax):			
GAAP non-interest income	$ 43,582	$ 51,931	$ 44,815
Net (gain) on sale of insurance subsidiary operations	–	(1,181)	–
(Gain) loss on sale of branch locations and land	(1,669)	(3,891)	(293)
Loss on sale of FHA loan portfolio	–	1,491	–
Valuation adjustment on mortgage servicing rights	–	–	186
Core (non-GAAP) non-interest income	$ 41,913	$ 48,350	$ 44,708
GAAP non-interest expense	$ 160,344	$ 156,377	$ 151,555
Merger and acquisition costs	–	–	(1,553)
Core (non-GAAP) non-interest expense	$ 160,344	$ 156,377	$ 150,002
Reconciliation of Core (non-GAAP) to GAAP Efficiency Ratio (gross of tax):			
Net interest income	$ 311,431	$ 282,269	$ 241,077
GAAP efficiency ratio:			
Non-interest expense	$ 160,344	$ 156,377	$ 151,555
Net interest income plus non-interest income	355,013	334,200	285,892
Efficiency ratio- GAAP basis	45.17%	46.79%	53.01%
Core (non-GAAP) efficiency ratio:			
Core (non-GAAP) non-interest expense	$ 160,344	$ 156,377	$ 150,002
Net interest income plus core (non-GAAP) non-interest income	353,344	330,619	285,785
Efficiency ratio- core (non-GAAP) basis	45.38%	47.30 %	52.49%

LegacyTexas Financial Group, Inc.™

Supplemental Information – Non-GAAP Financial Measures (unaudited)

Calculation of Tangible Book Value and Tangible Equity to Tangible Assets:

	At or For the Quarter Ended				
	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Calculation of Tangible Book Value per share:	(Dollars in thousands, except per share amounts)				
Total shareholders' equity	$ 1,001,450	$ 979,494	$ 959,874	$ 950,092	$ 925,283
Less: Goodwill	(178,559)	(178,559)	(178,559)	(178,559)	(178,559)
Less: Identifiable intangible assets, net	(313)	(347)	(402)	(463)	(524)
Total tangible shareholders' equity	$ 822,578	$ 800,588	$ 780,913	$ 771,070	$ 746,200
Shares outstanding at end of period	48,311,220	48,264,966	48,117,390	48,040,059	48,009,379
Book value per share- GAAP	$ 20.73	$ 20.29	$ 19.95	$ 19.78	$ 19.27
Tangible book value per share- Non-GAAP	17.03	16.59	16.23	16.05	15.54
Calculation of Tangible Equity to Tangible Assets:					
Total assets	$ 9,249,086	$ 8,865,624	$ 9,086,196	$ 9,068,612	$ 8,970,375
Less: Goodwill	(178,559)	(178,559)	(178,559)	(178,559)	(178,559)
Less: Identifiable intangible assets, net	(313)	(347)	(402)	(463)	(524)
Total tangible assets	$ 9,070,214	$ 8,686,718	$ 8,907,235	$ 8,889,590	$ 8,791,292
Equity to assets- GAAP	10.83%	11.05%	10.56%	10.48%	10.31%
Tangible equity to tangible assets- Non-GAAP	9.07%	9.22%	8.77%	8.67%	8.49%

	At or For the Year Ended December 31,			
	2016	2015	2014	2013
Calculation of Tangible Book Value per share:				
Total shareholders' equity	$ 885,365	$ 804,076	$ 568,223	$ 544,460
Less: Goodwill	(178,559)	(180,776)	(29,650)	(29,650)
Less: Identifiable intangible assets, net	(665)	(1,030)	(813)	(1,239)
Total tangible shareholders' equity	$ 706,141	$ 622,270	$ 537,760	$ 513,571
Shares outstanding at end of period	47,876,198	47,645,826	40,014,851	39,938,816
Book value per share- GAAP	$ 18.49	$ 16.88	$ 14.20	$ 13.63
Tangible book value per share- Non-GAAP	14.75	13.06	13.44	12.86
Calculation of Tangible Equity to Tangible Assets:				
Total assets	$ 8,362,255	$ 7,691,940	$ 4,164,114	$ 3,525,232
Less: Goodwill	(178,559)	(180,776)	(29,650)	(29,650)
Less: Identifiable intangible assets, net	(665)	(1,030)	(813)	(1,239)
Total tangible assets	$ 8,183,031	$ 7,510,134	$ 4,133,651	$ 3,494,343
Equity to assets- GAAP	10.59%	10.45%	13.65%	15.44%
Tangible equity to tangible assets- Non-GAAP	8.63%	8.29%	13.01%	14.70%

LegacyTexas Financial Group, Inc.™

Supplemental Information – Non-GAAP Financial Measures (unaudited)

	At or For the Quarter Ended				
	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
	(Dollars in thousands, except per share amounts)				
Calculation of Return on Average Assets and Return on Average Equity Ratios (GAAP and core)					
Net income	$ 27,837	$ 25,762	$ 14,660	$ 28,709	$ 27,935
Core (non-GAAP) net income	27,963	24,521	28,153	28,472	27,935
Average total equity	994,574	973,187	963,512	940,606	914,564
Average total assets	8,996,036	8,682,461	8,865,517	8,889,914	8,491,696
Return on average common shareholders' equity	11.20%	10.59%	6.09%	12.21%	12.22%
Core (non-GAAP) return on average common shareholders' equity	11.25	10.08	11.69	12.11	12.22
Return on average assets	1.24	1.19	0.66	1.29	1.32
Core (non-GAAP) return on average assets	1.24	1.13	1.27	1.28	1.32

LegacyTexas Financial Group, Inc.™