



ViewPoint Financial Group, Inc.

NASDAQ: VPFG

Third Quarter 2012 Earnings

Kevin Hanigan – President and Chief Executive Officer

Patti McKee – Executive Vice President and Chief Financial Officer

Safe Harbor Statement

Certain matters discussed on this call may contain forward-looking statements, which are subject to risks and uncertainties. A number of factors, many of which are beyond ViewPoint Financial Group, Inc.'s control, could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. These risks and uncertainties include the risk of adverse impacts from general economic conditions, competition, interest rate sensitivity and exposure to regulatory and legislative changes. These and other factors that could cause results to differ materially from those described in the forward-looking statements can be found in our annual report on Form 10-K for the year ended December 31, 2011, and in other filings made by ViewPoint Financial Group, Inc. with the Securities and Exchange Commission.

Q3 2012 Highlights

Strong Earnings

- Net Income totaled \$11.3 million, up 74% vs. prior quarter
- Core EPS totaled \$0.30, up 88% vs. Q3 2011
- Q/Q EPS up \$0.13, core EPS up \$0.06 Q/Q

Continued Loan Growth

- Total loans increased \$140 million, or 5.5%, from Q2 to Q3
 - Loans HFI up 3.2% vs. Q2 2012
 - Loans HFS increased \$88.8 million, or 9.6%, from Q2 to Q3

Increase in Net Interest Margin

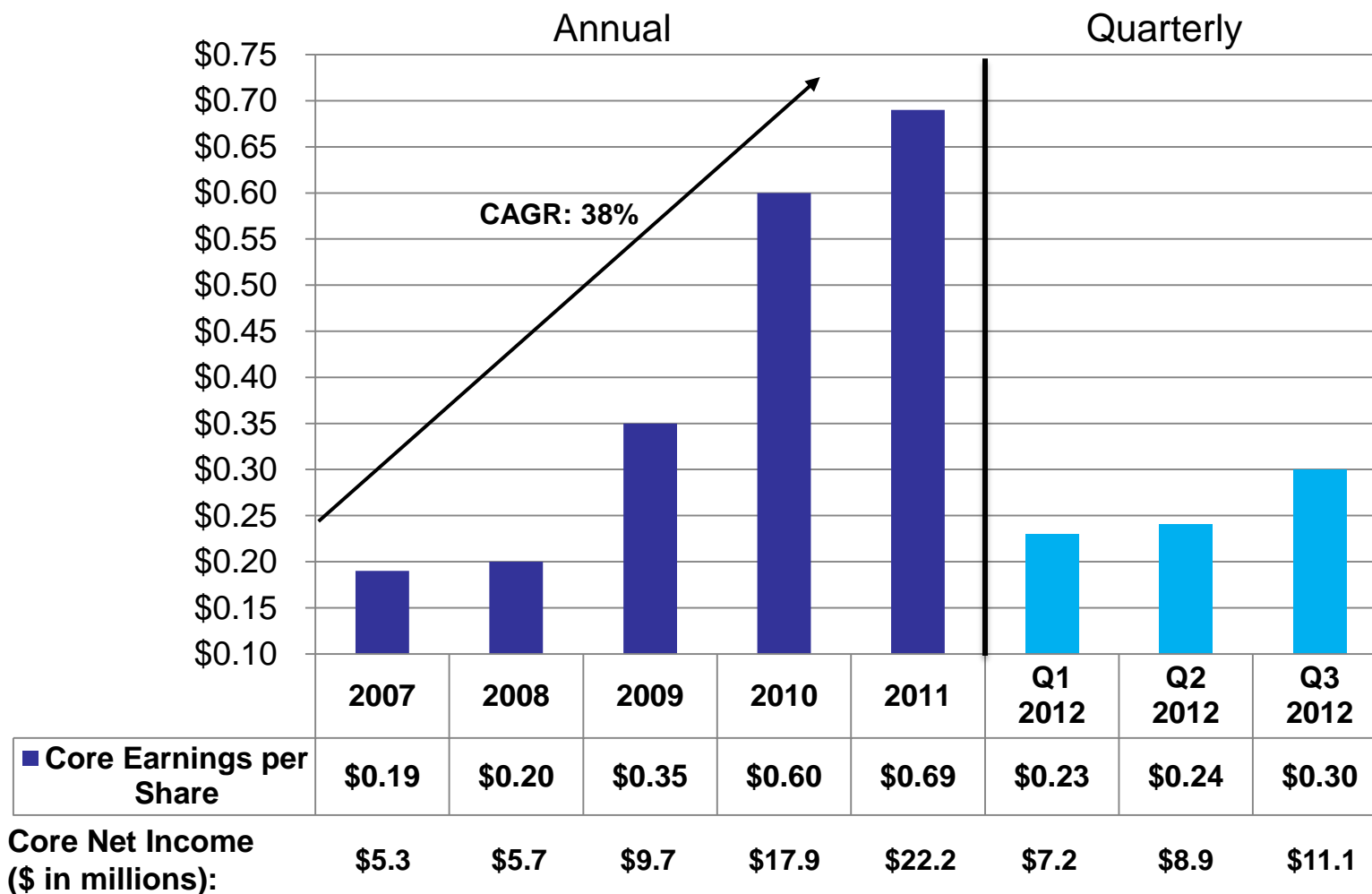
- NIM of 3.70%, up 8 bps vs. Q2 2012 and up 83 bps vs. Q3 2011
- Driven by reduced deposit cost and improvement in earning asset mix

Strong Capitalization & Stable Credit Quality

- Quarterly cash dividend of \$0.10 per share, up 25% from Q2
- Tangible Common Equity ratio of 13.45%, \$485 million
- Asset quality – NPLs/Loans of 1.70%

See Appendix for reconciliation of core (non-GAAP) to GAAP net income.
Source: VPFG 10-Q for Q3 2012; Company Documents

Core Earnings Per Share Growth



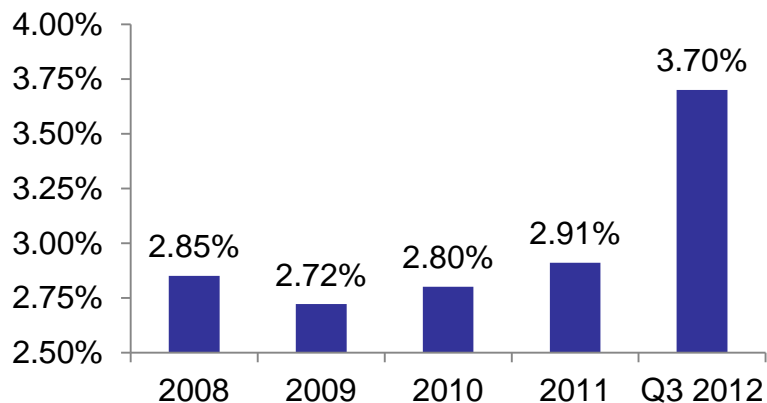
See Appendix for reconciliation of core (non-GAAP) to GAAP net income

Source: VPGF 10-Q for Q3 2012; Company Documents

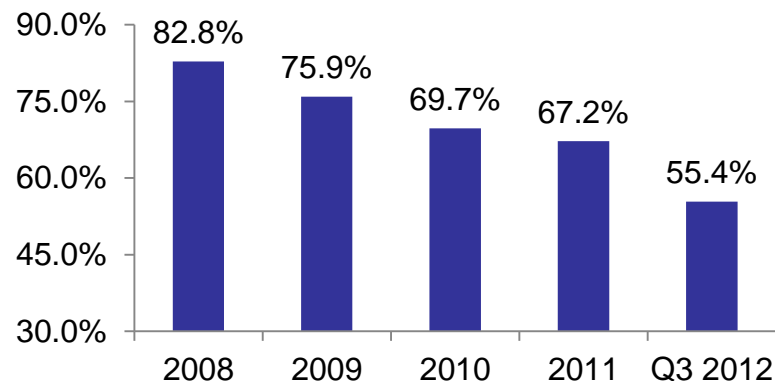
Share and per share information for periods prior to July 6, 2010, have been revised to reflect the 1.4:1 conversion ratio on publicly traded shares

Profitability

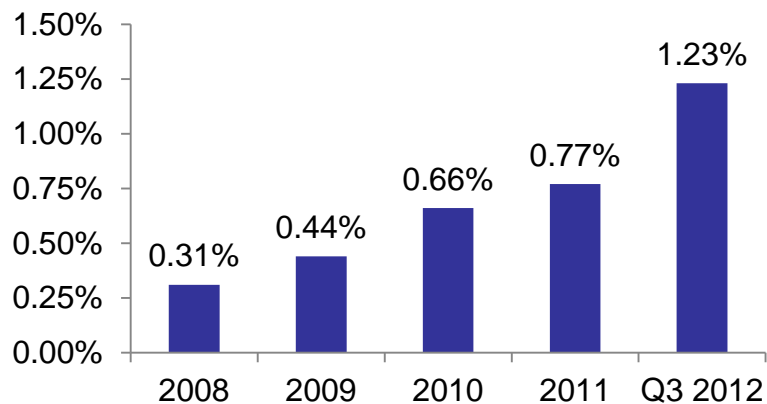
Net Interest Margin



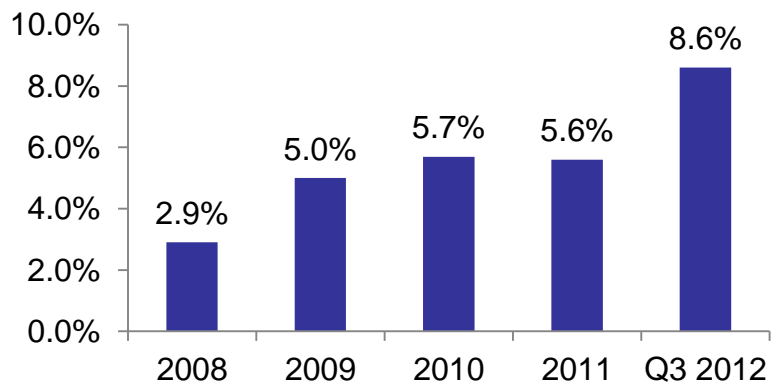
Efficiency Ratio



Core ROAA¹



Core ROAE¹

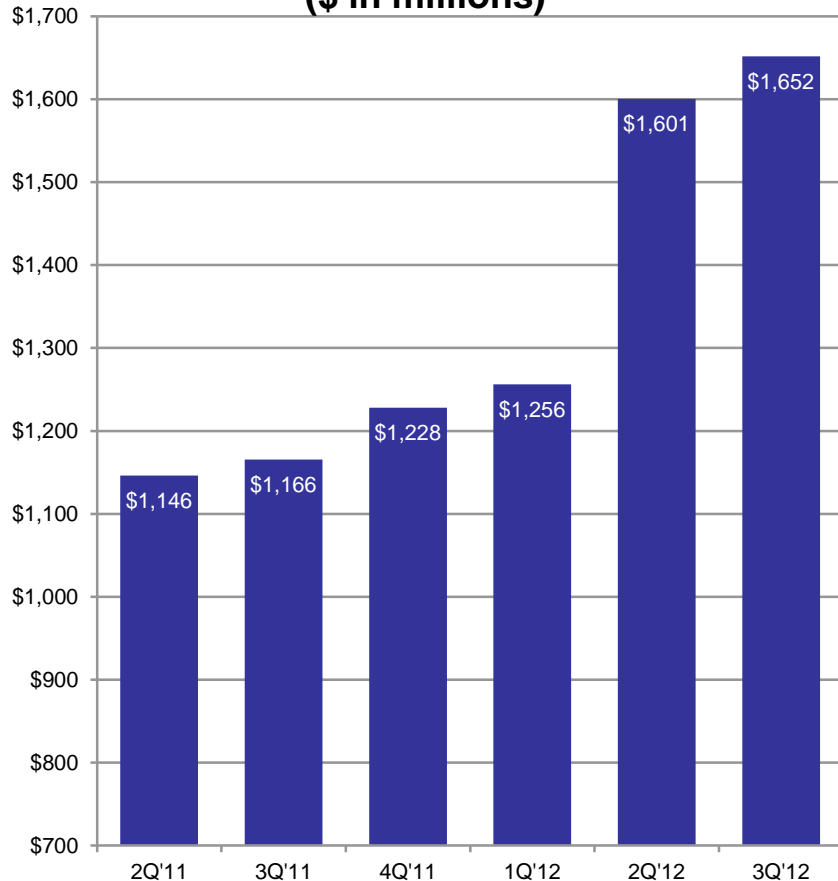


Source: VPG 10-Q for Q3 2012, Company Documents

¹ See Appendix for reconciliation of core (non-GAAP) to GAAP net income

Continued Strong Organic Loan Growth

Gross Loans Held For Investment on Pro Forma Basis ⁽¹⁾
(\$ in millions)



☆ Increase in loans held for investment Q3 vs. Q2

- \$51 million increase in Q3 2012, or 3%
- Strong organic C&I growth of \$45.7 million, or 25.3%, in Q3 2012⁽²⁾
- Strong CRE growth of \$34.0 million, or 4.5%, in Q3 2012

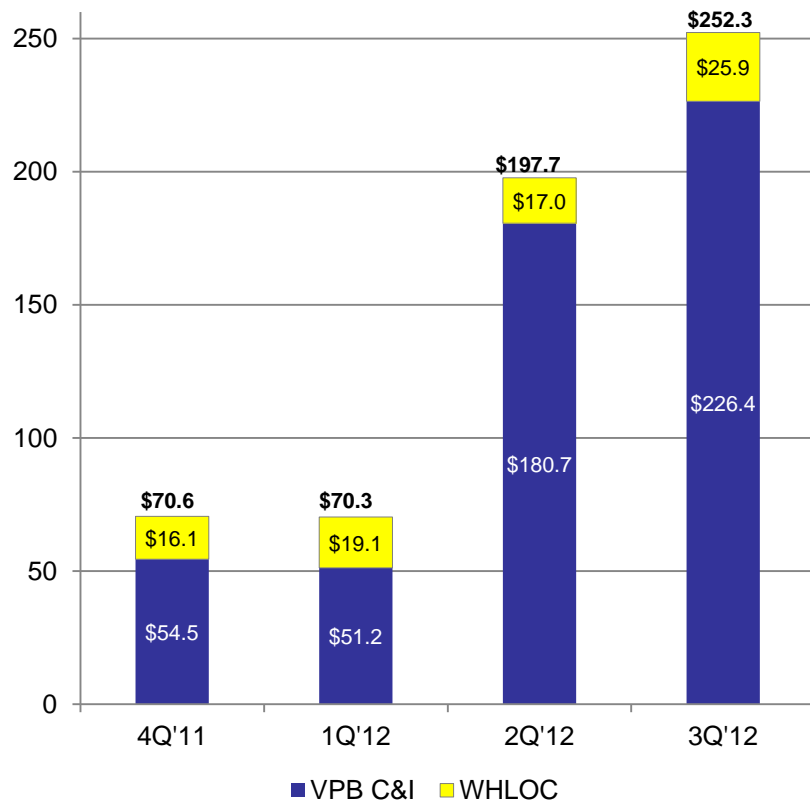
(1) The 2Q'12 balance includes \$280 million in purchased loans related to the Highlands Bank acquisition.

(2) Excludes warehouse lines of credit

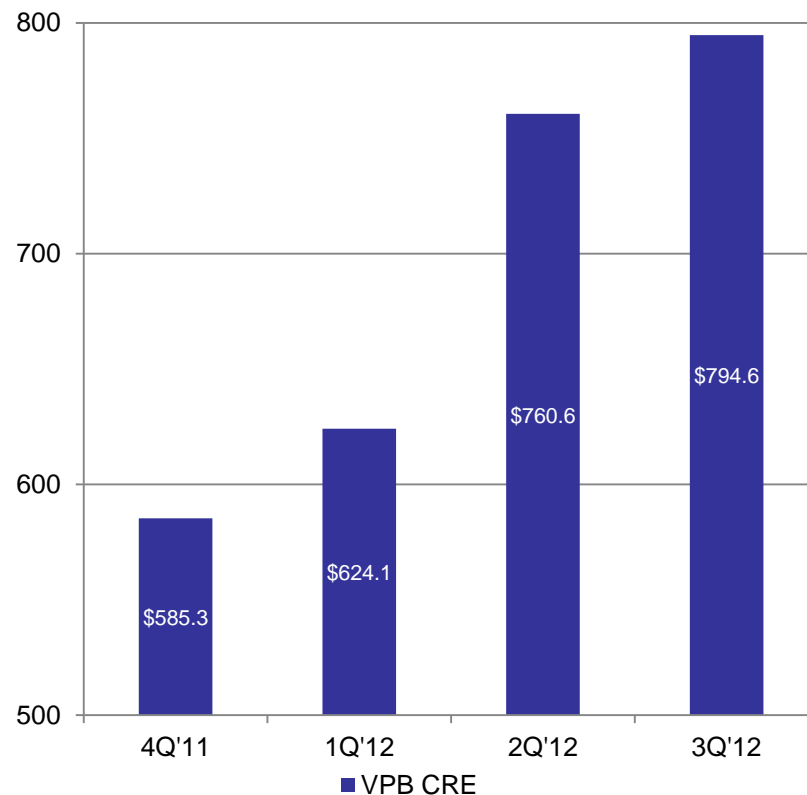
Source: VPFG 10-Q for Q3 2012; Company Documents

Strong Loan Growth

C&I Lending Growth (1)
(\$ in millions)



CRE Lending Growth (2)
(\$ in millions)



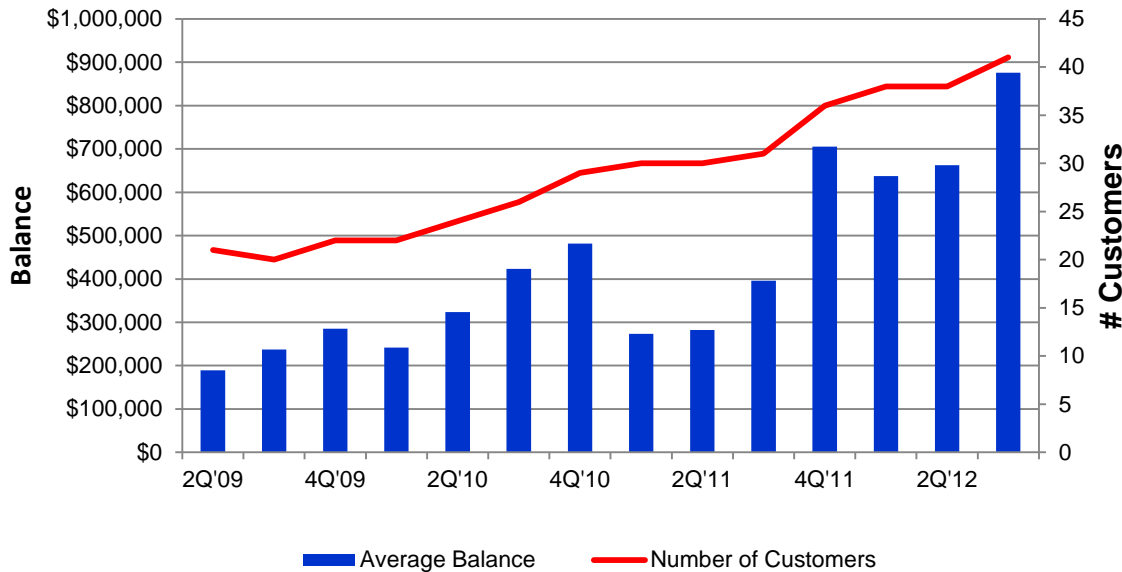
(1) The 2Q'12 balance includes \$117 million in purchased C&I loans related to the Highlands Bank acquisition

(2) The 2Q'12 balance includes \$83 million in purchased CRE loans related to the Highlands Bank acquisition

Source: VPFG 10-Q for Q3 2012; Company Documents

National Mortgage Warehouse Purchase Program

Warehouse Purchase Program - Average Portfolio Balances in Thousands and Number of Customers



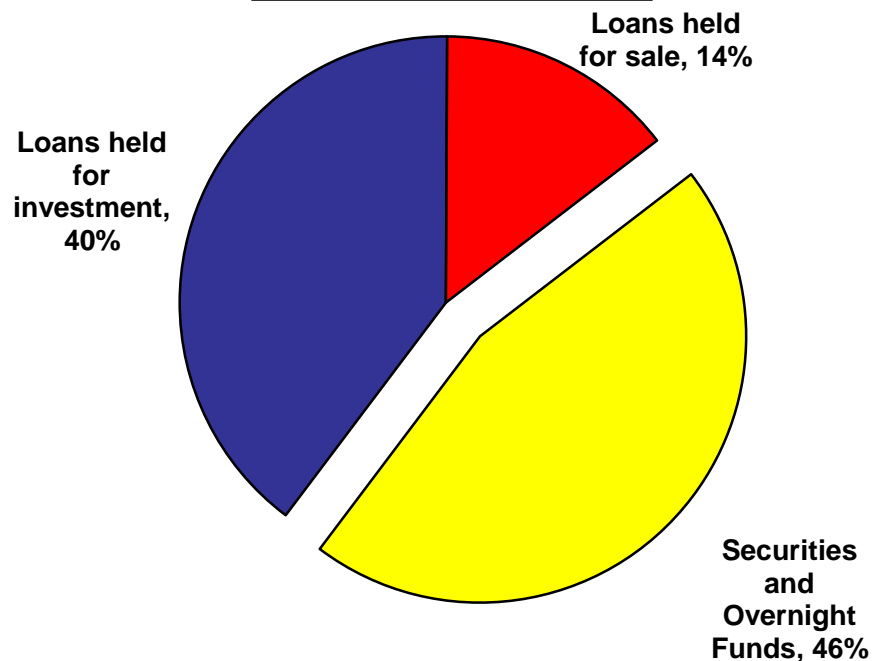
- ☆ Average balance increased \$213 million for Q3 2012 vs. Q2 2012
- ☆ Gross Average Yield of 4.07% for Q3 2012
- ☆ Nationwide portfolio production covering 49 states
- ☆ 59% conforming and 41% government loans
- ☆ Approved maximum facility amounts ranging from \$8.0 million to \$45.0 million with an average utilization rate of 67%.

Source: Company Documents at September 30, 2012

Improved Earning Asset Mix

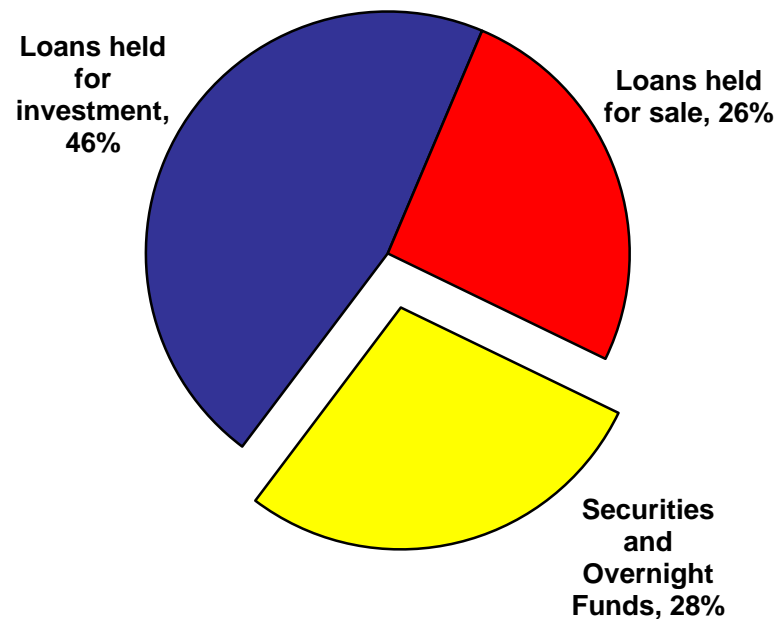
Average Earning Assets and Related Yields

September 30,
2011



Quarterly yield on earning assets: 4.06%

September 30,
2012

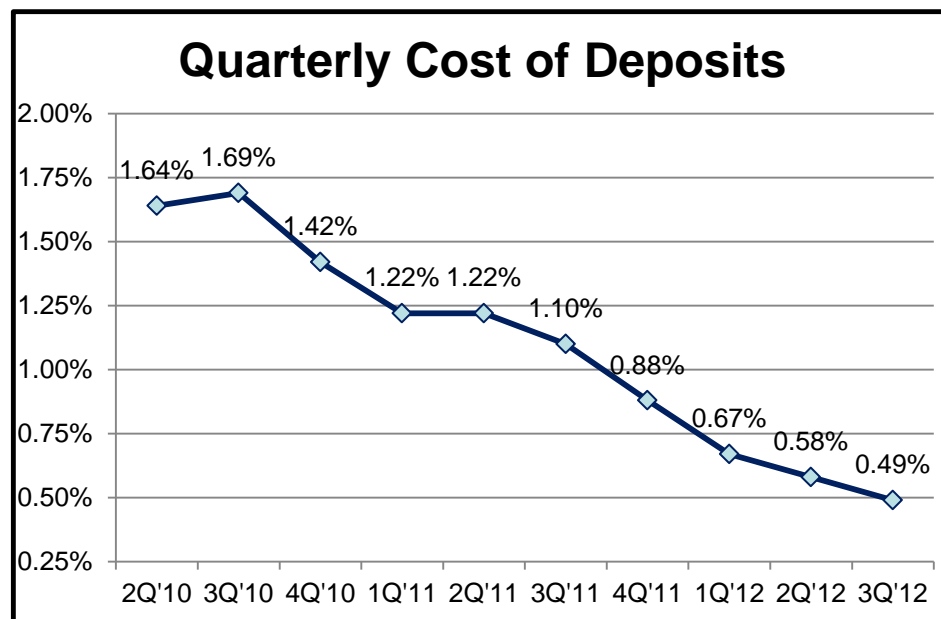
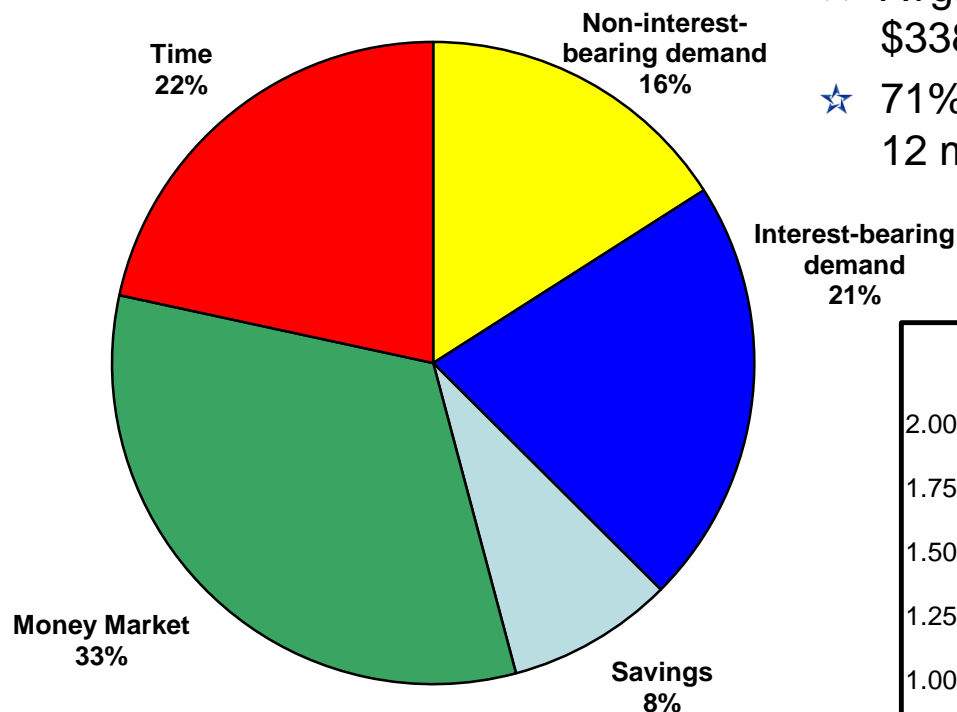


Quarterly yield on earning assets: 4.34%

Source: Company Documents

Significant Improvement in Deposit Cost

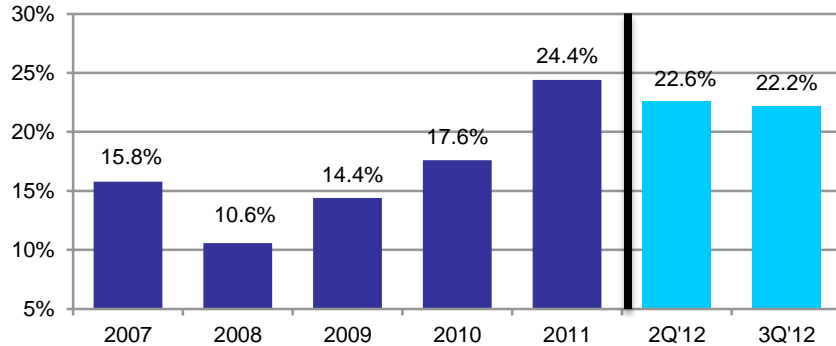
- ☆ Continued improvement in deposit cost
- ☆ Avg. non-interest bearing deposits increased to \$338M from \$316M linked quarter
- ☆ 71%, or \$336M, of time deposits to mature within 12 months with WAR of 0.74%



Source: VPFG 10-Q for Q3 2012 and Company Documents at September 30, 2012

Robust Capital

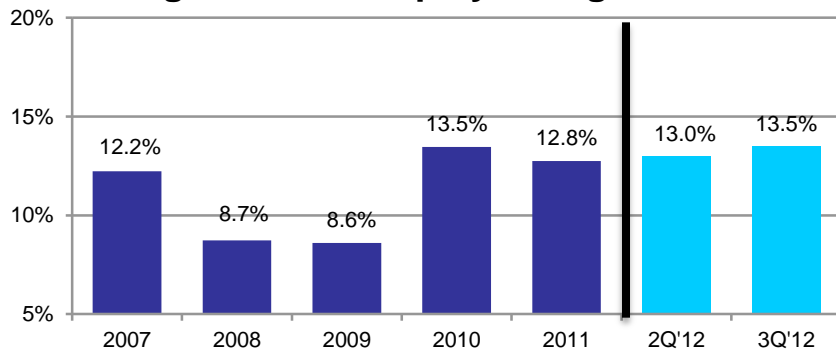
Tier 1 Capital



☆ ViewPoint remains among the strongest capitalized institutions in the industry

- 22.2% Tier 1 Capital at Q3 2012
- 13.5% Tangible Common Equity

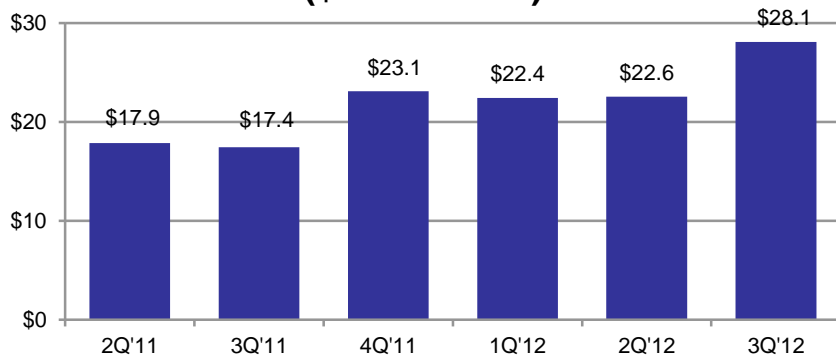
Tang. Common Equity / Tang. Assets



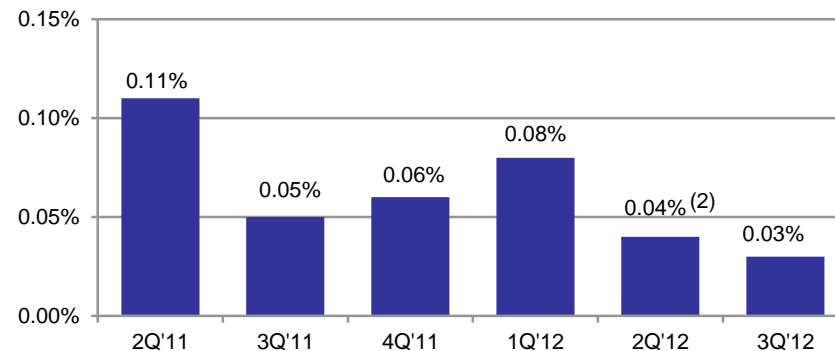
Source: Company Documents at September 30, 2012

Credit Quality

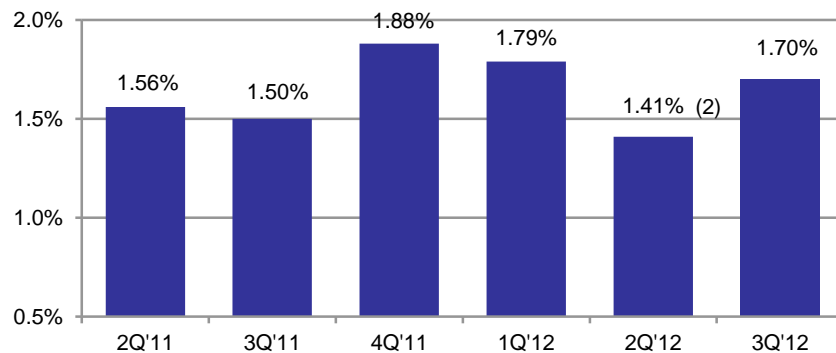
Total Non-Performing Loans (\$ in millions)



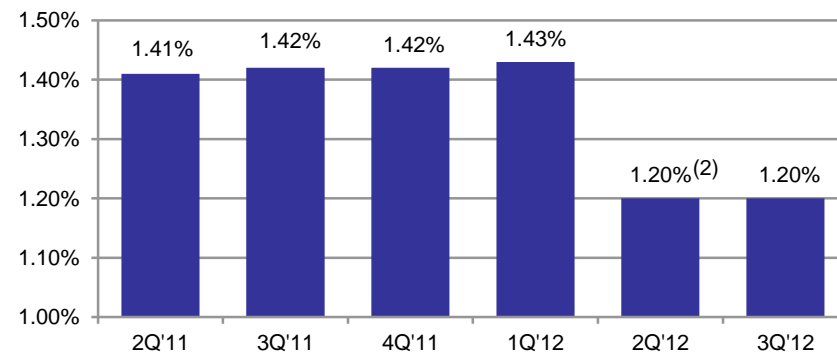
Net Charge-offs / Avg. Loans



Total NPLs as a % of Total Loans ⁽¹⁾



Allowance / Total Loans ⁽¹⁾



Source: Company Documents

(1) Total loans does not include loans held for sale

(2) Beginning 2Q'12, total loans includes loans acquired from Highlands

Looking Forward – Execute Business Strategy

- ★ Capitalize on a position of balance sheet strength
- ★ Improve and diversify earning asset mix
 - Migrate from low yielding securities to higher yielding loans
 - Transition to a balanced loan book, leveraging C&I expertise
- ★ Grow organically, leveraging a strong local economy
- ★ Achieve greater community banking market share through high-touch service and strategic redeployment of key products
- ★ Deploy capital opportunistically
 - Continued organic loan growth and selective branching
 - Consistent growth of dividends and opportunistic share repurchase
 - Disciplined M&A

Questions?

Appendix

- ☆ The subsequent tables present non-GAAP reconciliations of the following calculations:
 - TCE (Tangible Common Equity) to TCA (Tangible Common Assets) ratio
 - TCE per share
 - Price to TBV
 - Core (non-GAAP) net income and earnings per share

TCE to TA, TCE per Share and Price to TBV at September 30, 2012

(Dollar amounts in thousands)

Total GAAP equity	\$516,353
Less: goodwill	(29,650)
Less: identifiable intangible assets, net	(1,793)
Total tangible equity	<u>\$484,910</u>
Total GAAP assets	\$3,636,033
Less: goodwill	(29,650)
Less: identifiable intangible assets, net	(1,793)
Total tangible assets	<u>\$3,604,590</u>
GAAP Equity to Total Assets	14.20%
TCE to TA	13.45%
Shares outstanding at September 30, 2012	39,579,667
TCE per Share	\$12.25
Average VPFG stock price for September 2012	\$18.89
Price to TBV	154.20%

Reconciliation of Core (non-GAAP) to GAAP Net Income and EPS (Dollar amounts in thousands except share and per share data)

	Year To Date		September 30,		Three Months Ended		June 30,		March 31,	
	September 30,		September 30,		June 30,		June 30,		March 31,	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
GAAP net income	\$ 24,880	\$ 16,554	\$ 11,316	\$ 5,143	\$ 6,492	\$ 4,857	\$ 7,072	\$ 6,554		
Highlands acquisition costs	2,683	-	158	-	2,432	-	93	-		
Costs relating to sale of VPM	84	-	(4)	-	88	-	-	-		
One-time payroll and severance costs	777	-	238	-	525	-	14	-		
One time (Gain) loss on assets	(1,101)	(400)	(70)	(17)	(1,040)	(472)	9	89		
Goodwill impairment	532	176	-	-	532	176	-	-		
Gain on sale of AFS securities	(659)	(2,220)	(584)	-	(75)	-	-	(2,220)		
Core (non-GAAP) income	<u>\$ 27,196</u>	<u>\$ 14,110</u>	<u>\$ 11,054</u>	<u>\$ 5,126</u>	<u>\$ 8,954</u>	<u>\$ 4,561</u>	<u>\$ 7,188</u>	<u>\$ 4,423</u>		
Core (non-GAAP) basic and diluted EPS	\$ 0.77	\$ 0.44	\$ 0.30	\$ 0.16	\$ 0.24	\$ 0.14	\$ 0.23	\$ 0.14		
Average shares for basic EPS	35,348,911	32,422,921	37,362,535	32,468,640	37,116,322	32,445,527	31,545,748	32,353,331		

Reconciliation of Core (non-GAAP) to GAAP Net Income and EPS (Dollar amounts in thousands except share and per share data)

	Year Ended				
	2011	2010	2009	2008	2007
GAAP net income (loss)	\$ 26,328	\$ 17,799	\$ 2,670	\$ (3,315)	\$ 5,067
Highlands acquisition costs	306	-	-	-	-
One time (Gain) loss on assets	(497)	135	526	(120)	226
Goodwill impairment	176	-	-	-	-
Gain on sale of AFS securities, net of tax	(4,074)	-	(1,569)	-	-
Impairment of collateralized debt obligations (all credit)	-	-	8,082	9,114	-
Core (non-GAAP) income	<u>\$ 22,239</u>	<u>\$ 17,934</u>	<u>\$ 9,709</u>	<u>\$ 5,679</u>	<u>\$ 5,293</u>
Core (non-GAAP) basic and diluted EPS	\$ 0.69	\$ 0.60	\$ 0.35	\$ 0.20	\$ 0.19
Average shares for basic EPS	32,219,841	30,128,985	27,881,941	27,768,645	28,465,590