



First Quarter 2019
Investor Presentation

April 24, 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.

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**
- **38+ 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**
- **26+ years of Texas banking experience**

Key franchise highlights - Q1 2019

<p>North Texas Focused</p>	<ul style="list-style-type: none"> • #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 22 companies on the 2018 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
<p>Profitability</p>	<ul style="list-style-type: none"> • Assets of \$9.35 billion generated basic EPS for Q1 2019 of \$0.61 on a GAAP basis and \$0.62 on a core (non-GAAP) basis³ • Gross loans held for investment⁴ grew \$154.0 million, or 2.3%, from Q4 2018, and total deposits grew \$235.7 million, or 3.4%, for the same period • GAAP and core (non-GAAP) ROAA was 1.31%, compared to GAAP ROAA of 1.19% and core (non-GAAP) ROAA of 1.13% for Q1 2018³ • GAAP and core (non-GAAP) efficiency ratio was 48.66%, compared to GAAP efficiency ratio of 47.95% and core (non-GAAP) efficiency ratio of 48.40% for Q1 2018³
<p>Asset Quality</p>	<ul style="list-style-type: none"> • Non-performing assets increased \$38.1 million from Q4 2018, up \$3.8 million from Q1 2018 • Net recoveries totaled \$263,000 for Q1 2019, compared to net charge-offs totaling \$12.4 million for Q1 2018
<p>Capital</p>	<p><i>Profitability levered excess capital while maintaining strong capital levels</i></p> <ul style="list-style-type: none"> • TCE / TA³: 10.28% • Estimated Tier 1 common risk-based capital⁵: 10.92%

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 Q3 2018)

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 requirement of the Federal Reserve

First quarter highlights

(\$ in millions except for per share data)

	Quarter ended			Linked Q Δ	YOY Δ
	March 31, 2018	December 31, 2018	March 31, 2019		
Selected balance sheet data					
Gross loans held for investment¹	\$ 6,569.1	\$ 6,790.7	\$ 6,944.7	2.3 %	5.7%
Total deposits	6,954.4	6,841.7	7,077.4	3.4	1.8
Non-interest-bearing demand deposits	1,681.1	1,773.8	1,752.7	(1.2)	4.3
Tangible book value per share²	16.59	18.88	19.35	2.5	16.6
Selected profitability data					
Net income	\$ 25.8	\$ 57.8	\$ 29.1	(49.7)%	12.9%
Core net income²	24.5	42.7	29.1	(31.9)	18.6
Basic EPS	0.55	1.22	0.61	(50.0)	10.9
Core EPS²	0.52	0.91	0.62	(31.9)	19.2
NIM	3.85%	3.98%	3.89%	-9bps	4bps
Core return on average equity²	10.08	16.07	10.50	(34.7)%	4.2%
Core return on average assets²	1.13	1.93	1.31	(32.1)	15.9
Core efficiency ratio²	48.40	44.13	48.66	10.3	0.5

Source: Company Documents

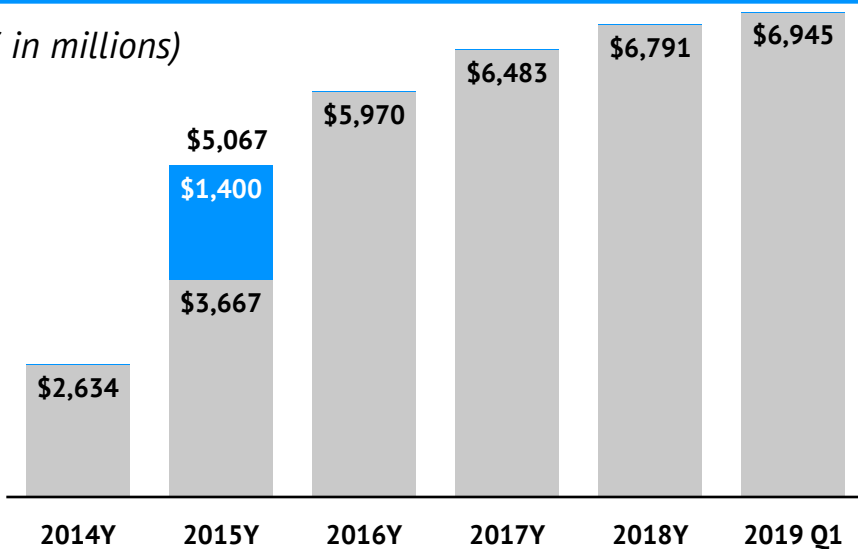
¹ Excludes Warehouse Purchase Program loans² See the section labeled "Supplemental Information- Non-GAAP Financial Measures"

Commercially focused loan portfolio

Gross loans held for investment¹ at Q1 2019 grew \$154.0 million from Q4 2018, which includes linked-quarter increases in all loan portfolios.

Total Loans HFI¹

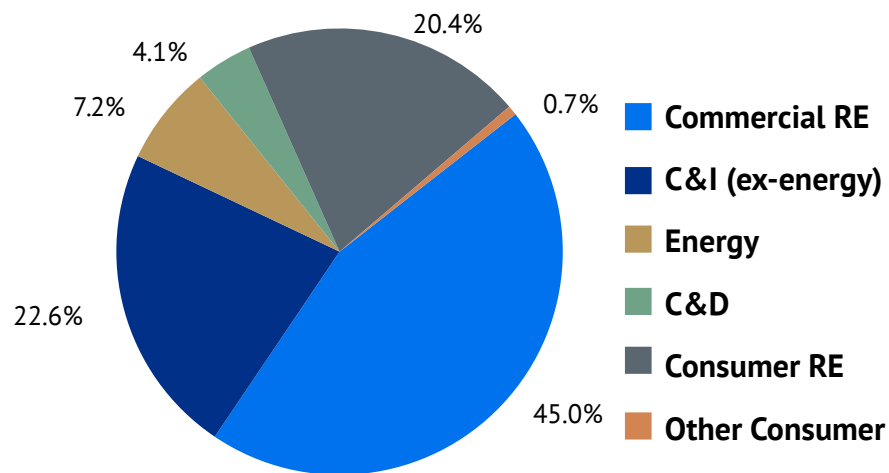
(\$ in millions)



■ Originated loans

■ Acquired from LegacyTexas Group, Inc.²

As of March 31, 2019¹



Quarterly yield on loans held for investment¹: 5.43%

Source: Company Documents

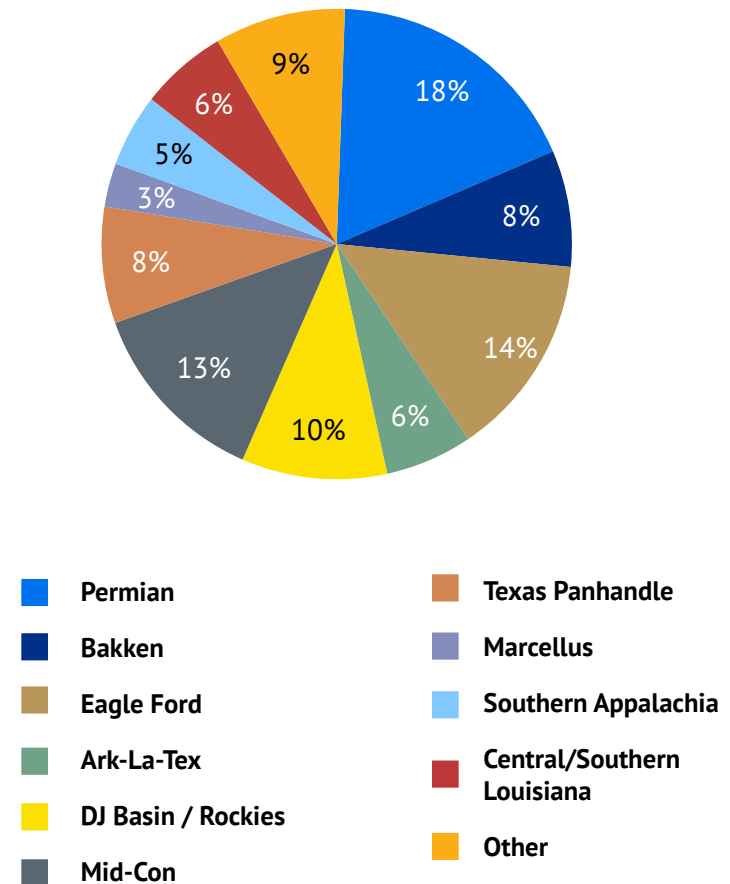
¹ Excludes Warehouse Purchase Program loans

² Represents balance acquired on January 1, 2015

Energy lending

- Reserve-based energy portfolio at March 31, 2019 consisted of 59% crude oil reserves and 41% natural gas reserves
- At March 31, 2019, 50 reserve-based borrowers and 3 midstream borrowers
- \$392 million, or 75%, of our outstanding energy loans are backed by private equity firms with significant capital invested and additional equity commitments available

Geographic Concentration of Reserves

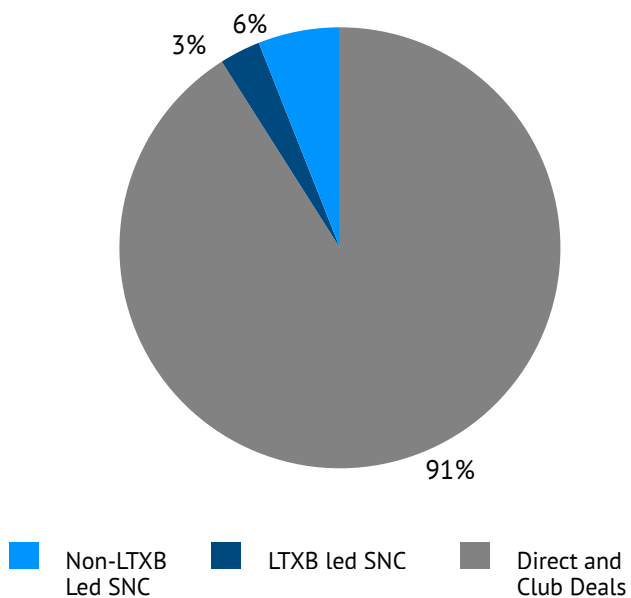


Source: Company documents for loans managed by Energy Finance group

Energy lending

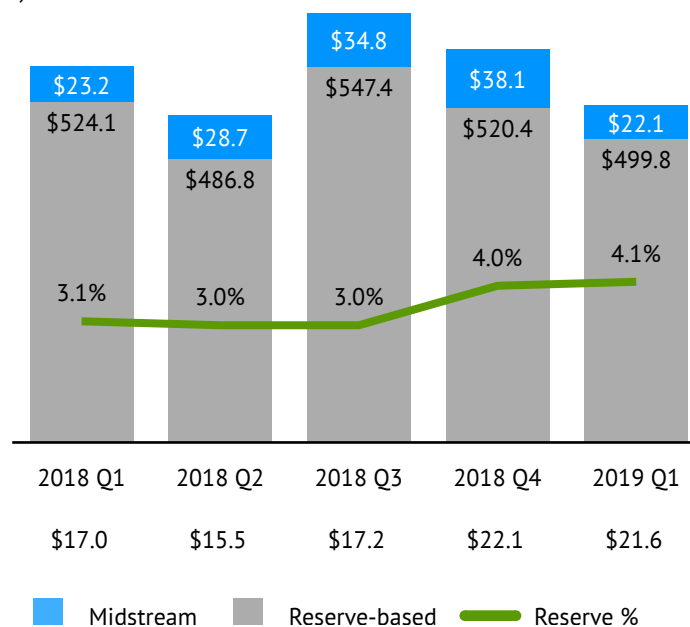
- Energy loans are all first liens
- No unsecured commitments/exposure

SNC Breakout of Energy Loans



Outstanding loan balances and related loan loss reserves

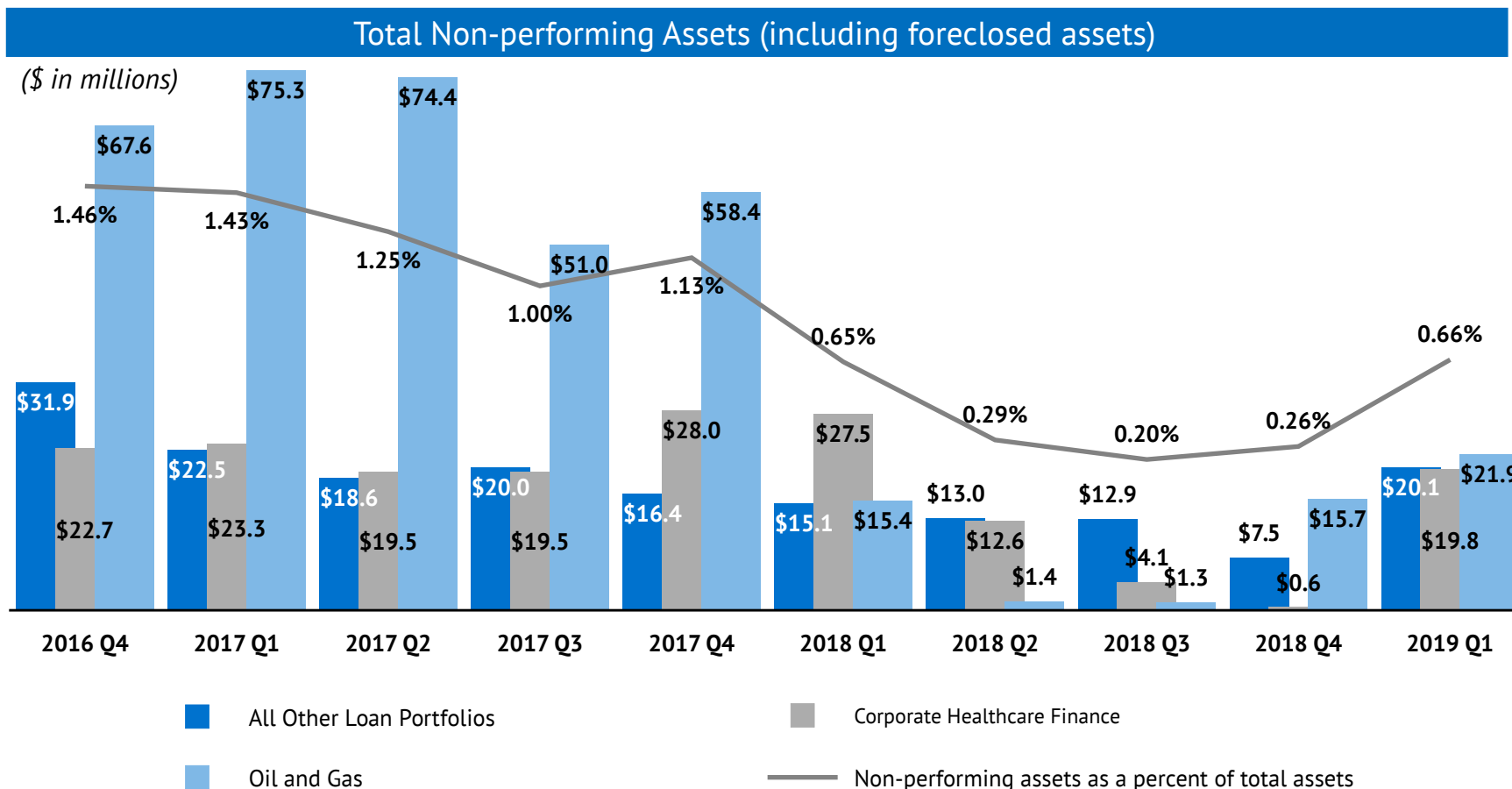
(\$ in millions)



Source: Company documents for loans managed by Energy Finance group

Asset quality

NPAs at Q1 2019 totaled \$61.8 million, up \$38.1 million from Q4 2018 and up \$3.8 million from Q1 2018.



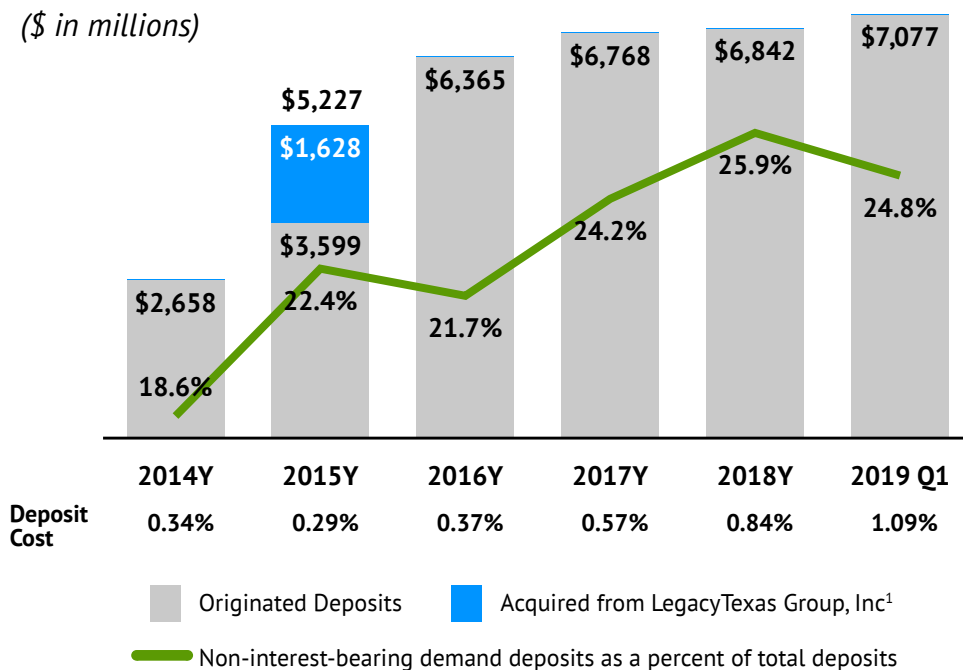
Source: Company documents

Core funded, low cost deposit base

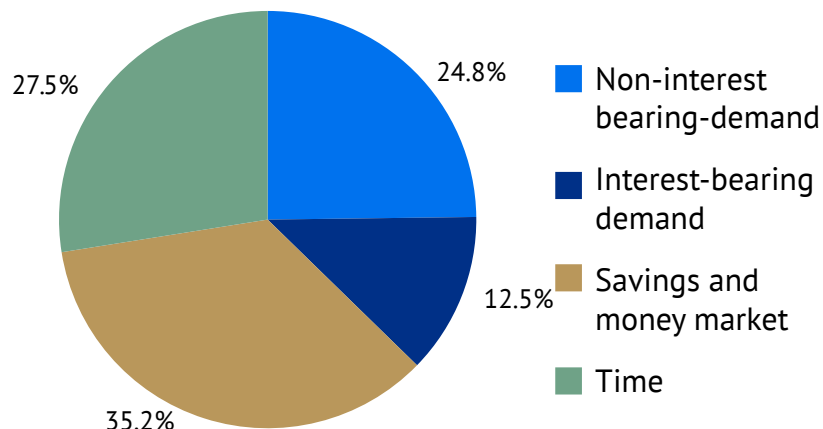
Total deposits at Q1 2019 grew \$235.7 million from Q4 2018, which includes linked-quarter increases in interest-bearing demand, time and savings and money market deposits.

Total Deposits

(\$ in millions)



As of March 31, 2019

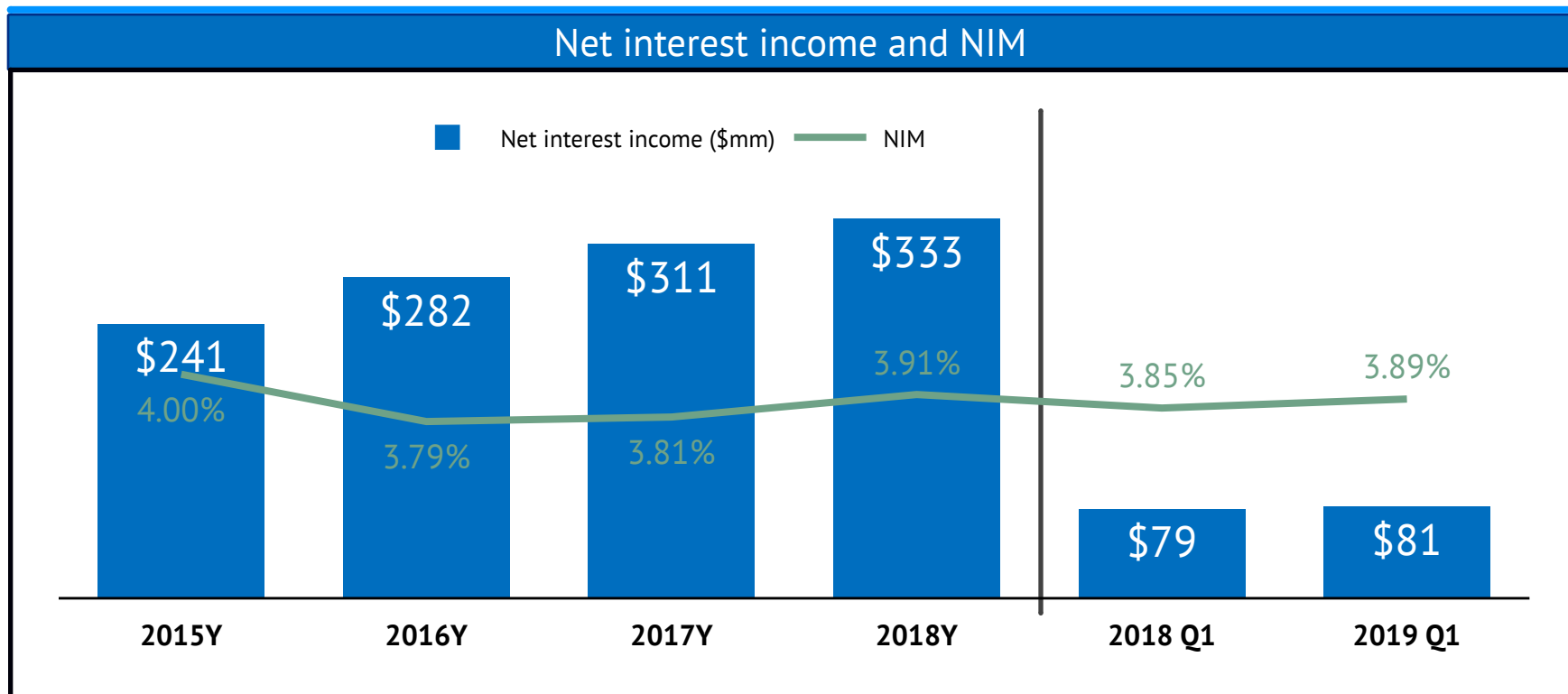


Source: Company Documents

¹ Represents balance acquired on January 1, 2015

Net interest income

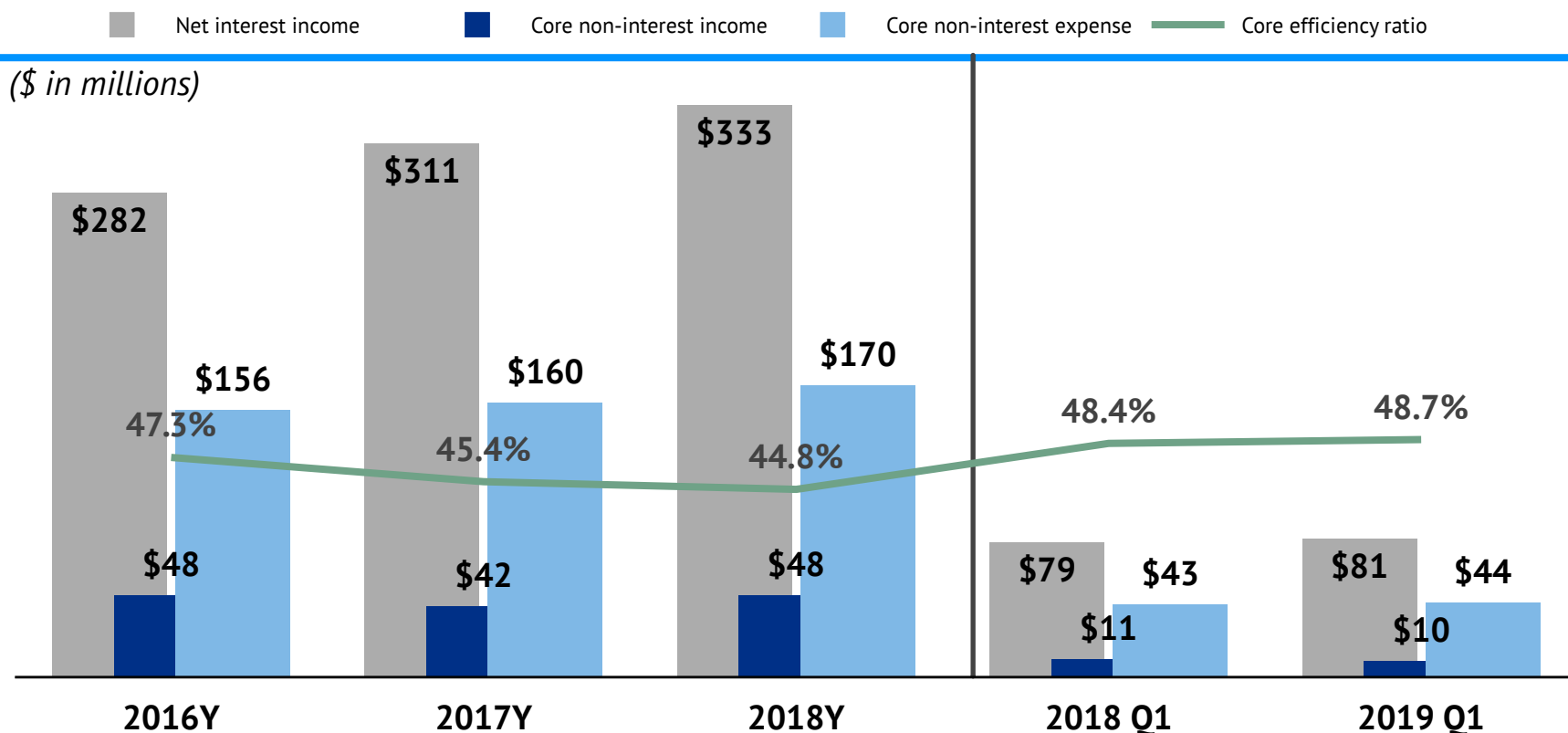
- Net interest income for Q1 2019 was \$81.2 million, a \$3.1 million, or 3.7%, decrease from Q4 2018 and a \$2.6 million, or 3.2%, increase from Q1 2018.
- The net interest margin for Q1 2019 was 3.89%, down 9 basis points from Q4 2018 and up 4 basis points from Q1 2018.



Source: Company Documents

Disciplined expense management

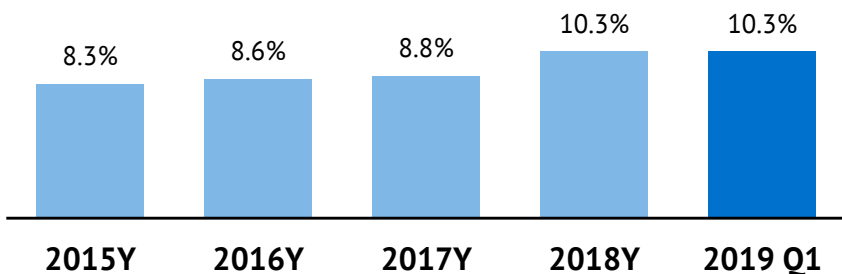
GAAP and core (Non-GAAP) efficiency ratio was 48.66% for Q1 2019, compared to GAAP efficiency ratio of 47.95% and core (non-GAAP) efficiency ratio of 48.40% for Q1 2018.



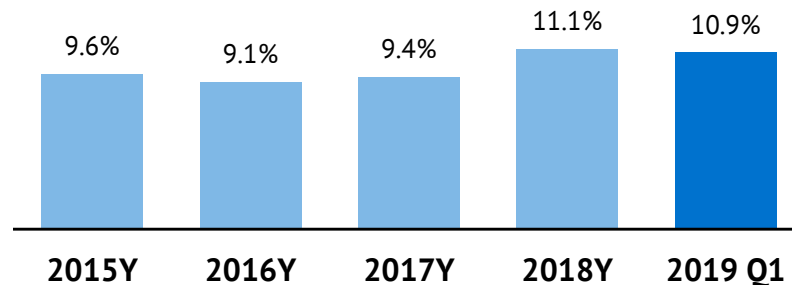
Note: Core (non-GAAP) non-interest income, non-interest expense and efficiency ratio are adjusted for the impact of infrequent or non-recurring items. The reconciliation of non-GAAP measures, which the Company believes facilitates the assessment of its banking operations and peer comparability, is included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

Prudent capital management

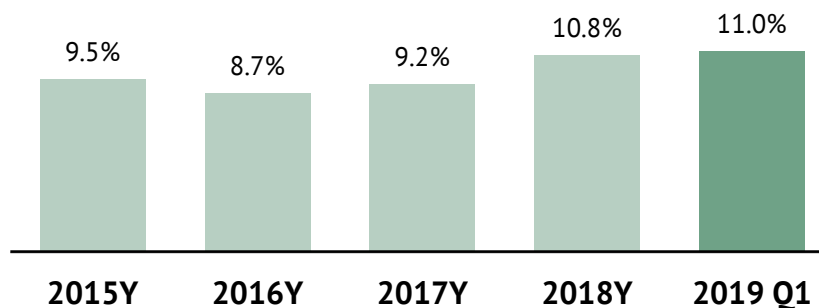
TCE / TA¹



Tier 1 common risk-based²



Tier 1 leverage²



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

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, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
	(Dollars in thousands, except per share amounts)				
GAAP net income available to common shareholders ¹	\$ 28,955	\$ 57,534	\$ 42,672	\$ 27,770	\$ 25,687
Distributed and undistributed earnings to participating securities ¹	125	235	149	67	75
(Gain) on one-time tax adjustment ²	–	(15,289)	–	–	–
Expenses related to above tax adjustment	–	202	–	–	–
Loss on sale of branch locations and land	–	–	372	126	–
Insurance settlement proceeds from pre-acquisition fraud	–	–	–	–	(1,778)
One-time employee bonus related to tax law change	–	–	–	–	537
Core (non-GAAP) net income	<u>\$ 29,080</u>	<u>\$ 42,682</u>	<u>\$ 43,193</u>	<u>\$ 27,963</u>	<u>\$ 24,521</u>
Average shares for basic earnings per share	<u>47,246,282</u>	<u>47,159,578</u>	<u>47,105,655</u>	<u>47,000,405</u>	<u>46,872,333</u>
GAAP basic earnings per share	\$ 0.61	\$ 1.22	\$ 0.91	\$ 0.59	\$ 0.55
Core (non-GAAP) basic earnings per share	0.62	0.91	0.92	0.59	0.52
Average shares for diluted earnings per share	47,835,693	47,714,421	47,755,441	47,618,157	47,564,587
GAAP diluted earnings per share	\$ 0.61	\$ 1.21	\$ 0.89	\$ 0.58	\$ 0.54
Core (non-GAAP) diluted earnings per share	0.61	0.89	0.90	0.59	0.52

¹ Invested 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 This one-time income tax benefit resulted from tax rate changes and the favorable outcome of the Company's change in its tax method of accounting for its loan portfolio, both related to the December 22, 2017 enactment of the Tax Cuts and Jobs Act.

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 Quarter Ended				
	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
(Dollars in thousands, except per share amounts)					
Reconciliation of Core (non-GAAP) to GAAP Non-Interest Income (gross of tax):					
GAAP non-interest income	\$ 9,894	\$ 12,264	\$ 13,227	\$ 10,852	\$ 12,898
Loss on sale of branch locations and land	–	–	471	160	–
Insurance settlement proceeds from pre-acquisition fraud	–	–	–	–	(2,250)
Core (non-GAAP) non-interest income	<u>\$ 9,894</u>	<u>\$ 12,264</u>	<u>\$ 13,698</u>	<u>\$ 11,012</u>	<u>\$ 10,648</u>
Reconciliation of Core (non-GAAP) to GAAP Non-Interest Expense (gross of tax):					
GAAP non-interest expense	\$ 44,307	\$ 42,868	\$ 42,192	\$ 42,191	\$ 43,879
Expenses related to one-time tax adjustment ¹	–	(256)	–	–	–
One-time employee bonus related to tax law change	–	–	–	–	(679)
Core (non-GAAP) non-interest expense	<u>\$ 44,307</u>	<u>\$ 42,612</u>	<u>\$ 42,192</u>	<u>\$ 42,191</u>	<u>\$ 43,200</u>
Reconciliation of Core (non-GAAP) to GAAP Efficiency Ratio (gross of tax):					
GAAP efficiency ratio:					
Non-interest expense	\$ 44,307	\$ 42,868	\$ 42,192	\$ 42,191	\$ 43,879
Net interest income plus non-interest income	91,058	96,563	98,894	94,781	91,511
Efficiency ratio- GAAP basis	48.66%	44.39%	42.66%	44.51%	47.95%
Core (non-GAAP) efficiency ratio:					
Core (non-GAAP) non-interest expense	\$ 44,307	\$ 42,612	\$ 42,192	\$ 42,191	\$ 43,200
Net interest income plus core (non-GAAP) non-interest income	91,058	96,563	99,365	94,941	89,261
Efficiency ratio- core (non-GAAP) basis	48.66%	44.13%	42.46%	44.44%	48.40%

¹ This one-time income tax benefit resulted from tax rate changes and the favorable outcome of the Company's change in its tax method of accounting for its loan portfolio, both 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			
	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Calculation of Tangible Book Value per share:	(Dollars in thousands, except per share amounts)			
Total shareholders' equity	\$ 1,121,087	\$ 1,094,367	\$ 1,039,599	\$ 1,001,450
Less: Goodwill	(178,559)	(178,559)	(178,559)	(178,559)
Less: Identifiable intangible assets, net	(218)	(245)	(279)	(313)
Total tangible shareholders' equity	<u>\$ 942,310</u>	<u>\$ 915,563</u>	<u>\$ 860,761</u>	<u>\$ 822,578</u>
Shares outstanding at end of period	48,704,070	48,505,261	48,491,169	48,311,220
Book value per share- GAAP	\$ 23.02	\$ 22.56	\$ 21.44	\$ 20.73
Tangible book value per share- Non-GAAP	19.35	18.88	17.75	17.03

Calculation of Tangible Equity to Tangible Assets:

Total assets	\$ 9,346,072	\$ 9,051,142	\$ 9,082,792	\$ 9,249,086
Less: Goodwill	(178,559)	(178,559)	(178,559)	(178,559)
Less: Identifiable intangible assets, net	(218)	(245)	(279)	(313)
Total tangible assets	<u>\$ 9,167,295</u>	<u>\$ 8,872,338</u>	<u>\$ 8,903,954</u>	<u>\$ 9,070,214</u>
Equity to assets- GAAP	12.00%	12.09%	11.45%	10.83%
Tangible equity to tangible assets- Non-GAAP	10.28%	10.32%	9.67%	9.07%

	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	<u>\$ 780,913</u>	<u>\$ 706,141</u>	<u>\$ 622,270</u>	<u>\$ 537,760</u>
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	<u>\$ 8,907,235</u>	<u>\$ 8,183,031</u>	<u>\$ 7,510,134</u>	<u>\$ 4,133,651</u>
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 Quarter Ended				
	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
	(Dollars in thousands)				
Net income	\$ 29,080	\$ 57,769	\$ 42,821	\$ 27,837	\$ 25,762
Core (non-GAAP) net income	29,080	42,682	43,193	27,963	24,521
Average total equity	1,107,719	1,062,331	1,022,032	994,574	973,187
Average total assets	8,891,059	8,850,435	9,167,607	8,996,036	8,682,461
Return on average common shareholders' equity	10.50%	21.75%	16.76%	11.20%	10.59%
Core (non-GAAP) return on average common shareholders' equity	10.50	16.07	16.90	11.25	10.08
Return on average assets	1.31	2.61	1.87	1.24	1.19
Core (non-GAAP) return on average assets	1.31	1.93	1.88	1.24	1.13