

Hilltop Holdings Inc. Summer 2014 Roadshow

Investor Presentation | June 2014

Preface

Corporate Headquarters

200 Crescent Court, Suite 1330
Dallas, TX 75201
Phone: (214) 855-2177
Fax: (817) 887-1687
www.hilltop-holdings.com

Additional Information

Anyone desiring additional information may contact:
Isabell Novakov
Phone: (214) 252-4029
Email: inovakov@plainscapital.com

FORWARD-LOOKING STATEMENTS

This presentation and statements made by representatives of Hilltop Holdings Inc. (“Hilltop” or the “Company”) during the course of this presentation include “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements anticipated in such statements. Forward-looking statements speak only as of the date they are made and, except as required by law, the Company does not assume any duty to update forward-looking statements. Such forward-looking statements include, but are not limited to, statements about acquisitions, future financial and operating results, the Company’s plans, objectives, expectations and intentions and other statements that are not historical facts, and may be identified by words such as “anticipates,” “believes,” “could,” “estimates,” “expects,” “forecasts,” “intends,” “may,” “probable,” “projects,” “seeks,” “should,” “would” or the negative of these words and phrases or similar words or phrases. The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: (i) risks related to Hilltop’s pending acquisition of SWS Group, Inc. (ii) risks associated with merger and acquisition integration; (iii) the Company’s ability to estimate loan losses; (iv) changes in the default rate of the Company’s loans; (v) risks associated with concentration in real estate related loans; (vi) the Company’s ability to obtain reimbursements for losses on acquired loans under loss-share agreements with the Federal Deposit Insurance Corporation; (vii) changes in general economic, market and business conditions in areas or markets where the Company competes; (viii) severe catastrophic events in the Company’s geographic area; (ix) changes in the interest rate environment; (x) cost and availability of capital; (xi) changes in state and federal laws, regulations or policies affecting one or more of Hilltop’s business segments, including changes in regulatory fees, deposit insurance premiums, capital requirements and the Dodd-Frank Wall Street Reform and Consumer Protection Act; (xii) the Company’s ability to use net operating loss carry forwards to reduce future tax payments; (xiii) approval of new, or changes in, accounting policies and practices; (xiv) changes in key management; (xv) competition in the Company’s banking, mortgage origination, financial advisory and insurance segments from other banks and financial institutions, as well as insurance companies, mortgage bankers, investment banking and financial advisory firms, asset-based non-bank lenders and government agencies; (xvi) failure of the Company’s insurance segment reinsurers to pay obligations under reinsurance contracts; (xvii) the Company’s ability to use excess cash in an effective manner, including the execution of successful acquisitions; and (xviii) the Company’s participation in governmental programs, including the Small Business Lending Fund. For further discussion of such factors, see the risk factors described in the Hilltop Annual Report on Form 10-K for the year ended December 31, 2013, Quarterly Report on Form 10-Q for the three months ended March 31, 2014, and other reports filed with the Securities and Exchange Commission. All forward-looking statements are qualified in their entirety by this cautionary statement.

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Hilltop Holdings

Hilltop Holdings – Overview

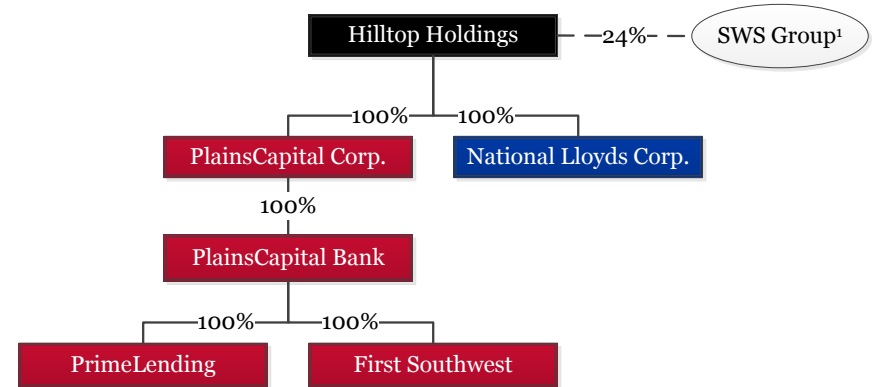
- Hilltop Holdings (“Hilltop” or the “Company”) is a diversified financial holding company based in Dallas, Texas
- Hilltop provides banking, mortgage origination, financial advisory and insurance through its wholly owned subsidiaries, PlainsCapital Corporation and National Lloyds Corporation
- PlainsCapital Bank (“PCB”) is the 5th largest² Texas-based bank with 78 branches located in all major Texas markets
- PrimeLending is the 4th largest mortgage originator in the U.S. by purchase units (2013) with 300 locations in 42 states
- First Southwest, primarily a public finance advisor, ranked #1 nationally and in Texas for number of issues completed over past five years
- National Lloyds provides fire and homeowners insurance for low value dwellings in Texas and other southern states with a distribution network of over 6,500 independent agents
- Hilltop’s operating subsidiaries are well positioned in their respective markets and collectively generate strong earnings and capital

Source: Company documents, SNL Financial (deposit market share), Ipreo MuniAnalytics (public finance rankings), Marketrac (origination ranking)

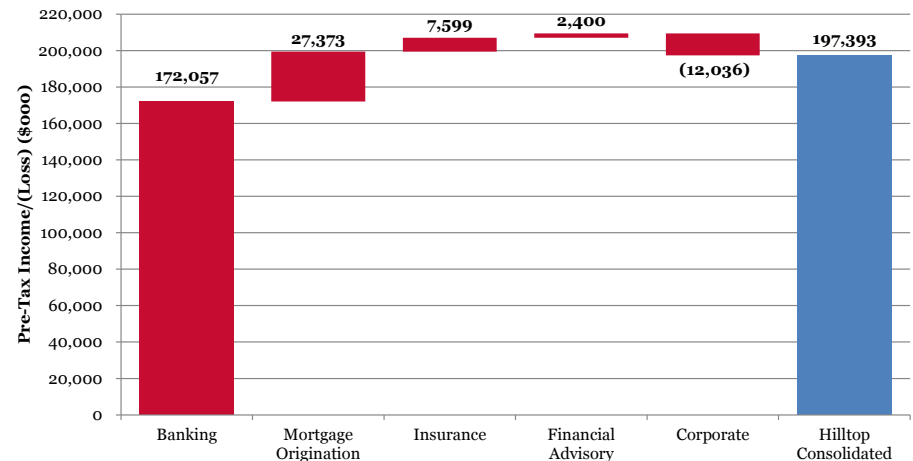
Notes:

1. At March 31, 2014, Hilltop beneficially owned 24% of the outstanding common stock of SWS.
2. Deposit data as of June 30, 2013 and pro forma for acquisitions (including Hilltop/FNB). Includes banks and thrifts headquartered in Texas.

Organizational Structure



2013 Pre-Tax Income by Entity

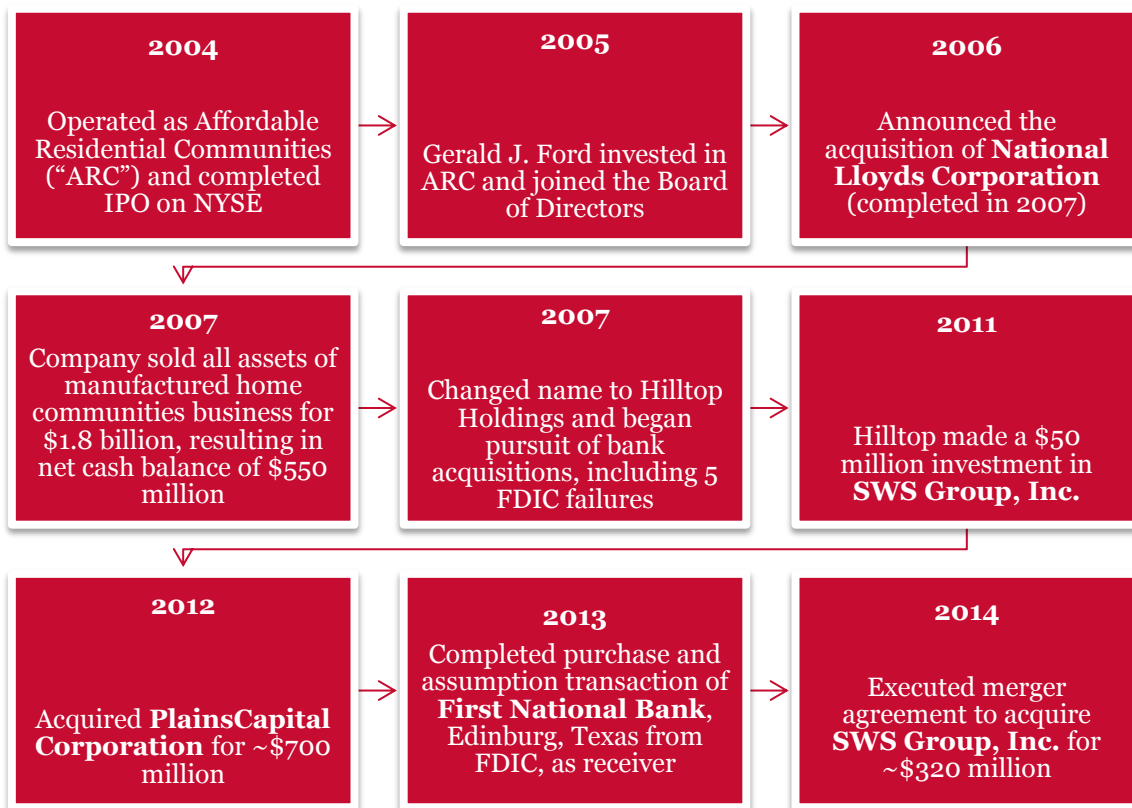


Hilltop Holdings – Leadership

- Gerald J. Ford, Hilltop’s Chairman and largest shareholder, has successfully acquired and sold banks and other financial institutions for 38 years
- Alan B. White, Hilltop’s Vice Chairman and PlainsCapital’s founder, has consistently grown earnings and assets over the past 27 years through a culture of building long-term relationships and customer responsiveness
- Our senior management teams have complimentary expertise in management and acquisitions

Hilltop Holdings	PlainsCapital	PlainsCapital Subsidiaries	National Lloyds
<p>Gerald J. Ford <i>Chairman</i></p> <ul style="list-style-type: none"> • Company Tenure: 9 years • Financial Services Experience: 38 years 	<p>Alan B. White <i>Chairman & CEO</i></p> <ul style="list-style-type: none"> • Company Tenure: 27 years • Financial Services Experience: 45 years 	<p>Jerry Schaffner <i>President & CEO - PlainsCapital Bank</i></p> <ul style="list-style-type: none"> • Company Tenure: 26 years • Financial Services Experience: 30 years 	<p>Robert Otis <i>CEO – National Lloyds</i></p> <ul style="list-style-type: none"> • Hired effective April 2014 • Financial Services Experience: 25 years
<p>Jeremy Ford <i>President & CEO</i></p> <ul style="list-style-type: none"> • Company Tenure: 4 years • Financial Services Experience: 15 years 	<p>James R. Huffines <i>President & COO</i></p> <ul style="list-style-type: none"> • Company Tenure: 14 years • Financial Services Experience: 38 years 	<p>Todd Salmans <i>CEO - PrimeLending</i></p> <ul style="list-style-type: none"> • Company Tenure: 8 years • Financial Services Experience: 35 years 	
<p>Corey Prestidge <i>General Counsel</i></p> <ul style="list-style-type: none"> • Company Tenure: 6 years • Financial Services Experience: 11 years 	<p>John A. Martin <i>CFO</i></p> <ul style="list-style-type: none"> • Company Tenure: 4 years • Financial Services Experience: 43 years 	<p>Hill A. Feinberg <i>Chairman & CEO - First Southwest</i></p> <ul style="list-style-type: none"> • Company Tenure: 23 years • Financial Services Experience: 40 years 	
<p>Darren Parmenter <i>Principal Financial Officer</i></p> <ul style="list-style-type: none"> • Company Tenure: 14 years • Financial Services Experience: 7 years 			

Hilltop Holdings – Timeline of Significant Events



Hilltop	Mar 31, 2014
Excess Cash	\$157M
Tier 1 Leverage Ratio	13.12%
Total Capital Ratio	19.32%
Total Assets	\$9.0B

- After selling ARC in 2007, Hilltop had net cash of \$550 million and pursued several bank acquisitions
- In November 2012, Hilltop made the transformational acquisition of PlainsCapital, while maintaining its leadership and structure
- In September 2013, Hilltop expanded its Texas banking footprint via the FDIC-assisted transaction of First National Bank (“FNB Transaction”)
- On April 1st, 2014, Hilltop announced the definitive merger agreement with SWS Group, Inc. (“SWS”)
- With \$9.0 billion in assets and \$157 million in freely usable cash, Hilltop seeks to build a premier Texas-based bank and diversified financial services holding company through acquisitions and organic growth

Hilltop Holdings – Q1 2014 Highlights

- For the first quarter of 2014, GAAP income to common stockholders for Hilltop Holdings (“Hilltop”) was \$23.8 million, or \$0.26 earnings per diluted share
- Return on average equity was 7.65% in Q1 2014 and 11.46% in Q1 2013
- Return on average assets was 1.14% in Q1 2014 and 1.87% in Q1 2013
- PlainsCapital Corp. subsidiaries reported pre-tax income of \$28.7 million, while National Lloyds Corporation had pre-tax income of \$11.4 million for the quarter
- Total assets increased to \$9.0 billion at March 31, 2014, compared to \$8.9 billion at December 31, 2013
- Total stockholders’ equity increased by \$43.3 million from December 31, 2013 to \$1.4 billion at March 31, 2014
- Hilltop has excess capital with a 13.12% Tier 1 Leverage Ratio¹ and a 19.32% Total Risk Based Capital Ratio

Note:

(1) Based on the end of period Tier 1 capital divided by total average assets during the first quarter of 2014 excluding goodwill and intangible assets

Hilltop Holdings – Financial Summary

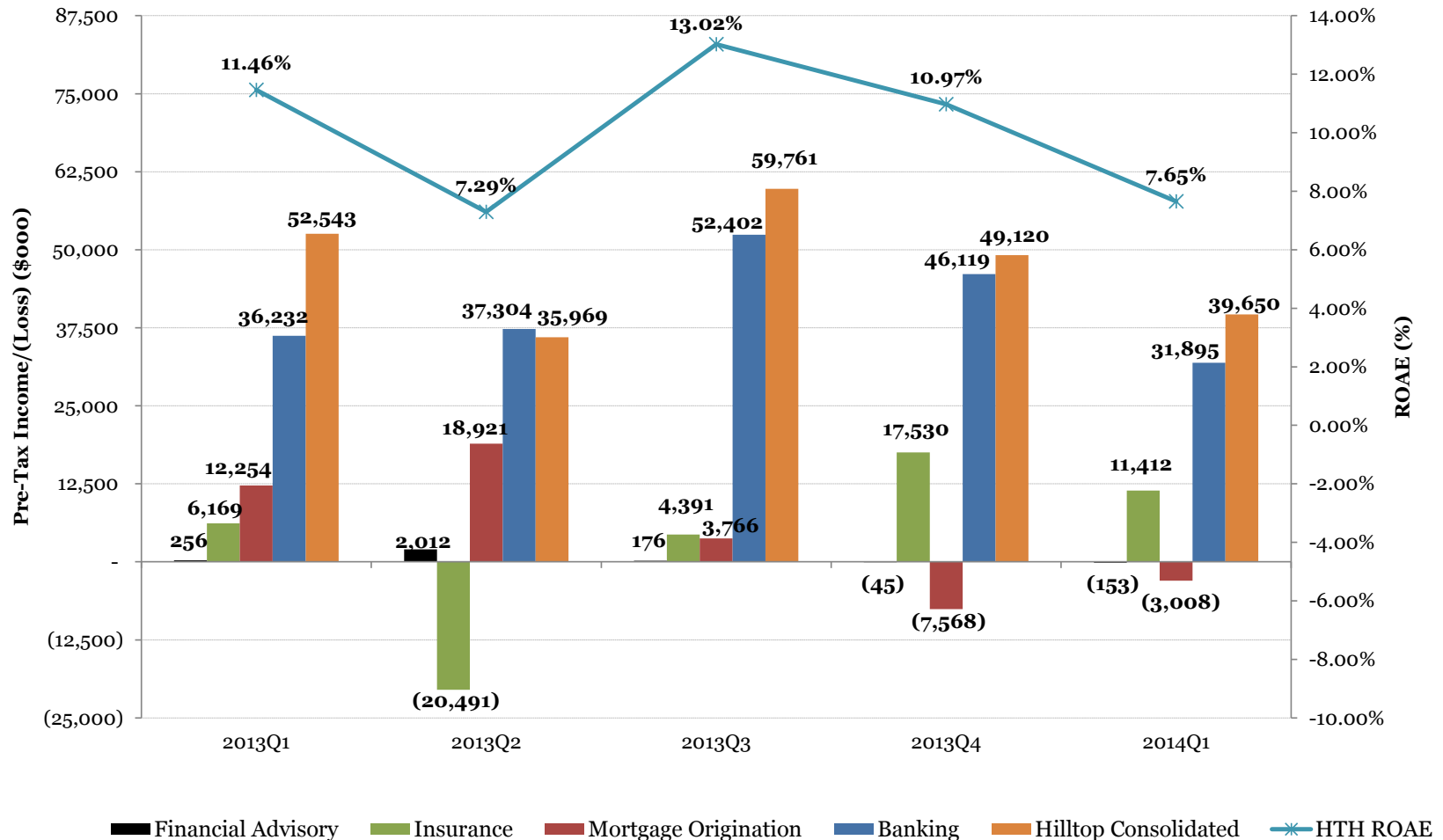
Financial Highlights	Q1 2013	Q4 2013	Q1 2014
Income to Common (\$000)	32,370	29,528	23,760
EPS - Diluted (\$)	0.39	0.34	0.26
Book Value Per Share (\$)	12.74	13.27	13.76
NIM (taxable equivalent)	4.35%	4.52%	4.62%
Assets (\$000)	7,216,910	8,904,122	9,033,432
Loans, Gross (\$000)	3,248,367	4,521,015	4,559,394
Deposits (\$000)	4,758,438	6,722,918	6,663,176
Hilltop Stockholders' Equity (\$000)	1,177,809	1,311,141	1,354,497
NPLs/ Total Loans ¹	0.08%	0.51%	0.51%
NPAs/Total Assets ¹	0.16%	0.32%	0.32%
Tier 1 Leverage Ratio ²	13.39%	12.81%	13.12%
Total Risk Based Capital Ratio	18.58%	19.13%	19.32%

Note: Certain reclassifications have been made to the prior period financial statements to conform with the current period presentation

(1) NPLs, NPAs and Total Loans exclude covered loans and covered REO

(2) Based on the end of period Tier 1 capital divided by total average assets during the quarter ended excluding goodwill and intangible assets

Hilltop Holdings – Pre-Tax by Segment



Note: Hilltop also includes a corporate segment, which is excluded in bar chart for illustrative purposes

PlainsCapital Corporation

PlainsCapital Corporation – Overview

A Diversified Full-Service Financial Institution

- Comprised of three operating companies: PlainsCapital Bank, PrimeLending, First Southwest

Customer Focus

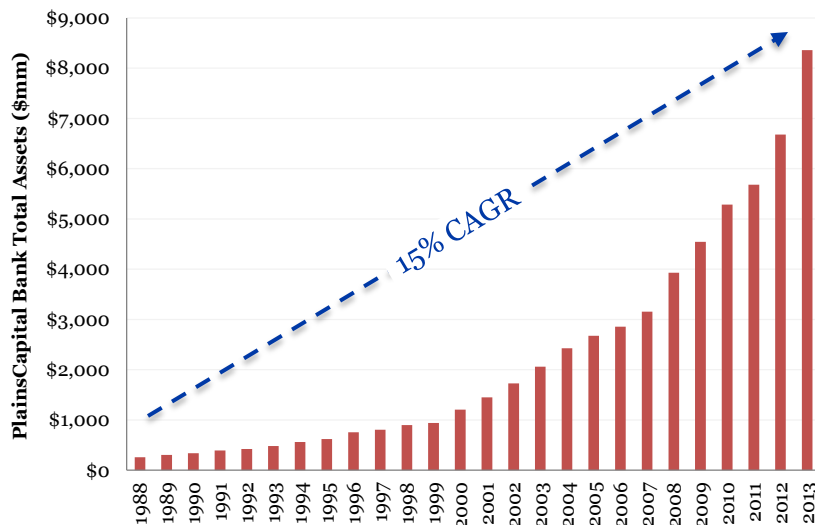
- Unique culture that focuses on customer responsiveness

Strong History of Organic Growth

- Profitable every year since inception in 1987

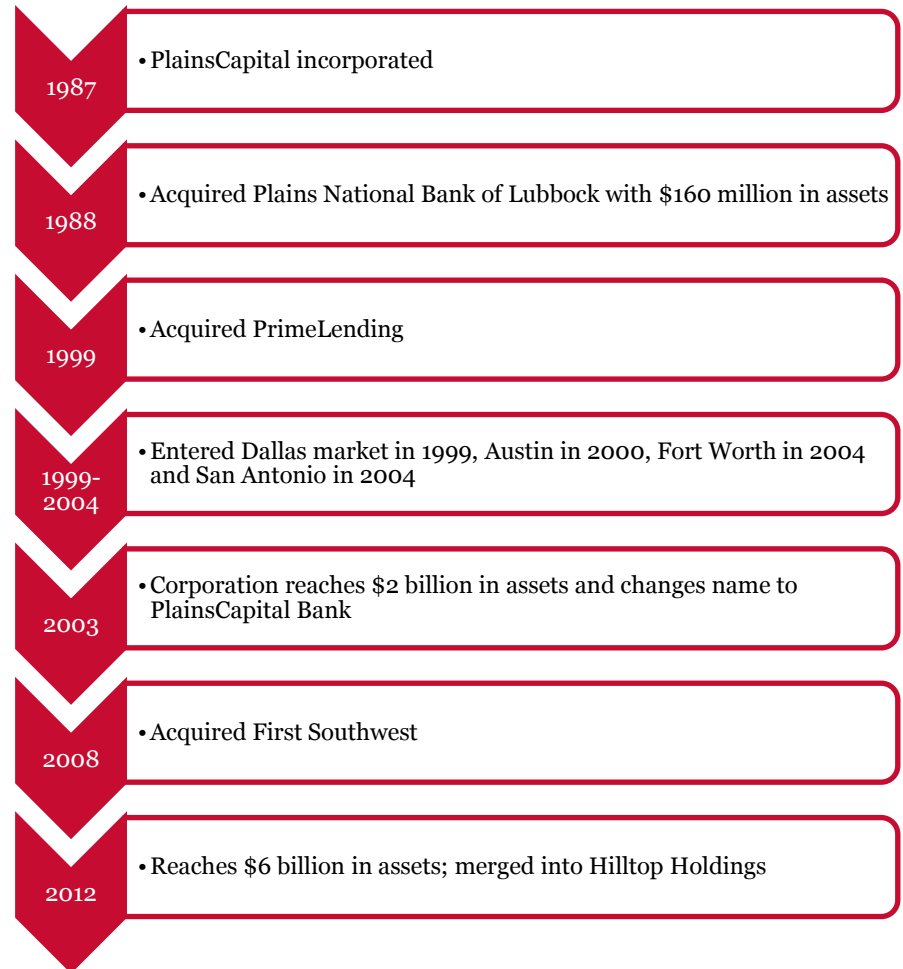
Solid Management Team

- Highly experienced management team that has worked together for more than 20 years



Note: Graph depicts regulatory end of period assets of PlainsCapital Bank consolidated

Corporate History



PlainsCapital Corporation – Business Segments

PlainsCapitalBank 

Banking

- PlainsCapital Bank is a state chartered, Federal Reserve member institution with \$8.0 billion in assets and \$6.7 billion in deposits
- Provides commercial banking, retail banking, trust, treasury management and wealth management
- Pursues a retail banking strategy in Lubbock, TX where it was founded, while focusing on commercial and private banking in most other major Texas markets

PrimeLending 
A PlainsCapital Company.

Mortgage Origination

- Founded in 1986 and acquired by PlainsCapital in 1999, PrimeLending is a residential mortgage originator licensed to originate and close loans in all 50 states and the District of Columbia
- Using a retail platform, it originated \$11.8 billion of mortgages in 2013 and \$1.9 billion in Q1 2014

FirstSouthwest 
A PlainsCapital Company.

Financial Advisory

- First Southwest is a diversified investment banking firm and a registered broker-dealer
- Four primary lines of business: (1) public finance, (2) capital markets, (3) correspondent clearing services and (4) asset management

PlainsCapital Corporation – Q1 2014 Highlights

PlainsCapital Bank

- Pre-tax income of the banking segment of \$31.9 million in Q1 2014
- Net interest income grew 17.7% from Q1 2013 to Q1 2014
- Credit quality remains strong, with non-covered NPAs to total consolidated assets of 0.32% in Q1 2014



Banking Highlights (\$000)	Q1 2013	Q1 2014
Pre-Tax Income	36,232	31,895
Net Interest Income	67,624	79,572
NIM (%)	5.30	4.80
Assets	6,105,448	8,018,568
Tier 1 Leverage Ratio (%)	9.22	9.53

PrimeLending

- Q1 consistently has seasonally lower volume for the mortgage business, however PrimeLending was able to increase market share to 0.84% in Q1 2014 from 0.58% in Q1 2013
- Home purchases volume represented 79% and 53% of originations in Q1 2014 and Q1 2013, respectively



Mortgage Origination Highlights (\$000)	Q1 2013	Q1 2014
Pre-Tax Income (Loss)	12,254	(3,008)
Gain on Sale & Origination Fee Income	146,489	91,455
Origination Volume	3,046,263	1,866,153
Origination Volume - % Purchase	52.8	78.7

First Southwest

- Results remain pressured from depressed municipal bond volume and prolonged low short term interest rates, however revenue is up 5% versus Q1 2013



Financial Advisory Highlights (\$000)	Q1 2013	Q1 2014
Pre-Tax Income (Loss)	256	(153)
Noninterest Income	22,778	24,597

Note: Segment financials based on updated segment reporting breakdown change that occurred in Q4 2013. Certain reclassifications have been made to the prior period financial statements to conform with the current period presentation

PlainsCapital Bank

PlainsCapital Bank – Overview

Franchise Update

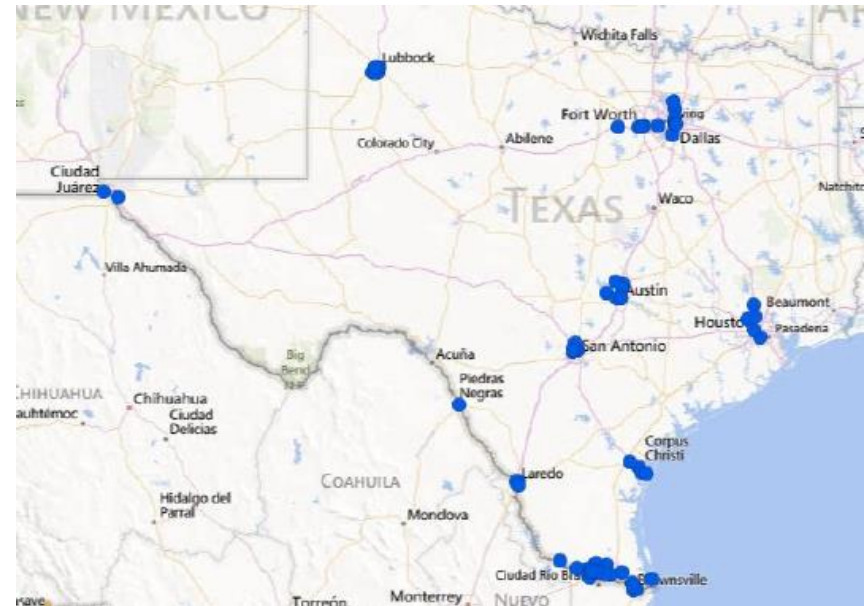
- 78 branches in 12 MSAs, including Dallas / Fort Worth (#10), Lubbock (#1), Austin (#10), San Antonio (#17), Rio Grande Valley (#5 in McAllen) and Houston
- FNB Transaction provided expansion into new markets such as Rio Grande Valley, Houston, Corpus Christi, Laredo and El Paso
- Improved our presence in existing markets such as Austin, Dallas and San Antonio
- Hired established new leadership with local market depth in Rio Grande Valley, Corpus Christi and Houston
- Conversion of FNB to PlainsCapital platform completed in February 2014; staffing levels at legacy FNB franchise are down approximately 9% through attrition
- A separate division with a dedicated team of professionals has been established to work through problem assets from the FNB Transaction

Strong Culture

- Community banking business model provides superior customer service and responsive decision making
- Team-based work environment builds retention and long tenure
- Adapting legacy FNB employees to our culture, building acceptance of PlainsCapital brand with local businesses and communities

Source: SNL Financial
 Deposit data as of June 30, 2013 and pro forma for acquisitions (including Hilltop/FNB)
 Includes banks & thrifts headquartered in Texas

Branch Map (78 Branches)



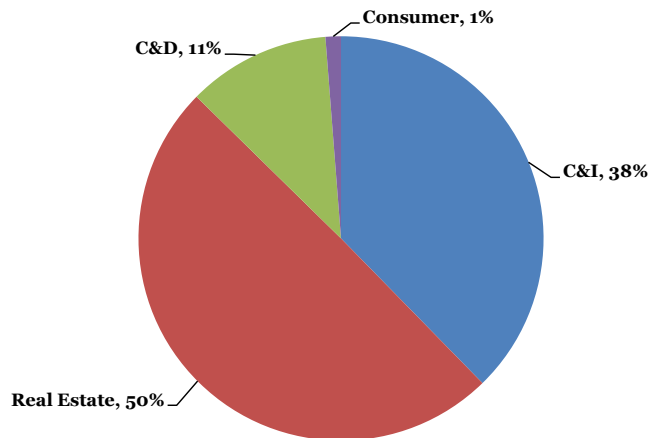
Texas Deposit Market Share

Rank	Texas Headquartered Banks & Thrifts	Branches	Deposits (\$mm)	Market Share (%)
1	Cullen/Frost Bankers Inc.	130	20,363	3.64
2	Prosperity Bancshares Inc.	263	13,982	2.50
3	Comerica Inc.	138	9,870	1.77
4	Texas Capital Bancshares Inc.	13	7,721	1.38
5	PlainsCapital Bank	78	6,925	1.24

PlainsCapital Bank – Loans and Deposits

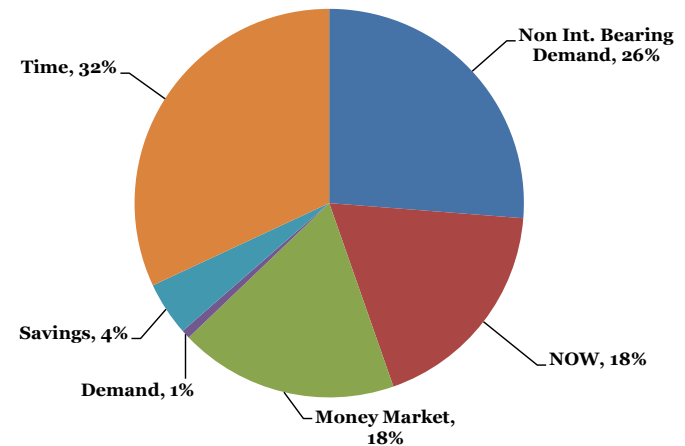
- 11% annualized growth in legacy PlainsCapital loan portfolio
- Gross non-covered loans HFI up \$132.3 million from Q4 2013
- \$1.2 billion in unfunded commitments and solid pipeline
- Although loan pricing and structure continues to remain competitive in our markets, PCB is well positioned with seasoned bankers and a solid capital base
- Q1 2014 loan portfolio yield of 6.66%
- Core deposits from FNB Transaction provided enhanced funding and liquidity
- Q1 2014 cost of interest bearing deposits of 0.31%
- Q1 2014 PCB net interest margin of 4.80% due to improved funding mix and loan portfolio yield

Loans HFI Mix 1Q14



Total Loans¹: \$4.6 billion

Deposit Mix 1Q14



Total Deposits¹: \$6.7 billion

Note: (1) Loans HFI and deposit mix represent consolidated balances at Hilltop and, therefore, eliminate intercompany loans and deposits in charts above

PrimeLending

PrimeLending – Overview

Strong History of Growth

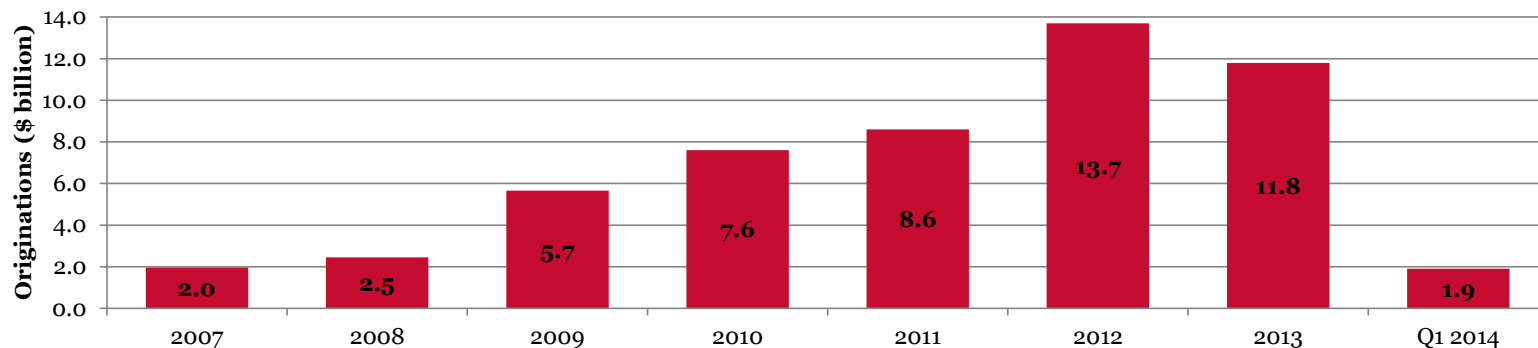
- Headquartered in Dallas, Texas, PrimeLending has grown from a staff of 20 producing \$80 million in annual closed loan volume to a staff of more than 2,600 producing approximately \$11.8 billion in 2013

Summary Overview

- PrimeLending focuses on the purchase mortgage business, which represented 69% of volume in 2013 versus the US industry average of 37%
- Handles loan processing, underwriting and closing in-house
- Generates noninterest income by selling substantially all mortgage loans it originates to various investors in the secondary market (majority servicing released)
- Mortgage segment retained servicing on 37% of loans sold in Q1 2014, resulting in mortgage servicing asset of \$29.9 million

Solid Reputation in Large Texas Markets

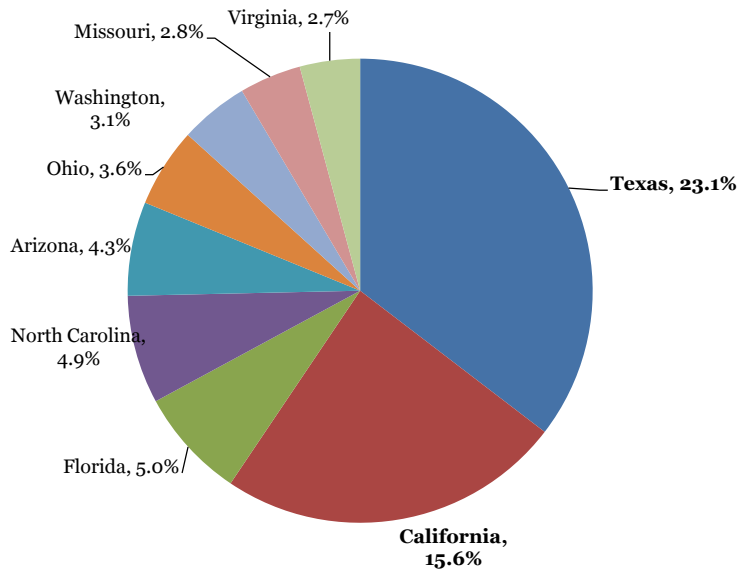
- Ranked #2 in Texas in Purchase Units by Market Trac (#4 in the Nation and #1 in Dallas in 2013)
- Named the #1 Residential Mortgage Lender by the Dallas Business Journal on multiple occasions
- Ranked #6 in Dallas Morning News Top 100 Places to Work in 2013
- PrimeLending ranked #4 among the "Top 100 Mortgage Companies in America 2013," according to Mortgage Executive magazine's list of the nation's top 100 closely held mortgage companies



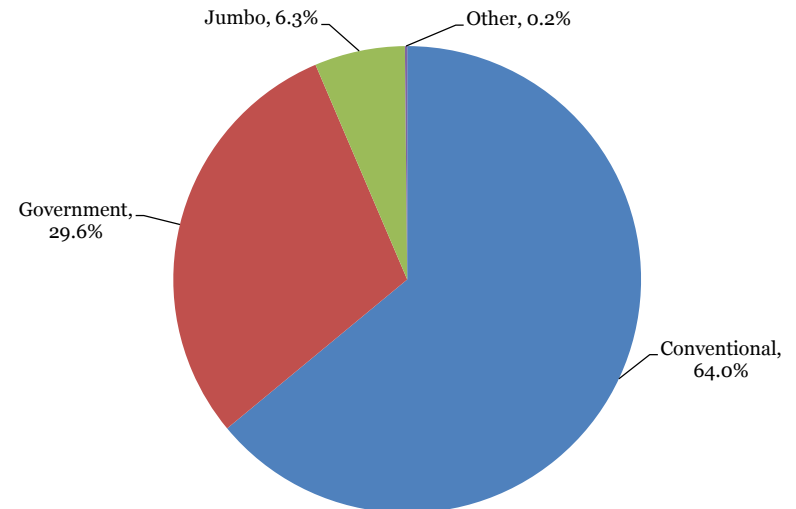
PrimeLending – Origination Breakdown

- Texas and California represented 39% of Q1 2014 origination volume
- Loan products include 30-year and 15-year fixed rate conventional mortgages, adjustable rate mortgages, jumbo loans, FHA and VA loans, permanent construction financing, relocation programs and refinancing options (no sub-prime loans)
- Mortgage segment continues to rationalize expense platform while focusing on adding key producers as market pressures endure
 - U.S. mortgage volume projected to decline to \$1,046 billion in 2014 from an estimated \$1,755 billion in 2013
 - Industry volumes decreased 57% in Q1 2014 versus Q1 2013, however PrimeLending's volume decreased just 39% during the same period primarily due to the company's strong purchase franchise

By Geography



By Mortgage Type



Total Mortgage Originations: \$1.9 billion

Source: Total mortgage volume estimates based on Mortgage Bankers Association Mortgage Finance Forecast as of May 19, 2014

First Southwest

First Southwest – Overview

Summary

- First Southwest was formed in Dallas in 1946 and acquired by PlainsCapital on Dec. 31, 2008
- 26 locations nationwide (9 in Texas) and employs approximately 400 people

Public Finance

- Largest department and consistently ranked among the top public financial advisors in the nation
- Provides financial advisory services for more than 1,600 cities, counties, school districts, utility districts and other governmental and public entities across the U.S.

Capital Markets

- A leading underwriter of municipal bonds for municipalities nationwide

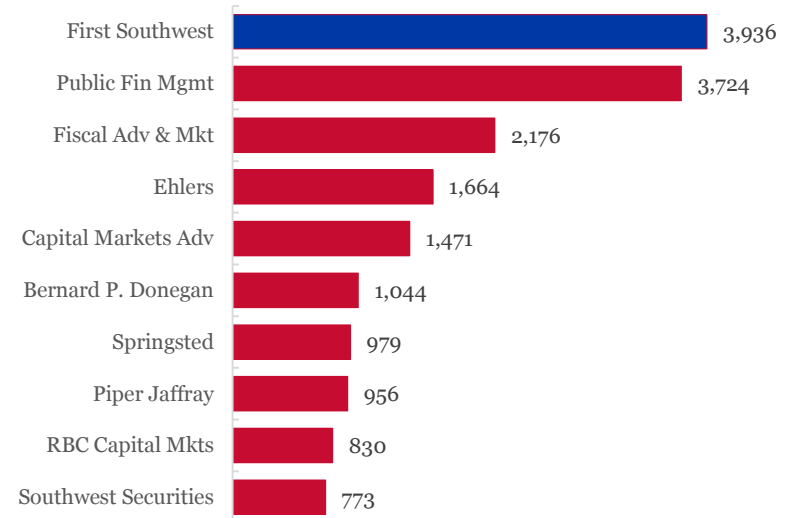
Correspondent Clearing Services

- Clearing services to over 80 correspondent broker-dealers and registered investment advisors nationwide

Asset Management

- At March 31, 2014, First Southwest Asset Management served as investment manager of \$7.5 billion in short-term fixed income portfolios of municipalities and investment adviser for \$5.6 billion invested by municipal governments

Number of Tax-Exempt Issues: 2009 – 2013



Ranking by Industry Sector

Industry	Ranking	
	# of Issues	Par Volume
Cities & Towns	#1	#1
Transportation	#2	#2
Civic & Convention Centers	#2	#2
Airports	#1	#2
Education	#2	#2

Source: Ipreo MuniAnalytics

National Lloyds Corporation

National Lloyds Corporation – Overview

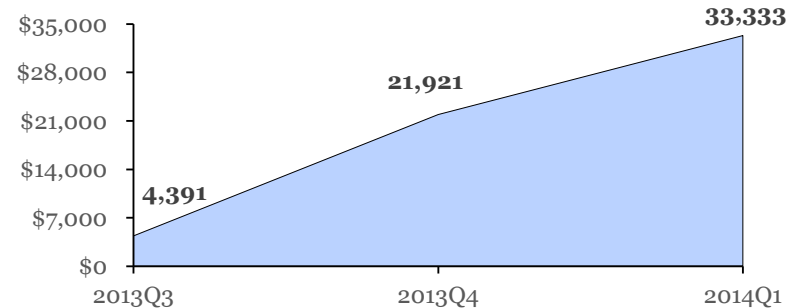
National Lloyds Corporation is Texas-based niche P&C underwriter

- For over 40 years, specializes in low-value homeowners and mobile home products
- Vast majority of property coverage provide actual cash value payments, as opposed to replacement cost
- Writes mainly in Texas (69%), Oklahoma (9%) and Arizona (9%), as well as other southern states
- Distribution via an established network of over 6,500 agents
- Supported by conservative catastrophic reinsurance program and investment portfolio
- A.M. Best “A” (Excellent) Rated

Focus and Operations

- Bob Otis hired in April 2014 as CEO; brings over 25 years of experience with large carriers
- Increased focus on core products in core states
- Significant rate increases over past 2 years
- Exposure management based on geographic concentrations, independent agent performance and replacement cost products
- Complete underwriting of all policies – 5 territorial underwriters with at least 25 years of experience

Cumulative Pre-Tax Income since June 30, 2013



Direct Premiums Written By Product

