



2019 Annual Meeting of Shareholders
May 20, 2019

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; changes in the regulatory and tax environments in which the Company operates, including the impact of the "Tax Cuts and Jobs Act" (the "TCJA") on the Company's deferred tax asset, and the anticipated impact of the TCJA on the Company's future earnings; 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.

In 2018, balance sheet strengthened while minimizing risk

- Lower CRE and C&D loan concentrations
- Reduced level of non-performing assets
- Increased non-interest-bearing deposits
- Higher capital ratios

(\$ in millions except for per share data)

	Year ended		YOY Δ
	December 31, 2017	December 31, 2018	
Selected balance sheet data			
Gross loans held for investment¹	\$ 6,483.2	\$ 6,790.7	4.7%
Total deposits	6,767.7	6,841.7	1.1
Non-interest-bearing demand deposits	1,635.6	1,773.8	8.4
CRE loan concentration²	304.46%	268.80%	(11.7)
C&D loan concentration²	28.02	24.03	(14.2)
Non-performing assets to total assets	1.13	0.26	(77.0)
TCE / TA³	8.77	10.32	17.7
Estimated Tier 1 common risk-based capital⁴	9.40	11.05	17.6

Source: Company Documents

¹ Excludes Warehouse Purchase Program loans

² Calculated at the Company level, as a percentage of total risk-based capital

³ See the section labeled "Supplemental Information- Non-GAAP Financial Measures"

⁴ Calculated at the Company level, which is subject to the capital adequacy requirements of the Federal Reserve

Full year profitability highlights

(\$ in millions except for per share data)	Year ended		YOY Δ
	December 31, 2017	December 31, 2018	
Selected profitability data			
Net income	\$ 89.5	\$ 154.2	72.3%
Core net income¹	101.9	138.4	35.8
Basic EPS	1.91	3.27	71.2
Core EPS¹	2.19	2.94	34.3
NIM	3.81%	3.91%	10bps
Core return on average equity¹	10.96	13.65	24.5%
Core return on average assets¹	1.18	1.55	31.4
Core efficiency ratio¹	45.38	44.77	(1.3)

Source: Company Documents

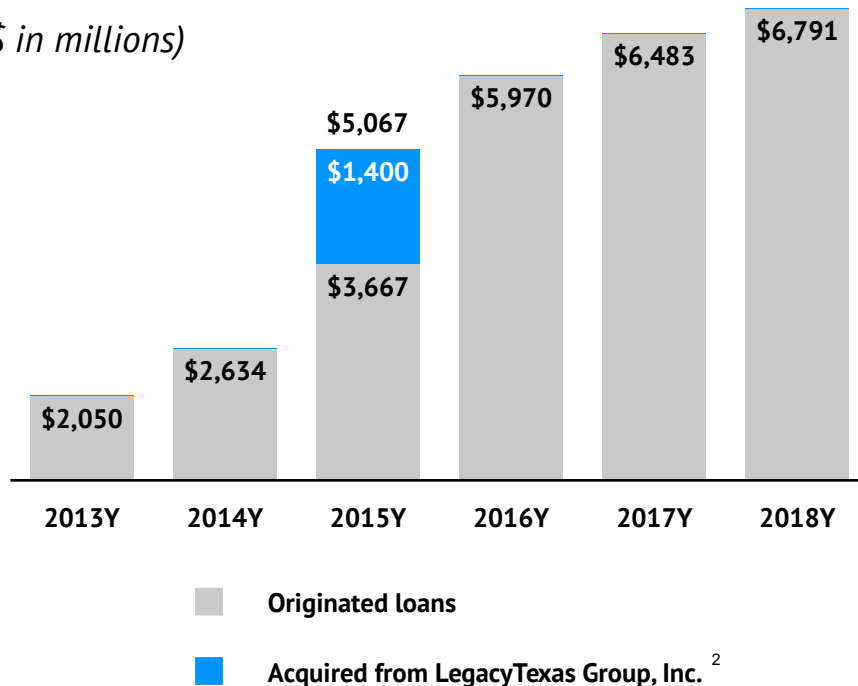
¹ See the section labeled "Supplemental Information- Non-GAAP Financial Measures"

Commercially focused loan portfolio

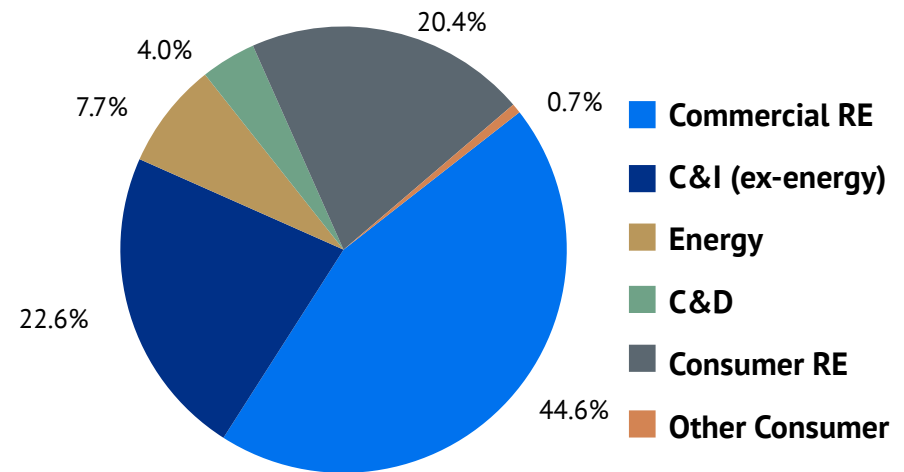
Gross loans held for investment¹ at December 31, 2018 grew \$307.5 million, or 4.7%, from December 31, 2017, which included growth in commercial real estate, commercial and industrial and consumer real estate loans.

Total Loans HFI¹

(\$ in millions)



As of December 31, 2018¹



Quarterly yield on loans held for investment¹: 5.40%

Source: Company Documents

¹ Excludes Warehouse Purchase Program loans

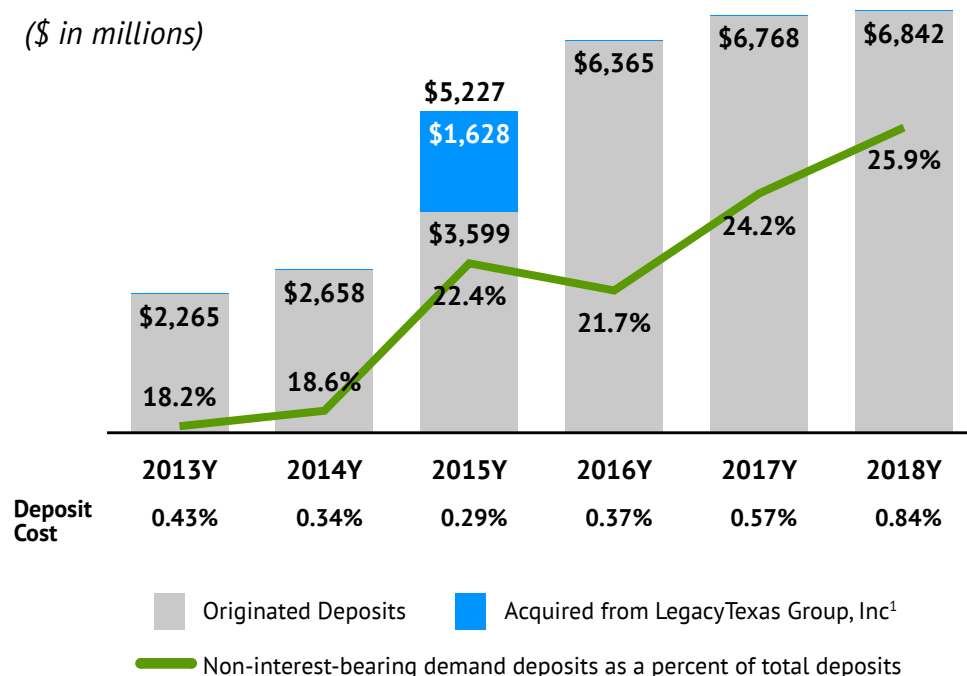
² Represents balance acquired on January 1, 2015

Core funded, low cost deposit base

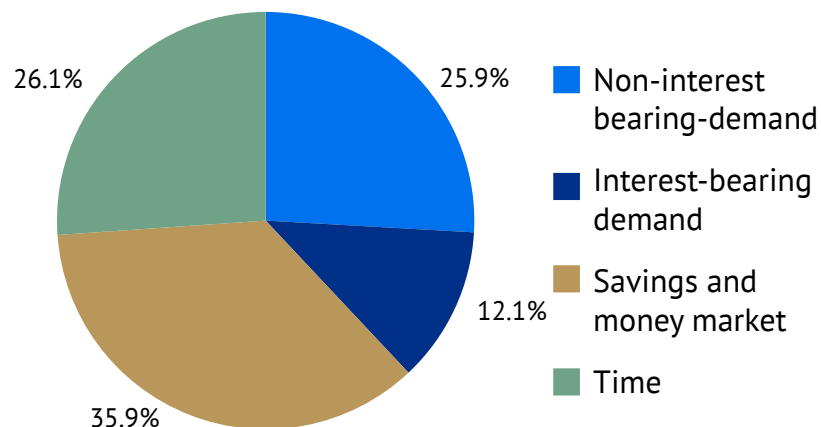
Compared to December 31, 2017, total deposits increased by \$74.0 million, or 1.1%, which included growth in time and non-interest-bearing demand deposits.

Total Deposits

(\$ in millions)

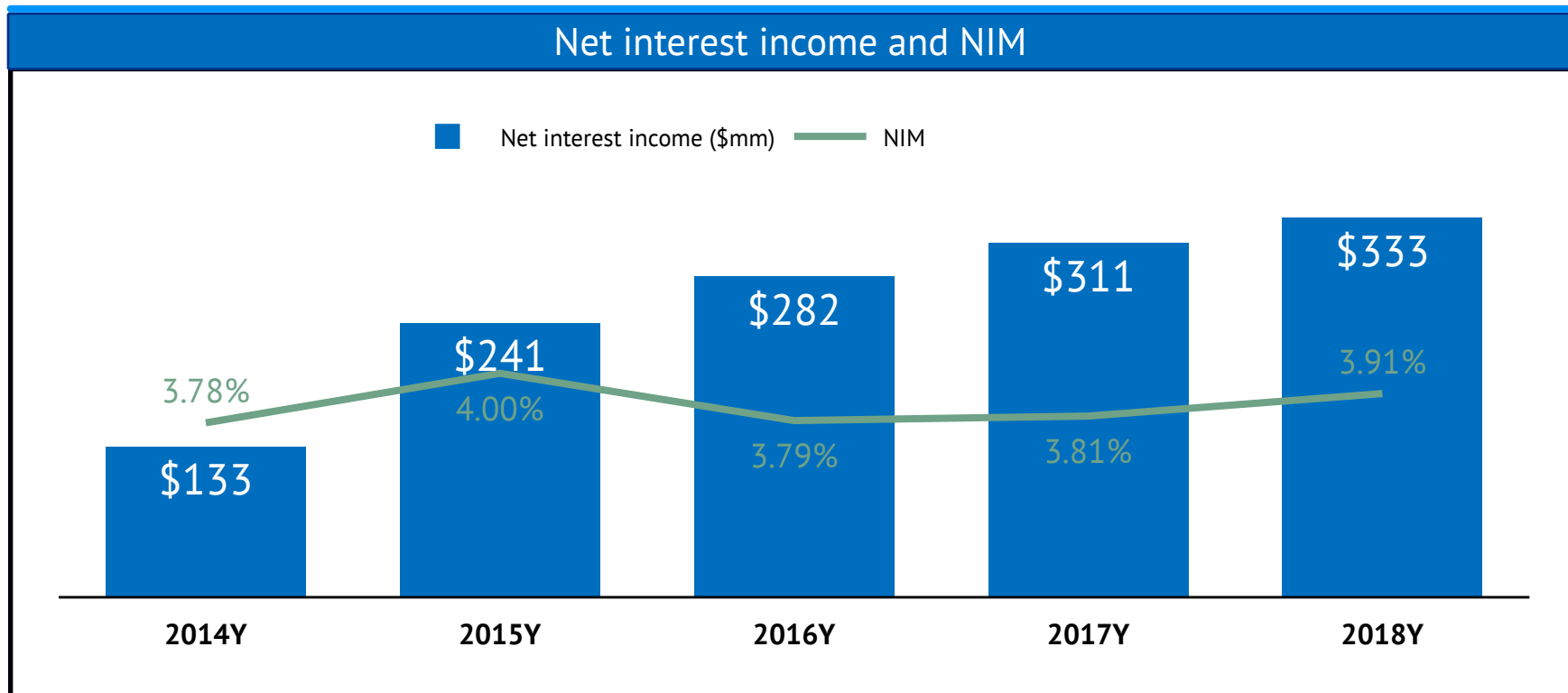


As of December 31, 2018



Net interest income

- Net interest income for 2018 increased \$21.1 million, or 6.8%, from 2017.
- The net interest margin for 2018 was 3.91%, a 10 basis point increase from 3.81% for 2017.



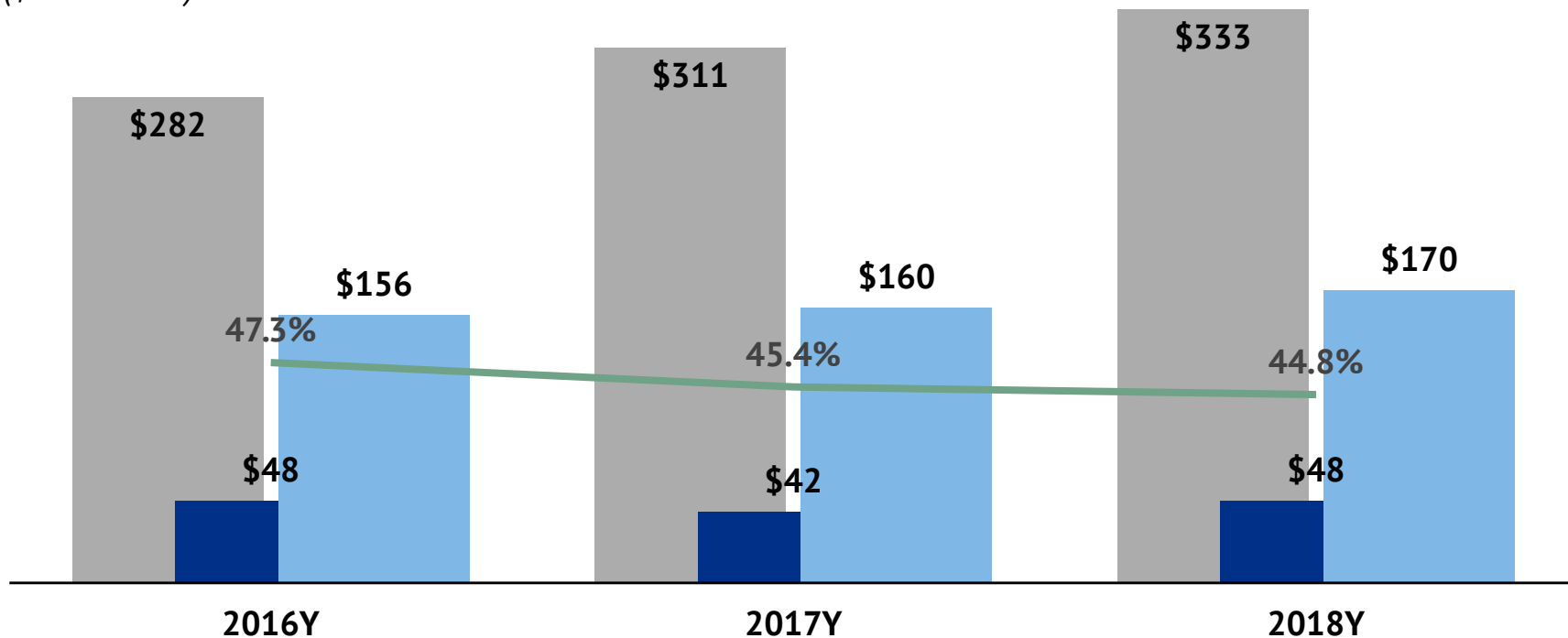
Source: Company Documents

Disciplined expense management

- 2018 core non-interest income increased by \$5.7 million from 2017.
- 2018 core non-interest expense increased by \$9.9 million from 2017.

Net interest income
 Core non-interest income
 Core non-interest expense
 Core efficiency ratio

(\$ in millions)



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.

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 Year Ended December 31,				
	2018	2017	2016	2015	2014
GAAP net income available to common shareholders ¹	\$ 153,692	\$ 89,176	\$ 97,324	\$ 70,382	\$ 30,942
Distributed and undistributed earnings to participating securities ¹	497	318	497	534	336
(Gain) loss on one-time tax adjustments ²	(15,289)	13,493	–	–	–
Expenses related to above tax adjustments	202	–	–	–	–
(Gain) loss on sale of branch locations and land	498	(1,084)	(2,529)	(190)	–
Insurance settlement proceeds from pre-acquisition fraud	(1,778)	–	–	–	–
One-time employee bonus related to tax law change	537	–	–	–	–
Net (gain) on sale of insurance subsidiary operations	–	–	(39)	–	–
Loss on sale of FHA loan portfolio	–	–	969	–	–
Merger and acquisition costs	–	–	–	1,009	7,071
Valuation adjustment on mortgage servicing rights	–	–	–	121	–
One-time payroll and severance costs	–	–	–	–	234
Core (non-GAAP) net income	\$ 138,359	\$ 101,903	\$ 96,222	\$ 71,856	\$ 38,583
Average shares for basic earnings per share	47,035,475	46,611,780	46,184,074	45,847,284	37,919,065
GAAP basic earnings per share	\$ 3.27	\$ 1.91	\$ 2.11	\$ 1.54	\$ 0.82
Core (non-GAAP) basic earnings per share	2.94	2.19	2.08	1.57	1.02
Average shares for diluted earnings per share	47,653,726	47,138,518	46,484,967	46,125,447	38,162,094
GAAP diluted earnings per share	\$ 3.23	\$ 1.89	\$ 2.09	\$ 1.53	\$ 0.81
Core (non-GAAP) diluted earnings per share	2.90	2.16	2.07	1.56	1.01

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.

² These one-time income tax adjustments consist of an adjustment to the Company's deferred tax asset (recorded in the 2017 period), as well as a benefit related to tax rate changes and the favorable outcome of the Company's change in its tax method of accounting for its loan portfolio (recorded in the 2018 period), all related to the December 22, 2017 enactment of the Tax Cuts and Jobs Act.

Supplemental Information – Non-GAAP Financial Measures (unaudited)

	At or For the Year Ended December 31,		
	2018	2017	2016
Reconciliation of Core (non-GAAP) to GAAP Non-Interest Income and Expense (gross of tax):			
GAAP non-interest income	\$ 49,241	\$ 43,582	\$ 51,931
(Gain) loss on sale of branch locations and land	631	(1,669)	(3,891)
Insurance settlement proceeds from pre-acquisition fraud	(2,250)	–	–
Net (gain) on sale of insurance subsidiary operations	–	–	(1,181)
Loss on sale of FHA loan portfolio	–	–	1,491
Core (non-GAAP) non-interest income	<u>\$ 47,622</u>	<u>\$ 41,913</u>	<u>\$ 48,350</u>
Reconciliation of Core (non-GAAP) to GAAP Efficiency Ratio (gross of tax):			
GAAP non-interest expense	\$ 171,130	\$ 160,344	\$ 156,377
Expenses related to one-time tax adjustments ¹	(256)	–	–
One-time employee bonus related to tax law change	(679)	–	–
Core (non-GAAP) non-interest expense	<u>\$ 170,195</u>	<u>\$ 160,344</u>	<u>\$ 156,377</u>
Net interest income	\$ 332,508	\$ 311,431	\$ 282,269
GAAP efficiency ratio:			
Non-interest expense	\$ 171,130	\$ 160,344	\$ 156,377
Net interest income plus non-interest income	381,749	355,013	334,200
Efficiency ratio- GAAP basis	44.83%	45.17%	46.79%
Core (non-GAAP) efficiency ratio:			
Core (non-GAAP) non-interest expense	\$ 170,195	\$ 160,344	\$ 156,377
Net interest income plus core (non-GAAP) non-interest income	380,130	353,344	330,619
Efficiency ratio- core (non-GAAP) basis	44.77%	45.38%	47.30%

¹ Expenses related to the one-time income tax adjustments consisting of an adjustment to the Company's deferred tax asset (recorded in the 2017 period), as well as a benefit related to tax rate changes and the favorable outcome of the Company's change in its tax method of accounting for its loan portfolio (recorded in the 2018 period), all related to the December 22, 2017 enactment of the Tax Cuts and Jobs Act.

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, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Calculation of Tangible Book Value per share:	(Dollars in thousands, except per share amounts)			
Total shareholders' equity	\$ 1,094,367	\$ 1,039,599	\$ 1,001,450	\$ 979,494
Less: Goodwill	(178,559)	(178,559)	(178,559)	(178,559)
Less: Identifiable intangible assets, net	(245)	(279)	(313)	(347)
Total tangible shareholders' equity	\$ 915,563	\$ 860,761	\$ 822,578	\$ 800,588
Shares outstanding at end of period	48,505,261	48,491,169	48,311,220	48,264,966
Book value per share- GAAP	\$ 22.56	\$ 21.44	\$ 20.73	\$ 20.29
Tangible book value per share- Non-GAAP	18.88	17.75	17.03	16.59
Calculation of Tangible Equity to Tangible Assets:				
Total assets	\$ 9,051,142	\$ 9,082,792	\$ 9,249,086	\$ 8,865,624
Less: Goodwill	(178,559)	(178,559)	(178,559)	(178,559)
Less: Identifiable intangible assets, net	(245)	(279)	(313)	(347)
Total tangible assets	\$ 8,872,338	\$ 8,903,954	\$ 9,070,214	\$ 8,686,718
Equity to assets- GAAP	12.09%	11.45%	10.83%	11.05%
Tangible equity to tangible assets- Non-GAAP	10.32%	9.67%	9.07%	9.22%
	At or For the Year Ended December 31,			
	2017	2016	2015	2014
Calculation of Tangible Book Value per share:				
Total shareholders' equity	\$ 959,874	\$ 885,365	\$ 804,076	\$ 568,223
Less: Goodwill	(178,559)	(178,559)	(180,776)	(29,650)
Less: Identifiable intangible assets, net	(402)	(665)	(1,030)	(813)
Total tangible shareholders' equity	\$ 780,913	\$ 706,141	\$ 622,270	\$ 537,760
Shares outstanding at end of period	48,117,390	47,876,198	47,645,826	40,014,851
Book value per share- GAAP	\$ 19.95	\$ 18.49	\$ 16.88	\$ 14.20
Tangible book value per share- Non-GAAP	16.23	14.75	13.06	13.44
Calculation of Tangible Equity to Tangible Assets:				
Total assets	\$ 9,086,196	\$ 8,362,255	\$ 7,691,940	\$ 4,164,114
Less: Goodwill	(178,559)	(178,559)	(180,776)	(29,650)
Less: Identifiable intangible assets, net	(402)	(665)	(1,030)	(813)
Total tangible assets	\$ 8,907,235	\$ 8,183,031	\$ 7,510,134	\$ 4,133,651
Equity to assets- GAAP	10.56%	10.59%	10.45%	13.65%
Tangible equity to tangible assets- Non-GAAP	8.77%	8.63%	8.29%	13.01%

Supplemental Information – Non-GAAP Financial Measures (unaudited)

Calculation of Return on Average Assets and Return on Average Equity Ratios (GAAP and core)

	At or For the Year Ended December 31,	
	2018	2017
	(Dollars in thousands)	
Net income	\$ 154,189	\$ 89,494
Core (non-GAAP) net income	138,359	101,903
Average total equity	1,013,300	929,903
Average total assets	8,925,262	8,607,481
Return on average common shareholders' equity	15.22%	9.62%
Core (non-GAAP) return on average common shareholders' equity	13.65	10.96
Return on average assets	1.73	1.04
Core (non-GAAP) return on average assets	1.55	1.18