



Fourth Quarter and Full Year 2017 Investor Presentation

January 24, 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**

Key franchise highlights - Q4 2017

<p>North Texas Focused</p>	<ul style="list-style-type: none"> • #1 deposit market share among all banks in affluent Collin County • #2 deposit market share among Dallas-based banks¹ in the attractive DFW market, which is home to 22 companies on the 2017 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 gas²
<p>Income Tax Reform</p>	<ul style="list-style-type: none"> • Net income for Q4 2017 included a \$13.5 million increase in income tax expense related to the Tax Cuts and Jobs Act • Estimated effective tax rate for 2018 is 20% • In 2018, all full-time employees whose salary is under \$100,000 will receive a \$1,000 bonus. Also we are increasing our minimum wage to \$15 from \$11 per hour for all non-commission-based employees
<p>Q4 2017 Results</p>	<ul style="list-style-type: none"> • Net income for Q4 2017 of \$14.7 million, core (non-GAAP) net income for Q4 2017 of \$28.2 million³ • Basic earnings per share for Q4 2017 was \$0.31, \$0.60 on a core (non-GAAP) basis³ • Average loans held for investment⁴ for Q4 2017 grew \$208.6 million from Q3 2017, leading to a seven basis point increase in the net interest margin to 3.78%
<p>Full Year 2017 Results</p>	<ul style="list-style-type: none"> • Net income for full year 2017 of \$89.5 million, core (non-GAAP) net income for full year 2017 of \$101.9 million • In 2017, loans held for investment⁴ grew \$584.0 million, and deposits grew \$402.2 million • GAAP efficiency ratio improved to 45.17% , compared to 46.79% for full year 2016

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 Q2 2017)

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

⁴ Excludes Warehouse Purchase Program loans and loans held for sale

Fourth quarter highlights

(\$ in millions except for per share data)

	Quarter ended			Linked Q Δ	YOY Δ
	December 31, 2016	September 30, 2017	December 31, 2017		
Selected balance sheet data					
Gross loans held for investment¹	\$ 6,065.4	\$ 6,617.9	\$ 6,649.5	0.5 %	9.6 %
Total deposits	6,365.5	6,760.4	6,767.7	0.1 %	6.3 %
Non-interest-bearing demand deposits	1,384.0	1,529.1	1,635.6	7.0 %	18.2 %
Selected profitability data					
Net income	\$ 25.3	\$ 28.7	\$ 14.7	(48.9)%	(42.1)%
Core net income²	25.3	28.5	28.2	(1.1)%	11.3 %
Basic EPS	0.54	0.61	0.31	(49.2)%	(42.6)%
Core EPS²	0.55	0.61	0.60	(1.6)%	9.1 %
NIM	3.68%	3.71%	3.78%	7bps	10bps
Core return on average equity²	11.50%	12.11%	11.69%	(3.5)%	1.7 %
Core return on average assets²	1.20%	1.28%	1.27%	(0.8)%	5.8 %
Core efficiency ratio²	45.79%	44.37%	46.74%	5.3 %	2.1 %

Source: Company Documents

¹ Excludes Warehouse Purchase Program loans² See the section labeled "Supplemental Information- Non-GAAP Financial Measures"

Full year 2017 highlights

(\$ in millions except for per share data)	Year ended		YOY Δ
	December 31, 2016	December 31, 2017	
Selected balance sheet data			
Gross loans held for investment¹	\$ 6,065.4	\$ 6,649.5	9.6 %
Total deposits	6,365.5	6,767.7	6.3 %
Non-interest-bearing demand deposits	1,384.0	1,635.6	18.2 %
Selected profitability data			
Net income	\$ 97.8	\$ 89.5	(8.5)%
Core net income²	96.2	101.9	5.9 %
Basic EPS	2.11	1.91	(9.5)%
Core EPS²	2.08	2.19	5.3 %
NIM	3.79%	3.81%	2bps
Core return on average equity²	11.34%	10.96%	(3.4)%
Core return on average assets²	1.22%	1.18%	(3.3)%
Core efficiency ratio²	47.30%	45.38%	(4.1)%

Source: Company Documents

¹ Excludes Warehouse Purchase Program loans

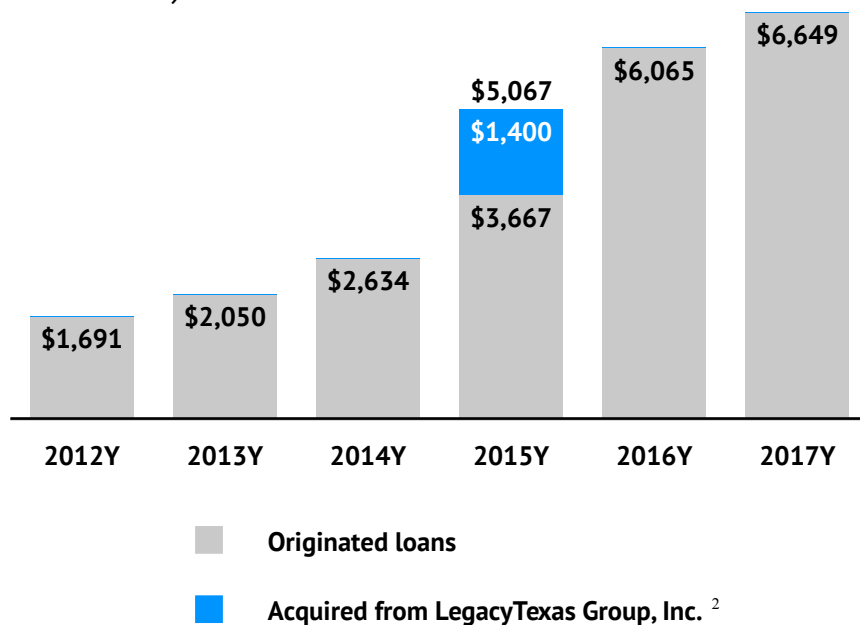
² See the section labeled "Supplemental Information- Non-GAAP Financial Measures"

Commercially focused loan portfolio

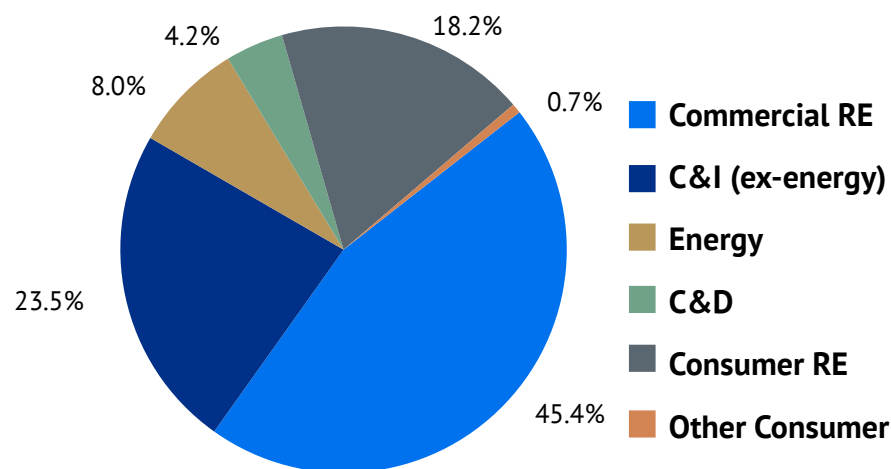
Gross loans held for investment¹ at Q4 2017 grew \$31.6 million from Q3 2017, which included growth in commercial real estate, commercial and industrial and consumer real estate loans.

Total Loans HFI¹

(\$ in millions)



As of December 31, 2017¹



Quarterly yield on loans held for investment¹: 4.94%

Source: Company Documents

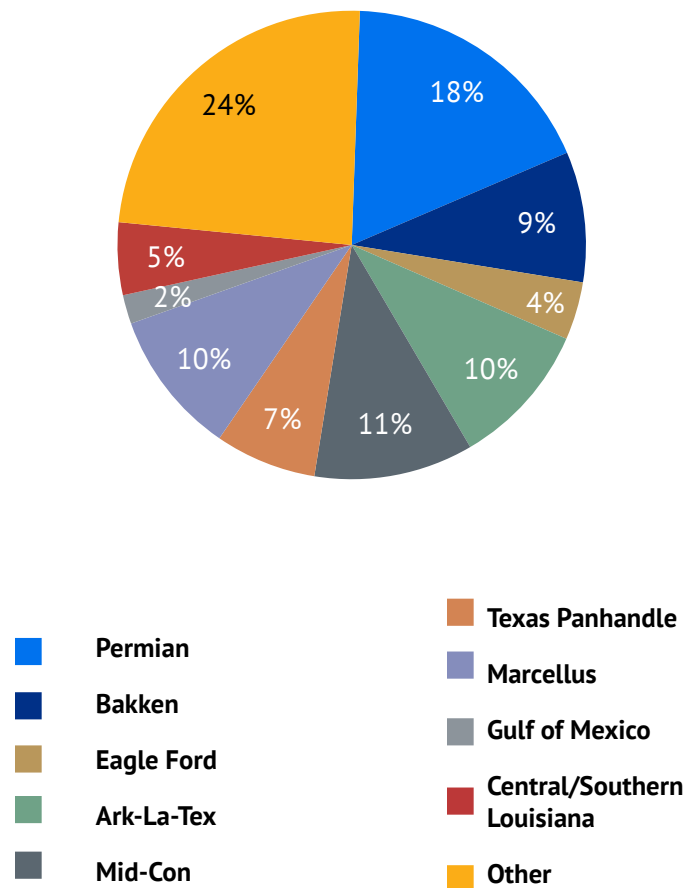
¹ Excludes Warehouse Purchase Program loans

² Represents balance acquired on January 1, 2015

Energy lending

- Reserve-based energy portfolio at December 31, 2017 consisted of 51% crude oil reserves and 49% natural gas reserves
- At December 31, 2017, 53 reserve-based borrowers and 2 midstream borrowers
- \$364 million, or 67%, of our outstanding energy loans are backed by private equity firms with significant capital invested and additional equity commitments available

Geographic Concentration of Reserves

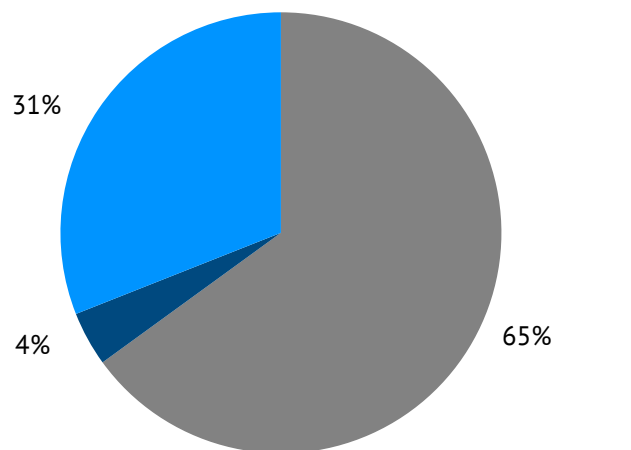


Source: Company documents for loans managed by Energy Finance group

Energy lending

- Reserve-based loans are almost exclusively first liens, with only a \$5 million commitment to a 2nd lien facility at December 31, 2017
- No unsecured commitments/exposure

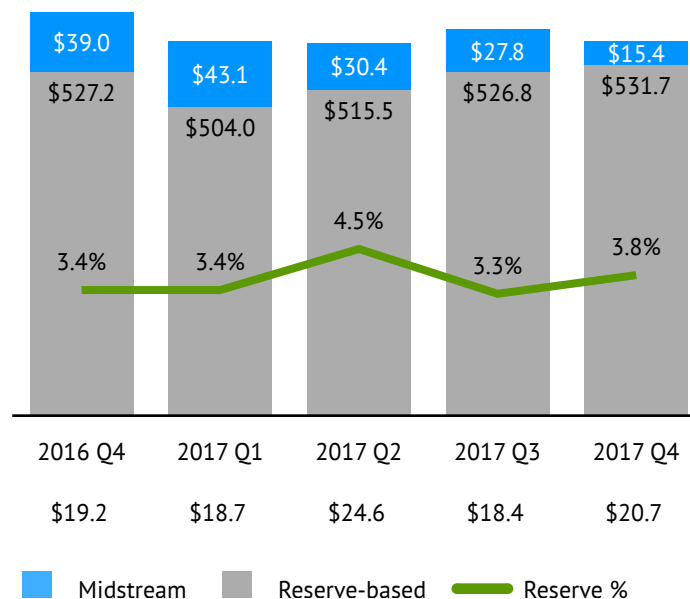
SNC Breakout of Reserve-Based Energy Loans



■ Non-LTXB Led SNC
 ■ LTXB led SNC
 ■ Direct and Other Participations

Outstanding loan balances and related loan loss reserves

(\$ in millions)



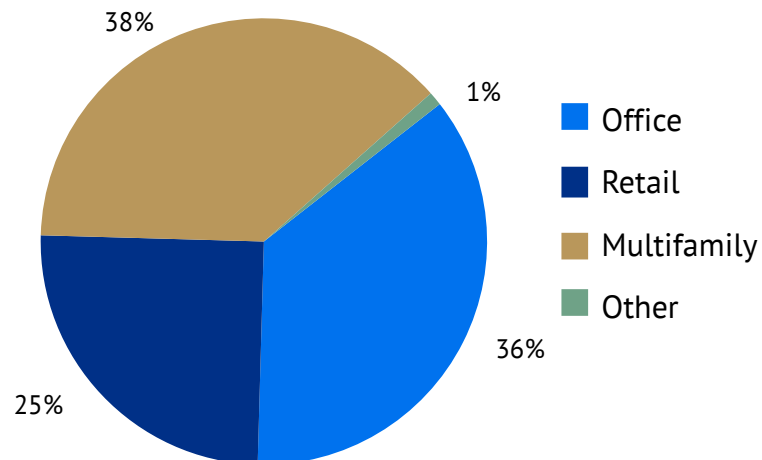
Source: Company documents for loans managed by Energy Finance group

Commercial Real Estate- Houston

- Continued low LTV in Houston CRE portfolio - 63% for entire Houston portfolio, 69% for energy corridor only
- Low loan price per square foot - energy corridor ranges \$56-\$126 with average of \$92
- Only one Houston area loss since the 2003 inception of CRE lending in Houston, totaling only \$34 thousand

\$ in thousands except % data	Total Houston CRE Portfolio	Energy Corridor (all office)	Remainder Houston Portfolio
Balance at December 31, 2017	\$ 467,005	\$ 83,471	\$ 383,534
% of Houston CRE Portfolio		18%	82%
Weighted Average Debt Service Coverage	1.52X	1.42X	1.54X
Weighted Average Yield on Debt	10.55%	9.74%	10.75%

Collateral Mix of Houston Portfolio



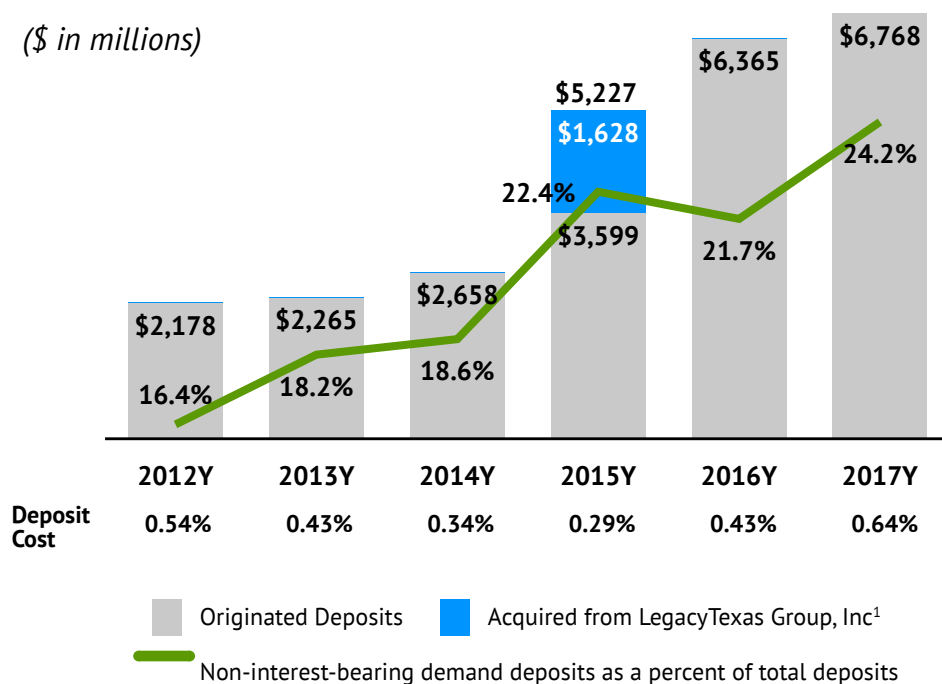
Source: Company Documents

Core funded, low cost deposit base

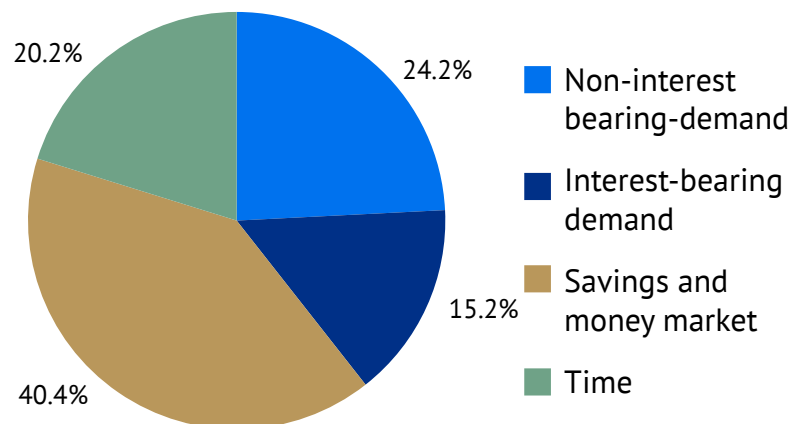
Total deposits at December 31, 2017 increased by \$7.3 million from September 30, 2017, which included growth of \$139.7 million and \$106.6 million in interest-bearing demand and non-interest-bearing demand deposits, respectively.

Total Deposits

(\$ in millions)



As of December 31, 2017

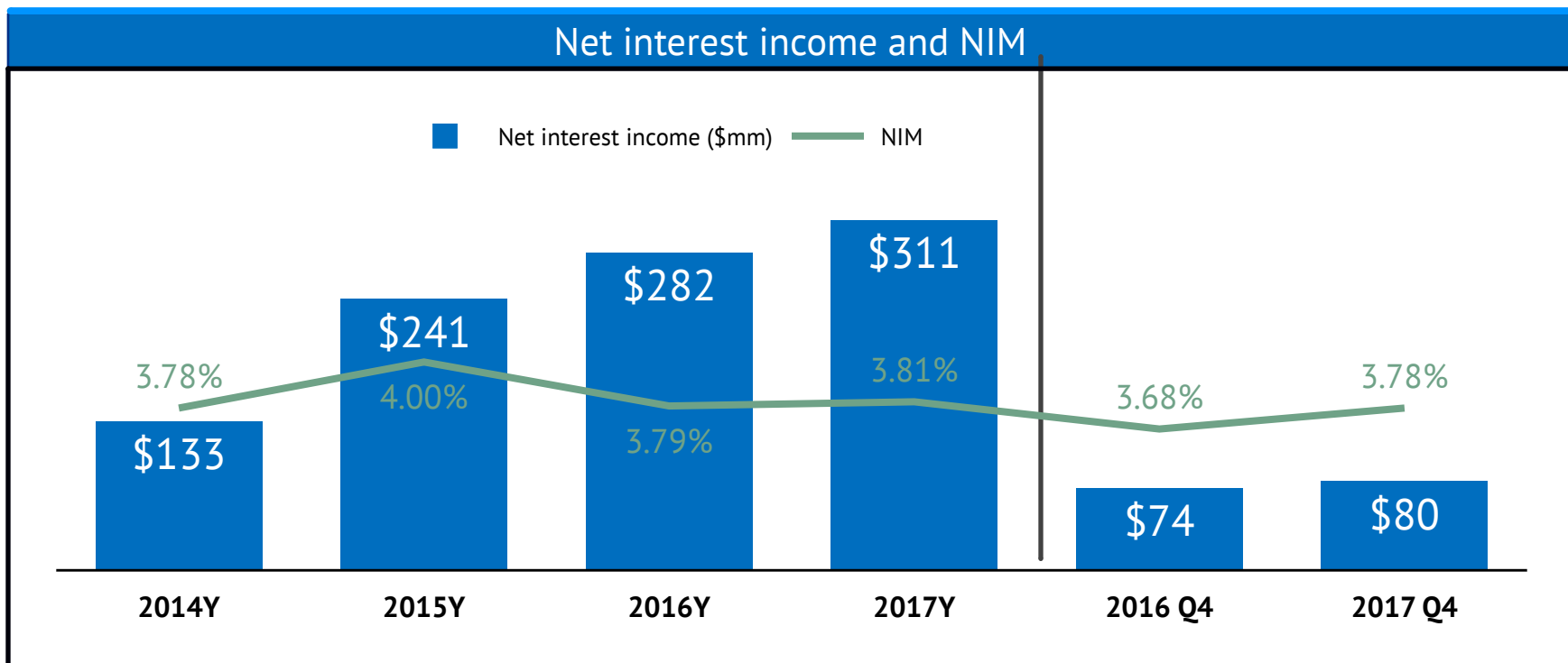


Source: Company Documents

¹ Represents balance acquired on January 1, 2015

Solid net interest income growth

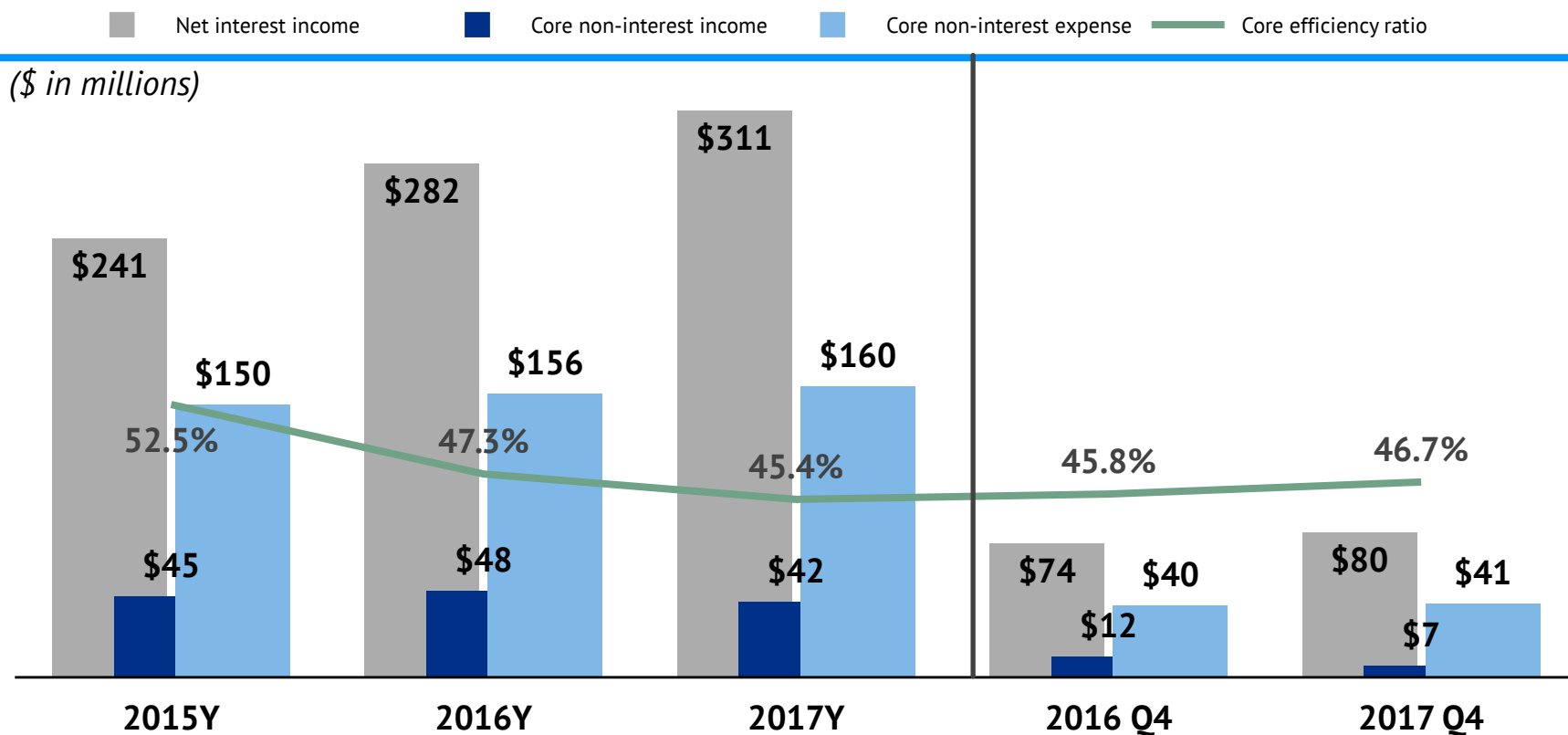
- Net interest income for Q4 2017 increased \$1.2 million from Q3 2017 and increased \$6.1 million from Q4 2016.
- The net interest margin for the fourth quarter of 2017 was 3.78%, a seven basis point increase from the third quarter of 2017 and a ten basis point increase from the fourth quarter of 2016.



Source: Company Documents

Disciplined expense management

Efficiency ratio increased to 46.74% (both GAAP and core) for Q4 2017, compared to a GAAP efficiency ratio of 44.19% and a core efficiency ratio of 44.37% for Q3 2017. On a linked-quarter basis, non-interest income decreased by \$5.3 million, primarily due to a \$3.9 million write-down on a foreclosed property, while non-interest expense increased by \$413,000.

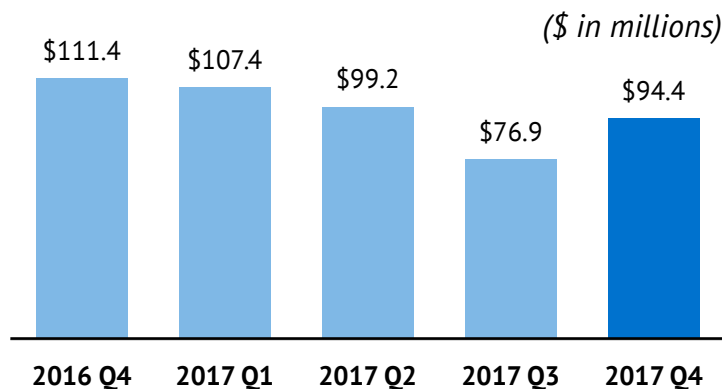


Note: Core (non-GAAP) non-interest income, non-interest expense and efficiency ratio are adjusted for the impact of infrequent or non-recurring items. The reconciliation of non-GAAP measures, which the Company believes facilitates the assessment of its banking operations and peer comparability, is included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

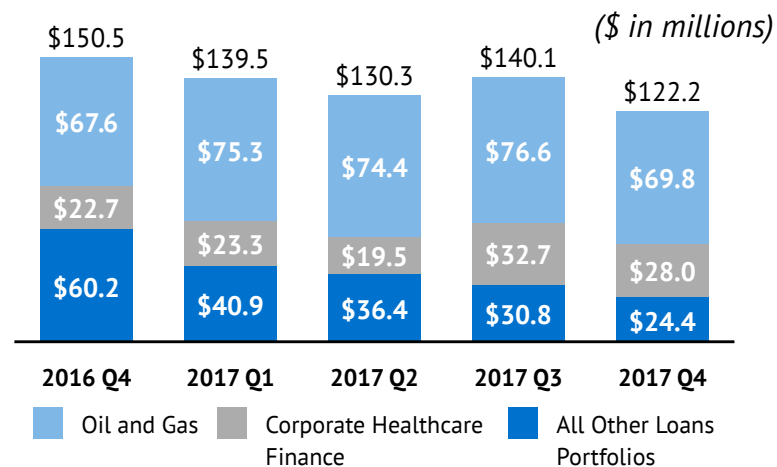
Asset quality

Total non-performing loans increased by \$17.5 million from Q3 2017, with only \$11.8 million, or 12%, of total NPLs past due at December 31, 2017, while total classified assets decreased by \$17.9 million for the same period.

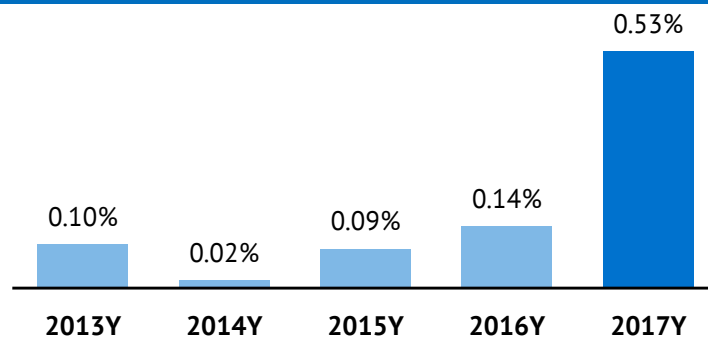
Non-Performing Loans



Total Classified Assets (including foreclosed assets)



NCOs / average loans HFI¹

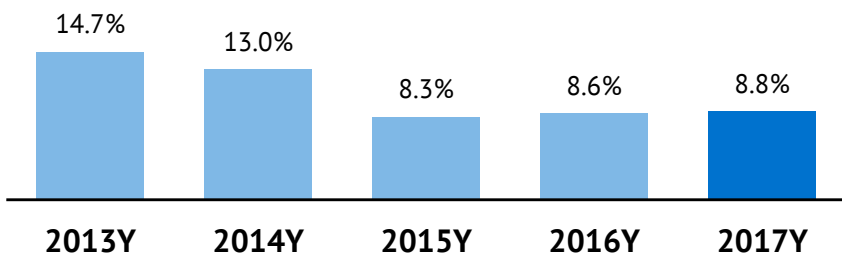


Source: Company documents

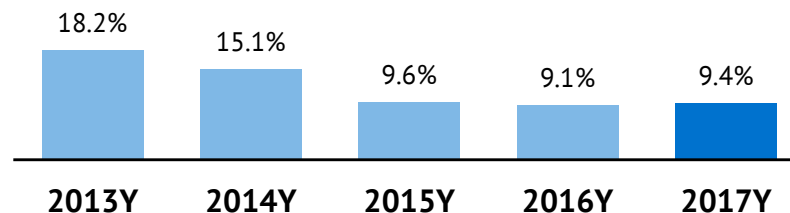
¹ Held for investment, excluding Warehouse Purchase Program loans

Prudent capital management

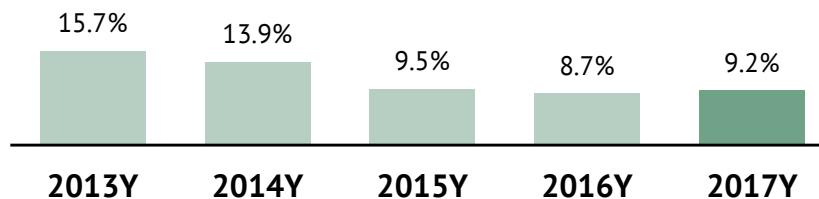
TCE / TA¹



Tier 1 common risk-based²



Tier 1 leverage²



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

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

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				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
	(Dollars in thousands, except per share amounts)				
GAAP net income available to common shareholders ¹	\$ 14,613	\$ 28,617	\$ 27,837	\$ 18,111	\$ 25,174
Distributed and undistributed earnings to participating securities ¹	47	92	98	79	131
(Gain) loss on one-time tax adjustments ²	13,493	—	—	—	—
(Gain) loss on sale of branch locations and land	—	(237)	—	(847)	—
Core (non-GAAP) net income	<u>\$ 28,153</u>	<u>\$ 28,472</u>	<u>\$ 27,935</u>	<u>\$ 17,343</u>	<u>\$ 25,305</u>
Average shares for basic earnings per share	46,729,160	46,664,233	46,596,467	46,453,658	46,346,053
GAAP basic earnings per share	\$ 0.31	\$ 0.61	\$ 0.60	\$ 0.39	\$ 0.54
Core (non-GAAP) basic earnings per share	0.60	0.61	0.60	0.37	0.55
Average shares for diluted earnings per share	47,290,308	47,158,729	47,005,554	47,060,306	46,873,215
GAAP diluted earnings per share	\$ 0.31	\$ 0.61	\$ 0.59	\$ 0.38	\$ 0.54
Core (non-GAAP) diluted earnings per share	0.60	0.60	0.59	0.37	0.54

	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	<u>\$ 101,903</u>	<u>\$ 96,222</u>	<u>\$ 71,856</u>	<u>\$ 38,583</u>	<u>\$ 32,555</u>
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.

Supplemental Information – Non-GAAP Financial Measures (unaudited)

	At or For the Quarter Ended				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
(Dollars in thousands, except per share amounts)					
Reconciliation of Core (non-GAAP) to GAAP Non-Interest Income (gross of tax):					
GAAP non-interest income	\$ 6,901	\$ 12,226	\$ 12,325	\$ 12,130	\$ 12,277
(Gain) loss on sale of branch locations and land	–	(365)	–	(1,304)	–
Core (non-GAAP) non-interest income	<u>\$ 6,901</u>	<u>\$ 11,861</u>	<u>\$ 12,325</u>	<u>\$ 10,826</u>	<u>\$ 12,277</u>
Reconciliation of Core (non-GAAP) to GAAP Efficiency Ratio (gross of tax):					
GAAP efficiency ratio:					
Non-interest expense	\$ 40,708	\$ 40,295	\$ 39,589	\$ 39,752	\$ 39,548
Net interest income plus non-interest income	87,100	91,190	88,045	88,678	86,361
Efficiency ratio- GAAP basis	46.74%	44.19%	44.96%	44.83%	45.79%
Core (non-GAAP) efficiency ratio:					
GAAP non-interest expense	\$ 40,708	\$ 40,295	\$ 39,589	\$ 39,752	\$ 39,548
Net interest income plus core (non-GAAP) non-interest income	87,100	90,825	88,045	87,374	86,361
Efficiency ratio- core (non-GAAP) basis	46.74%	44.37%	44.96%	45.50%	45.79%

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	<u>\$ 41,913</u>	<u>\$ 48,350</u>	<u>\$ 44,708</u>
GAAP non-interest expense	\$ 160,344	\$ 156,377	\$ 151,555
Merger and acquisition costs	–	–	(1,553)
Core (non-GAAP) non-interest expense	<u>\$ 160,344</u>	<u>\$ 156,377</u>	<u>\$ 150,002</u>
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%

Supplemental Information – Non-GAAP Financial Measures (unaudited)

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

	At or For the Quarter Ended			
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Calculation of Tangible Book Value per share:	(Dollars in thousands, except per share amounts)			
Total shareholders' equity	\$ 959,874	\$ 950,092	\$ 925,283	\$ 899,917
Less: Goodwill	(178,559)	(178,559)	(178,559)	(178,559)
Less: Identifiable intangible assets, net	(402)	(463)	(524)	(585)
Total tangible shareholders' equity	<u>\$ 780,913</u>	<u>\$ 771,070</u>	<u>\$ 746,200</u>	<u>\$ 720,773</u>
Shares outstanding at end of period	48,117,390	48,040,059	48,009,379	47,940,133
Book value per share- GAAP	\$ 19.95	\$ 19.78	\$ 19.27	\$ 18.77
Tangible book value per share- Non-GAAP	16.23	16.05	15.54	15.03
Calculation of Tangible Equity to Tangible Assets:				
Total assets	\$ 9,086,196	\$ 9,068,612	\$ 8,970,375	\$ 8,436,542
Less: Goodwill	(178,559)	(178,559)	(178,559)	(178,559)
Less: Identifiable intangible assets, net	(402)	(463)	(524)	(585)
Total tangible assets	<u>\$ 8,907,235</u>	<u>\$ 8,889,590</u>	<u>\$ 8,791,292</u>	<u>\$ 8,257,398</u>
Equity to assets- GAAP	10.56%	10.48%	10.31%	10.67%
Tangible equity to tangible assets- Non-GAAP	8.77%	8.67%	8.49%	8.73%

	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	<u>\$ 706,141</u>	<u>\$ 622,270</u>	<u>\$ 537,760</u>	<u>\$ 513,571</u>
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	<u>\$ 8,183,031</u>	<u>\$ 7,510,134</u>	<u>\$ 4,133,651</u>	<u>\$ 3,494,343</u>
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%

Supplemental Information – Non-GAAP Financial Measures (unaudited)

	At or For the Quarter Ended				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
	(Dollars in thousands, except per share amounts)				
Calculation of Return on Average Assets and Return on Average Equity Ratios (GAAP and core)					
Net income	\$ 14,660	\$ 28,709	\$ 27,935	\$ 18,190	\$ 25,305
Core (non-GAAP) net income	28,153	28,472	27,935	17,343	25,305
Average total equity	963,512	940,606	914,564	900,118	880,250
Average total assets	8,865,517	8,889,914	8,491,696	8,172,072	8,445,209
Return on average common shareholders' equity	6.09%	12.21%	12.22%	8.08%	11.50%
Core (non-GAAP) return on average common shareholders' equity	11.69	12.11	12.22	7.71	11.50
Return on average assets	0.66	1.29	1.32	0.89	1.20
Core (non-GAAP) return on average assets	1.27	1.28	1.32	0.85	1.20