



2017 Annual Meeting of Shareholders
May 22, 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.

2016 highlights

North Texas Focused

- #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 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 gas²
- Ranked #20 on Forbes' List of Best Banks in America

Full Year 2016 Results

Earnings for full year 2016 of \$97.8 million

- Basic GAAP EPS of \$2.11 for 2016, up \$0.57 from \$1.54 for 2015
- Loan growth of \$998.9 million in 2016 with 19.7% annual growth³
- Deposit growth of \$1.14 billion in 2016 with 21.8% annual growth
- Core (non-GAAP) efficiency ratio of 47.3%, improved from 52.5% for full year 2015⁴
- Return on average equity of 11.52%, compared to 9.12% for full year 2015
- Return on average assets of 1.24%, compared to 1.10% for full year 2015

Capital

Profitability levered excess capital while maintaining strong capital levels

- TCE / TA⁴: 8.6%
- Tier 1 common risk-based capital⁵: 9.13%

Source: Company Documents

¹ Includes banks headquartered in the Dallas-Fort Worth-Arlington MSA

² Represents data from the Bureau of Labor Statistics for the Dallas-Fort Worth-Arlington, TX MSA (i.e., data as of 2016Q2)

³ Excludes Warehouse Purchase Program loans and loans held for sale

⁴ See the section labeled "Supplemental Information- Non-GAAP Financial Measures"

⁵ Calculated at the Company level, which is subject to the capital adequacy requirements of the Federal Reserve

2016 highlights

(\$ in millions except for per share data)

	Year ended		YOY Δ
	December 31, 2015	December 31, 2016	
Selected balance sheet data			
Gross loans held for investment¹	\$ 5,066.5	\$ 6,065.4	19.7%
Total assets	7,691.9	8,362.3	8.7%
Total deposits	5,226.7	6,365.5	21.8%
Selected profitability data			
Net interest income	\$ 241.1	\$ 282.3	17.1%
NIM	4.00%	3.79%	-21bps
Non-interest income	\$ 44.8	\$ 51.9	15.9%
Non-interest expense	151.6	156.4	3.2%
Net income	70.9	97.8	37.9%
Core net income²	71.9	96.2	33.9%
Basic EPS	1.54	2.11	37.0%
Core EPS²	1.57	2.08	32.5%

Source: Company Documents

¹ Excludes Warehouse Purchase Program loans

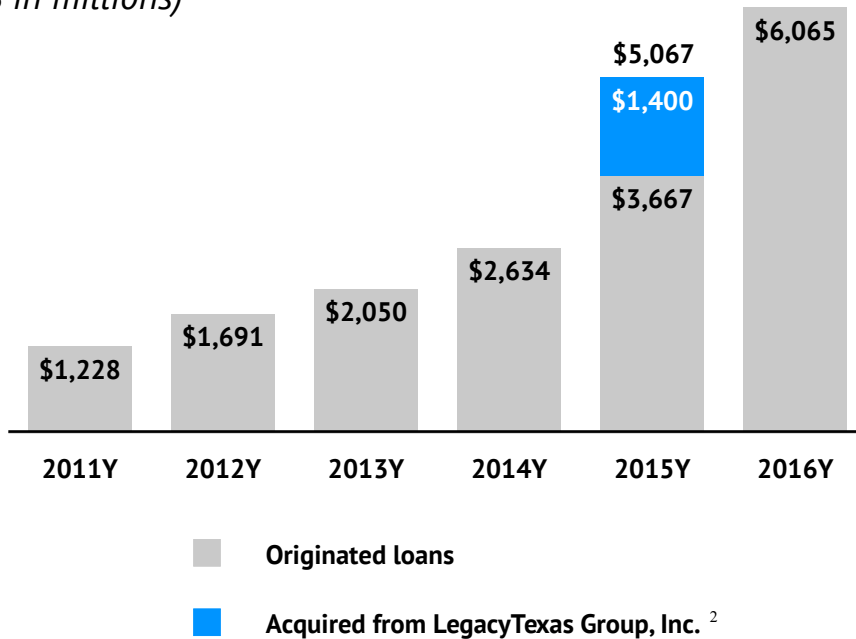
² See the section labeled "Supplemental Information- Non-GAAP Financial Measures"

Commercially focused loan portfolio

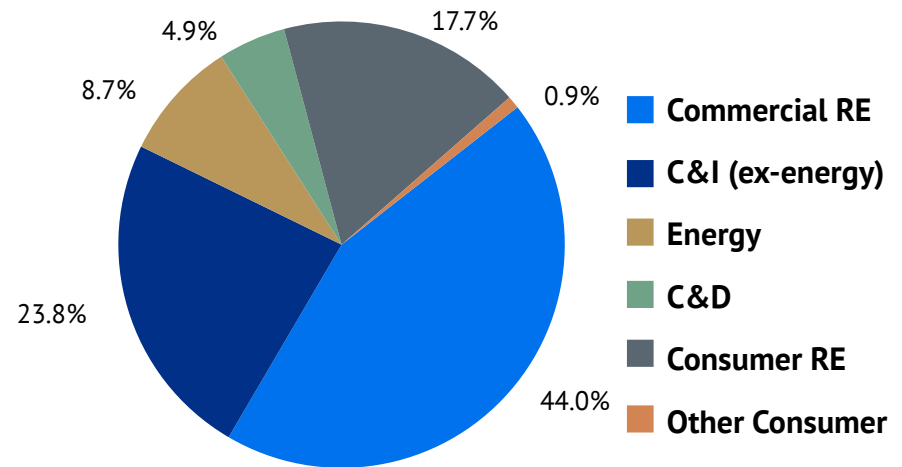
Gross loans held for investment at December 31, 2016, excluding Warehouse Purchase Program loans, grew \$998.9 million, or 19.7%, from December 31, 2015, with \$851.4 million of growth in commercial real estate and commercial and industrial loans.

Total Loans HFI¹

(\$ in millions)



As of December 31, 2016¹



Quarterly yield on loans held for investment¹: 4.91%

Source: Company Documents

¹ Excludes Warehouse Purchase Program loans

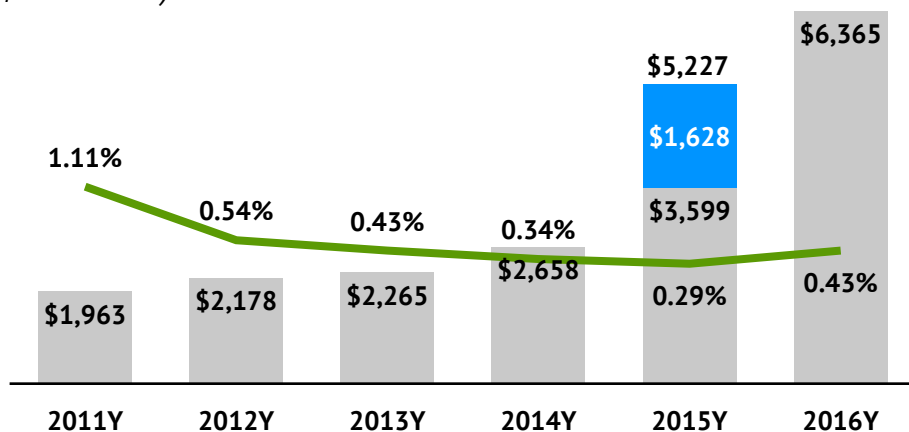
² Represents balance acquired on January 1, 2015

Core funded, low cost deposit base

Total deposits at December 31, 2016 increased by \$1.14 billion, or 21.8%, from December 31, 2015, which includes \$500.6 million of growth in savings and money market deposits, \$340.5 million of growth in time deposits, and \$213.7 million of growth in non-interest-bearing demand deposits.

Total Deposits

(\$ in millions)

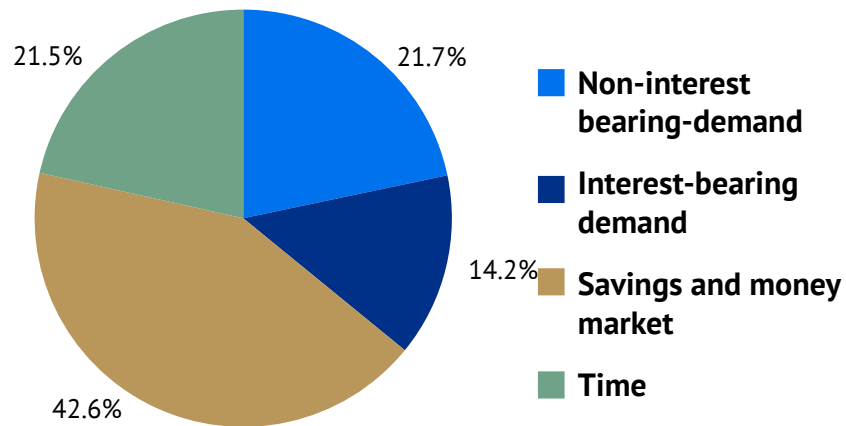


■ Originated Deposits

■ Acquired from LegacyTexas Group, Inc. ¹

— Deposit Cost

As of December 31, 2016



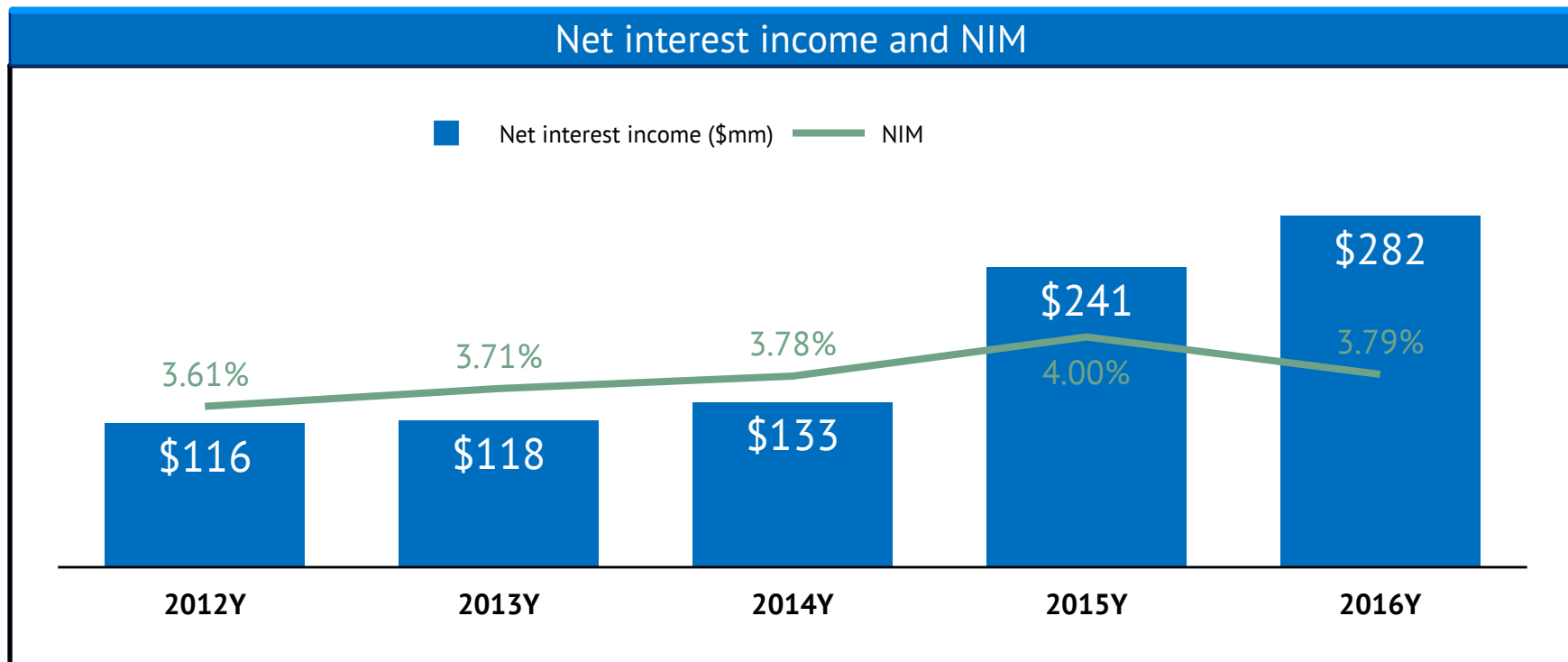
Cost of deposits: 0.43%

Source: Company Documents

¹ Represents balance acquired on January 1, 2015

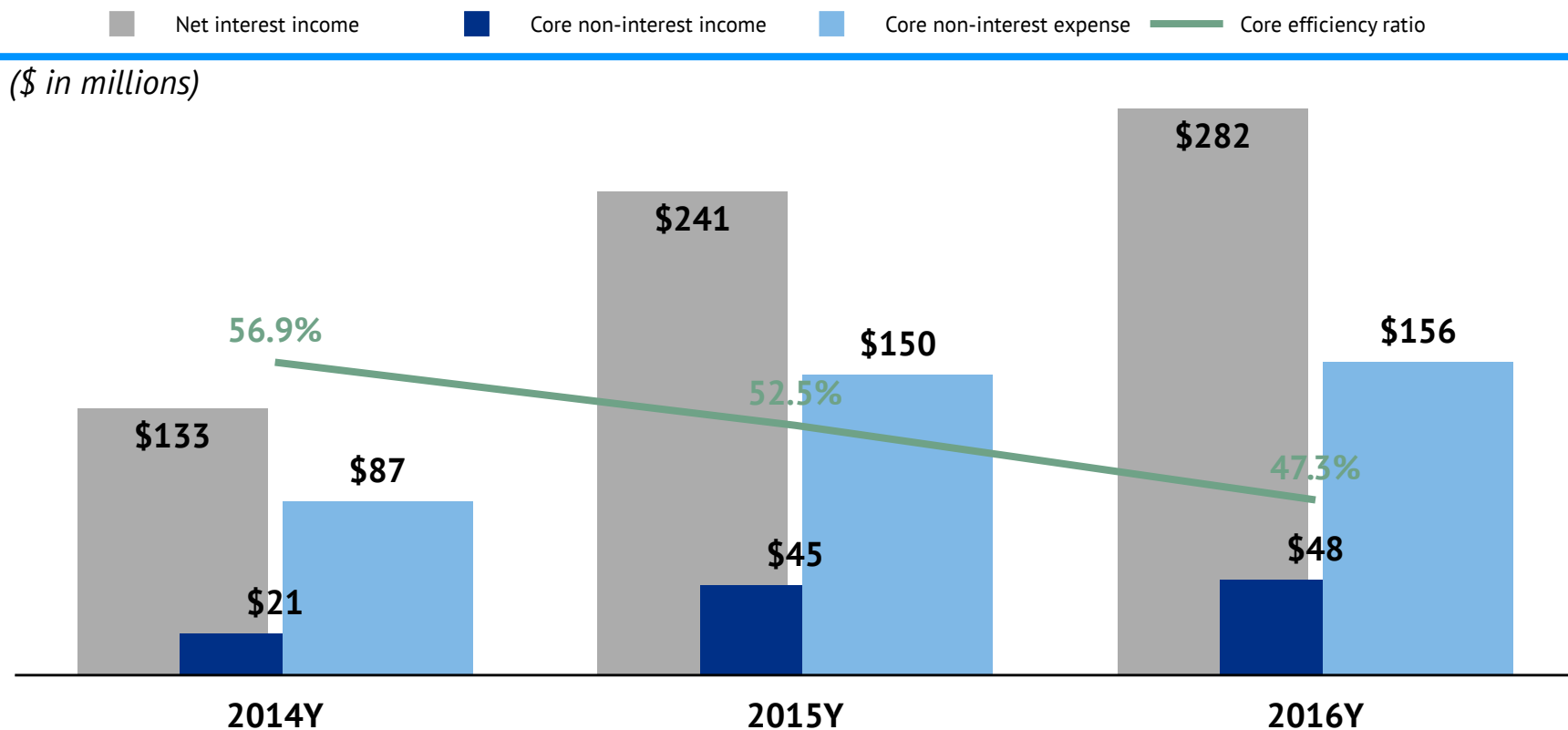
Solid net interest income growth

- Net interest income for 2016 totaled \$282.3 million, an increase of \$41.2 million, or 17.1%, from 2015.
- Net interest margin for the year ended December 31, 2016 was 3.79%, a 21 basis point decrease from December 31, 2015.



Disciplined expense management

2016 core non-interest income increased \$3.6 million from December 31, 2015, while 2016 core non-interest expense increased \$6.4 million for the same period.

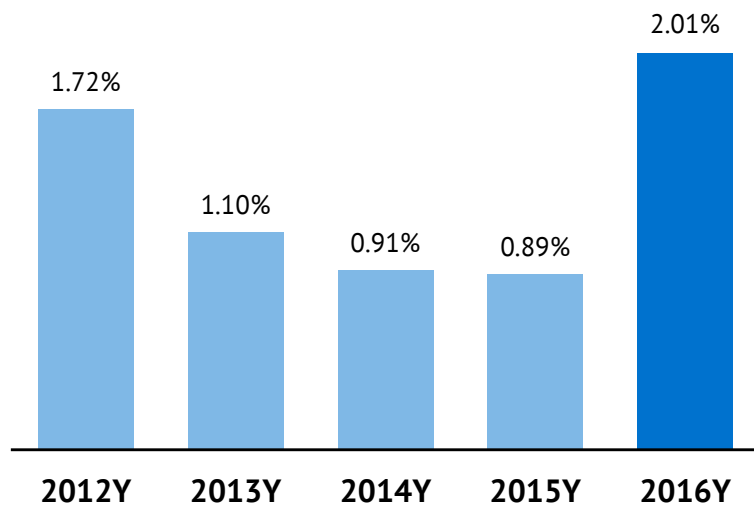


Note: Core (non-GAAP) non-interest income, non-interest expense and efficiency ratio are adjusted for the impact of infrequent or non-recurring items. The reconciliation of non-GAAP measures, which the Company believes facilitates the assessment of its banking operations and peer comparability, is included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

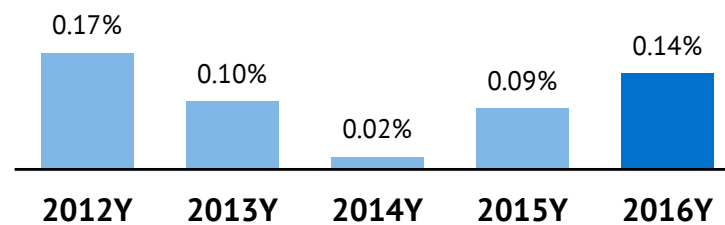
Asset quality

Increase in NPAs included a \$55.5 million increase in non-performing energy loans, with downgrades resulting from collateral value decreases and deteriorating financial conditions. Only \$28.6 million, or 26%, of total NPLs were past due at December 31, 2016.

NPAs / loans HFI¹ + OREO



NCOs / average loans HFI¹

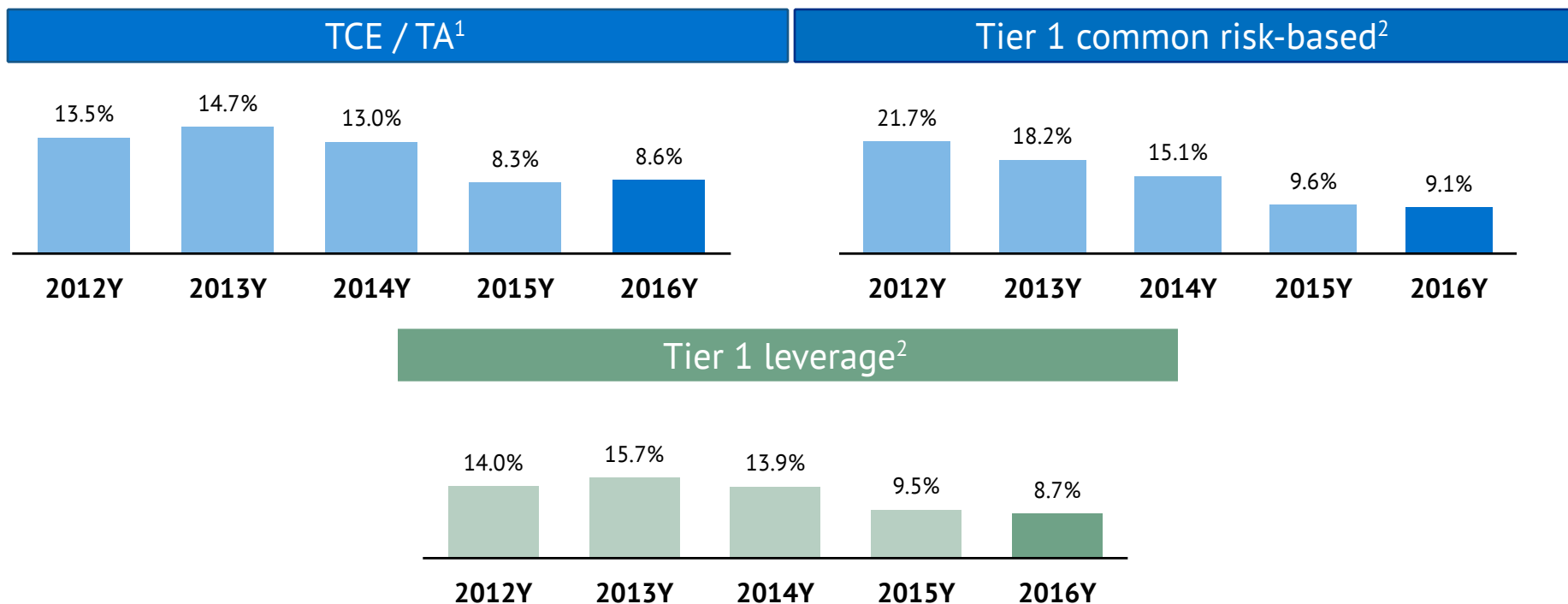


Source: Company documents

¹ Held for investment, excluding Warehouse Purchase Program loans

Prudent capital management

- Profitability levered excess capital while maintaining strong capital levels
- In September 2016, the Company reopened its public offering of fixed-to-floating rate subordinated notes due in 2025, the proceeds of which are being used for general corporate purposes, potential strategic acquisitions and investments in the Bank as regulatory capital. \$50.0 million was issued in the September 2016 reopening, bringing the total amount of subordinated notes issued to \$125.0 million.



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

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, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
	(Dollars in thousands, except per share amounts)				
GAAP net income available to common shareholders ¹	\$ 25,174	\$ 27,084	\$ 23,114	\$ 21,954	\$ 16,336
Distributed and undistributed earnings to participating securities ¹	131	133	103	128	110
Net (gain) on sale of insurance subsidiary operations	—	—	(39)	—	—
(Gain) loss on sale of branch locations	—	—	—	(2,529)	(90)
Loss on sale of FHA loan portfolio	—	969	—	—	—
Core (non-GAAP) net income	<u>\$ 25,305</u>	<u>\$ 28,186</u>	<u>\$ 23,178</u>	<u>\$ 19,553</u>	<u>\$ 16,356</u>
Average shares for basic earnings per share	46,346,053	46,227,734	46,135,999	46,024,250	45,939,817
GAAP basic earnings per share	\$ 0.54	\$ 0.59	\$ 0.50	\$ 0.48	\$ 0.36
Core (non-GAAP) basic earnings per share	0.55	0.61	0.50	0.42	0.36
Average shares for diluted earnings per share	46,873,215	46,546,532	46,352,141	46,152,301	46,267,956
GAAP diluted earnings per share	\$ 0.54	\$ 0.58	\$ 0.50	\$ 0.48	\$ 0.35
Core (non-GAAP) diluted earnings per share	0.54	0.61	0.50	0.42	0.35

	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	(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	<u>\$ 96,222</u>	<u>\$ 71,856</u>	<u>\$ 38,583</u>	<u>\$ 32,555</u>	<u>\$ 39,398</u>
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.

Supplemental Information – Non-GAAP Financial Measures (unaudited)

	At or For the Quarter Ended				
	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
	(Dollars in thousands, except per share amounts)				
Reconciliation of Core (non-GAAP) to GAAP Non-Interest Income (gross of tax):					
GAAP non-interest income	\$ 12,277	\$ 11,277	\$ 13,722	\$ 14,655	\$ 11,593
Net (gain) on sale of insurance subsidiary operations	–	–	(1,181)	–	–
(Gain) loss on sale of branch locations	–	–	–	(3,891)	(138)
Loss on sale of FHA loan portfolio	–	1,491	–	–	–
Core (non-GAAP) non-interest income	<u>\$ 12,277</u>	<u>\$ 12,768</u>	<u>\$ 12,541</u>	<u>\$ 10,764</u>	<u>\$ 11,455</u>
Reconciliation of Core (non-GAAP) to GAAP Efficiency Ratio (gross of tax):					
GAAP efficiency ratio:					
Non-interest expense	\$ 39,548	\$ 39,674	\$ 39,613	\$ 37,542	\$ 39,043
Net interest income plus non-interest income	86,361	84,757	83,076	80,006	75,335
Efficiency ratio- GAAP basis	45.79%	46.81%	47.68%	46.92%	51.83%
Core (non-GAAP) efficiency ratio:					
GAAP non-interest expense	\$ 39,548	\$ 39,674	\$ 39,613	\$ 37,542	\$ 39,043
Net interest income plus core (non-GAAP) non-interest income	86,361	86,248	81,895	76,115	75,197
Efficiency ratio- core (non-GAAP) basis	45.79%	46.00%	48.37%	49.32%	51.92%

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	(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>\$ 48,350</u>	<u>\$ 44,708</u>	<u>\$ 20,743</u>
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	<u>\$ 156,377</u>	<u>\$ 150,002</u>	<u>\$ 87,441</u>
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%

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, 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	\$ 885,365	\$ 866,845	\$ 843,304	\$ 823,052
Less: Goodwill	(178,559)	(178,559)	(178,559)	(180,776)
Less: Identifiable intangible assets, net	(665)	(752)	(838)	(924)
Total tangible shareholders' equity	<u>\$ 706,141</u>	<u>\$ 687,534</u>	<u>\$ 663,907</u>	<u>\$ 641,352</u>
Shares outstanding at end of period	47,876,198	47,773,160	47,670,440	47,645,826
Book value per share- GAAP	\$ 18.49	\$ 18.15	\$ 17.69	\$ 17.27
Tangible book value per share- Non-GAAP	14.75	14.39	13.93	13.46
Calculation of Tangible Equity to Tangible Assets:				
Total assets	\$ 8,362,255	\$ 8,440,010	\$ 8,057,005	\$ 7,562,126
Less: Goodwill	(178,559)	(178,559)	(178,559)	(180,776)
Less: Identifiable intangible assets, net	(665)	(752)	(838)	(924)
Total tangible assets	<u>\$ 8,183,031</u>	<u>\$ 8,260,699</u>	<u>\$ 7,877,608</u>	<u>\$ 7,380,426</u>
Equity to assets- GAAP	10.59%	10.27%	10.47%	10.88%
Tangible equity to tangible assets- Non-GAAP	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	<u>\$ 622,270</u>	<u>\$ 537,760</u>	<u>\$ 513,571</u>	<u>\$ 489,568</u>
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	<u>\$ 7,510,134</u>	<u>\$ 4,133,651</u>	<u>\$ 3,494,343</u>	<u>\$ 3,631,755</u>
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%

Supplemental Information – Non-GAAP Financial Measures (unaudited)

	At or For the Quarter Ended				
	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
	(Dollars in thousands, except per share amounts)				
Calculation of Return on Average Assets and Return on Average Equity Ratios (GAAP and core)					
Net income	\$ 25,305	\$ 27,217	\$ 23,217	\$ 22,082	\$ 16,446
Core (non-GAAP) net income	25,305	28,186	23,178	19,553	16,356
Average total equity	880,250	860,142	835,752	818,538	800,411
Average total assets	8,445,209	8,176,612	7,739,015	7,157,259	6,891,210
Return on average common shareholders' equity	11.50%	12.66%	11.11%	10.79%	8.22%
Core (non-GAAP) return on average common shareholders' equity	11.50	13.11	11.09	9.56	8.17
Return on average assets	1.20	1.33	1.20	1.23	0.95
Core (non-GAAP) return on average assets	1.20	1.38	1.20	1.09	0.95