



ViewPoint **Financial Group, Inc.**

NASDAQ: VPFG

Third Quarter 2013 Earnings

Kevin Hanigan – President and Chief Executive Officer

Kari Anderson – Interim Principal Financial Officer and Chief
Accounting 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.

3rd Quarter Results

Commercial Bank Transformation

- ☆ Continued success executing commercial banking strategy
- ☆ Improved earning asset mix from lower yielding securities into loans
- ☆ Increased mix of non-interest bearing deposits, 18% of total deposits at end of quarter

Strong Loans HFI Growth, Decrease in Loans HFS

- ☆ LHFI increased \$98.5 million, or 5.4%, from Q2 2013
- ☆ Strong C&I and commercial real estate growth totaling \$121.4 million for 9.2% linked quarter increase
- ☆ Average balance of WPP down \$69.7 million, or 9.2%, from Q2 2013

Third Quarter Earnings

- ☆ Net income increased \$38,000 over Q2 2013 to \$8.2 million, a 27% decrease over Q3 2012
- ☆ Q3 2013 GAAP and core EPS of \$0.22
- ☆ NIM of 3.63%, down 9 bps over 3.72% for Q2 2013

Strong Capitalization & Stable Credit Quality

- ☆ Tangible common equity of \$509 million, or 15.2% of tangible assets
- ☆ Quarterly cash dividend of \$0.12 per share, up 20% from \$0.10 for prior quarter
- ☆ Asset quality – Non-performing loans of \$22.3 million, the lowest level in eight quarters
- ☆ Compares favorably to industry

Source: VPPG 10-Q for Q3 2013, Company Documents. Please see the "Subsequent Events" section of the Company's earnings release filed as Exhibit 99.1 to the Company's Form 8-K, which was filed with the SEC on October 22, 2013, for information regarding the Company's future classification of Warehouse Purchase Program loans as loans held for sale.

Commercial Bank Transformation Update

Strategic actions

- ☆ Hire team of talented commercial bankers
- ☆ 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

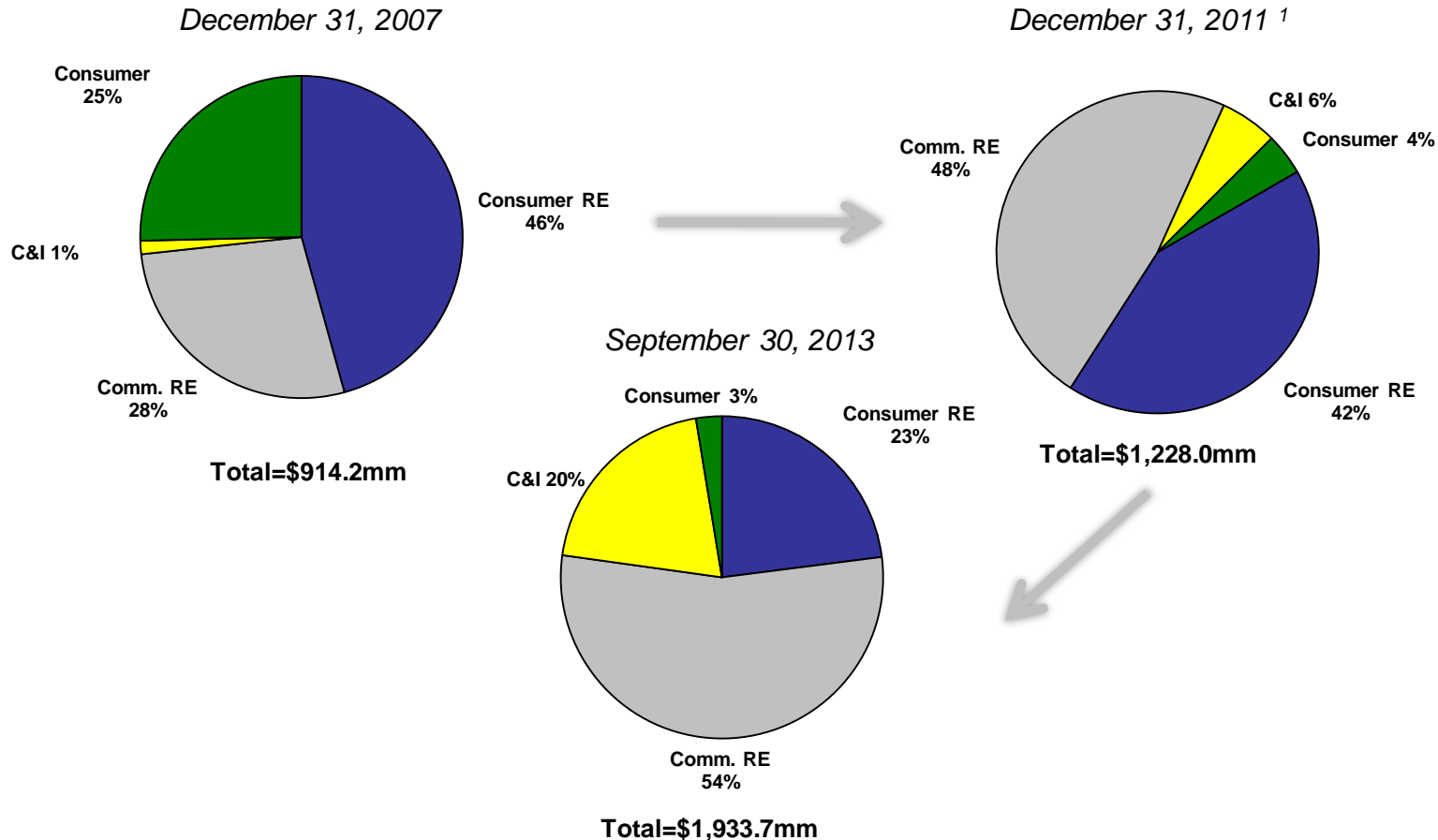
Results

- ✓ Highlands acquisition accelerated transition to a commercial banking model; made 12 additional hires over past year
- ✓ Commercial portfolio now makes up 74% of loans HFI, up from 29% in 2007; commercial income accounts for 50% of earning asset revenue, up from 16% in 2007
- ✓ C&I lending volumes increased to 20% of loans HFI, up from 1% in 2007
- ✓ Quarterly cost of deposits declined from 1.42% at December 2010 to 0.44% at September 2013; non-interest-bearing commercial deposits increased to \$270mm, up from \$37mm in 2007

Source: VPPG 10-Q for Q3 2013, Company Documents

Commercial Bank Transformation

Loans Held for Investment Composition

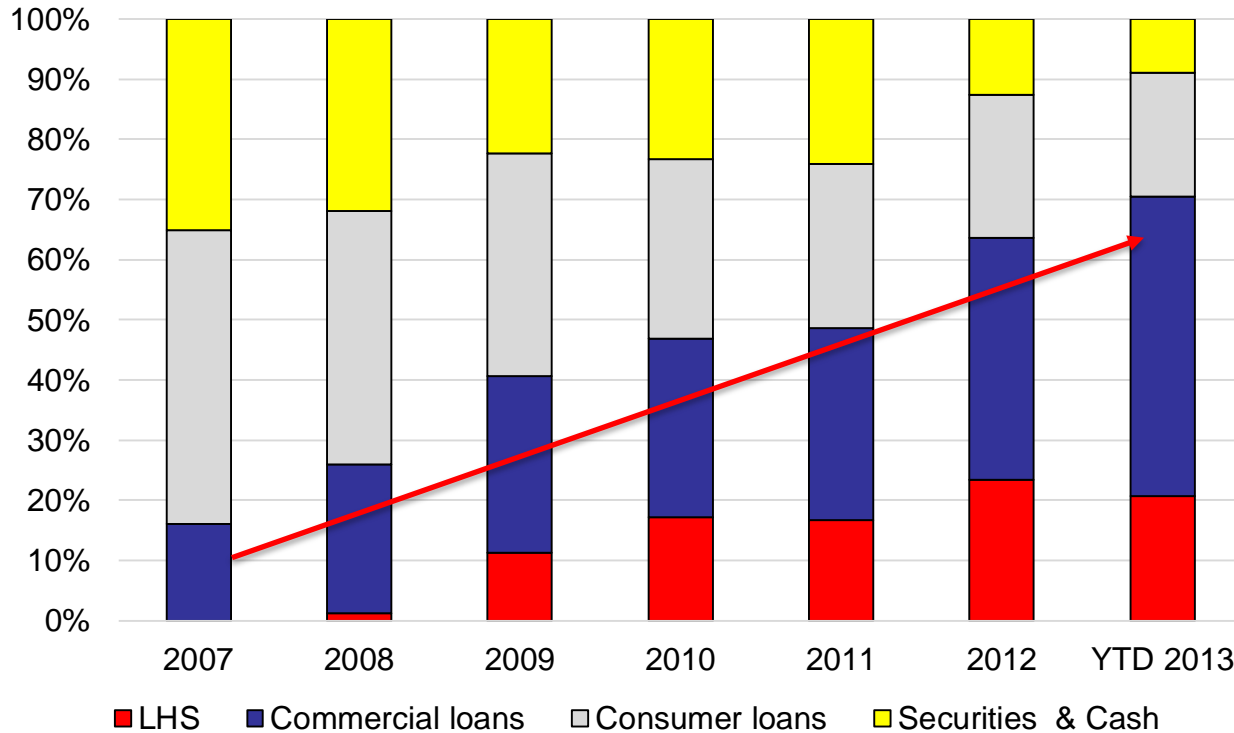


Continued progress in transitioning towards a balanced loan book

¹ Charter change from thrift to national bank on December 8, 2011
Source: SNL Financial, VPFG 10-Q for Q3 2013

Commercial Bank Transformation

Earning Asset Revenue Mix

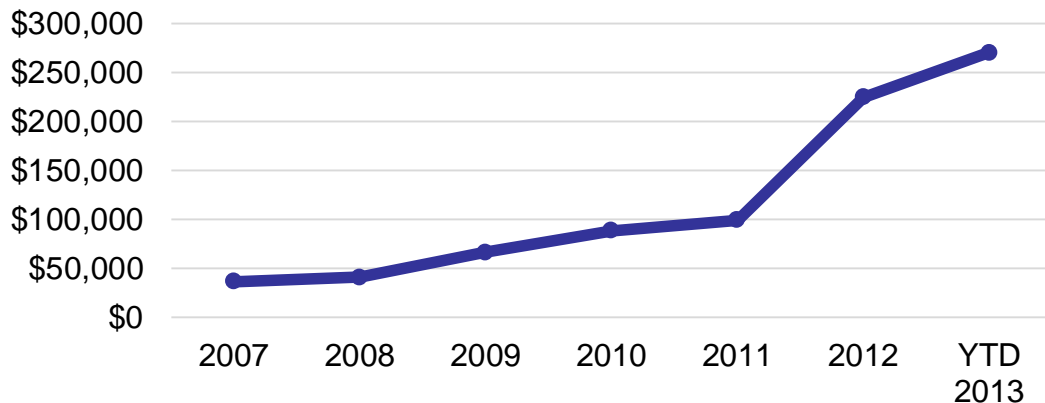


- ☆ Improving mix of earning asset revenue
- ☆ Commercial (CRE and C&I) interest income represents 50% of earning asset revenue, up from 16% in 2007

Source: VPF 10-Q for Q3 2013, Company Documents
Consumer loans includes consumer RE

Commercial Bank Transformation

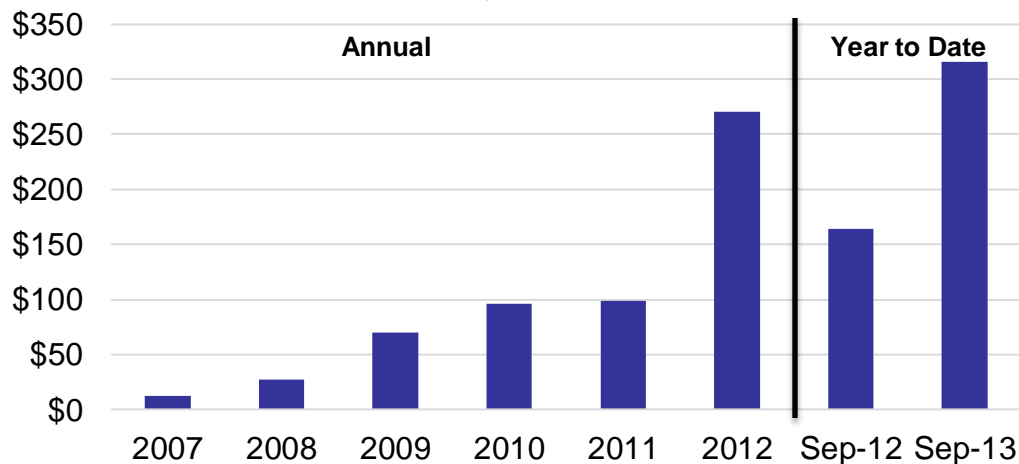
Commercial Deposits – Non-interest-bearing
(in thousands)



Significant growth in:

- ★ Commercial deposits
- ★ Treasury management fee income

Treasury Management Fees
Billed Analysis (in thousands)

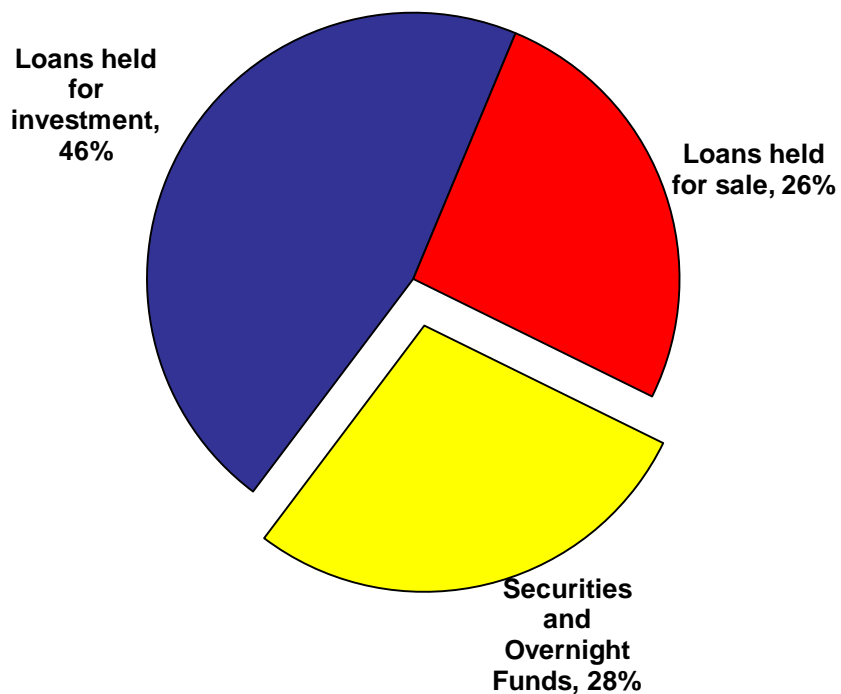


Source: VPFG 10-Q for Q3 2013, Company Documents

Earning Asset Mix

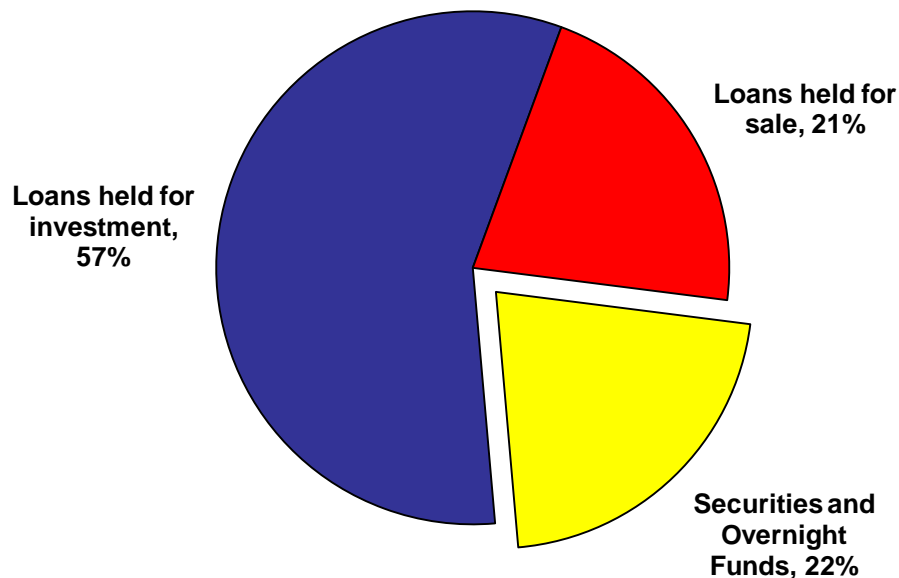
Average Earning Assets and Related Yields

September 30,
2012



Yield on earning assets: 4.34%

September 30,
2013

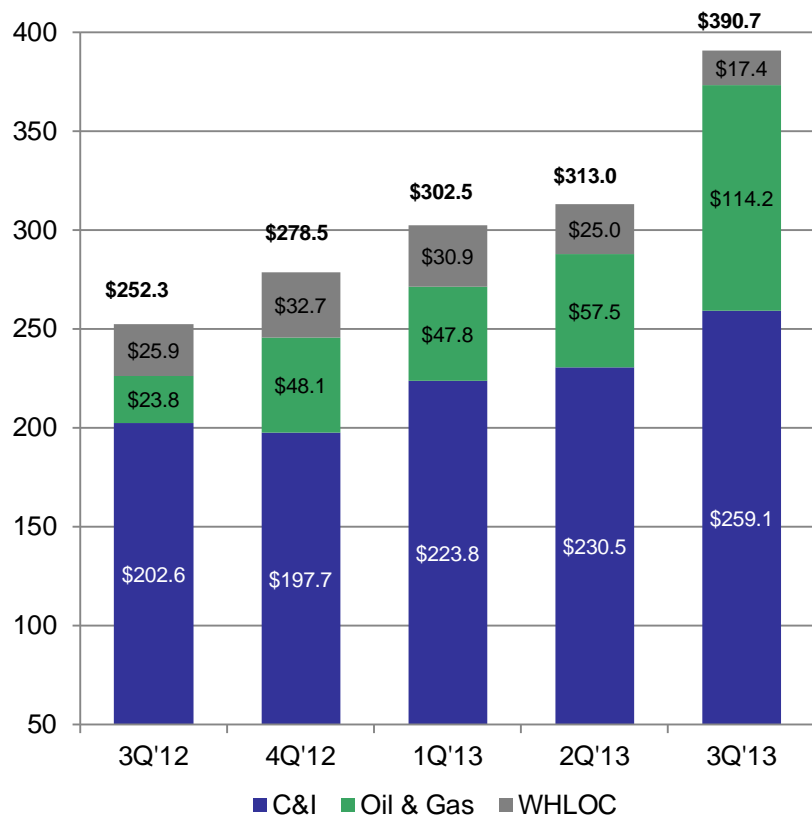


Yield on earning assets: 4.22%

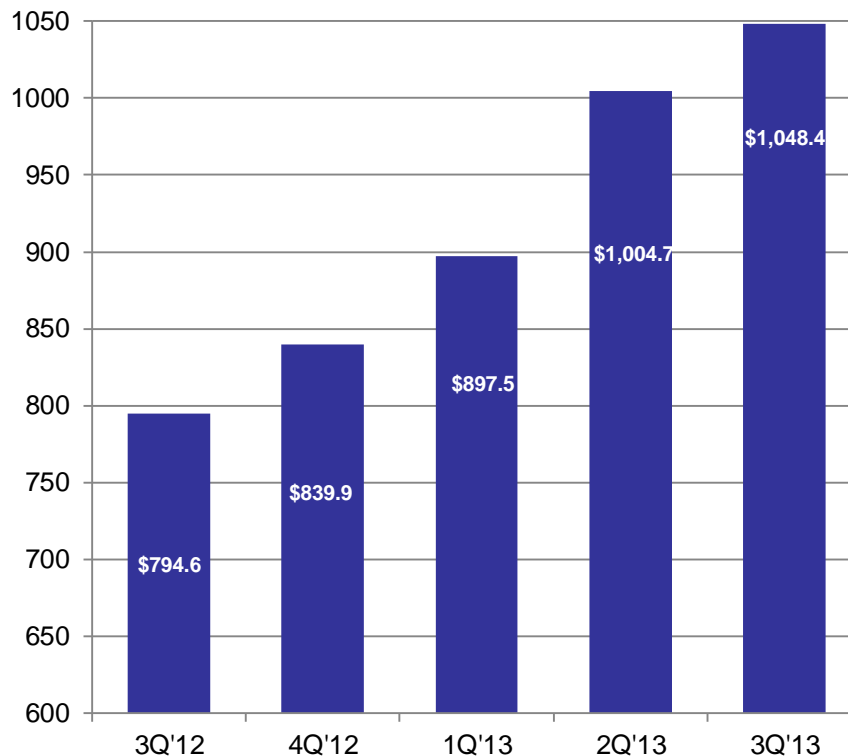
Source: VPFG 10-Q for Q3 2013, Company Documents

Strong Loan Growth

C&I Lending Growth (\$ in millions)



CRE Lending Growth (\$ in millions)



C&I and CRE increased a combined 9.2% (linked quarter)

Source: VPG 10-Q for Q3 2013; Company Documents

Oil and Gas Program

- ☆ In May 2013, the Company formed its Energy Finance group, which provides loans to oil and gas companies throughout the United States. Oil and gas loans, which are included in our commercial and industrial loan portfolio, totaled \$114.2 million at September 30, 2013, up from \$57.5 million at June 30, 2013.
- ☆ Lending focus: Reserve based transactions for development drilling, capital expenditures against oil and gas reserves, acquisition of oil and gas reserves
- ☆ 98% reserve secured and 2% midstream/other secured

Outstanding Oil and Gas Loan Balances

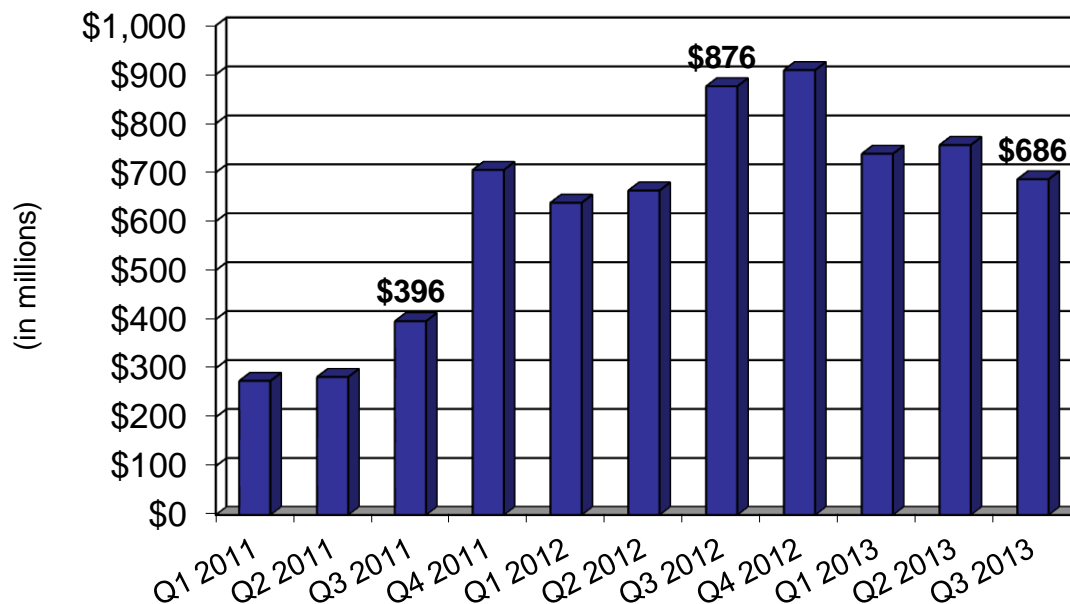


Source: VPFG 10-Q for Q3 2013; Company Documents

Warehouse Purchase Program

- ☆ Average balances decreased \$190 million, or 22%, from Q3 2012 to Q3 2013, and decreased \$70 million, or 9%, linked quarter
- ☆ Increased from 41 clients to 50 clients from Q3 2012 to Q3 2013
- ☆ For Q3 2013 mix was 77% purchase and 23% refinance
- ☆ Yield of 3.86% for Q3 2013

Average Warehouse Purchase Program Balances



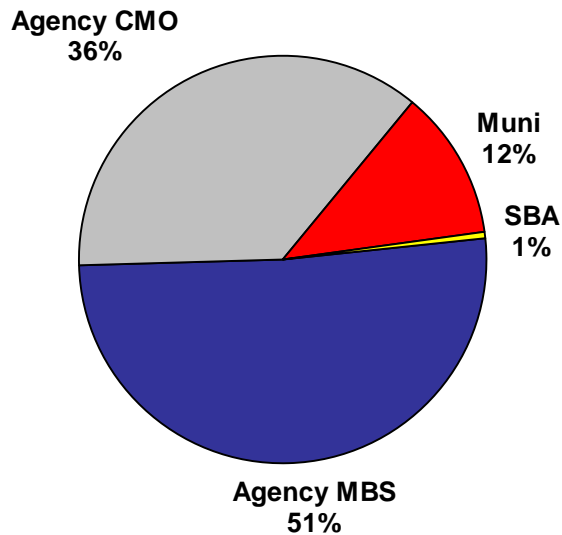
Source: VPFPG 10-Q for Q3 2013; Company Documents

Low Risk Investment Portfolio Mix

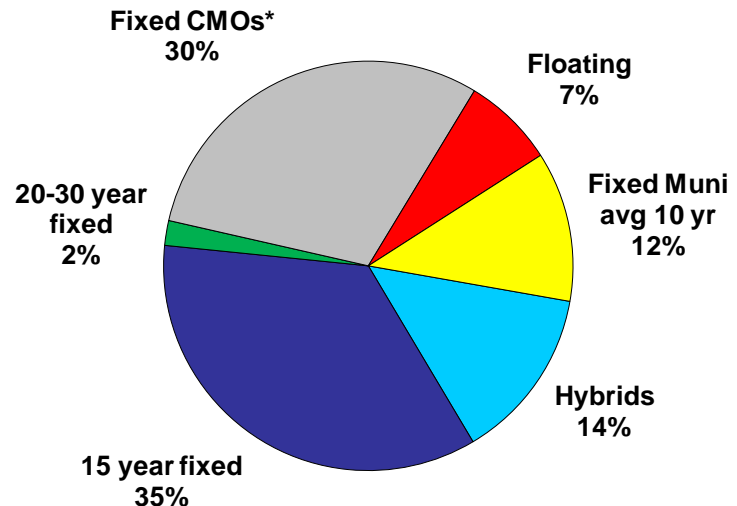
- ☆ Liquidity - \$16 million per month; 46.2% of portfolio is AFS
- ☆ Asset Liability Tool
- ☆ Short duration of 2.4 years
- ☆ Total portfolio of \$572 million with an average yield of 1.90%

Investment Mix¹

Investments by Type



Investments by Fixed and Adjustable



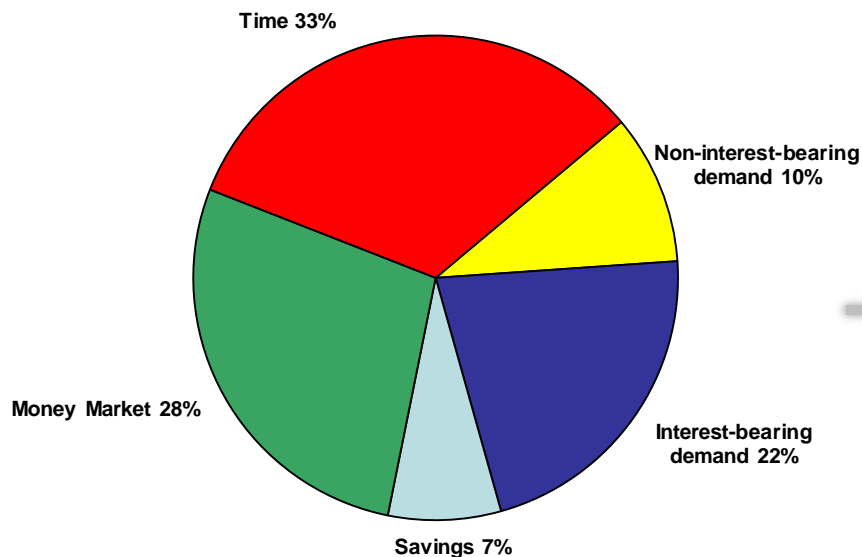
¹ Excludes FHLB and FRB stock

* Weighted average life of CMO is 2.55 years

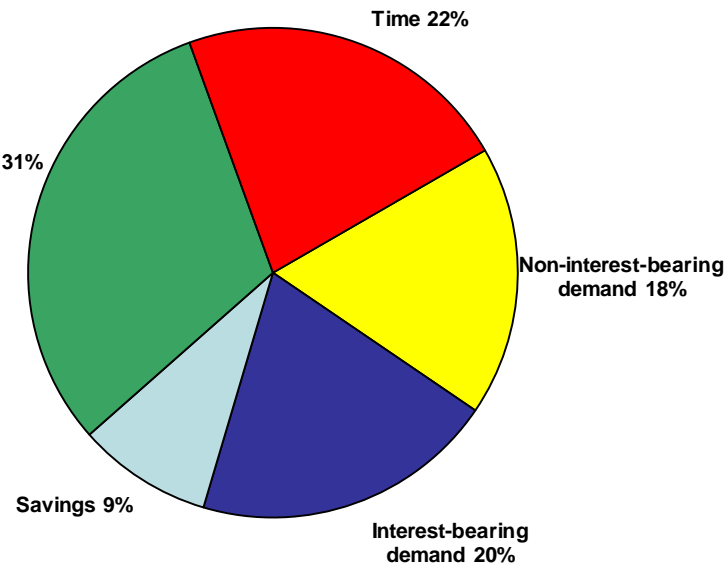
Source: VPFG 10-Q for Q3 2013; Company Documents

Mix of Deposits

Deposit composition as of December 31, 2010



Deposit composition as of September 30, 2013

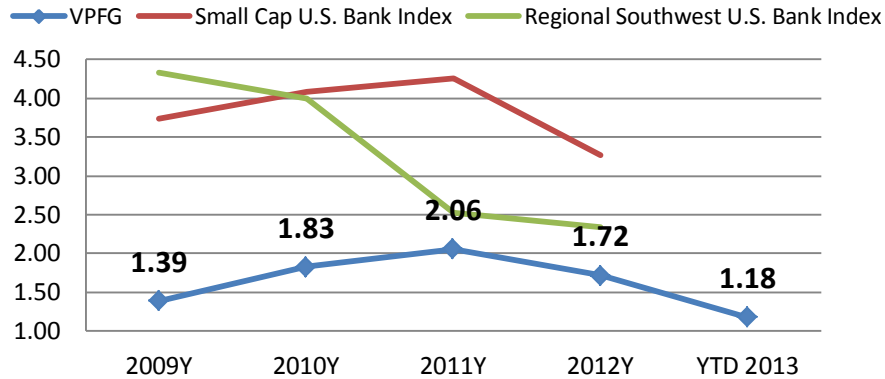


- ☆ Commercial transformation improving mix of deposits
- ☆ Non-interest-bearing mix increased from 10% to 18%
- ☆ Quarterly cost of deposits declined from 1.42% to 0.44%

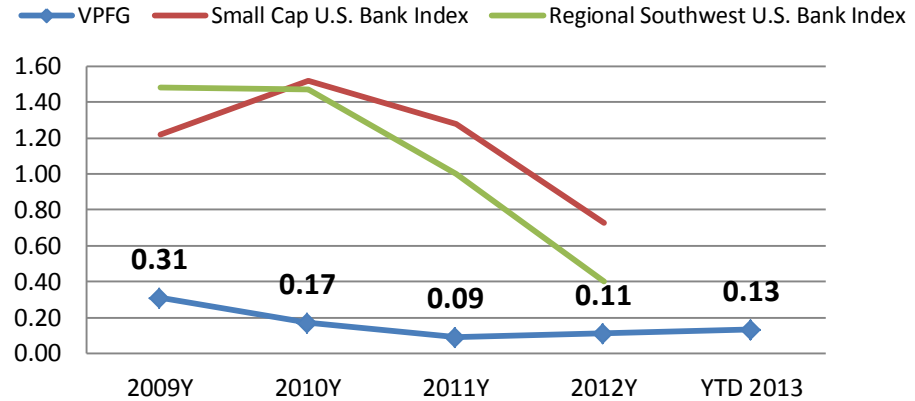
Source: VPGF 10-Q for Q3 2013, company documents

Strong Credit Quality

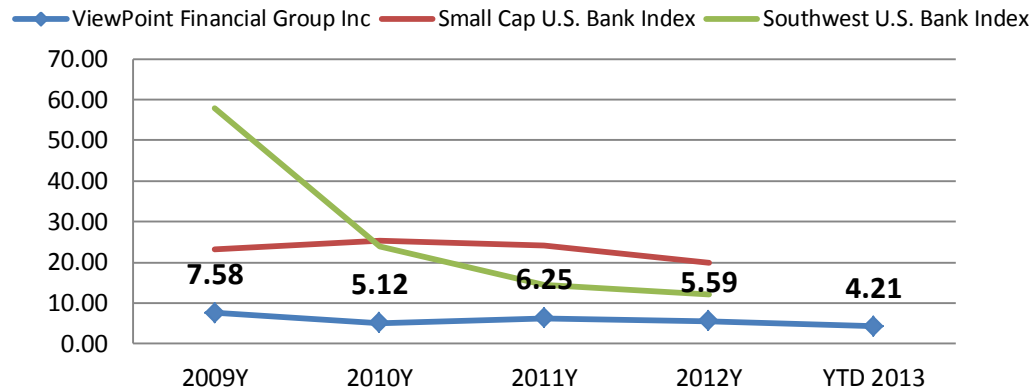
NPAs / Loans + OREO (1)



Net Charge Offs/ Average Loans



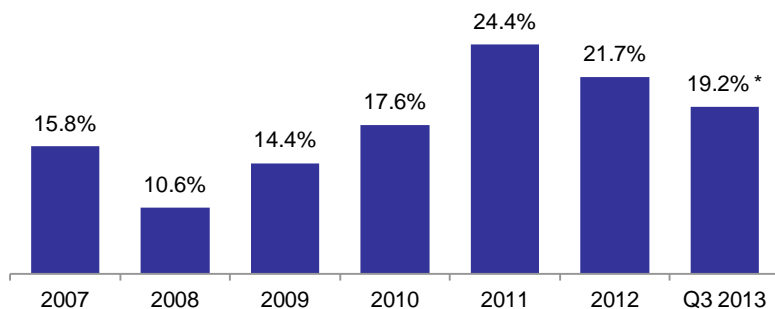
NPA/ Equity



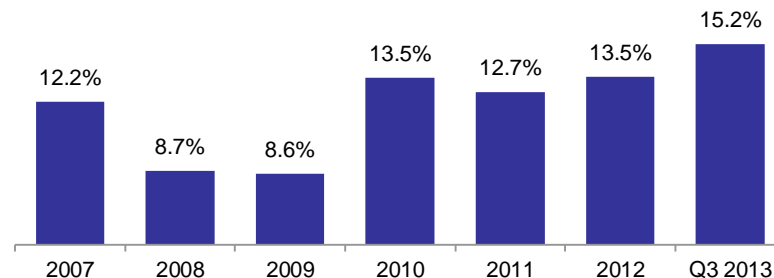
(1) Loans represent VPFG loans held for investment
Source: Company documents; SNL Financial

Robust Capital

Tier 1 capital



TCE / TA



Capital deployment alternatives

- ☆ Continued organic loan growth
- ☆ Dividends – Announced \$0.12 per share, up 20% from prior quarter
- ☆ Share repurchase; 83,800 repurchased in 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 September 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

Appendix

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

(Dollar amounts in thousands)

Total GAAP equity	\$540,089
Less: goodwill	(29,650)
Less: identifiable intangible assets, net	(1,365)
Total tangible equity	<hr/> \$509,074
Total GAAP assets	\$3,383,607
Less: goodwill	(29,650)
Less: identifiable intangible assets, net	(1,365)
Total tangible assets	<hr/> \$3,352,592
GAAP Equity to Total Assets	15.96%
TCE to TA	15.18%
Shares outstanding at September 30, 2013	39,951,884
TCE per Share	\$12.74

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

	Three Months Ended									
	9/30/2013	6/30/2013	3/31/2013	12/31/2012	9/30/2012	6/30/2012	3/31/2012	12/31/2011	9/30/2011	
GAAP net income	\$ 8,212	\$ 8,174	\$ 8,058	\$ 10,361	\$ 11,316	\$ 6,492	\$ 7,072	\$ 9,774	\$ 5,143	
Highlands acquisition costs	-	-	-	-	158	2,432	93	306	-	
Costs relating to sale of VPM	-	-	-	-	(4)	88	-	-	-	
One time payroll and severance costs	39	260	-	-	238	525	14	-	-	
One time (gain) loss on assets	(27)	-	(511)	(252)	(70)	(1,040)	9	(97)	(17)	
Goodwill impairment	-	-	-	-	-	532	-	-	-	
(Gain) loss on sale of AFS securities	-	-	115	-	(584)	(75)	-	(1,854)	-	
Core (non-GAAP) income	\$ 8,224	\$ 8,434	\$ 7,662	\$ 10,109	\$ 11,054	\$ 8,954	\$ 7,188	\$ 8,129	\$ 5,126	
Core (non-GAAP) basic and diluted EPS	\$ 0.22	\$ 0.22	\$ 0.20	\$ 0.27	\$ 0.30	\$ 0.24	\$ 0.23	\$ 0.26	\$ 0.16	
GAAP EPS	\$ 0.22	\$ 0.21	\$ 0.21	\$ 0.28	\$ 0.30	\$ 0.17	\$ 0.22	\$ 0.31	\$ 0.16	
Average shares for basic EPS	37,594,701	37,545,050	37,529,793	37,460,539	37,362,535	37,116,322	31,545,748	31,617,219	32,468,640	