LegacyTexas
FINANCIAL GROUP, INC.™

First Quarter 2017
Investor Presentation

April 19, 2017

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 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
- 36+ 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
- 24+ years of Texas banking experience

Key franchise highlights

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 20 companies on the 2016 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 of $18.2 million included higher net interest income compared to Q4 2016, despite a linked-quarter drop in Warehouse Purchase Program volume • GAAP efficiency ratio of 44.83% improved from 45.79% for Q4 2016 [3], which included nearly flat non-interest expense • Loans grew $199.8 million[4] from Q4 2016 • GAAP basic EPS of $0.39, core (non-GAAP) EPS of $0.37 [3]
Asset quality	• Provision expense of $22.3 million included a $16.4 million charge-off of our interest in a large syndicated credit • Total criticized and classified loans down $76.4 million from Q4 2016, including a $62.1 million decline in criticized and classified energy loans • Non-performing loans down $4.0 million from Q4 2016
Capital	*Profitability levered excess capital while maintaining strong capital levels* • TCE / TA[3]: 8.7% • Estimated Tier 1 common risk-based capital[5]: 9.29%

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 2016Q3)
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

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First quarter highlights

($ in millions except for per share data)

	Quarter ended				
	March 31, 2016	December 31, 2016	March 31, 2017	Linked Q Δ	YOY Δ
Selected balance sheet data					
Gross loans held for investment[1]	$ 5,269.3	$ 6,065.4	$ 6,265.3	3.3 %	18.9 %
Total deposits	5,302.8	6,365.5	6,379.6	0.2 %	20.3 %
Selected profitability data					
Net interest income	$ 65.4	$ 74.1	$ 76.5	3.3 %	17.1 %
NIM	3.90%	3.68%	4.00%	32bps	10bps
Non-interest income	$ 14.7	$ 12.3	$ 12.1	(1.2)%	(17.2)%
Non-interest expense	37.5	39.5	39.8	0.5 %	5.9 %
Net income	22.1	25.3	18.2	(28.1)%	(17.6)%
Core net income[2]	19.6	25.3	17.3	(31.5)%	(11.3)%
Basic EPS	0.48	0.54	0.39	(27.8)%	(18.8)%
Core EPS[2]	0.42	0.55	0.37	(32.7)%	(11.9)%

Source: Company Documents
1 Excludes Warehouse Purchase Program loans
2 See the section labeled "Supplemental Information- Non-GAAP Financial Measures"

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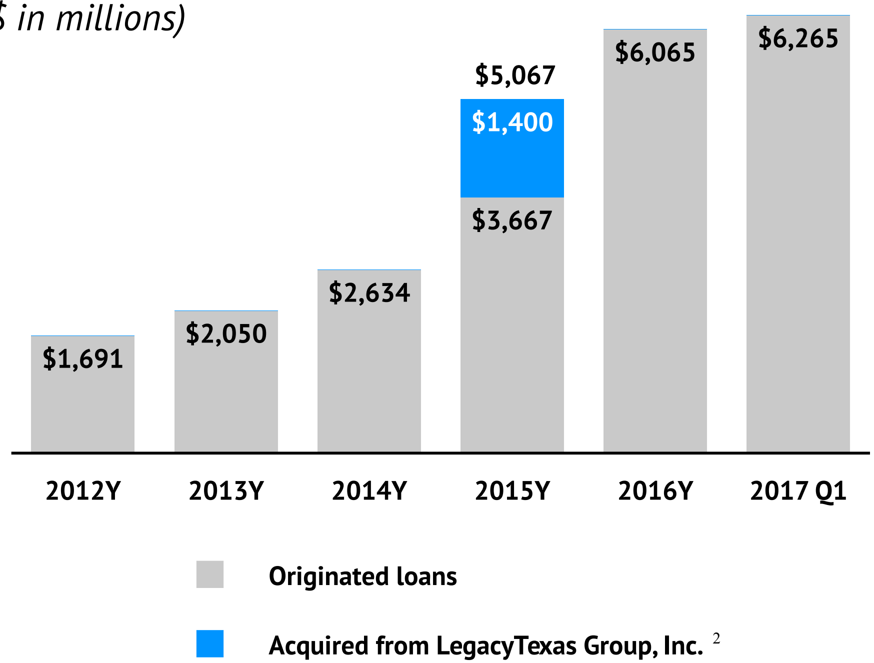
Commercially focused loan portfolio

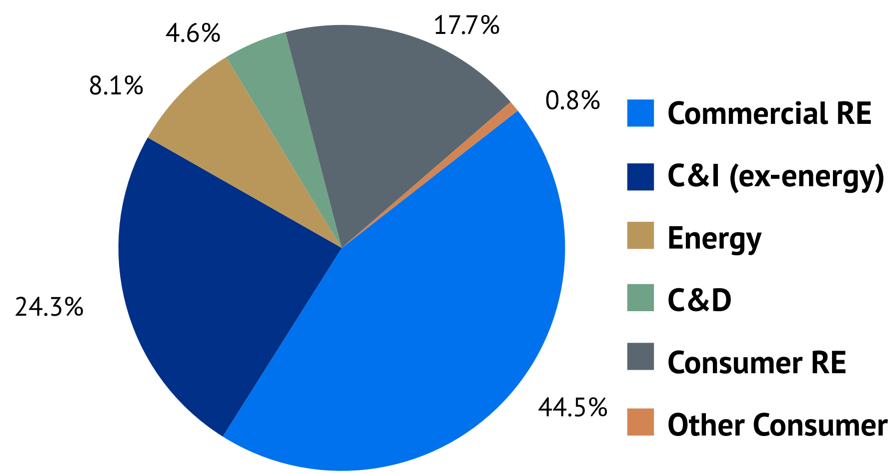
Gross loans held for investment at March 31, 2017, excluding Warehouse Purchase Program loans, grew $199.8 million from December 31, 2016. Commercial real estate and commercial and industrial loans at March 31, 2017 increased by $116.0 million and $57.2 million, respectively, from December 31, 2016, and consumer real estate loans increased by $34.5 million for the same period.

Total Loans HFI[1]

($ in millions)



As of March 31, 2017[1]



Quarterly yield on loans held for investment[1]: 5.15%

Source: Company Documents

1 Excludes Warehouse Purchase Program loans

2 Represents balance acquired on January 1, 2015

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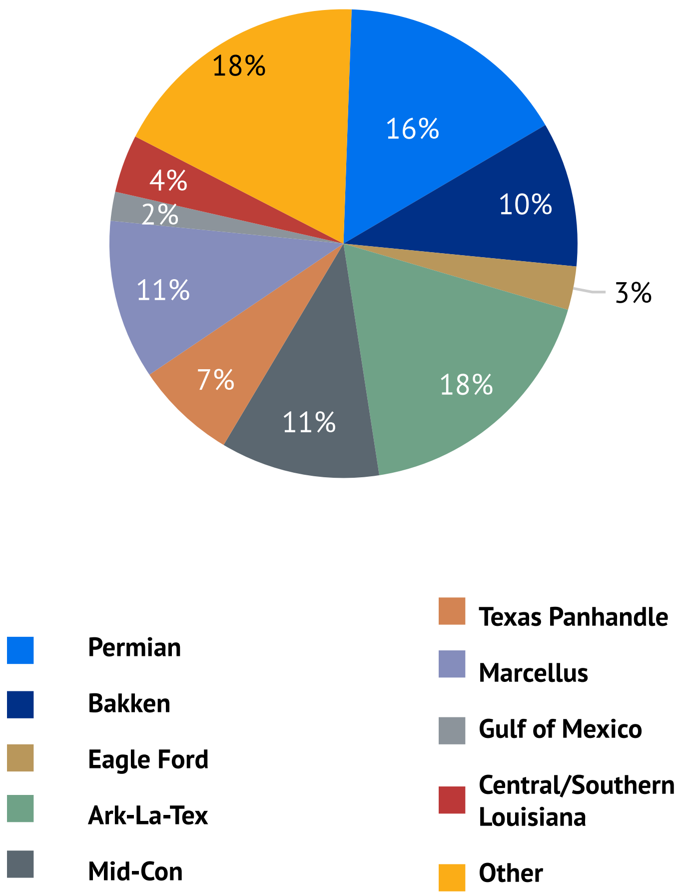
Energy lending

- Reserve-based energy portfolio at March 31, 2017 consisted of 50% crude oil reserves and 50% natural gas reserves
- At March 31, 2017, 51 reserve-based borrowers and 4 midstream borrowers
- $400 million, or 73%, 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

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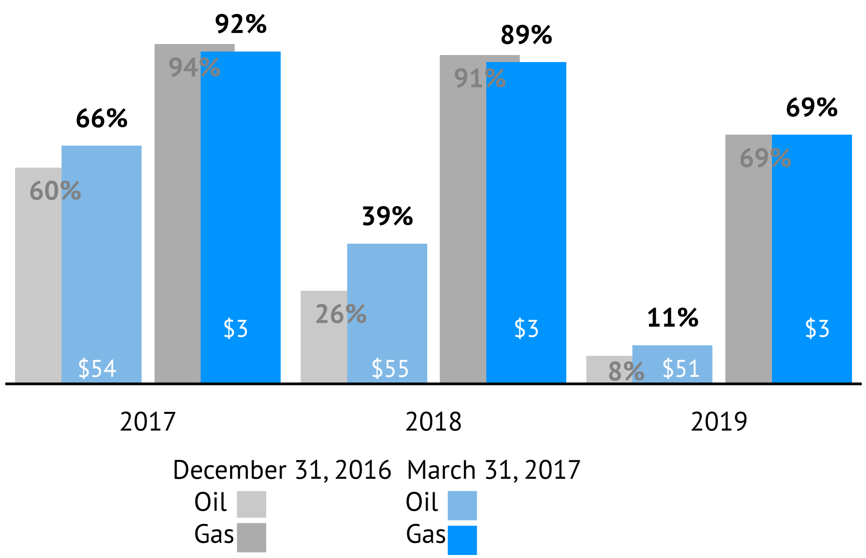
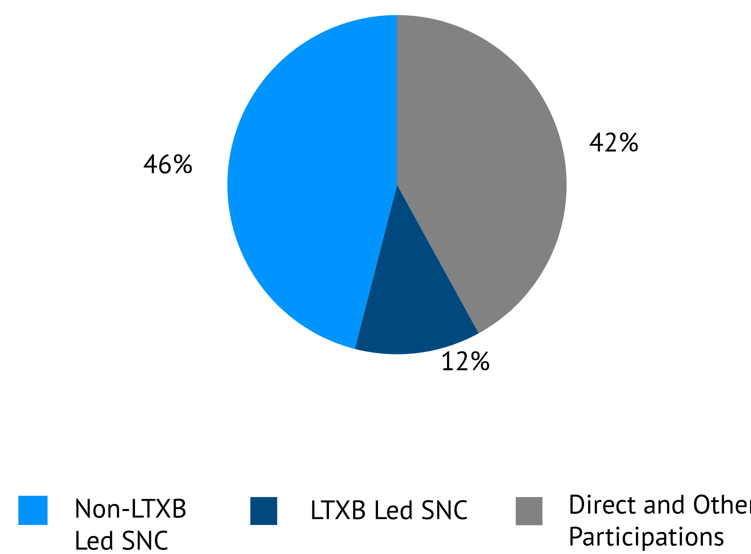
Energy lending

- Reserve-based loans are almost exclusively first liens, with only a $5 million commitment to a 2nd lien facility at March 31, 2017
- No unsecured commitments/exposure
- At March 31, 2017, only $2.1 million in outstanding loans to oil field service companies, of which $561,000 are rated substandard

Hedging Percentages at March 31, 2017 compared to December 31, 2016 with March 31, 2017 Weighted Average Prices[1]



SNC Breakout of Reserve-Based Energy Loans



[1] % of engineered PDP volumes
Source: Company documents for loans managed by Energy Finance group

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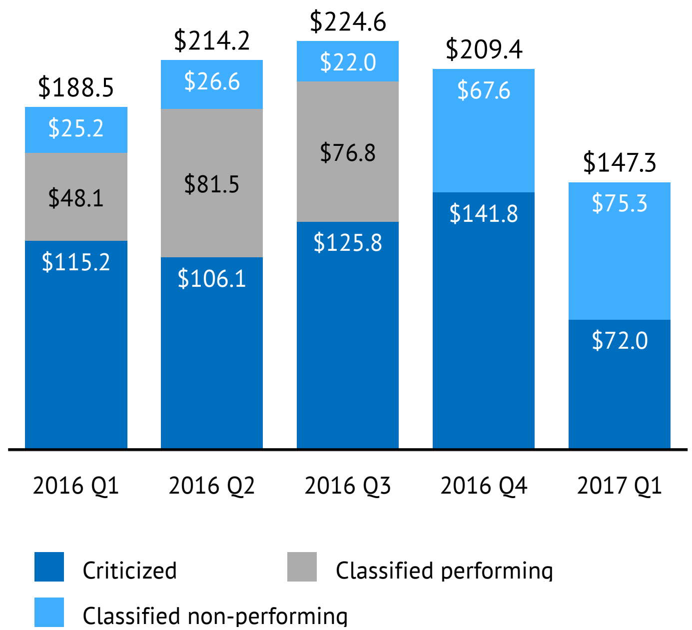
Energy lending

The allowance for loan losses allocated to energy loans at March 31, 2017 totaled $18.7 million, or 3.4% of total energy loans (including both reserve-based and midstream), down $566,000 from $19.2 million at December 31, 2016. All non-performing energy loans were current on payments at March 31, 2017.

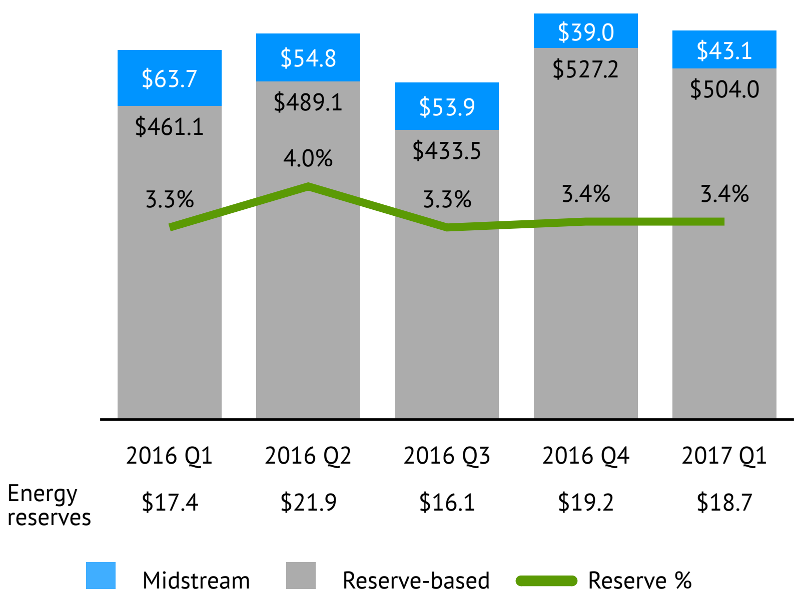
Criticized and classified energy loans

($ in millions)



Outstanding loan balances and related loan loss reserves

($ in millions)



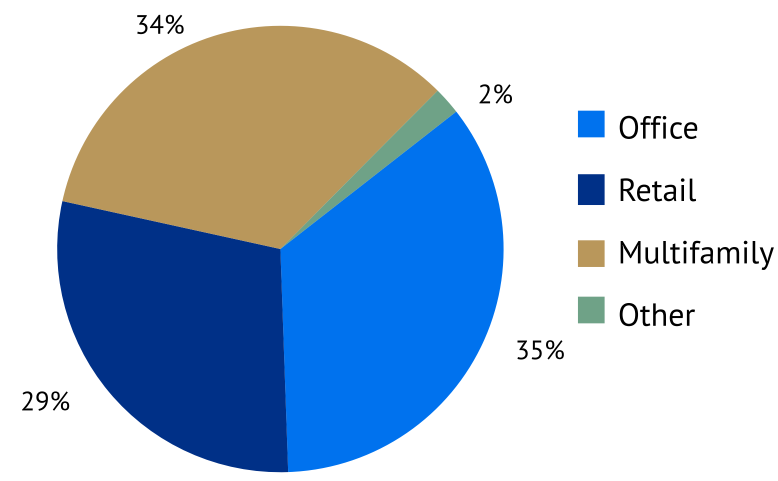
Source: Company documents

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 $57-$125 with average of $93
- 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
Outstanding Balance at March 31, 2017	$ 474,478	$ 84,079	$ 390,399
% of Houston CRE Portfolio		18%	82%
Weighted Average Debt Service Coverage	1.59X	1.56X	1.59X
Weighted Average Yield on Debt	10.76%	10.53%	10.81%

Collateral Mix of Houston Portfolio



Source: Company Documents

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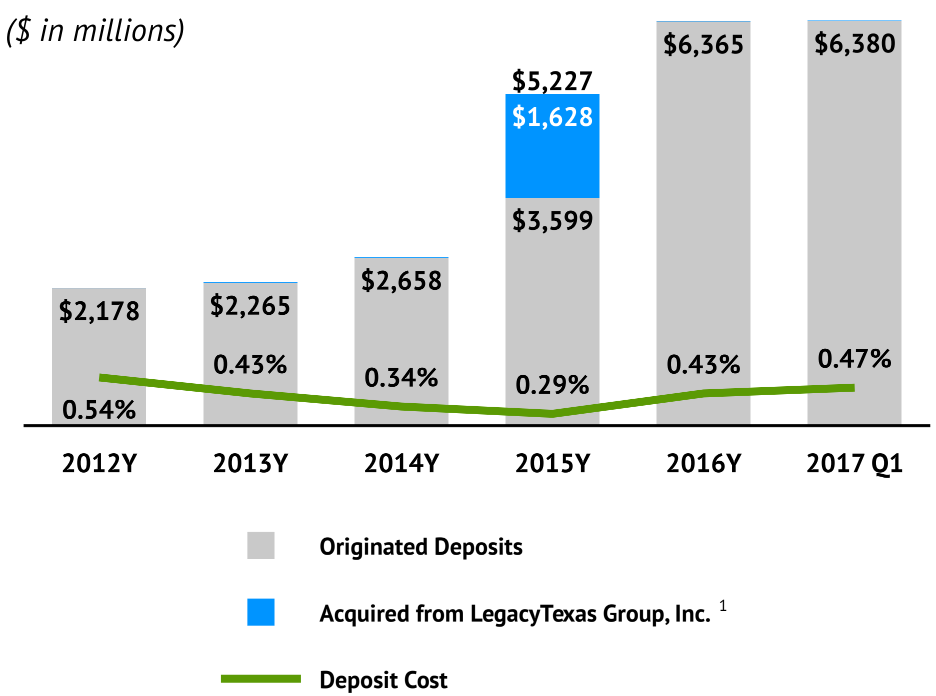
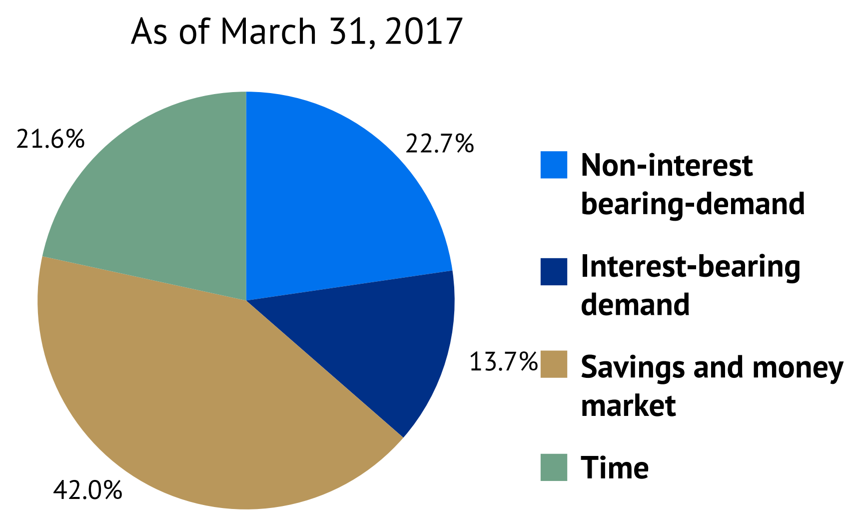
Core funded, low cost deposit base

Total deposits at March 31, 2017 increased by $14.2 million from December 31, 2016, with non-interest-bearing demand deposits increasing by $65.7 million and time deposits increasing by $9.5 million on a linked-quarter basis. These increases were partially offset by declines in savings and money market and interest-bearing demand balances, which decreased by $30.8 million and $30.2 million, respectively, on a linked-quarter basis.

Total Deposits





Cost of deposits: 0.47%

Source: Company Documents
[1] Represents balance acquired on January 1, 2015

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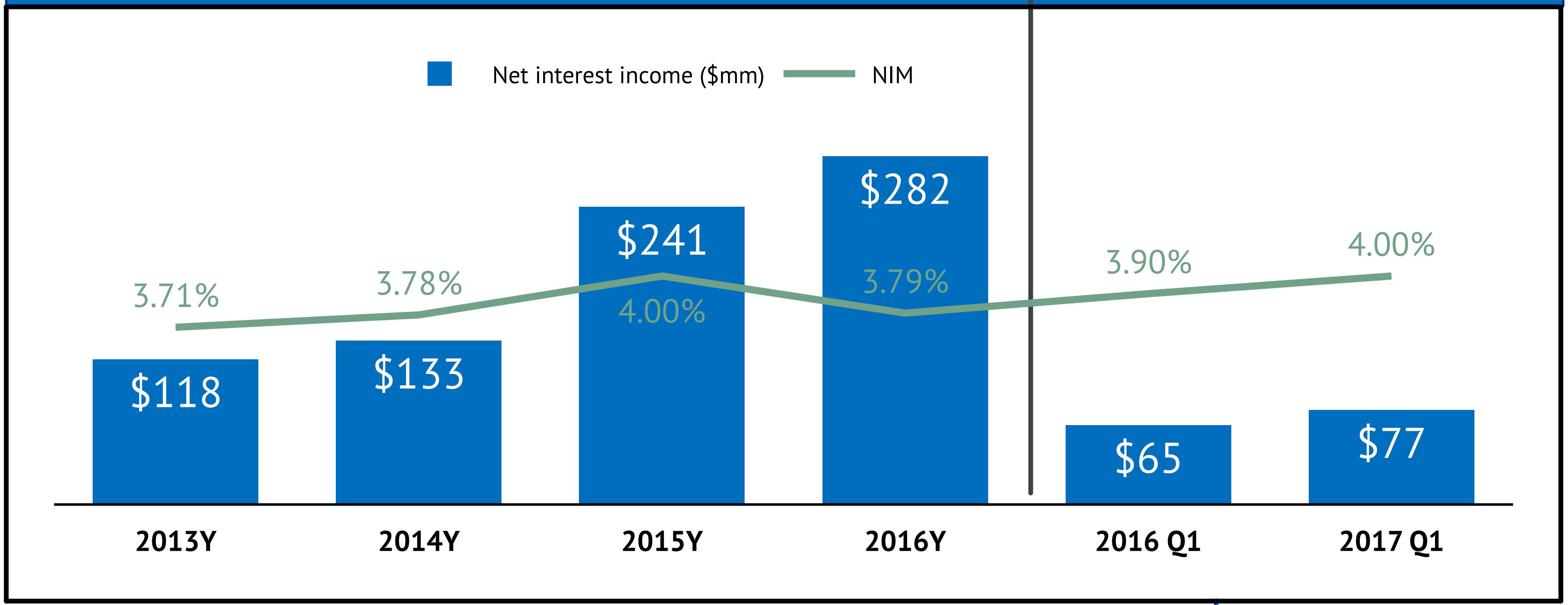
Solid net interest income growth

- Net interest income for Q1 2017, which increased by $2.5 million from Q4 2016 and by $11.2 million from Q1 2016, was positively impacted by $4.7 million of a purchased energy loan discount that was amortized during the quarter, as well as $943,000 in accretion of purchase accounting fair value adjustments on acquired loans.

- Net interest margin for Q1 2017 was 4.00%, a 32 basis point increase from Q4 2016 and a ten basis point increase from Q1 2016.

Net interest income and NIM



Source: Company Documents

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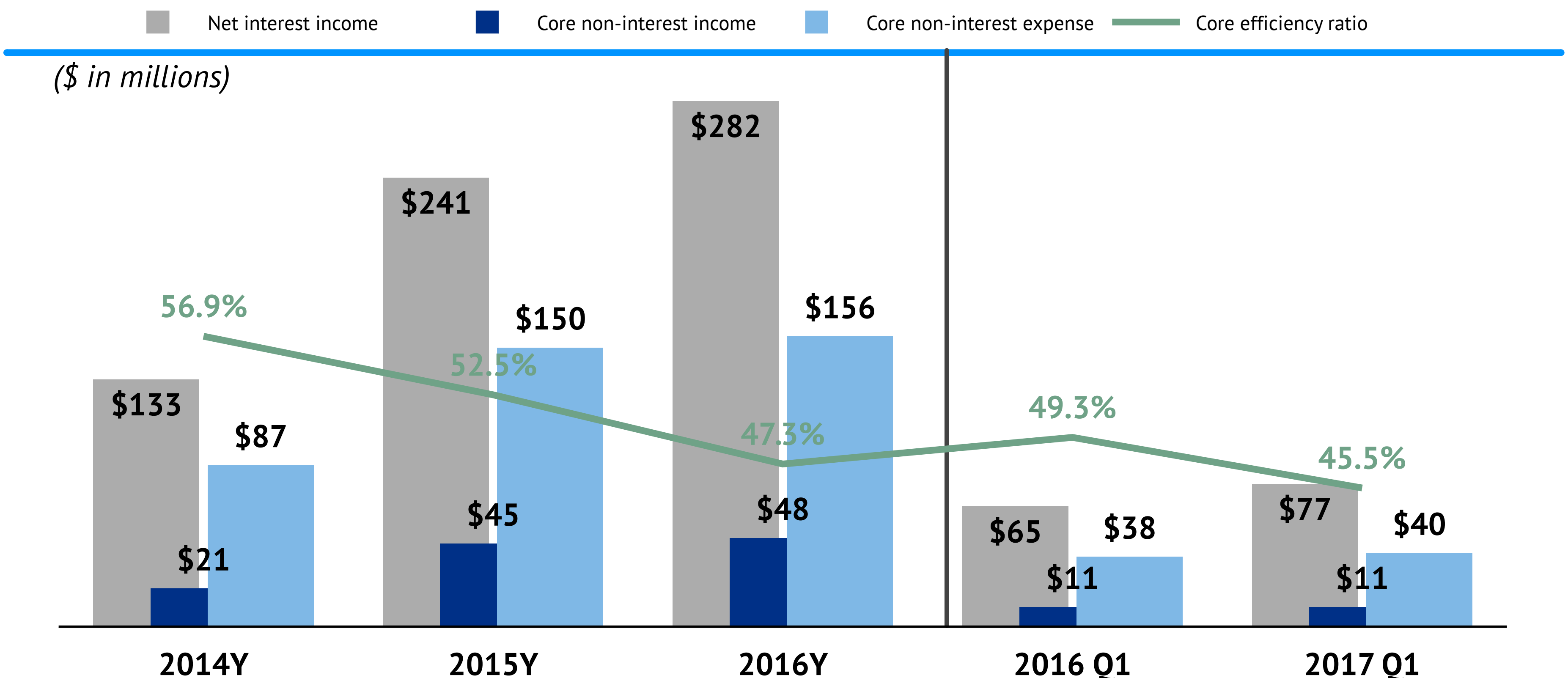
Disciplined expense management

- Core efficiency ratio improved to 45.50%, compared to 45.79% for the fourth quarter of 2016 and 49.32% for the first quarter of 2016.
- Core non-interest income decreased by $1.5 million from the linked quarter and increased by $62,000 year-over-year. Non-interest expense increased by $204,000 from the fourth quarter of 2016 and increased by $2.2 million from the first quarter of 2016.



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.

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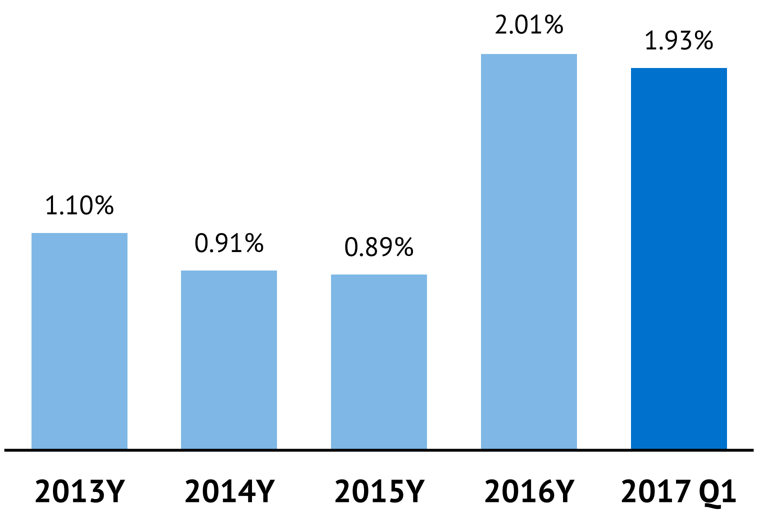
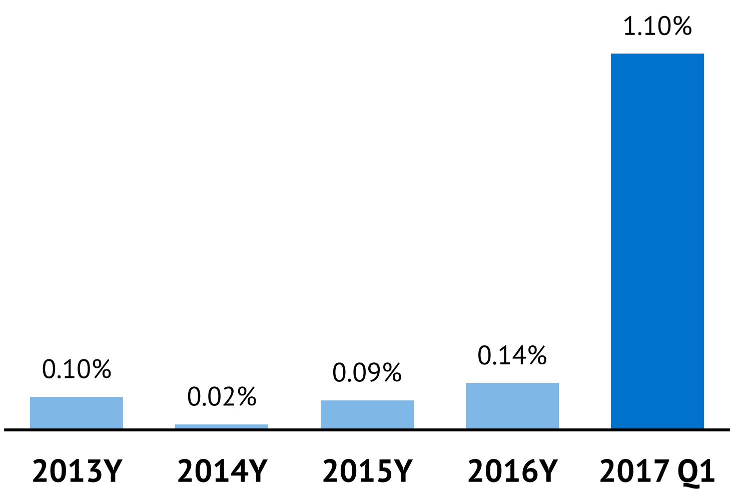
Asset quality

Q1 2017 net charge-offs totaled $16.6 million, which includes a $16.4 million charge-off on the sale of a note at a deep discount after the borrower experienced liquidity constraints that challenged its ongoing viability. This relationship that was charged-off was part of the Company's corporate healthcare finance portfolio, which is reported on the balance sheet as commercial and industrial loans and totaled $59.7 million at March 31, 2017.

NPAs / loans HFI[1] + OREO



NCOs / average loans HFI[1]



Source: Company documents
[1] Held for investment, excluding Warehouse Purchase Program loans

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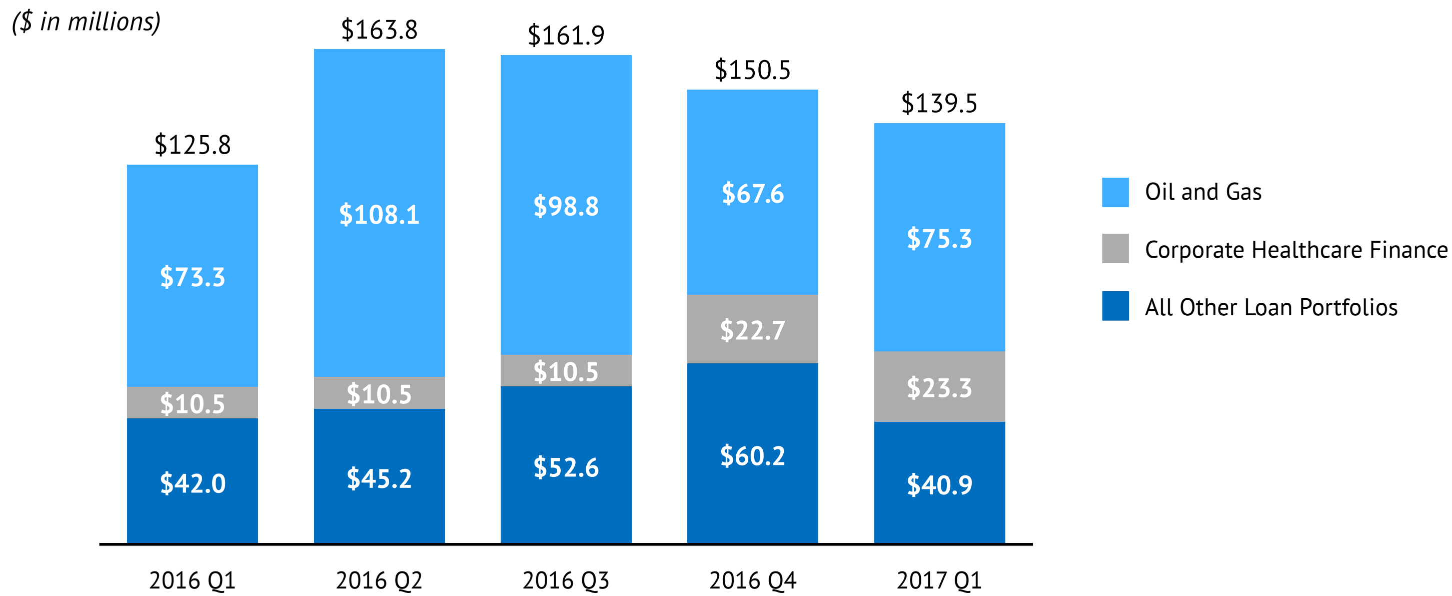
Asset quality

- Outside of the energy and corporate healthcare finance portfolios, asset quality across the Bank's other loan portfolios continues to improve.
- Total non-performing loans down $4.0 million from Q4 2016, with only $13.0 million, or 12%, of total NPLs past due at March 31, 2017.

Total Classified Assets (including foreclosed assets)



Source: Company documents

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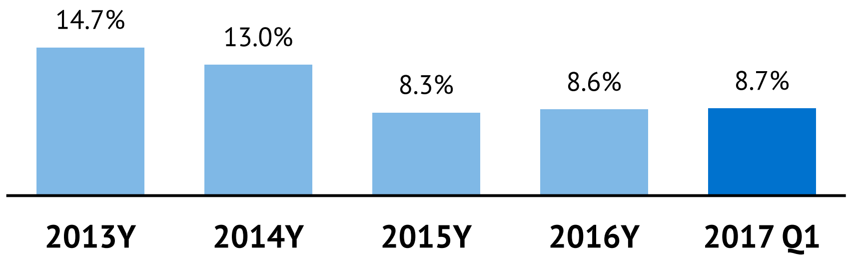
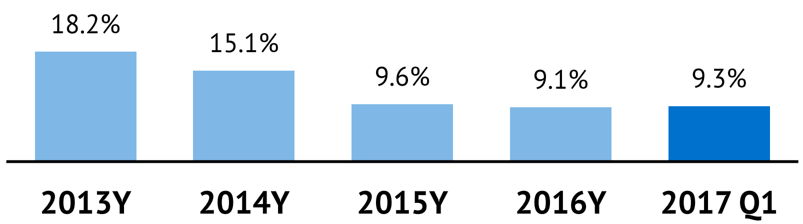
Prudent capital management

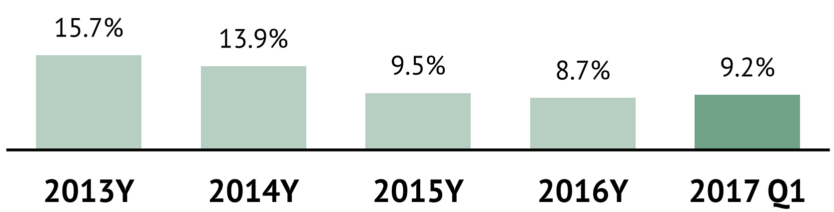
TCE / TA[1]



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

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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

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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

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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				
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
	(Dollars in thousands, except per share amounts)				
GAAP net income available to common shareholders [1]	$ 18,111	$ 25,174	$ 27,084	$ 23,114	$ 21,954
Distributed and undistributed earnings to participating securities [1]	79	131	133	103	128
Net (gain) on sale of insurance subsidiary operations	–	–	–	(39)	–
(Gain) loss on sale of branch locations and land	(847)	–	–	–	(2,529)
Loss on sale of FHA loan portfolio	–	–	969	–	–
Core (non-GAAP) net income	$ 17,343	$ 25,305	$ 28,186	$ 23,178	$ 19,553
Average shares for basic earnings per share	46,453,658	46,346,053	46,227,734	46,135,999	46,024,250
GAAP basic earnings per share	$ 0.39	$ 0.54	$ 0.59	$ 0.50	$ 0.48
Core (non-GAAP) basic earnings per share	0.37	0.55	0.61	0.50	0.42
Average shares for diluted earnings per share	47,060,306	46,873,215	46,546,532	46,352,141	46,152,301
GAAP diluted earnings per share	$ 0.38	$ 0.54	$ 0.58	$ 0.50	$ 0.48
Core (non-GAAP) diluted earnings per share	0.37	0.54	0.61	0.50	0.42

	At or For the Year Ended				
	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
GAAP net income available to common shareholders [1]	$ 97,324	$ 70,382	$ 30,942	$ 31,294	$ 35,135
Distributed and undistributed earnings to participating securities [1]	497	534	336	394	106
Merger and acquisition costs	–	1,009	7,071	431	2,621
Net (gain) on sale of insurance subsidiary operations	(39)	–	–	–	–
(Gain) loss on sale of branch locations and land	(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	777
Costs relating to sale of ViewPoint Mortgage	–	–	–	–	227
Goodwill impairment	–	–	–	–	532
Core (non-GAAP) net income	$ 96,222	$ 71,856	$ 38,583	$ 32,555	$ 39,398
Average shares for basic earnings per share	46,184,074	45,847,284	37,919,065	37,589,548	35,879,704
GAAP basic earnings per share	$ 2.11	$ 1.54	$ 0.82	$ 0.83	$ 0.98
Core (non-GAAP) basic earnings per share	2.08	1.57	1.02	0.87	1.10
Average shares for diluted earnings per share	46,484,967	46,125,447	38,162,094	37,744,786	35,998,345
GAAP diluted earnings per share	$ 2.09	$ 1.53	$ 0.81	$ 0.83	$ 0.98
Core (non-GAAP) diluted earnings per share	2.07	1.56	1.01	0.86	1.09

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.

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Supplemental Information – Non-GAAP Financial Measures (unaudited)

	At or For the Quarter Ended				
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 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	$ 12,130	$ 12,277	$ 11,277	$ 13,722	$ 14,655
Net (gain) on sale of insurance subsidiary operations	—	—	—	(1,181)	—
(Gain) loss on sale of branch locations and land	(1,304)	—	—	—	(3,891)
Loss on sale of FHA loan portfolio	—	—	1,491	—	—
Core (non-GAAP) non-interest income	$ 10,826	$ 12,277	$ 12,768	$ 12,541	$ 10,764
Reconciliation of Core (non-GAAP) to GAAP Efficiency Ratio (gross of tax):					
GAAP efficiency ratio:					
Non-interest expense	$ 39,752	$ 39,548	$ 39,674	$ 39,613	$ 37,542
Net interest income plus non-interest income	88,678	86,361	84,757	83,076	80,006
Efficiency ratio- GAAP basis	44.83%	45.79%	46.81%	47.68 %	46.92%
Core (non-GAAP) efficiency ratio:					
GAAP non-interest expense	$ 39,752	$ 39,548	$ 39,674	$ 39,613	$ 37,542
Net interest income plus core (non-GAAP) non-interest income	87,374	86,361	86,248	81,895	76,115
Efficiency ratio- core (non-GAAP) basis	45.50%	45.79%	46.00%	48.37%	49.32%

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Supplemental Information – Non-GAAP Financial Measures (unaudited)

	At or For the Year Ended December 31,		
	2016	2015	2014
Reconciliation of Core (non-GAAP) to GAAP Non-Interest Income and Expense (gross of tax):			
GAAP non-interest income	$ 51,931	$ 44,815	$ 20,743
Net (gain) on sale of insurance subsidiary operations	(1,181)	–	–
(Gain) loss on sale of branch locations and land	(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	$ 48,350	$ 44,708	$ 20,743
GAAP non-interest expense	$ 156,377	$ 151,555	$ 98,092
Merger and acquisition costs	–	(1,553)	(10,291)
One-time payroll and severance costs	–	–	(360)
Core (non-GAAP) non-interest expense	$ 156,377	$ 150,002	$ 87,441
Reconciliation of Core (non-GAAP) to GAAP Efficiency Ratio (gross of tax):			
Net interest income	$ 282,269	$ 241,077	$ 133,007
GAAP efficiency ratio:			
Non-interest expense	$ 156,377	$ 151,555	$ 98,092
Net interest income plus non-interest income	334,200	285,892	153,750
Efficiency ratio- GAAP basis	46.79%	53.01%	63.80%
Core (non-GAAP) efficiency ratio:			
Core (non-GAAP) non-interest expense	$ 156,377	$ 150,002	$ 87,441
Net interest income plus core (non-GAAP) non-interest income	330,619	285,785	153,750
Efficiency ratio- core (non-GAAP) basis	47.30 %	52.49%	56.87%

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Supplemental Information – Non-GAAP Financial Measures (unaudited)

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

	At or For the Quarter Ended				
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Calculation of Tangible Book Value per share:	(Dollars in thousands, except per share amounts)				
Total shareholders' equity	$ 899,917	$ 885,365	$ 866,845	$ 843,304	$ 823,052
Less: Goodwill	(178,559)	(178,559)	(178,559)	(178,559)	(180,776)
Less: Identifiable intangible assets, net	(585)	(665)	(752)	(838)	(924)
Total tangible shareholders' equity	$ 720,773	$706,141	$687,534	$663,907	$641,352
Shares outstanding at end of period	47,940,133	47,876,198	47,773,160	47,670,440	47,645,826
Book value per share- GAAP	$ 18.77	$ 18.49	$ 18.15	$ 17.69	$ 17.27
Tangible book value per share- Non-GAAP	15.03	14.75	14.39	13.93	13.46
Calculation of Tangible Equity to Tangible Assets:					
Total assets	$ 8,436,542	$ 8,362,255	$ 8,440,010	$ 8,057,005	$ 7,562,126
Less: Goodwill	(178,559)	(178,559)	(178,559)	(178,559)	(180,776)
Less: Identifiable intangible assets, net	(585)	(665)	(752)	(838)	(924)
Total tangible assets	$ 8,257,398	$ 8,183,031	$ 8,260,699	$ 7,877,608	$ 7,380,426
Equity to assets- GAAP	10.67%	10.59%	10.27%	10.47%	10.88%
Tangible equity to tangible assets- Non-GAAP	8.73%	8.63%	8.32%	8.43%	8.69%

	At or For the Year Ended			
	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Calculation of Tangible Book Value per share:				
Total shareholders' equity	$ 804,076	$ 568,223	$ 544,460	$ 520,871
Less: Goodwill	(180,776)	(29,650)	(29,650)	(29,650)
Less: Identifiable intangible assets, net	(1,030)	(813)	(1,239)	(1,653)
Total tangible shareholders' equity	$ 622,270	$ 537,760	$ 513,571	$ 489,568
Shares outstanding at end of period	47,645,826	40,014,851	39,938,816	39,612,911
Book value per share- GAAP	$ 16.88	$ 14.20	$ 13.63	$ 13.15
Tangible book value per share- Non-GAAP	13.06	13.44	12.86	12.36
Calculation of Tangible Equity to Tangible Assets:				
Total assets	$ 7,691,940	$ 4,164,114	$ 3,525,232	$ 3,663,058
Less: Goodwill	(180,776)	(29,650)	(29,650)	(29,650)
Less: Identifiable intangible assets, net	(1,030)	(813)	(1,239)	(1,653)
Total tangible assets	$ 7,510,134	$ 4,133,651	$ 3,494,343	$ 3,631,755
Equity to assets- GAAP	10.45%	13.65%	15.44%	14.22%
Tangible equity to tangible assets- Non-GAAP	8.29%	13.01%	14.70%	13.48%

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Supplemental Information – Non-GAAP Financial Measures (unaudited)

	At or For the Quarter Ended				
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 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	$ 18,190	$ 25,305	$ 27,217	$ 23,217	$ 22,082
Core (non-GAAP) net income	17,343	25,305	28,186	23,178	19,553
Average total equity	900,118	880,250	860,142	835,752	818,538
Average total assets	8,172,072	8,445,209	8,176,612	7,739,015	7,157,259
Return on average common shareholders' equity	8.08%	11.50%	12.66%	11.11%	10.79%
Core (non-GAAP) return on average common shareholders' equity	7.71	11.50	13.11	11.09	9.56
Return on average assets	0.89	1.20	1.33	1.20	1.23
Core (non-GAAP) return on average assets	0.85	1.20	1.38	1.20	1.09

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