



ViewPoint **Financial Group, Inc.**

NASDAQ: VPFG

**Fourth Quarter and Full Year
2012 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.

Financial Highlights

Strong Earnings

- Net income totaled \$35.2 million, up 34% over prior year
- Annual core EPS totaled \$1.04, up 51% vs. prior year
- Q4 core EPS of \$0.27 versus \$0.26 same Q last year

Continued Loan Growth

- Total loans increased \$689.1 million annually, or 33.4%
- Organic growth of \$466.2 million, or 23%, fueled by strong C&I and CRE growth (\$112.0 million and \$181.8 million, respectively)
- LHI linked quarter growth of \$39.1 million, or 2.4%
- LHS linked quarter growth of \$46.3 million, or 4.6%

Increase in Net Interest Margin

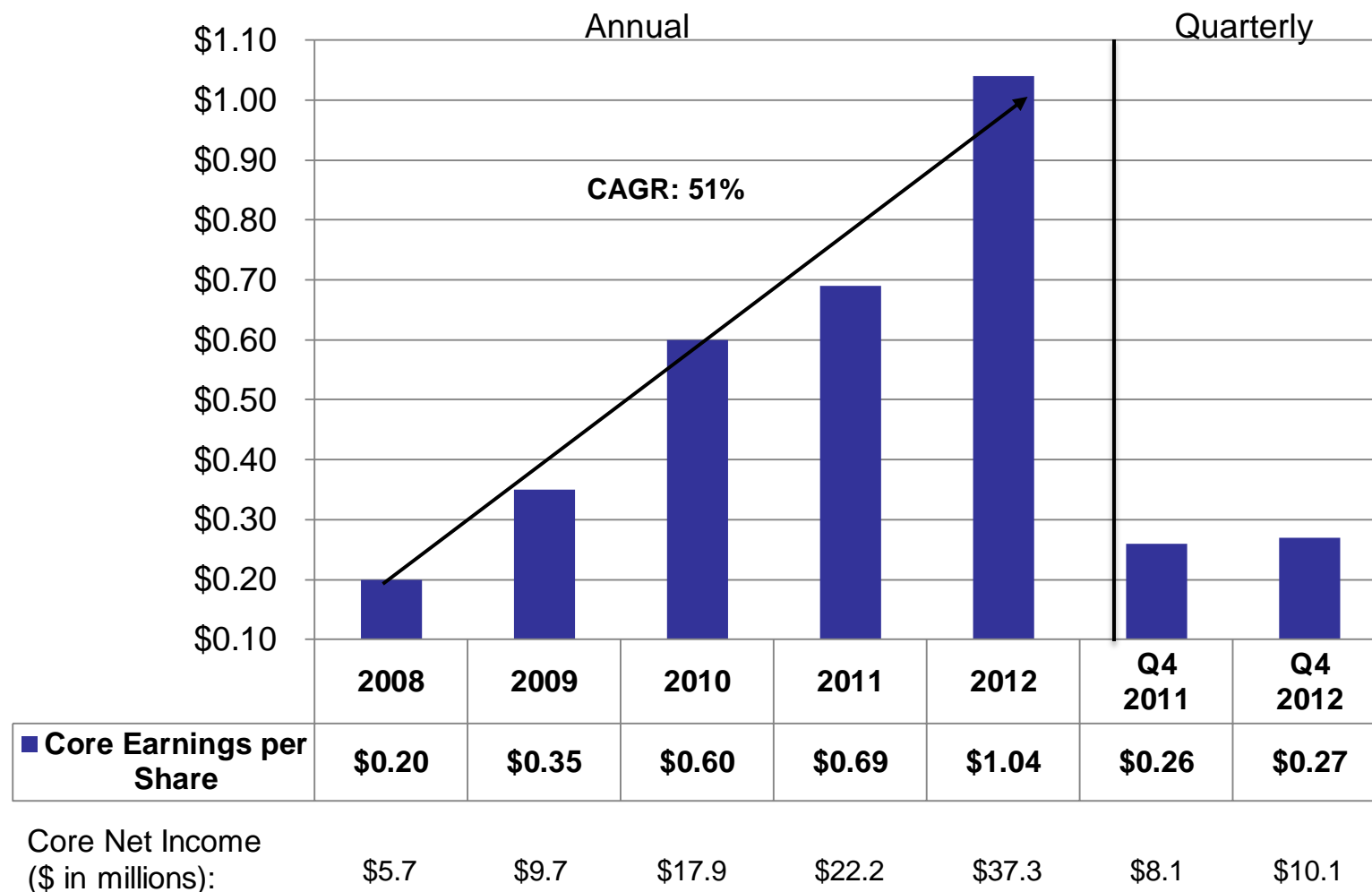
- YTD NIM of 3.61%, up 70 bps over 2.91% for same time last year
- QTD NIM of 3.77%, up 7 bps vs. Q3 2012 and up 64 bps vs. Q4 2011
- Driven by reduced deposit cost and improvement in earning asset mix

Strong Capitalization & Stable Credit Quality

- Annual dividend of \$0.30 per share, prepaid Q1 2013 dividend of \$0.10
- Tangible common equity of \$490 million, or 13.48% of tangible assets
- Asset quality – NPLs/Loans of 1.61%

See Appendix for reconciliation of core (non-GAAP) to GAAP net income.
Source: VPFG 2012 10-K, Company Documents

Core Earnings Per Share Growth



See Appendix for reconciliation of core (non-GAAP) to GAAP net income

Source: VPFG 2012 10-K, Company Documents

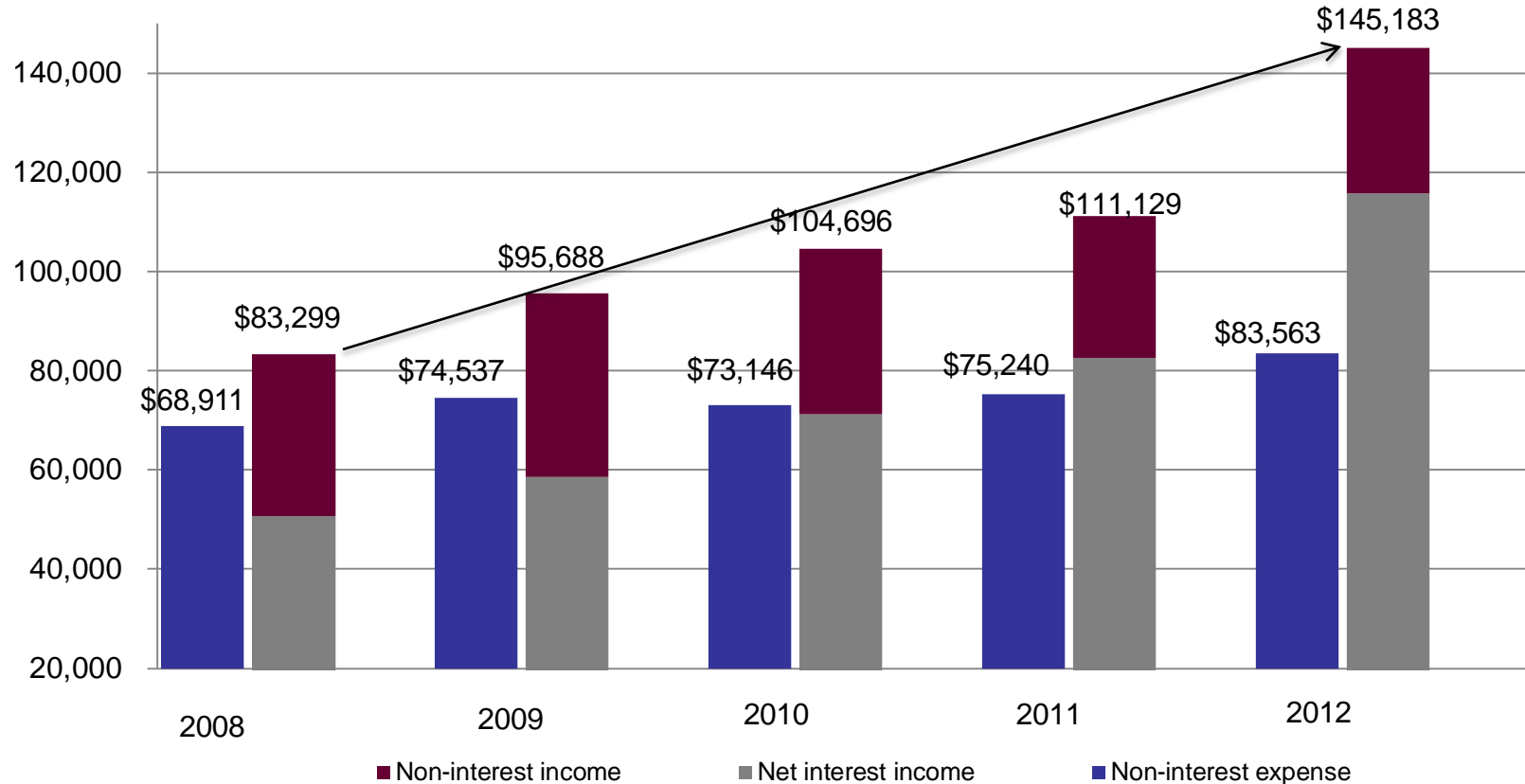
Share and per share information for periods prior to July 6, 2010, have been revised to reflect the 1.4:1 conversion ratio on publicly traded shares

Revenue and Expense Growth

Operating revenue CAGR 14.9%

Non-interest expense CAGR 4.9%

(\$ in thousands)



*Excludes impairment charges, acquisition costs and gains on sale of securities

Source: VPFG 2012 10-K, Company Documents

Q4 Financial Review

Operating expense increase in Q4 due to continuation of growth strategy

★ Growth

- Added high level revenue producers in lending and treasury management

★ Retain

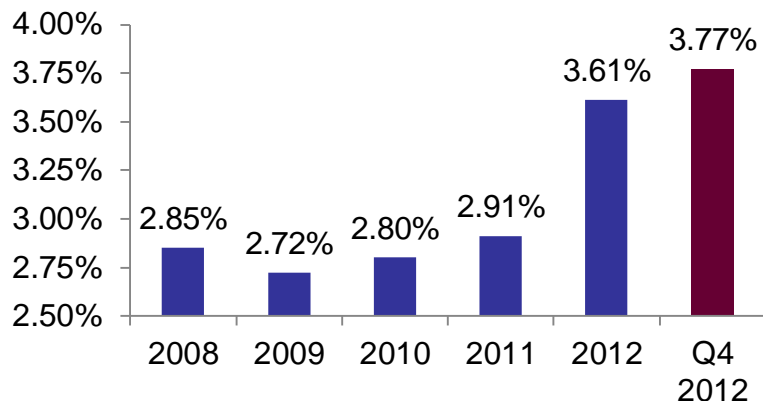
- Increased performance-based compensation
- Awarded restricted stock and options

★ Improve and build franchise

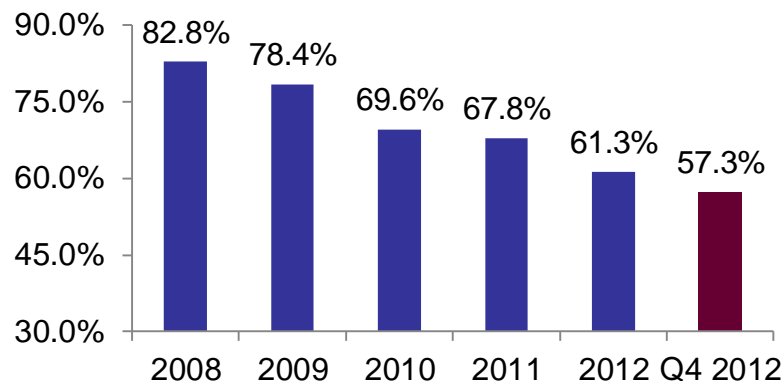
- Marketing branding awareness
- Technology

Profitability

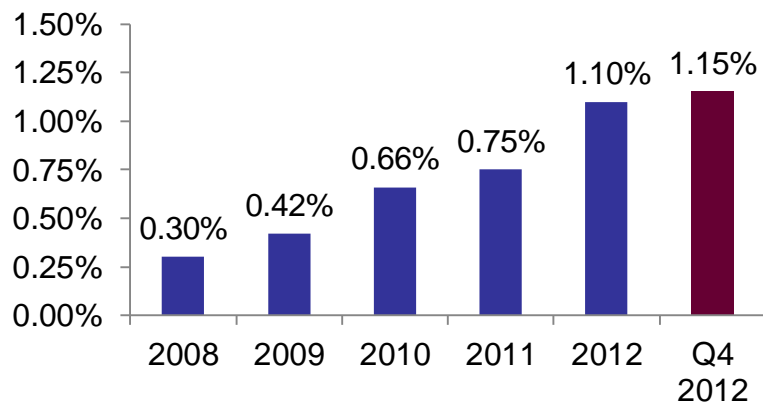
Net Interest Margin



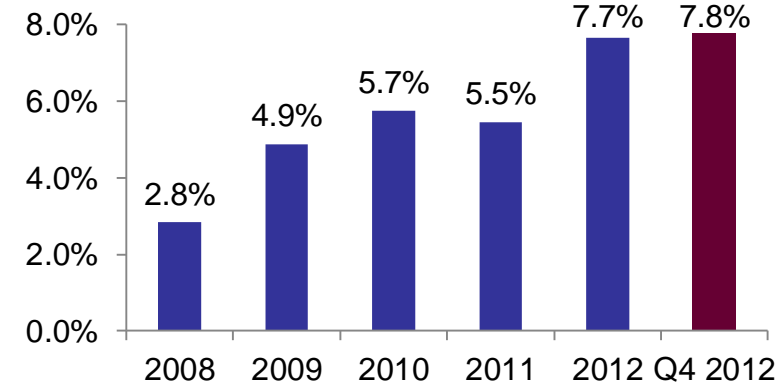
Efficiency Ratio ¹



Core ROAA²



Core ROAE²



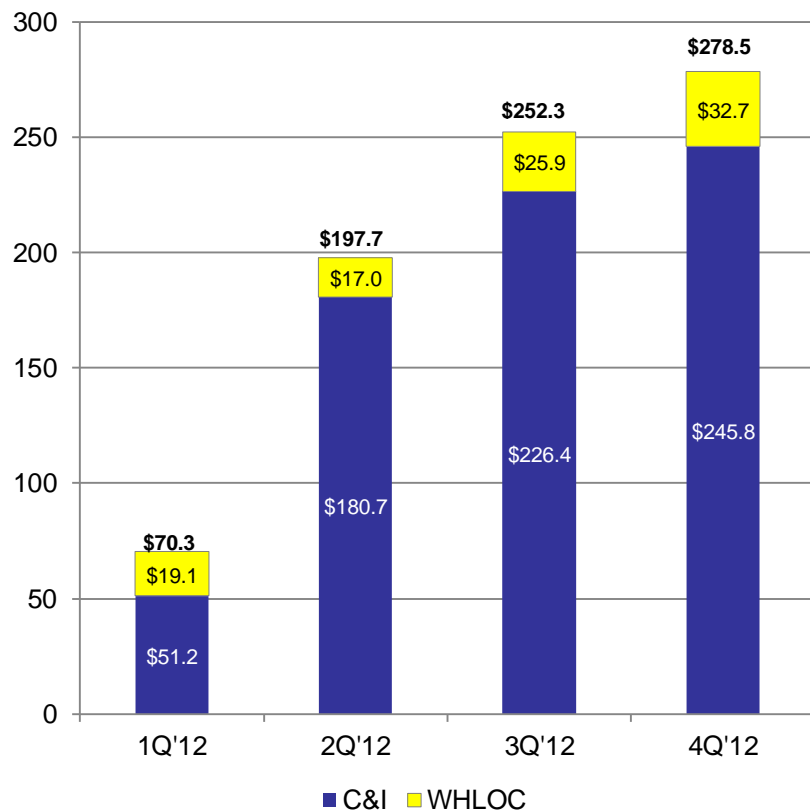
Source: VPFG 2012 10-K, Company Documents

¹ Calculated by dividing total non-interest expense by net interest income plus non-interest income, excluding gain (loss) on foreclosed assets, impairment of goodwill, gains from securities transactions and other non-recurring items.

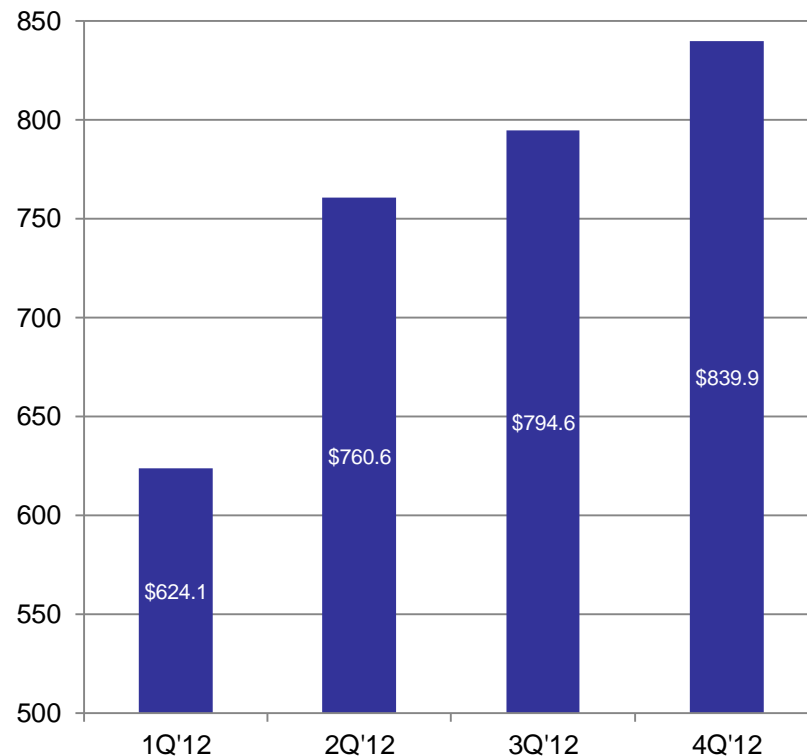
² See Appendix for reconciliation of core (non-GAAP) to GAAP net income

Strong Loan Growth

C&I Lending Growth (1)
(\$ in millions)



CRE Lending Growth (2)
(\$ in millions)



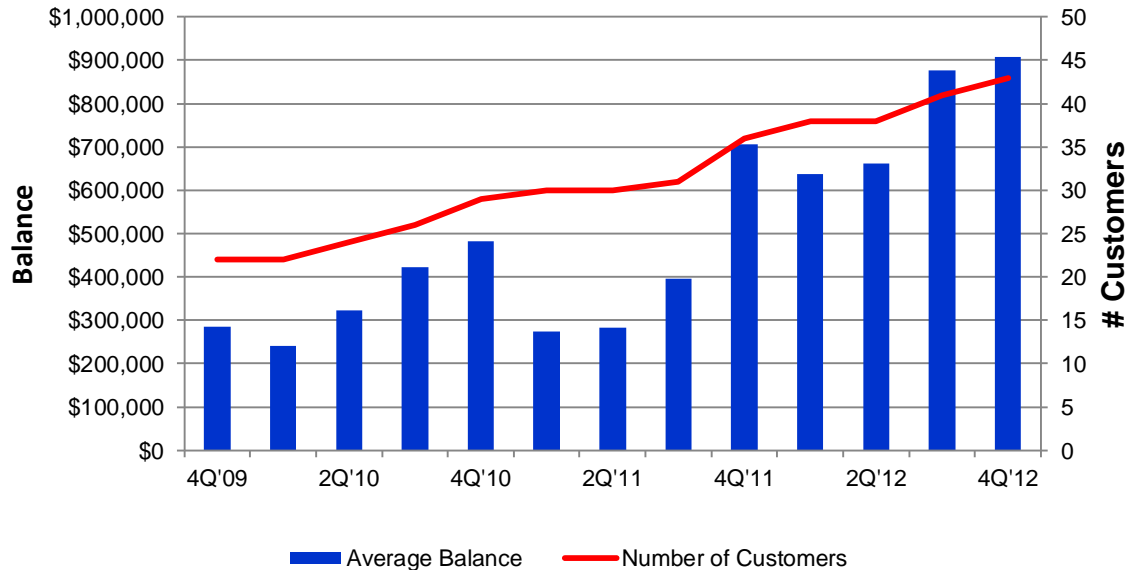
★ C&I and CRE increased a combined 7% linked quarter

(1) The 2Q'12 balance includes \$117 million in purchased C&I loans related to the Highlands acquisition
 (2) The 2Q'12 balance includes \$83 million in purchased CRE loans related to the Highlands acquisition

Source: VPG 2012 10-K; Company Documents

National Mortgage Warehouse Purchase Program

Warehouse Purchase Program - Average Portfolio Balances in Thousands and Number of Customers



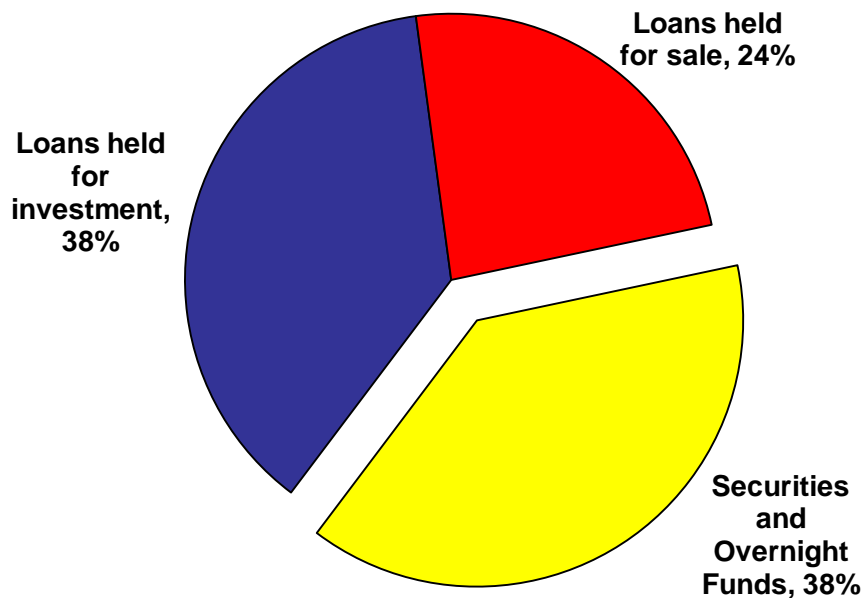
- ☆ Average balance increased \$33 million for Q4 2012 vs. Q3 2012
- ☆ Gross average yield of 4.05% for Q4 2012
- ☆ Increased number of customers to 43 at Dec 2012, up from 41 at Sept 2012 and 36 at Dec 2011
- ☆ 53% purchase vs. 47% refinance volume
- ☆ Approved maximum facility amounts ranging from \$10.0 million to \$45.0 million with an average utilization rate of 65%

Source: VPF 2012 10-K; Company Documents

Improved Earning Asset Mix

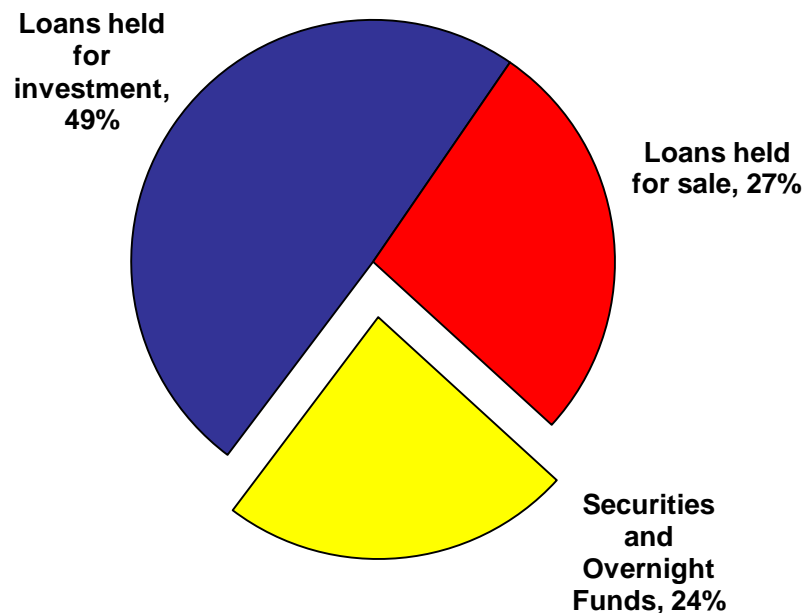
Average Earning Assets and Related Yields

December 31,
2011



Quarterly yield on earning assets: 4.06%

December 31,
2012



Quarterly yield on earning assets: 4.37%

Source: Company Documents

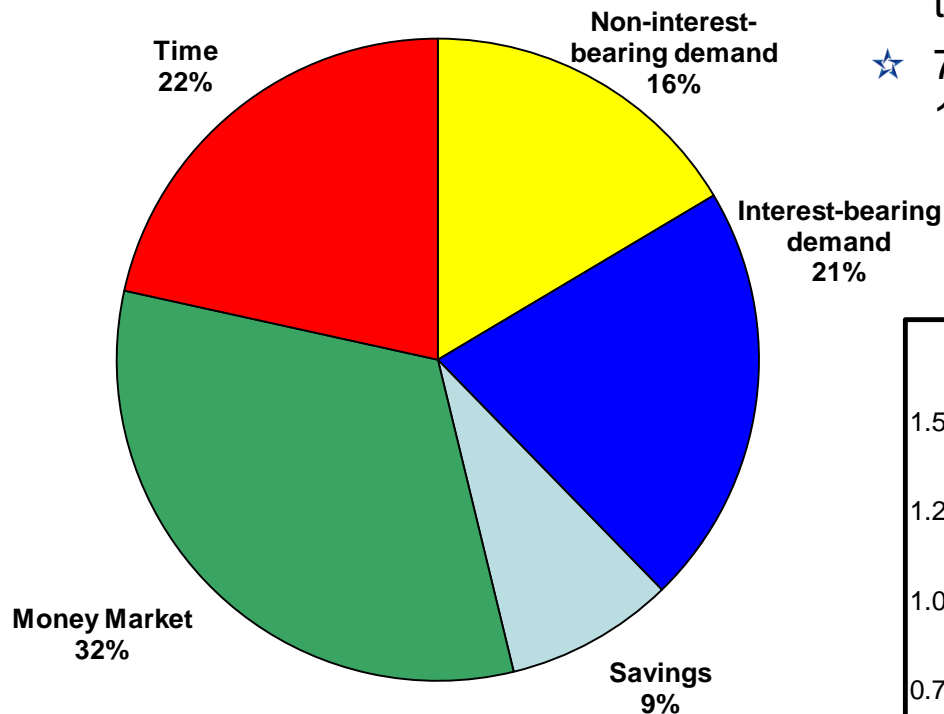
Financial Comparisons

	Quarterly Average Balances						Q4/Q3% CHANGE	YOY % CHANGE
	Q4 2012	Yield	Q3 2012	Yield	Q4 2011	Yield		
Loans held for sale	\$ 908,603	4.05%	\$ 886,743	4.11%	\$ 736,745	4.22%	2%	23%
Loans held for investment	<u>1,648,203</u>	5.84	<u>1,563,400</u>	6.05	<u>1,161,011</u>	5.97	5	42
Total net loans	<u>2,556,806</u>	5.20	<u>2,450,143</u>	5.34	<u>1,897,756</u>	5.29	4	35
Securities	734,598	1.74	914,818	1.85	1,147,794	2.16	-20	-36
Non-interest-bearing demand	358,707	-	338,074	-	204,458	-	6	75
Interest-bearing demand	463,465	0.43	474,342	0.61	485,897	1.39	-2	-5
Savings and money market	888,410	0.27	894,916	0.27	758,191	0.30	-1	17
Time	<u>469,772</u>	1.03	<u>476,666</u>	1.11	<u>559,169</u>	1.56	-1	-16
Total deposits	<u>2,180,354</u>	0.43	<u>2,183,998</u>	0.49	<u>2,007,715</u>	0.88	0	9
Borrowings	770,627	1.37	863,949	1.27	750,202	1.47	-11	3

Source: Company Documents

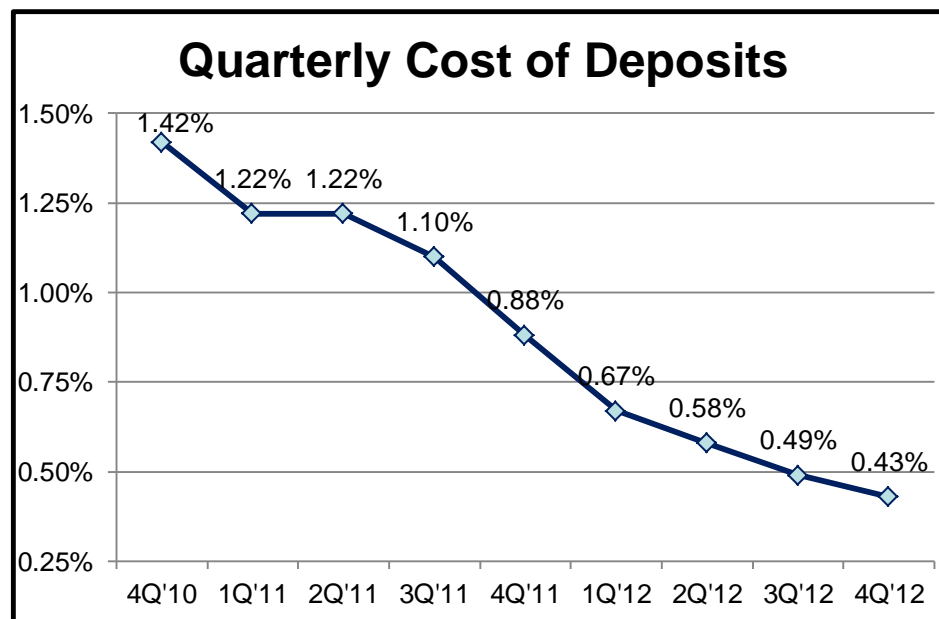
Significant Improvement in Deposit Cost

Quarterly Avg. Deposits



- ☆ Continued improvement in deposit cost
- ☆ Average non-interest-bearing deposits increased to \$359M from \$338M linked quarter
- ☆ 78%, or \$353M, of time deposits to mature within 12 months with WAR of 1.15%

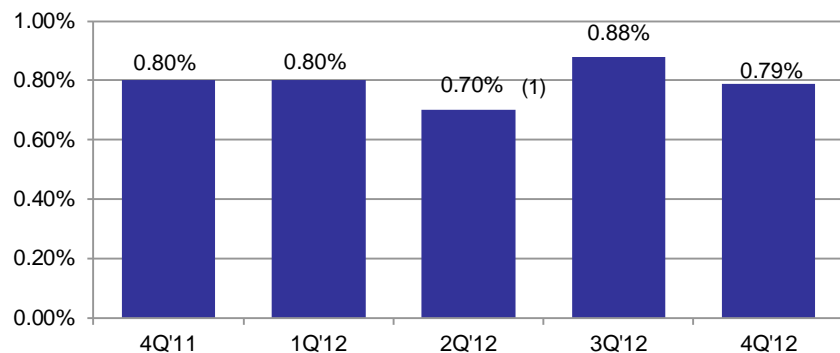
Quarterly Cost of Deposits



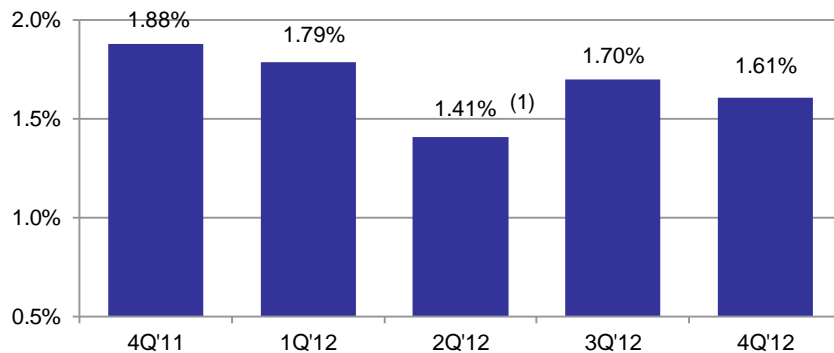
Source: VPFG 2012 10-K and Company Documents at December 31, 2012

Credit Quality

Total NPA/Assets



Total NPLs as a % of Total Loans (2)



Source: Company Documents

(1) Beginning 2Q'12, total loans includes loans acquired from Highlands

(2) Total loans does not include loans held for sale

Non-accrual loans

	Q4 2012	Q3 2012
Commercial real estate	\$ 13,609	\$ 16,572
Commercial and industrial	5,401	4,597
One- to four- family real estate	6,854	5,142
Home equity/home improvement	1,077	1,519
Other consumer	262	251
Total non-accrual loans	27,203	28,081
Foreclosed assets	1,901	3,850
Total non-performing assets	\$ 29,104	31,931

Questions?

Appendix

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

Appendix

TCE to TA, TCE per Share and Price to TBV at December 31, 2012

(Dollar amounts in thousands)

Total GAAP equity	\$520,871
Less: goodwill	(29,650)
Less: identifiable intangible assets, net	(1,653)
Total tangible equity	<u>\$489,568</u>
Total GAAP assets	\$3,663,058
Less: goodwill	(29,650)
Less: identifiable intangible assets, net	(1,653)
Total tangible assets	<u>\$3,631,755</u>
GAAP Equity to Total Assets	14.22%
TCE to TA	13.48%
Shares outstanding at December 31, 2012	39,612,911
TCE per Share	\$12.36

Appendix

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

	Year To Date		Three Months Ended							
	December 31,		December 31,		September 30,		June 30,		March 31,	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
GAAP net income	\$ 35,241	\$ 26,328	\$ 10,361	\$ 9,774	\$ 11,316	\$ 5,143	\$ 6,492	\$ 4,857	\$ 7,072	\$ 6,554
Highlands acquisition costs	2,683	306	-	306	158	-	2,432	-	93	-
Costs relating to sale of VPM	84	-	-	-	(4)	-	88	-	-	-
One time payroll and severance costs	777	-	-	-	238	-	525	-	14	-
One time (gain) loss on assets	(1,353)	(497)	(252)	(97)	(70)	(17)	(1,040)	(472)	9	89
Goodwill impairment	532	176	-	-	-	-	532	176	-	-
Gain on sale of AFS securities	(659)	(4,074)	-	(1,854)	(584)	-	(75)	-	-	(2,220)
Core (non-GAAP) income	\$ 37,305	\$ 22,239	\$ 10,109	\$ 8,129	\$ 11,054	\$ 5,126	\$ 8,954	\$ 4,561	\$ 7,188	\$ 4,423
Core (non-GAAP) basic and diluted EPS	\$ 1.04	\$ 0.69	\$ 0.27	\$ 0.26	\$ 0.30	\$ 0.16	\$ 0.24	\$ 0.14	\$ 0.23	\$ 0.14
Average shares for basic EPS	35,879,704	32,219,841	37,460,539	31,617,219	37,362,535	32,468,640	37,116,322	32,445,527	31,545,748	32,353,331

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

	Year Ended				
	2012	2011	2010	2009	2008
GAAP net income (loss)	\$ 35,241	\$ 26,328	\$ 17,799	\$ 2,670	\$ (3,315)
Highlands acquisition costs	2,683	306	-	-	-
Costs relating to sale of VPM	84	-	-	-	-
One time payroll and severance costs	777	-	-	-	-
One time (gain) loss on assets	(1,353)	(497)	135	526	(120)
Goodwill impairment	532	176	-	-	-
Gain on sale of AFS securities, net of tax	(659)	(4,074)	-	(1,569)	-
Impairment of collateralized debt obligations (all credit)	-	-	-	8,082	9,114
Core (non-GAAP) income	\$ 37,305	\$ 22,239	\$ 17,934	\$ 9,709	\$ 5,679
Core (non-GAAP) basic and diluted EPS	\$ 1.04	\$ 0.69	\$ 0.60	\$ 0.35	\$ 0.20
Average shares for basic EPS	35,879,704	32,219,841	30,128,985	27,881,941	27,768,645