



ViewPoint **Financial Group, Inc.**

NASDAQ: VPFG

Second Quarter 2013 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, 2012, and in other filings made by ViewPoint Financial Group, Inc. with the Securities and Exchange Commission.

2nd Quarter Results

Commercial Bank Transformation

- ☆ Continued success executing loan diversity strategy
- ☆ Improved earning asset mix from lower yielding securities into loans
- ☆ Increased mix of non-interest bearing deposits

Strong Loans HFI Growth, Linked Quarter Increase in Loans HFS

- ☆ LHFI increased \$89.5 million, or 5.1%, from Q1 2013
- ☆ Strong C&I and commercial real estate growth totaling \$117.8 million for 9.8% linked quarter increase
- ☆ Average balance of WPP up \$17.3 million, or 2.3%, from Q1 2013
- ☆ Average balance of WPP up \$93.0 million, or 14.0%, from Q2 2012

Earnings Growth

- ☆ Net income increased 26% over Q2 2012 to \$8.2 million
- ☆ Q2 2013 EPS of \$0.21, core EPS of \$0.22
- ☆ NIM of 3.72%, up 10 bps over 3.62% for same time last year
- ☆ Results driven by reduced deposit cost and improvement in earning asset mix

Strong Capitalization & Stable Credit Quality

- ☆ Tangible common equity of \$502 million, or 14.10% of tangible assets
- ☆ Asset quality – NPAs/Loans & OREO of 1.33% improved from 1.67% for Q1 2013
- ☆ Compares favorably to industry

Source: VPFG 10-Q for Q2 2013, Company Documents

Commercial Bank Transformation Update

Strategic actions

- ☆ Hire team of experienced commercial lenders
- ☆ Shift earning asset mix away from securities and consumer lending
- ☆ Build out C&I lending with a goal to transition to balanced loan book
- ☆ Continued emphasis on low-cost, core deposits

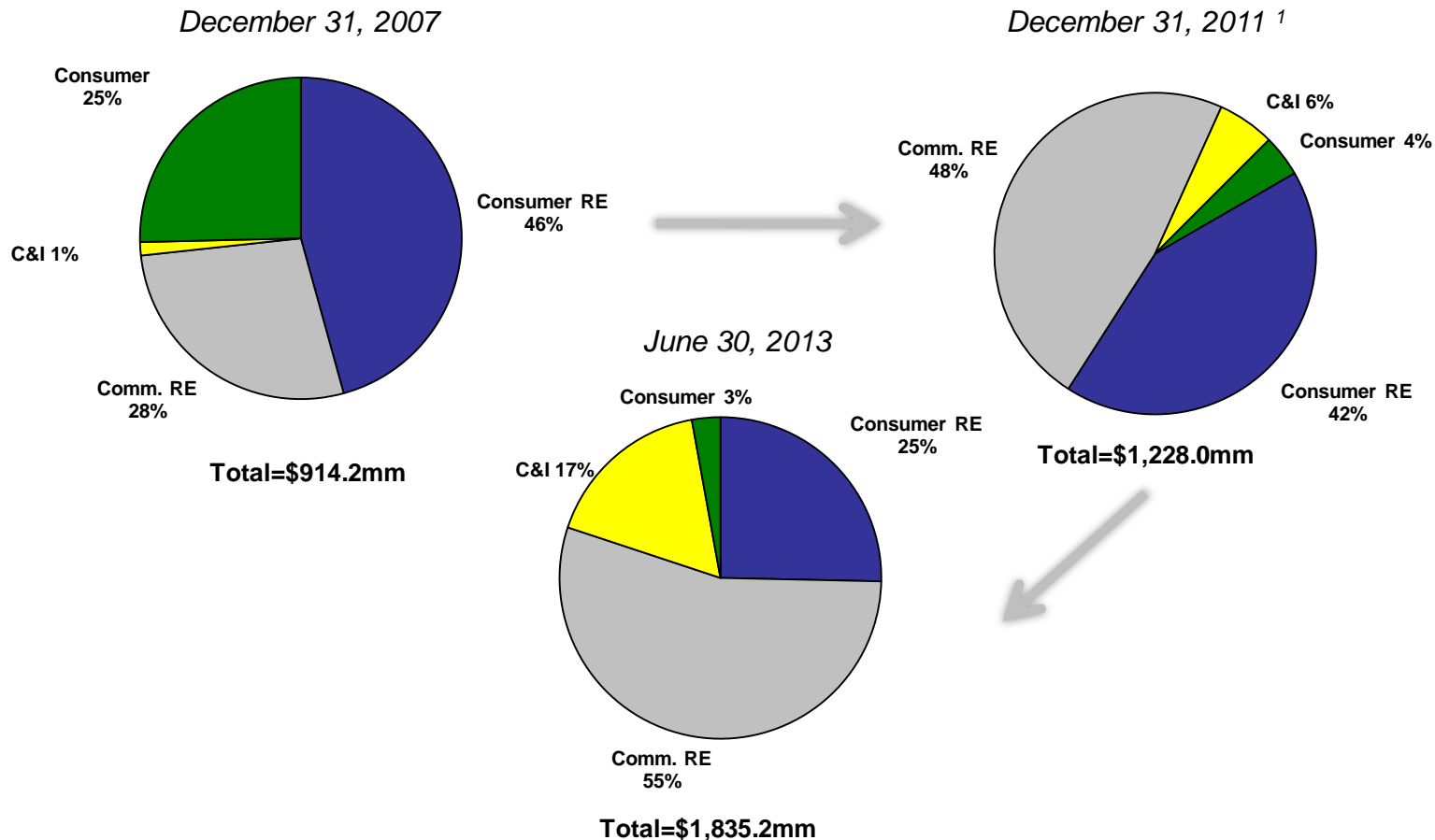
Results

- ✓ Highlands acquisition accelerated transition to a commercial banking model; made 12 additional hires over past year
- ✓ Commercial portfolio now makes up 72% of loan portfolio, up from 29% in 2007; commercial income accounts for 49% of earning asset revenue up from 16% in 2007
- ✓ C&I lending volumes increased to 17% of loan portfolio up from 1% in 2007
- ✓ Quarterly cost of deposits declined from 1.42% at December 2010 to 0.45% at June 2013; non-interest-bearing commercial deposits increased to \$248mm up from \$37mm in 2007

Source: VPPG 10-Q for Q2 2013, Company Documents

Commercial Bank Transformation

Loans Held for Investment Composition

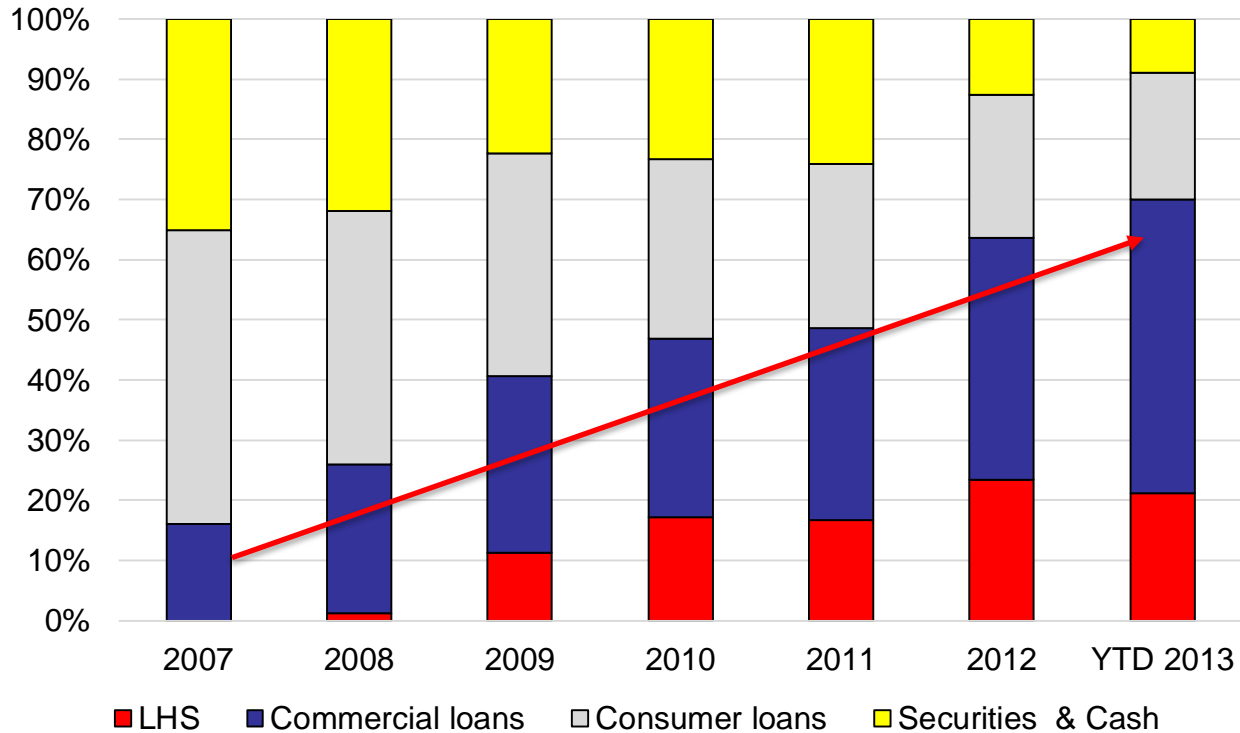


Continued progress in transitioning towards a balanced loan book

¹ Charter change from thrift to national bank on December 8, 2011
Source: SNL Financial, VPFG 10-Q for Q2 2013

Commercial Bank Transformation

Earning Asset Revenue Mix

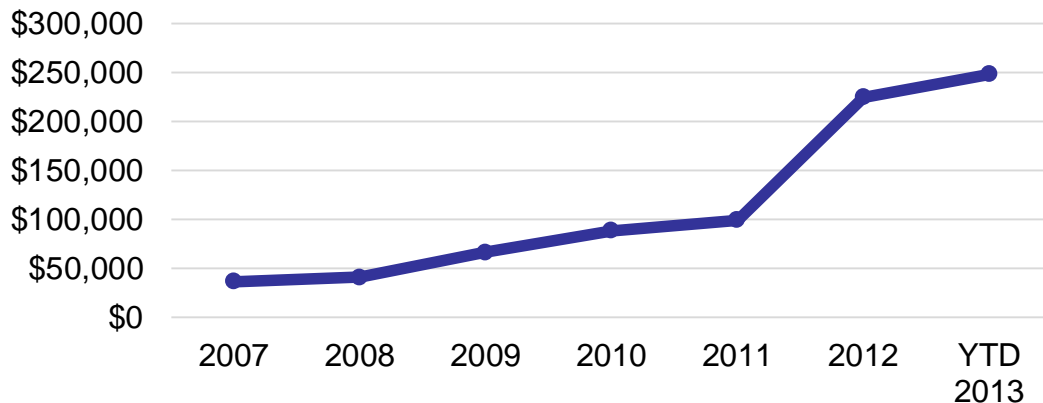


- ★ Improving mix of earning asset revenue
- ★ Commercial (CRE and C&I) interest income represents 49% of earning asset revenue, up from 16% in 2007

Source: VPF 10-Q for Q2 2013, Company Documents
 Consumer loans includes consumer RE

Commercial Bank Transformation

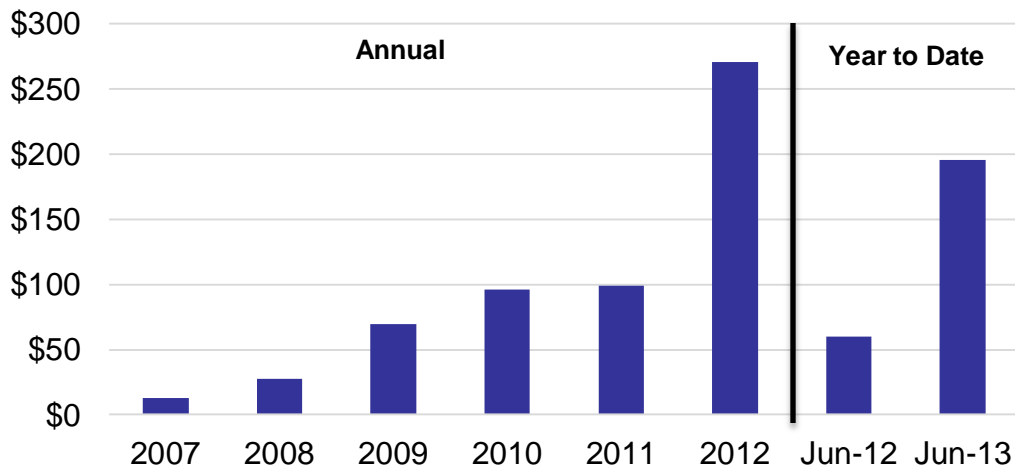
Commercial Deposits – Non-interest-bearing
(in thousands)



Significant growth in:

- ★ Commercial deposits
- ★ Treasury management fee income

Treasury Management Fees
Billed Analysis (in thousands)

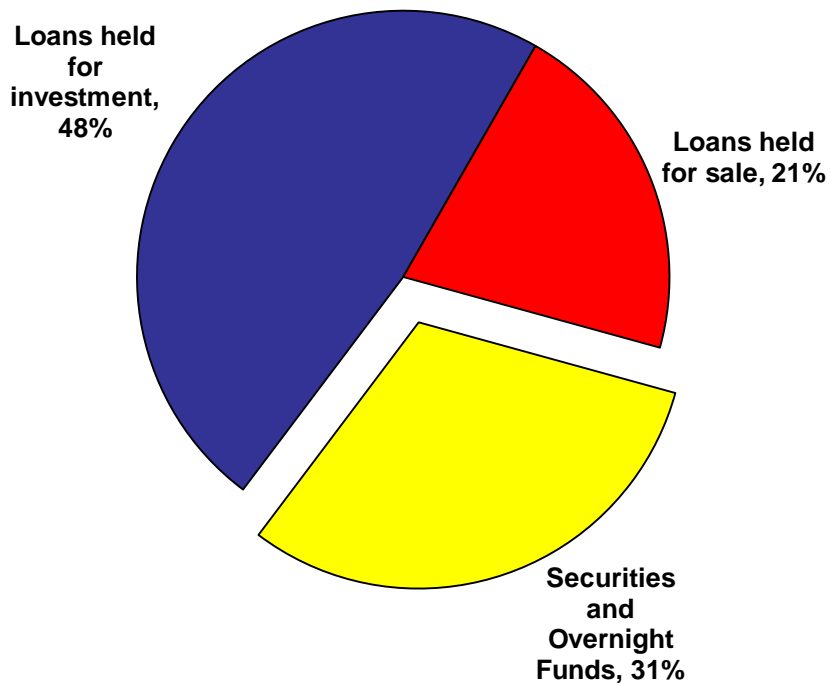


Source: VPGF 10-Q for Q2 2013, Company Documents

Earning Asset Mix

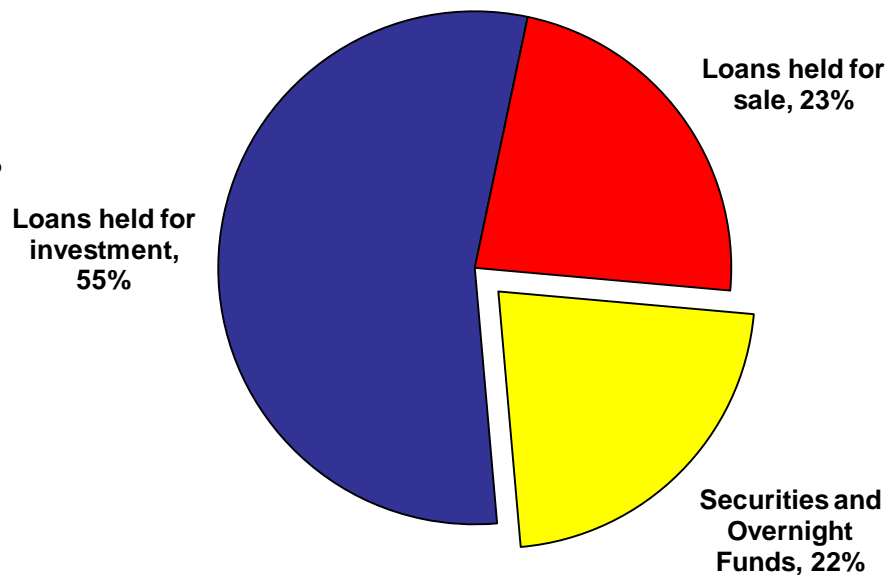
Average Earning Assets and Related Yields

June 30, 2012



Yield on earning assets: 4.36%

June 30, 2013

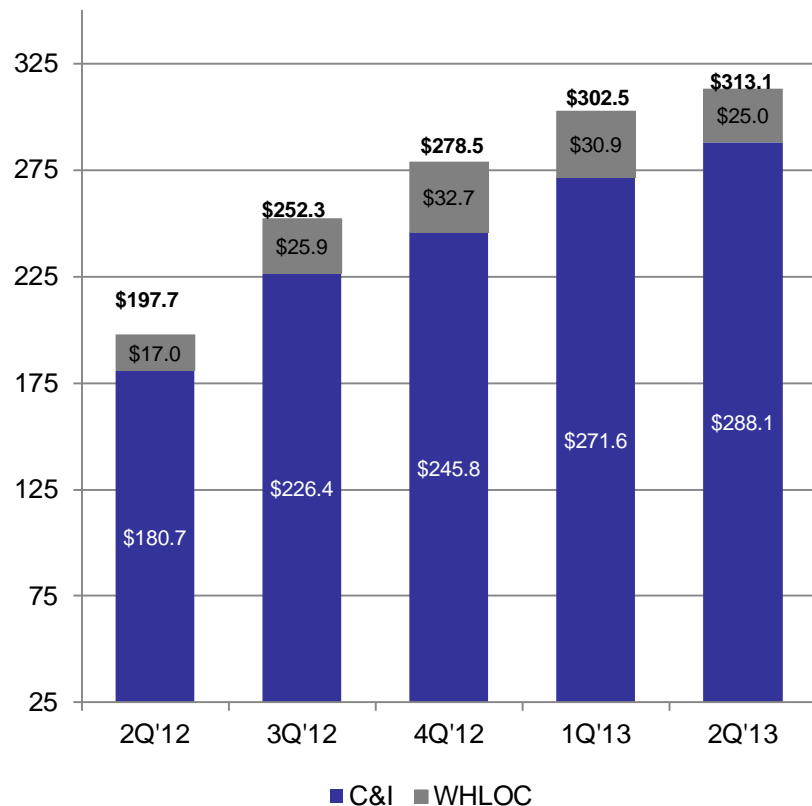


Yield on earning assets: 4.32%

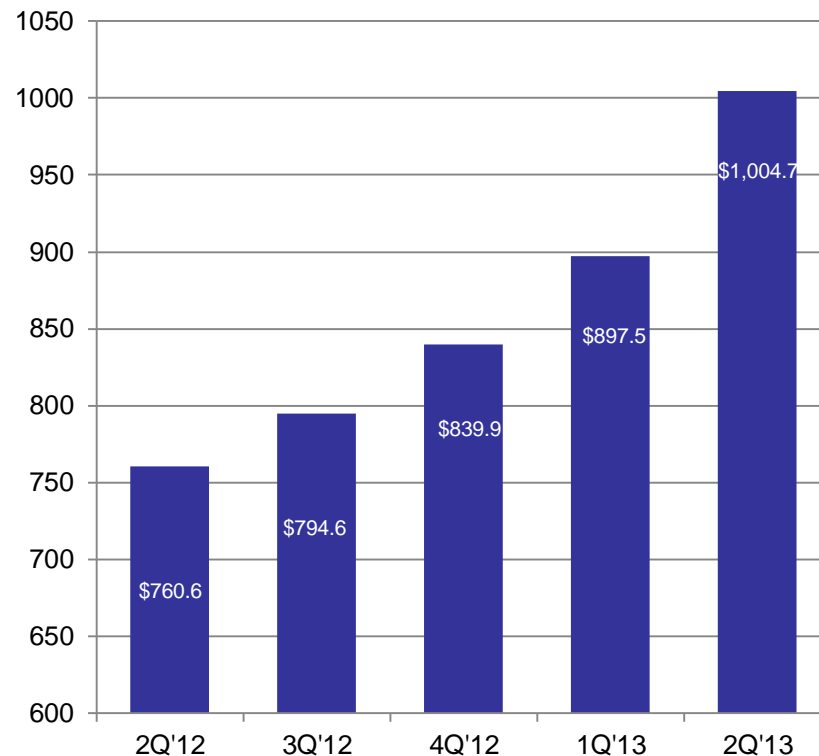
Source: VPFG 10-Q for Q2 2013, Company Documents

Strong Loan Growth

C&I Lending Growth
(\$ in millions)



CRE Lending Growth
(\$ in millions)



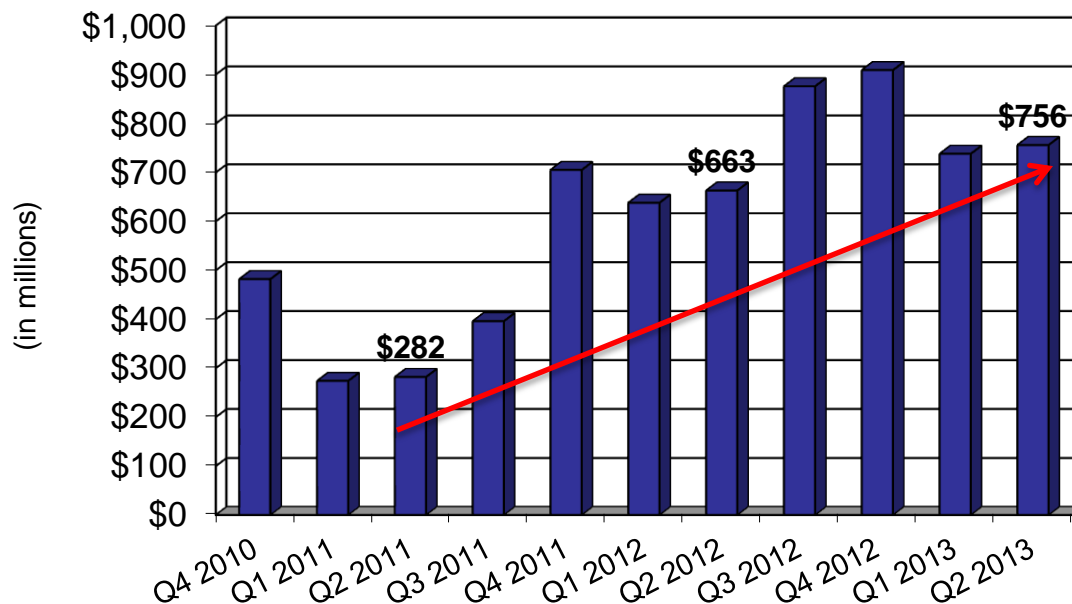
C&I and CRE increased a combined 9.8% (linked quarter)

Source: VPF 10-Q for Q2 2013; Company Documents

Warehouse Purchase Program

- ☆ Average balances increased \$93 million, or 14%, from Q2 2012 to Q2 2013
- ☆ Increased from 39 clients to 50 clients from Q2 2012 to Q2 2013
- ☆ For Q2 2013 mix was 62% purchase and 38% refinance
- ☆ Yield of 3.87% for Q2 2013

Average Warehouse Purchase Program Balances



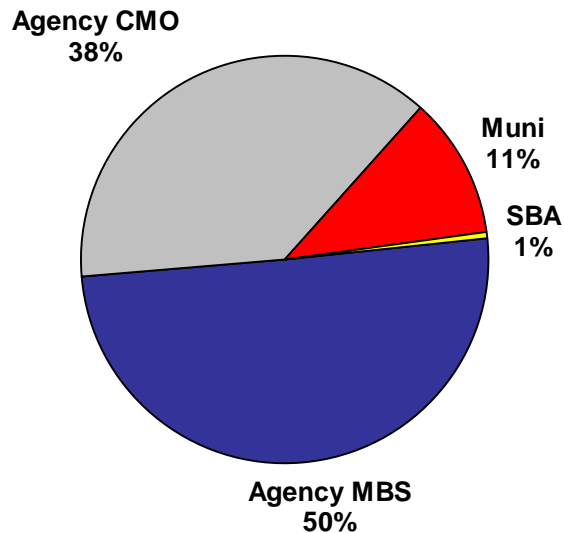
Source: VPFG 10-Q for Q2 2013; Company Documents

Low Risk Investment Portfolio Mix

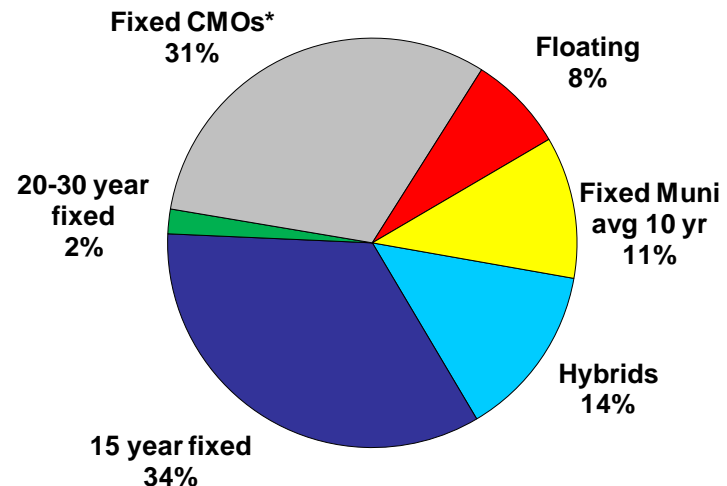
- ☆ Liquidity - \$19 million per month; 46.5% of portfolio is AFS
- ☆ Asset Liability Tool
- ☆ Short duration of 1.7 years
- ☆ Total portfolio of \$619 million with a yield of 1.83%

Investment Mix¹

Investments by Type



Investments by Fixed and Adjustable



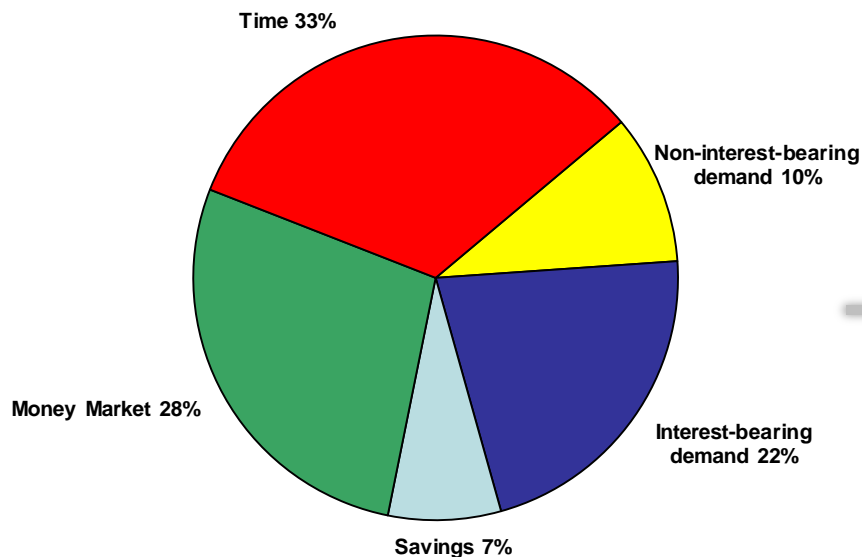
¹ Excludes FHLB and FRB stock

* Weighted average life of CMO is 2.24 years

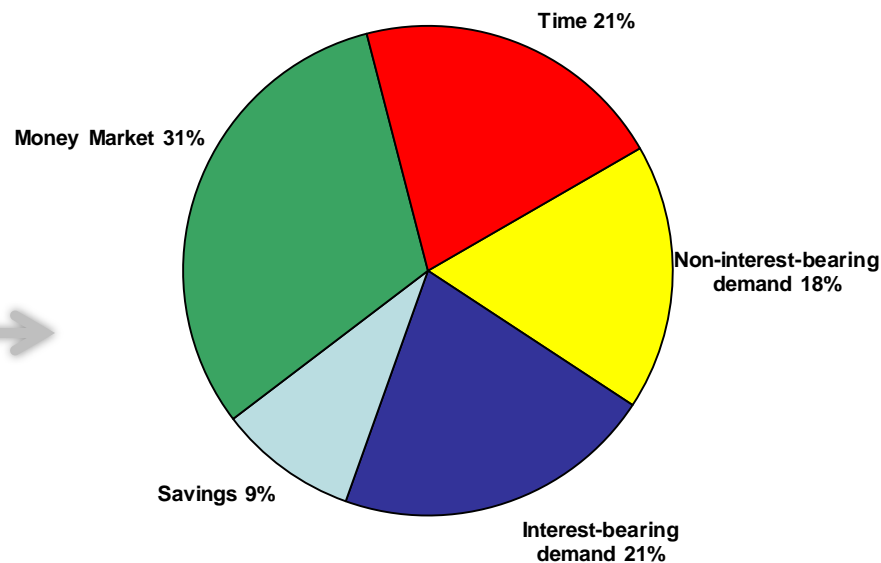
Source: VPFG 10-Q for 2Q 2013; Company Documents

Mix of Deposits

Deposit composition as of December 31, 2010



Deposit composition as of June 30, 2013



- ☆ Commercial transformation improving mix of deposits
- ☆ Non-interest-bearing mix increased from 10% to 18%
- ☆ Quarterly cost of deposits declined from 1.42% to 0.45%

Source: VPFG 10-Q for Q2 2013, company documents

Financial Review

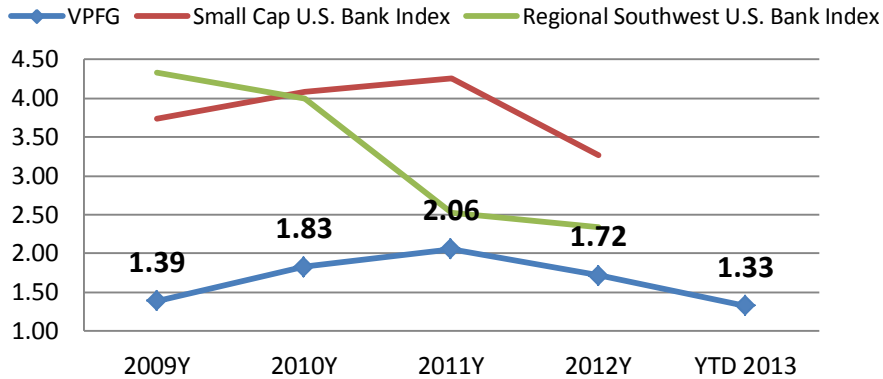
★ Performance metrics have improved year over year

Q2	2013	2012
TCE/ Assets	14.10%	12.96%
Net Interest Margin	3.72%	3.62%
Cost of Funding	0.79%	0.93%
Return on Assets	0.95%	0.76%
Return on Equity	6.14%	5.15%
NPAs/ Loans HFI + OREO	1.33%	1.61%

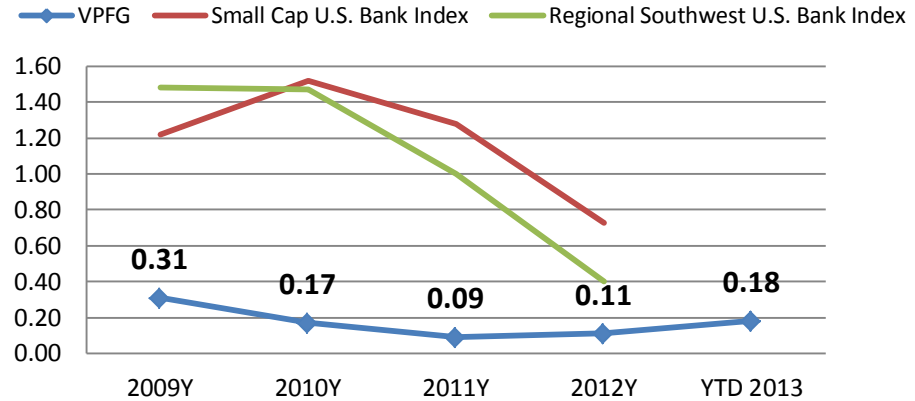
Source: VPPG 10-Q for Q2 2013; Company Documents

Strong Credit Quality

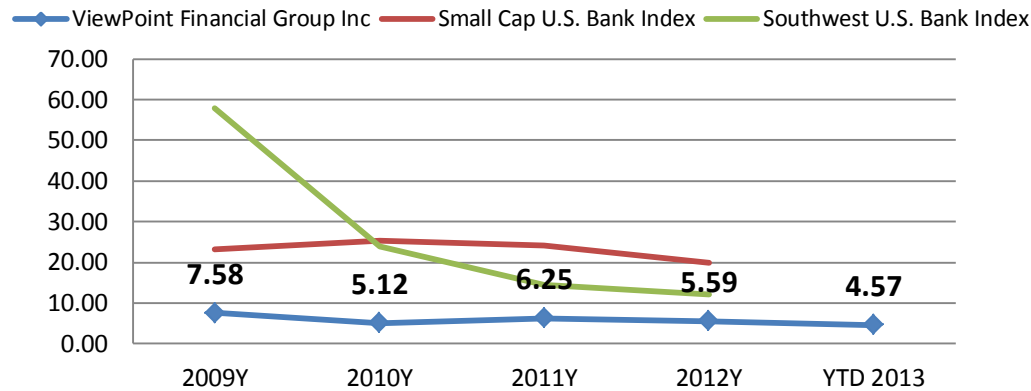
NPAs / Loans + OREO (1)



Net Charge Offs/ Average Loans



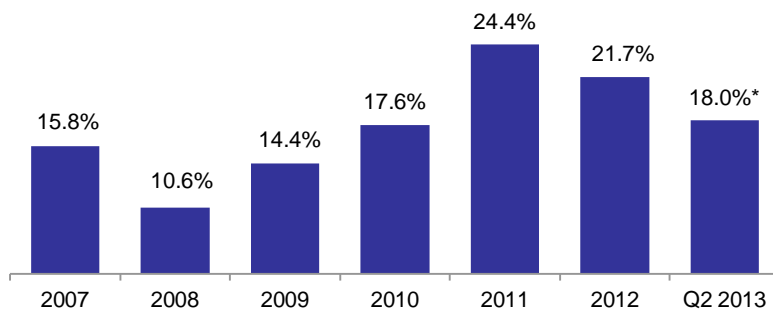
NPA/ Equity



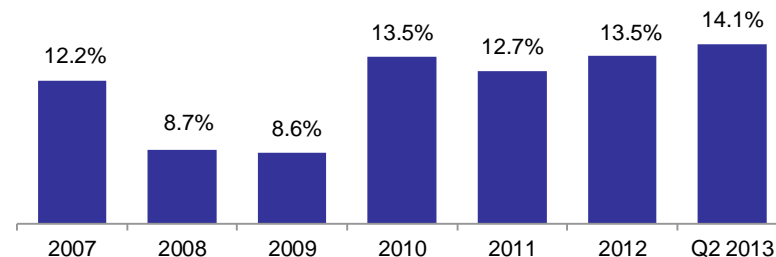
(1) Loans represent VPFG loans held for investment
Source: Company documents; SNL Financial

Robust Capital

Tier 1 capital



TCE / TA



Capital deployment alternatives

- ☆ Continued organic loan growth
- ☆ Dividends
- ☆ Share repurchase; 83,800 repurchased in Q2 2013
- ☆ Disciplined M&A

Well positioned to capitalize on balance sheet strength via a number of capital deployment alternatives

* Reflects change in regulatory risk weighting for Warehouse Purchase Program loans from 50% to 100%
Source: Company Documents at June 30, 2013

Closing Comments

- ☆ We are executing our plan to be a premier Texas community bank
- ☆ Strong core loan growth
- ☆ Credit quality continues to outpace our peers
- ☆ Well positioned for offense with robust capitalization and pristine asset quality

Questions?

Appendix

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

TCE to TA, TCE per Share and Price to TBV at June 30, 2013

(Dollar amounts in thousands)

Total GAAP equity	\$533,434
Less: goodwill	(29,650)
Less: identifiable intangible assets, net	(1,446)
Total tangible equity	<hr/> \$502,338
Total GAAP assets	\$3,594,484
Less: goodwill	(29,650)
Less: identifiable intangible assets, net	(1,446)
Total tangible assets	<hr/> \$3,563,388
GAAP Equity to Total Assets	14.84%
TCE to TA	14.10%
Shares outstanding at June 30, 2013	39,926,716
TCE per Share	\$12.58

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

	Three Months Ended								
	6/30/2013	3/31/2013	12/31/2012	9/30/2012	6/30/2012	3/31/2012	12/31/2011	9/30/2011	6/30/2011
GAAP net income	\$ 8,174	\$ 8,058	\$ 10,361	\$ 11,316	\$ 6,492	\$ 7,072	\$ 9,774	\$ 5,143	\$ 4,857
Highlands acquisition costs	-	-	-	158	2,432	93	306	-	-
Costs relating to sale of VPM	-	-	-	(4)	88	-	-	-	-
One time payroll and severance costs	260	-	-	238	525	14	-	-	-
One time (gain) loss on assets	-	(511)	(252)	(70)	(1,040)	9	(97)	(17)	(472)
Goodwill impairment	-	-	-	-	532	-	-	-	176
(Gain) loss on sale of AFS securities	-	115	-	(584)	(75)	-	(1,854)	-	-
Core (non-GAAP) income	\$ 8,434	\$ 7,662	\$ 10,109	\$ 11,054	\$ 8,954	\$ 7,188	\$ 8,129	\$ 5,126	\$ 4,561
Core (non-GAAP) basic and diluted EPS	\$ 0.22	\$ 0.20	\$ 0.27	\$ 0.30	\$ 0.24	\$ 0.23	\$ 0.26	\$ 0.16	\$ 0.14
GAAP EPS	\$ 0.21	\$ 0.21	\$ 0.28	\$ 0.30	\$ 0.17	\$ 0.22	\$ 0.31	\$ 0.16	\$ 0.15
Average shares for basic EPS	37,545,050	37,529,793	37,460,539	37,362,535	37,116,322	31,545,748	31,617,219	32,468,640	32,445,527