

Hilltop Holdings Inc. Fall 2014 Roadshow

Investor Presentation | September 2014

Preface

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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 concerning acquisitions, including our pending acquisition of SWS Group, Inc. (“SWS”), integration of the assets and operations acquired in the First National Bank (“FNB”) transaction, mortgage loan origination volume, market trends, organic growth, commitment utilization, exposure management in our insurance operations, loan performance, the Company’s other plans, objectives, strategies, expectations and intentions and other statements that are not statements of historical fact, and may be identified by words such as “anticipates,” “believes,” “could,” “estimates,” “expects,” “forecasts,” “intends,” “may,” “might,” “probable,” “projects,” “seeks,” “should,” “target,” “view,” “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; (ii) risks associated with merger and acquisition integration, including SWS and the assets and liabilities of FNB; (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 and six months ended June 30, 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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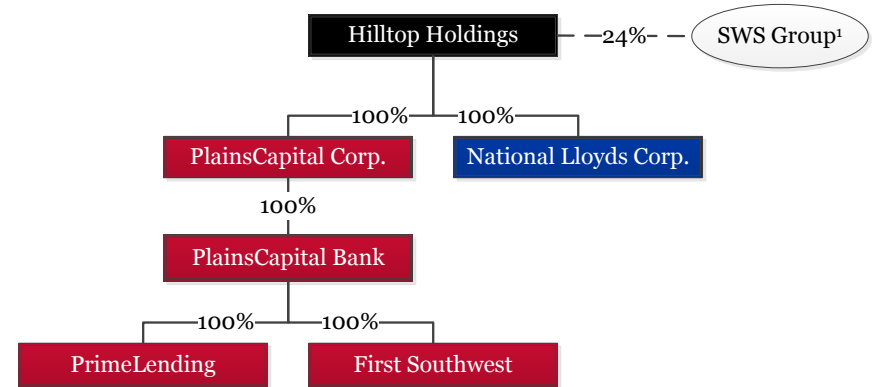
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Hilltop Holdings

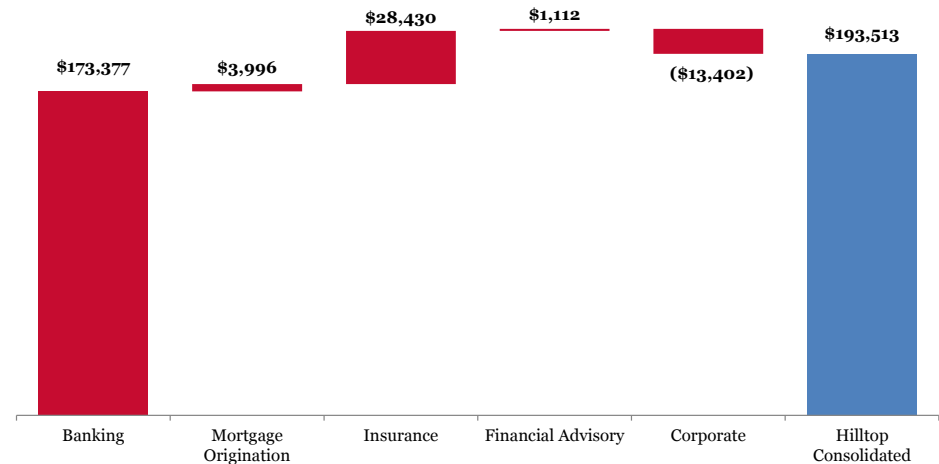
Hilltop Holdings – Overview

- 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

Organizational Structure



2014 LTM Pre-Tax Income by Segment (\$000)



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

Notes:

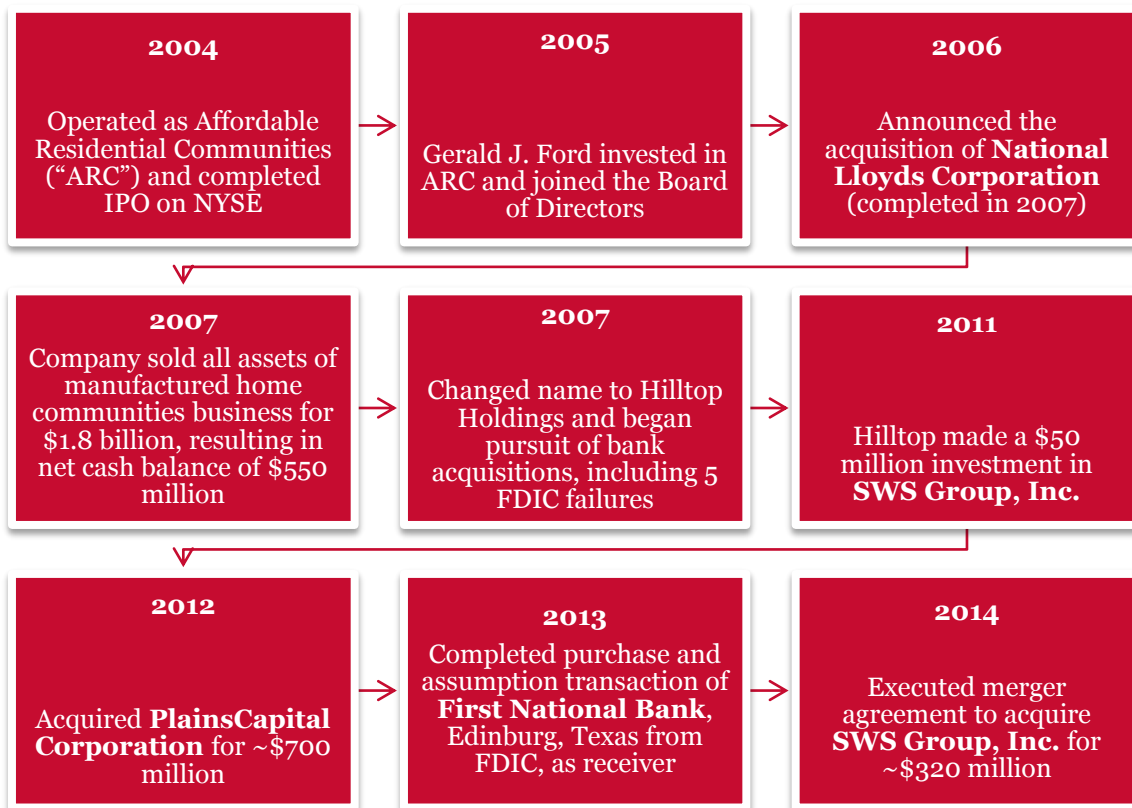
1. At June 30, 2014, Hilltop beneficially owned 24% of the outstanding common stock of SWS.
2. Deposit data as of June 30, 2014 and pro forma for acquisitions. Includes banks and thrifts headquartered in Texas.

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: 27 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: 9 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	June 30, 2014
Excess Cash	\$158M
Tier 1 Leverage Ratio	13.51%
Total Capital Ratio	18.79%
Total Assets	\$9.4B

- 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 \$9.4 billion in assets and \$158 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 – SWS Transaction

Combination Opportunity

- Creates the leading Texas-based broker / dealer
- Bolsters market share and scale for several businesses
- Provides PlainsCapital Bank with significant source of additional core deposits
- Larger, diversified organization will benefit from synergies and more efficient operating platform
- Following the acquisition, Hilltop will remain well capitalized with excess cash to deploy on future transactions

Pro Forma Balance Sheet Highlights (6/30/14)

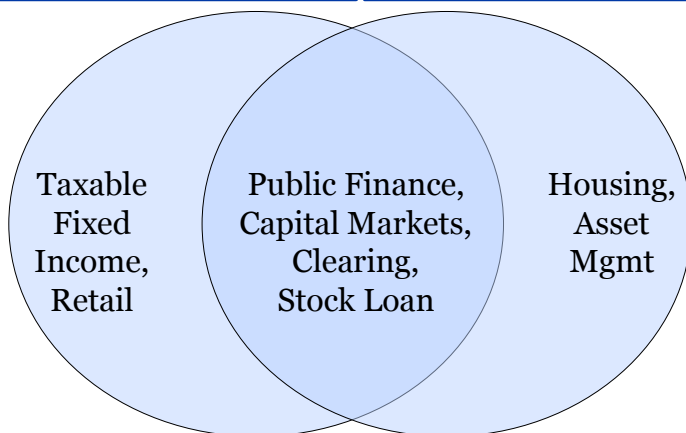
\$bn	HTH	SWS	Pro Forma
Loans HFI	\$4.5	\$0.9	\$5.4
Assets	\$9.4	\$4.1	\$13.3
Deposits	\$6.2	\$1.4	\$7.5
Equity	\$1.4	\$0.3	\$1.6

Source: HTH S-4 filed September 15th 2014

Broker / Dealer Businesses

SWS

FSW



Background

- On March 31st, 2014, Hilltop announced merger agreement to acquire SWS Group, Inc. (“SWS”).
 - Per share consideration includes 0.2496 shares of Hilltop common stock and \$1.94 in cash
 - SWS’s board of directors recommends SWS stockholders vote for the merger proposal
 - Regulatory approvals needed from Federal Reserve Board, Texas Department of Banking, and HSR
- One May 5th, 2014 announced the formation of an Integration Committee comprised of members from both Hilltop and SWS
 - Meeting with business heads to develop plans around major components of the businesses
- Record date set for October 3rd, 2014
 - Shareholder meeting to occur six weeks after record date
- Transaction expected to be completed before year-end

Hilltop Holdings – Q2 2014 Highlights

- For the second quarter of 2014, GAAP income to common stockholders for Hilltop was \$27.1 million, or \$0.30 earnings per diluted share
- Return on average equity was 7.99% in Q2 2014 and 7.29% in Q2 2013
- Return on average assets was 1.24% in Q2 2014 and Q2 2013
- PlainsCapital Corp. subsidiaries reported pre-tax income of \$51.3 million, while National Lloyds Corporation had a pre-tax loss of \$5.5 million for the quarter
- Total assets increased to \$9.4 billion at June 30, 2014, compared to \$8.9 billion at December 31, 2013
- Total stockholders' equity increased by \$85.2 million from December 31, 2013 to \$1.4 billion at June 30, 2014
- Hilltop remains well-capitalized with a 13.51% Tier 1 Leverage Ratio¹ and a 18.79% Total Risk Based Capital Ratio
- Hilltop retains approximately \$158 million of freely usable cash, as well as excess capital at its subsidiaries

Note:

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

Hilltop Holdings – Financial Summary

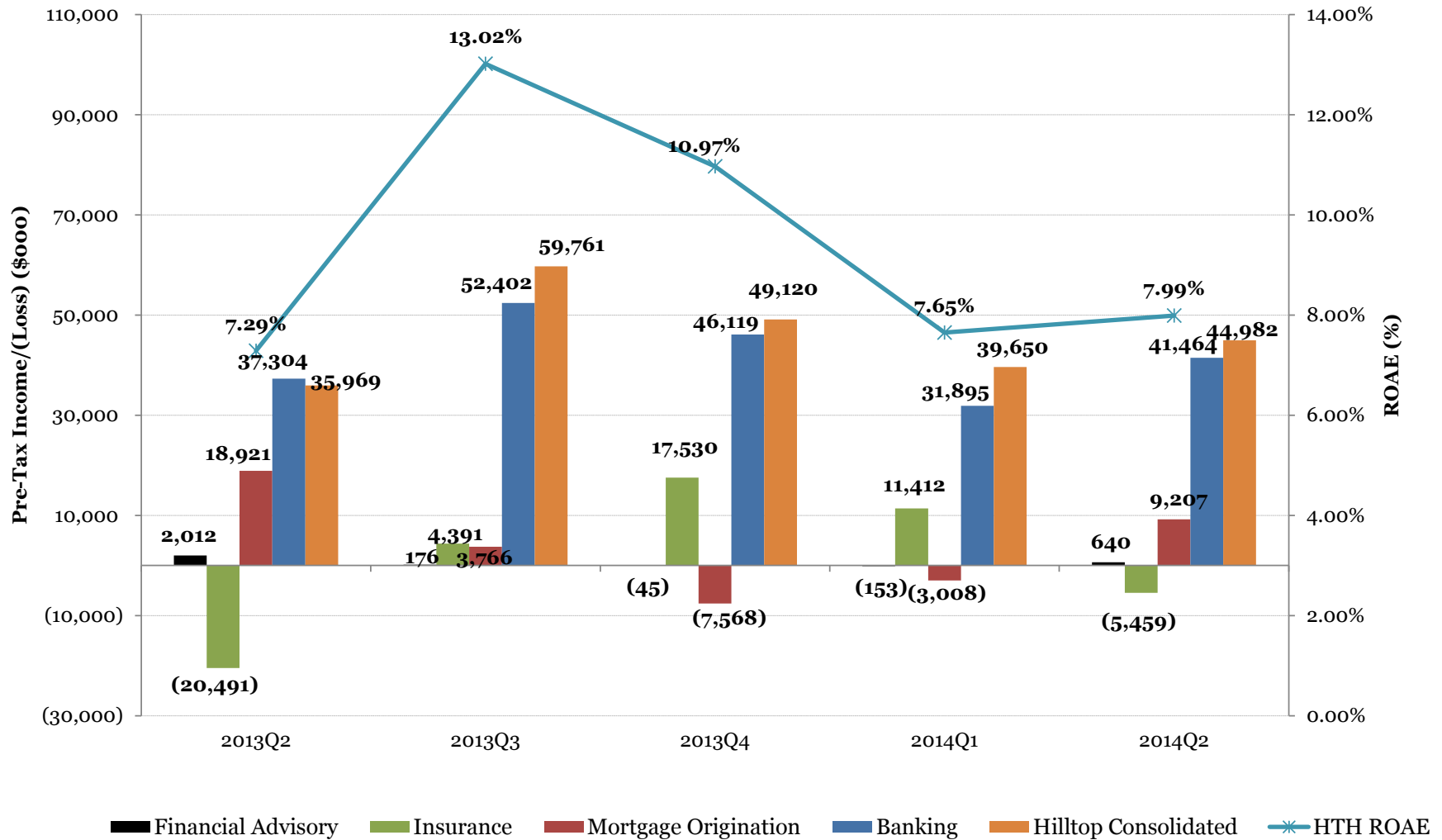
Financial Highlights	Q2 2013	Q1 2014	Q2 2014
Income to Common (\$000)	20,943	23,760	27,085
EPS - Diluted (\$)	0.24	0.26	0.30
Book Value Per Share (\$)	12.59	13.76	14.22
NIM (taxable equivalent)	4.33%	4.62%	5.18%
Assets (\$000)	7,402,803	9,033,432	9,396,448
Loans, Gross (\$000)	3,253,001	4,559,394	4,555,735
Deposits (\$000)	4,496,469	6,663,176	6,155,310
Hilltop Stockholders' Equity (\$000)	1,170,895	1,354,497	1,396,442
NPLs/Total Loans ¹	0.50%	0.51%	0.43%
NPAs/Total Assets ¹	0.43%	0.32%	0.30%
Tier 1 Leverage Ratio ²	13.66%	13.12%	13.51%
Total Risk Based Capital Ratio	18.90%	19.32%	18.79%

Note:

(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, 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

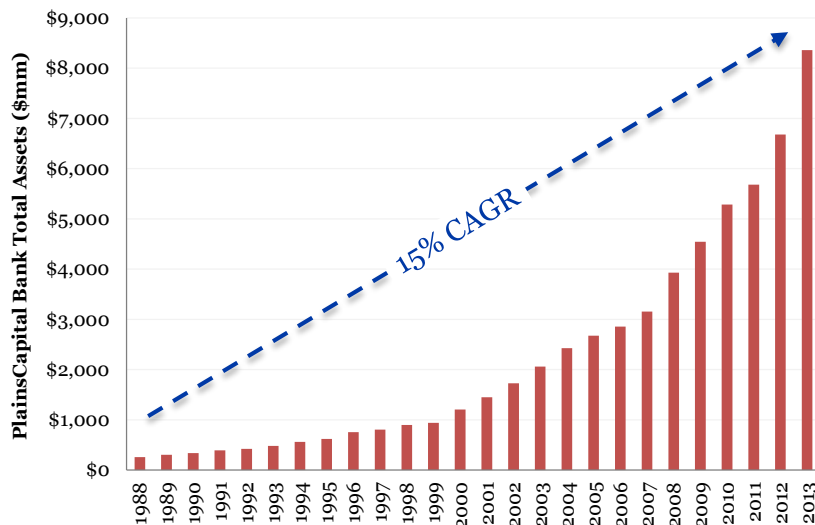
- Unique culture that focuses on customer responsiveness

Strong History of Organic Growth

- Profitable every year since inception in 1987

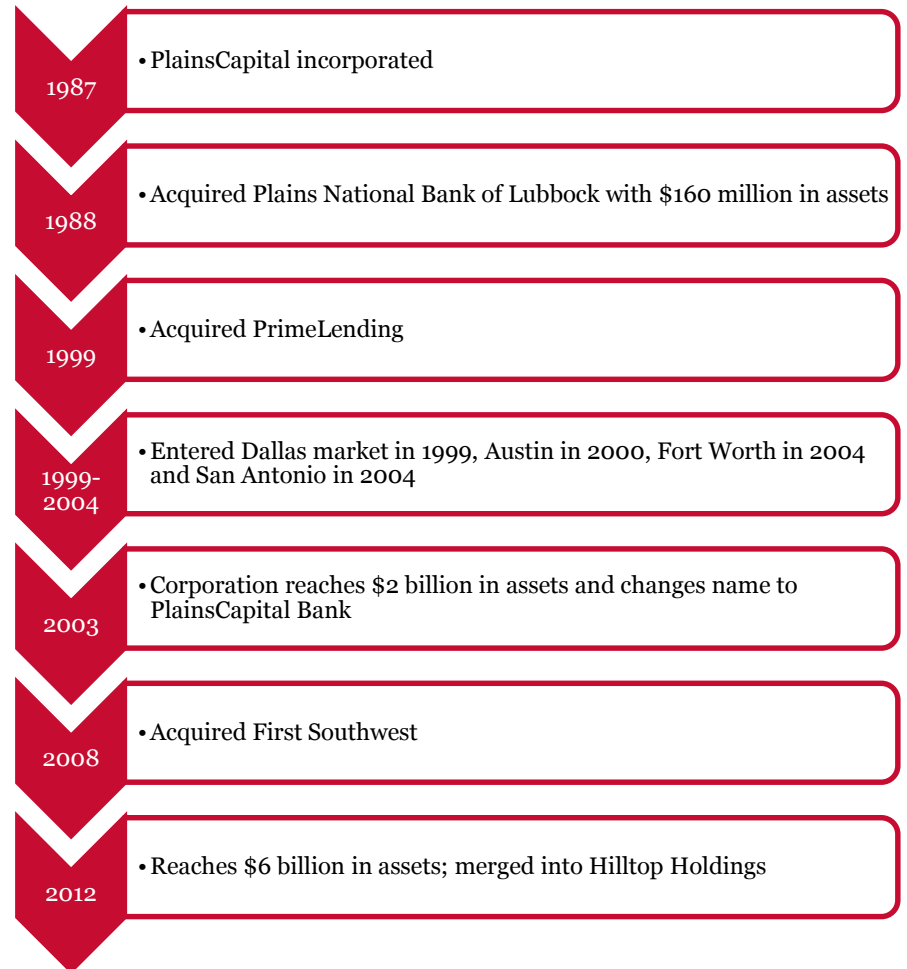
Solid Management Team

- 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 \$8.8 billion in assets¹ and \$6.2 billion in deposits¹
- 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 \$2.8 billion in Q2 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

Note: (1) Assets and deposits based on June 30, 2014 bank call report

PlainsCapital Corporation – Update

- We continue to organically grow legacy PlainsCapital Bank, while integrating and improving the former FNB franchise
 - Hired 8 lending personnel in Q2 2014 and continue to grow the loan portfolio, particularly in new markets such as Corpus Christi and Houston
 - Have received approval to open branches in Aledo, Alice, Corpus Christi, Houston and Victoria
 - The bank has a solid pipeline and \$1.2 billion in unfunded commitments as of June 30, 2014
 - Significant balance of draw notes and revolvers that will be utilized as real estate projects progress and the economy improves
 - Credit quality remains strong, with non-covered NPAs to total consolidated assets declining to 0.30% in Q2 2014
 - Acquired FNB loan portfolio is high yielding, which overcompensates for elevated expenses related to working out problem assets and rationalizing the legacy platform
- PrimeLending continues to focus on purchase volume and recruiting in a challenging mortgage market
 - Able to increase market share to 1.06% in Q2 2014, relative to 0.84% in Q1 2014 from 0.66% in Q2 2013
 - Home purchases volume represented 84% and 67% of originations in Q2 2014 and Q2 2013, respectively
 - U.S. mortgage volume projected to decline 50% in Q2 2014 from Q2 2013; however, PrimeLending Q2 2014 volume down 20% relative to Q2 2013
- First Southwest results continue to be pressured from year over year decline in the public finance and capital markets businesses

Note: Market share based on PrimeLending Q2 origination volume relative to Mortgage Bankers Association Mortgage Finance Forecast (Q2 2014 total industry volume) as of July 15, 2014.

PlainsCapital Bank

PlainsCapital Bank – Overview

Franchise Update

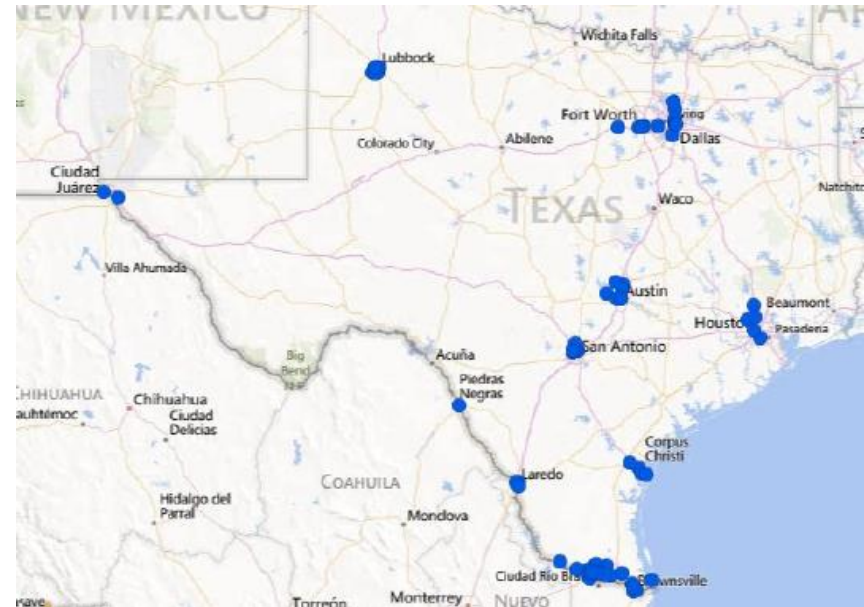
- 78 branches in 12 MSAs, including Dallas / Fort Worth (#10), Lubbock (#1), Austin (#10), San Antonio (#17), Rio Grande Valley (#5 in McAllen) and Houston
- FNB Transaction provided expansion into new markets such as Rio Grande Valley, Houston, Corpus Christi, Laredo and El Paso
- Improved our presence 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; evaluating branches and staffing at legacy FNB franchise to improve efficiency
- 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
- Legacy FNB employees have adapted to our culture and the PlainsCapital brand has been accepted with local businesses and communities

Source: SNL Financial
 Deposit data as of June 30, 2014 and pro forma for acquisitions
 Includes banks & thrifts headquartered in Texas

Branch Map (78 Branches)



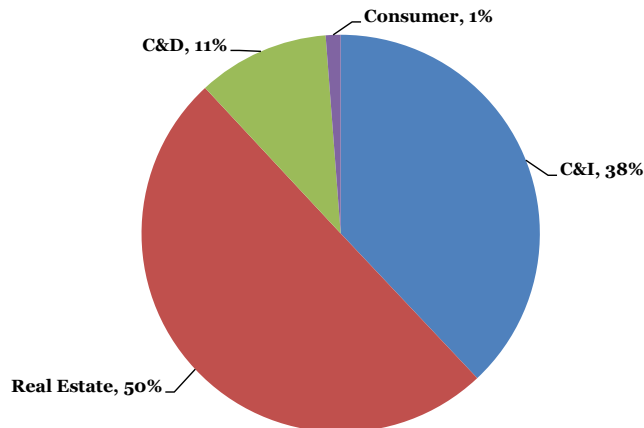
Texas Deposit Market Share

Rank	Texas Headquartered Banks & Thrifts	Branches	Deposits (\$mm)	Market Share (%)
1	Cullen/Frost Bankers Inc.	130	20,363	3.64
2	Prosperity Bancshares Inc.	260	13,982	2.50
3	Comerica Inc.	137	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

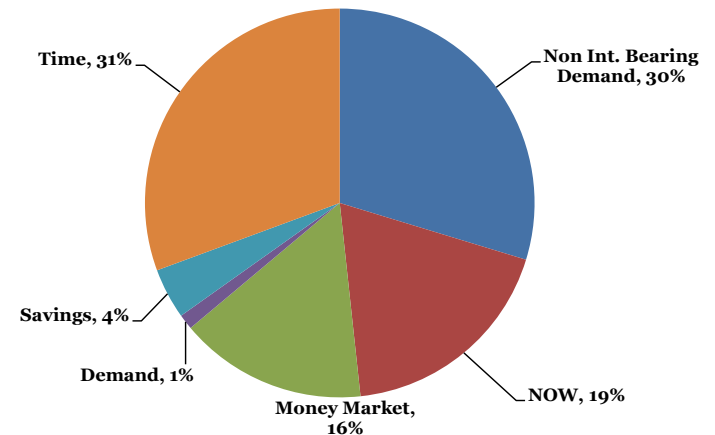
- 11% annualized growth in legacy PlainsCapital loan portfolio
- Gross non-covered loans HFI up \$67.9 million from Q1 2014
- \$1.2 billion in unfunded commitments and solid pipeline
- Although loan pricing and structure continues to remain competitive in our markets, PCB is well positioned with seasoned bankers and a solid capital base
- Q2 2014 loan portfolio yield of 7.55%
- Core deposits from FNB Transaction provided enhanced funding and liquidity
- Q2 2014 cost of interest bearing deposits of 0.25%
- Q2 2014 PCB net interest margin of 5.52% due to improved funding mix and loan portfolio yield

Loans HFI Mix 2Q14



Total Loans¹: \$4.6 billion

Deposit Mix 2Q14



Total Deposits¹: \$6.2 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

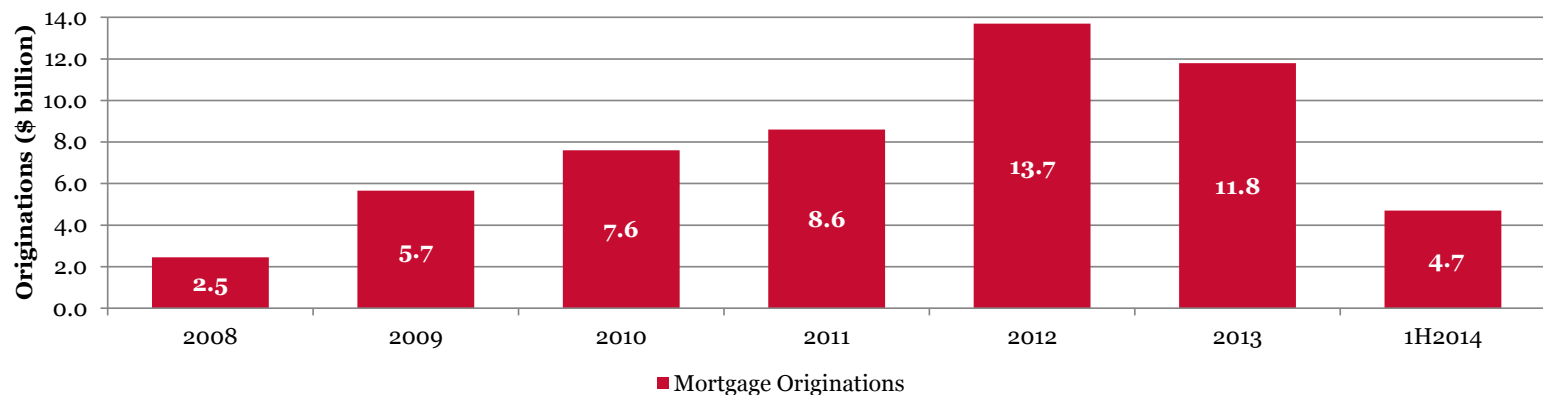
- Headquartered in Dallas, Texas, PrimeLending has grown from a staff of 20 producing \$80 million in annual closed loan volume to a staff of more than 2,600 producing approximately \$11.8 billion in 2013

Summary Overview

- PrimeLending focuses on the purchase mortgage business, which represented 82% of volume YTD as of June 30, 2014 versus the US industry average of 55% during the same period
- 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 31% of loans sold in the first half of 2014, resulting in mortgage servicing asset of \$35.9 million

Solid Reputation in Large Texas Markets

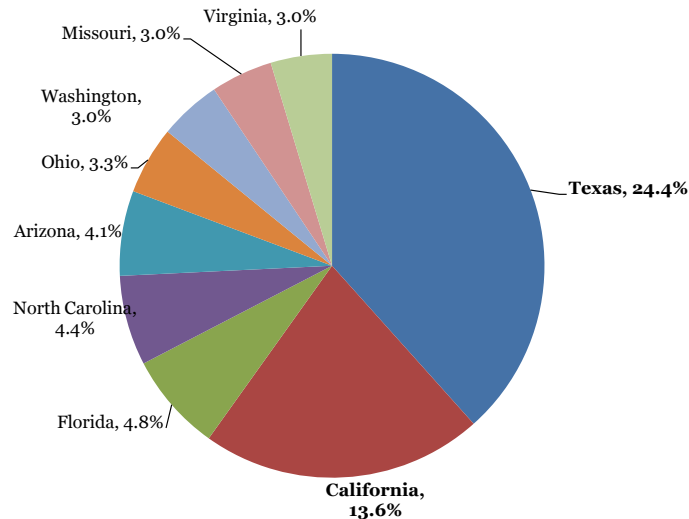
- Ranked #2 in Texas in Purchase Units by Market Trac (#4 in the Nation and #1 in Dallas in 2013)
- Named the #1 Residential Mortgage Lender by the Dallas Business Journal on multiple occasions
- Ranked #6 in Dallas Morning News Top 100 Places to Work in 2013
- PrimeLending ranked #4 among the "Top 100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



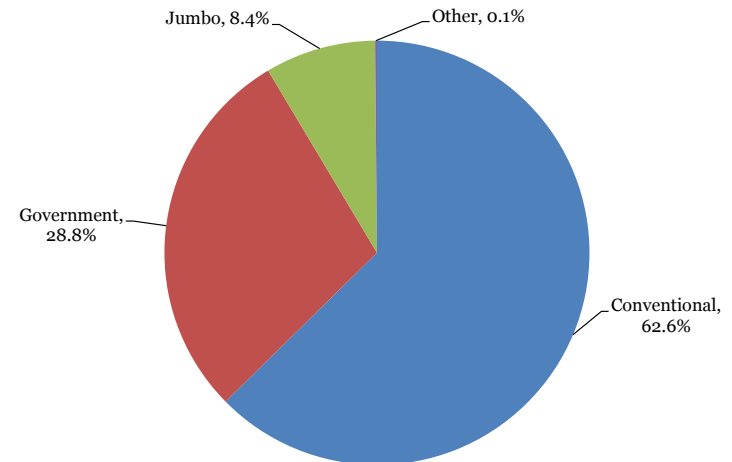
PrimeLending – Origination Breakdown

- Texas and California represented 38% of Q2 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 \$1,007 billion in 2014 from an estimated \$1,755 billion in 2013
 - Industry volumes decreased 50% in Q2 2014 versus Q2 2013, however PrimeLending's volume decreased just 20% during the same period primarily due to the company's strong purchase franchise

By Geography



By Mortgage Type



Total Mortgage Originations: \$2.8 billion

Source: Total mortgage volume estimates based on Mortgage Bankers Association Mortgage Finance Forecast as of August 22, 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

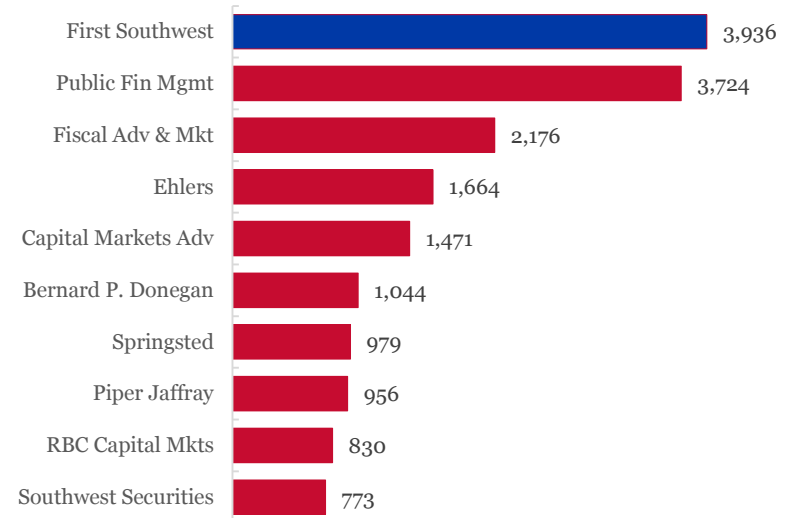
Correspondent Clearing Services

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

Asset Management

- At June 30, 2014, First Southwest Asset Management served as investment manager of \$6.8 billion in short-term fixed income portfolios of municipalities and investment adviser for \$5.1 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

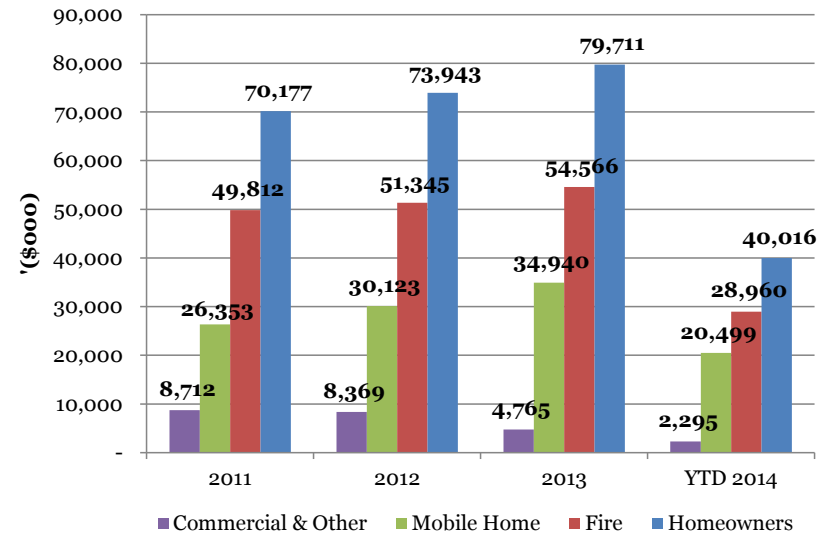
National Lloyds Corporation is Texas-based niche P&C underwriter

- 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 (66%), Oklahoma (9%) and Arizona (11%), 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

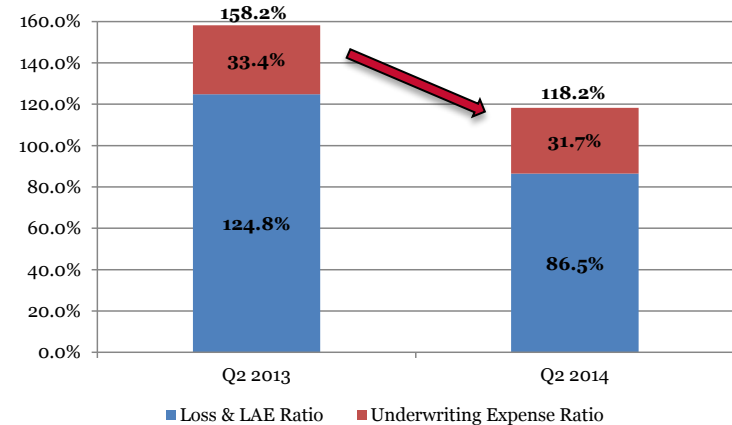
Focus and Operations

- 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

Direct Premiums Written By Product



Storm Season – Combined Ratio Improvement



Financial Review

Hilltop Holdings – Summary Income Statement

(\$000s)	Three Months Ended,				
	June 30,	September 30,	December 31,	March 31,	June 30,
	2013	2013	2013	2014	2014
Interest income	76,168	79,702	98,601	91,828	104,408
Interest expense	7,743	7,786	10,002	6,407	5,962
Net interest income	68,425	71,916	88,599	85,421	98,446
Provision for loan losses	11,289	10,658	2,206	3,242	5,533
Noninterest income	239,233	215,095	182,479	170,100	203,281
Noninterest expense	260,400	216,592	219,752	212,629	251,212
Income before income taxes	35,969	59,761	49,120	39,650	44,982
Income tax expense	13,309	20,115	18,090	14,354	16,294
Net income	22,660	39,646	31,030	25,296	28,688
Less: Net income attributable to noncontrolling interest	568	339	160	110	177
Income attributable to Hilltop	22,092	39,307	30,870	25,186	28,511
Dividends on preferred stock	1,149	1,133	1,342	1,426	1,426
Income applicable to Hilltop common stockholders	20,943	38,174	29,528	23,760	27,085
EPS-Diluted (\$)	0.24	0.43	0.34	0.26	0.30

Hilltop Holdings – Net Interest Income & Margin

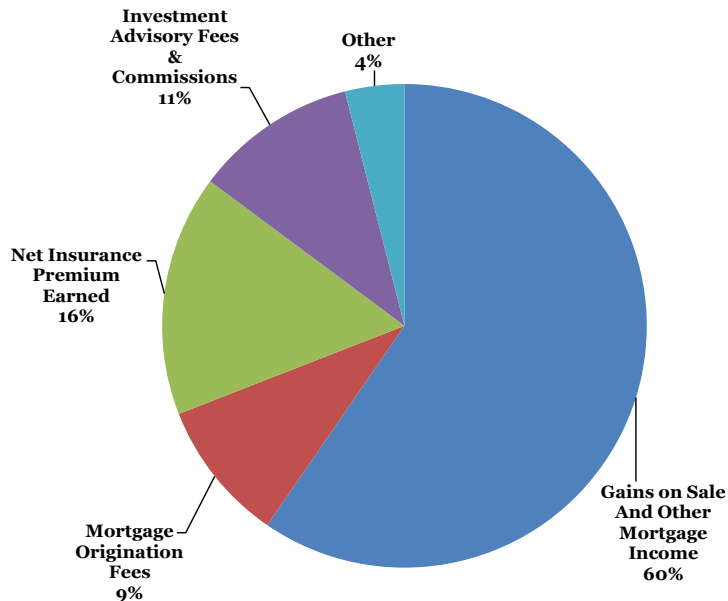
- NIM expanded by 56 bps to 5.18% in Q2 2014 compared to Q1 2014
 - Yield on earning assets of 5.44% driven by gross loans, as average balance increased and average yield rose by 34 bps
 - Cost of interest bearing liabilities decline driven by a decrease in cost of interest bearing deposits to 27 bps, as the bank runs off higher cost deposit balances
 - Decline in cost of interest bearing deposits slightly offset by an increase in balance of other borrowings, driven by funding needs associated with the mortgage origination segment
- Higher NIM in Q2 2014 relative to Q2 2013 due to improved funding mix and yield on earning assets, driven significantly by FNB Transaction
- For Q2 2014, the tax equivalent NIM for Hilltop was 140 bps greater due to purchase accounting
 - Accretion of discount on loans of \$25.9 million
 - Amortization of premium on acquired securities of \$1.0 million
 - Amortization of premium on acquired time deposits of \$2.5 million

Annual Yields and Rates (%)	Q2 2013	Q1 2014	Q2 2014
<u>Interest Earning Assets</u>			
Loans, Gross	5.95	6.29	6.63
Investment Securities, Taxable	2.60	2.71	2.66
Investment Securities, Non-Taxable	3.52	4.06	3.82
Fed Funds Sold and Securities to Resell	0.40	0.29	0.28
Interest Earning Deposits	0.25	0.25	0.22
Other	7.31	5.67	5.62
Total Interest Earning Assets	4.82	4.90	5.44
<u>Interest Bearing Liabilities</u>			
Interest Bearing Deposits	0.40	0.31	0.27
Notes Payable and Borrowings	1.66	1.60	1.18
Total Interest Bearing Liabilities	0.70	0.46	0.43
Net Interest Spread	4.12	4.44	5.01
Net Interest Margin	4.33	4.62	5.18

Hilltop Holdings – Noninterest Income

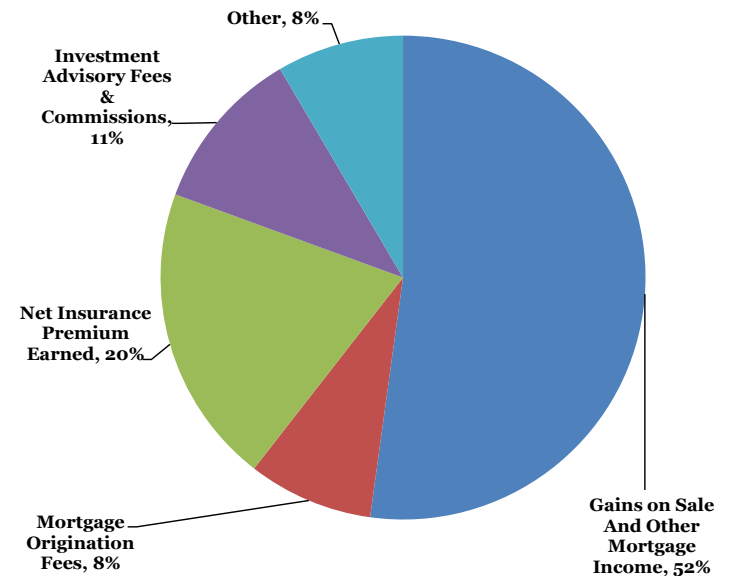
- Noninterest income was \$203.3 million in Q2 2014, down 15.0% from Q2 2013
 - Noninterest income from mortgage origination segment declined \$42.2 million from Q2 2013 to \$123.0 million in Q2 2014, representing 61% of total noninterest income at June 30, 2014
 - Net insurance premiums earned increased \$2.2 million from Q2 2013 to \$40.8 million in Q2 2014, representing 20% of total noninterest income at June 30, 2014
 - Financial advisory fees and commissions decreased \$3.7 million from Q2 2013 to \$22.3 million in Q2 2014, representing 11% of total noninterest income at June 30, 2014
 - Accretion from FDIC indemnification asset of \$490 thousand in Q2 2014 included in other noninterest income

Noninterest Income Mix 2Q13



Total Noninterest Income: \$239.2 million

Noninterest Income Mix 2Q14

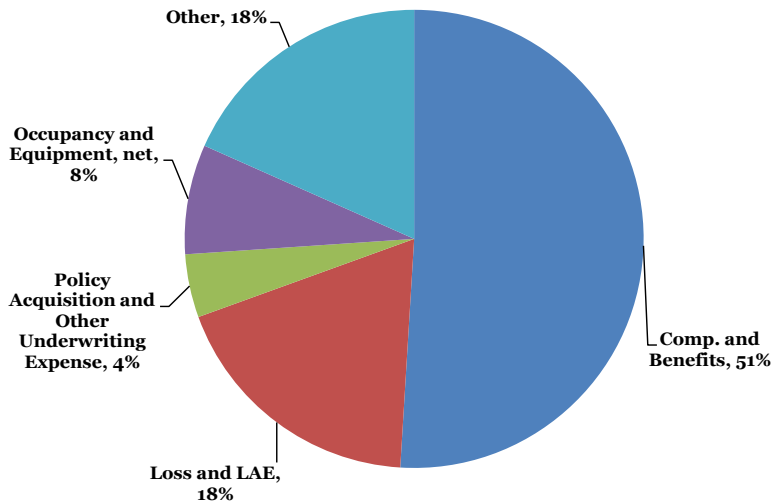


Total Noninterest Income: \$203.3 million

Hilltop Holdings – Noninterest Expense

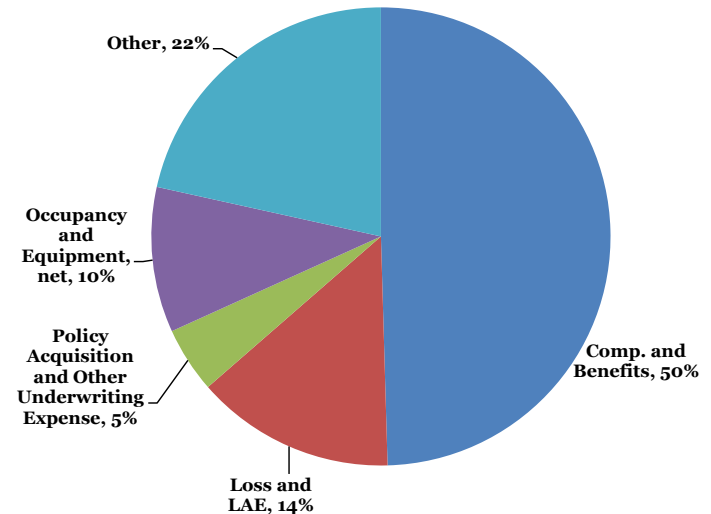
- Noninterest expense was \$251.2 million in Q2 2014, down 3.5% from Q2 2013
 - Compensation declined \$8.3 million, or 6.2%, from Q2 2013 to \$124.4 million in Q2 2014 due largely to lower variable compensation in mortgage origination segment, offset by additional compensation expense due to FNB Transaction
 - Loss and LAE declined to \$35.3 million in Q2 2014 from \$48.2 million in Q2 2013
 - Occupancy and equipment increased to \$25.8 million in Q2 2014 from \$20.2 million in Q2 2013, primarily due to the FNB Transaction
 - Amortization of identifiable intangibles from purchase accounting was \$2.6 million in Q2 2014

Noninterest Expense Mix 2Q13



Total Noninterest Expense: \$260.4 million

Noninterest Expense Mix 2Q14



Total Noninterest Expense: \$251.2 million

Hilltop Holdings – Balance Sheet

- Loans held for sale grew \$523.7 million from Q1 2014 to Q2 2014, primarily due to spring/summer seasonal volume
- Gross non-covered loans HFI increased 1.9% from Q1 2014 (8% annualized)
- Continue to work through problem loans and covered OREO acquired from FNB, with covered loans, net of allowance, and covered OREO down \$79.0 million since Q1 2014
- Gross loans HFI (covered and non-covered) to deposits ratio increased to 74.1% in Q2 2014, up from 68.4% in Q1 2014 and 67.2% in Q4 2013
- Total deposits declined \$507.9 million in Q2 2014, as the run off of higher cost interest bearing deposits (down \$588.5 million in Q2 2014) outpaces the growth in non-interest bearing deposits (up \$80.7 million in Q2 2014)
- Short term borrowings grew by \$695.8 million in Q2 2014
 - The result of higher funding requirements associated with the increase in loans held for sale, a decrease in deposits, and a slight increase in loans
- Common equity increased \$41.9 million due to earnings and improvement in AOCI

(\$000s)	12/31/2013	3/31/2014	6/30/2014
Assets			
Cash & Federal Funds	746,023	917,410	688,785
Securities	1,261,989	1,329,690	1,328,716
Loans Held for Sale	1,089,039	887,200	1,410,873
Non-Covered Loans HFI, Gross			
	3,514,646	3,646,946	3,714,837
Allowance for Non-Covered Loan Losses	(33,241)	(34,645)	(36,431)
Non-Covered Loans HFI, Net	3,481,405	3,612,301	3,678,406
Covered Loans, Net of Allowance	1,005,308	909,783	840,898
Covered OREO	142,833	152,310	142,174
FDIC Indemnification Asset	188,291	188,736	175,114
Goodwill & Other Intangibles	322,729	319,916	317,113
Other Assets	666,505	716,086	814,369
Total Assets	8,904,122	9,033,432	9,396,448
Liabilities and Stockholders Equity			
Non-Int. Bearing Deposits	1,773,749	1,748,391	1,829,072
Int. Bearing Deposits	4,949,169	4,914,785	4,326,238
Total Deposits	6,722,918	6,663,176	6,155,310
Short Term Borrowings	342,087	491,406	1,187,193
Notes Payable	56,327	55,465	55,584
Junior Subordinated Debentures	67,012	67,012	67,012
Other Liabilities	403,856	401,160	534,187
Total Liabilities	7,592,200	7,678,219	7,999,286
SBLF Preferred Stock	114,068	114,068	114,068
Common Equity	1,197,073	1,240,429	1,282,374
Total Hilltop Equity	1,311,141	1,354,497	1,396,442
Minority Interest	781	716	720
Total Liabilities & Equity	8,904,122	9,033,432	9,396,448

PlainsCapital Bank – Q2 2014 Highlights

- Bank's income before taxes of \$41.5 million in Q2 2014
- Over 80% of noninterest expense increase from Q2 2013 to Q2 2014 related to integration and operations of FNB
- PrimeLending funds originations through a \$1.5 billion warehouse from the bank; \$1.3 billion was drawn at June 30, 2014
- Legacy PlainsCapital credit quality remains strong and stable
- Tier 1 Leverage Ratio of 9.97% and Total Risk Based Capital Ratio of 13.90%

Summary Results (\$000)	Q2 2013	Q2 2014
Net Interest Income	68,597	90,828
Provision for Loan Losses	11,300	5,516
Noninterest Income	11,928	16,392
Noninterest Expense	31,919	60,240
Income Before Taxes	37,306	41,464
ROAA (%)	1.62%	1.36%

Non-Covered Asset Quality

(\$000)	Dec. 31, 2013	Jun. 30, 2014
Non-Covered Non-Accrual Loans	23,353	21,921
Non-Covered NPLs / Non-Covered Loans	0.51%	0.43%
Non-Covered OREO	4,805	4,353
Non-Covered NPAs	28,171	27,993
Non-Covered NPAs / Non-Covered Loans & OREO	0.80%	0.76%

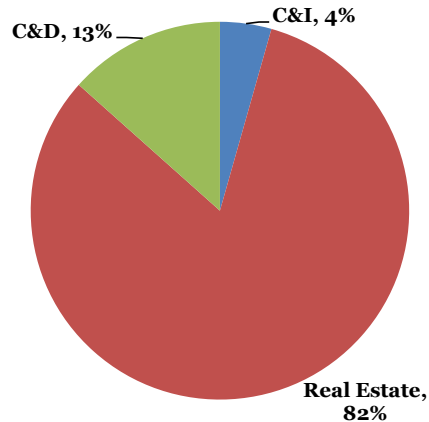
Covered Asset Quality

(\$000)	Jun. 30, 2014
Covered Non-Accrual Loans	16,634
Covered NPLs / Covered Loans	1.97%
Covered OREO	142,174
Covered NPAs	158,808
Covered NPAs / Covered Loans & OREO	16.2%

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

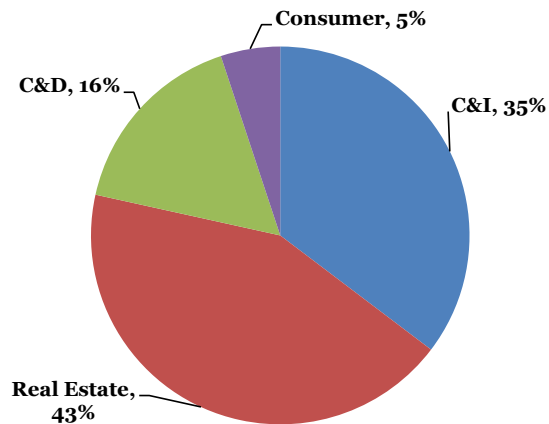
PlainsCapital Bank – Loan Portfolio by Classification

Covered PCI Loans



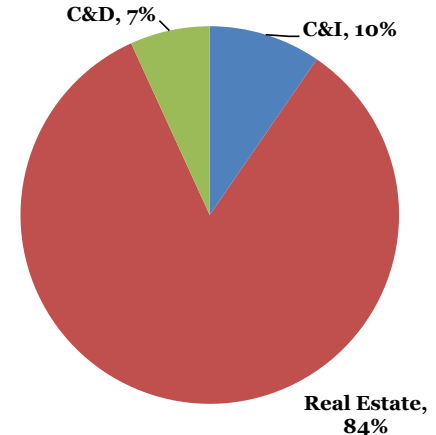
Q2 2014 Total: \$595.2 million

Non-Covered PCI Loans



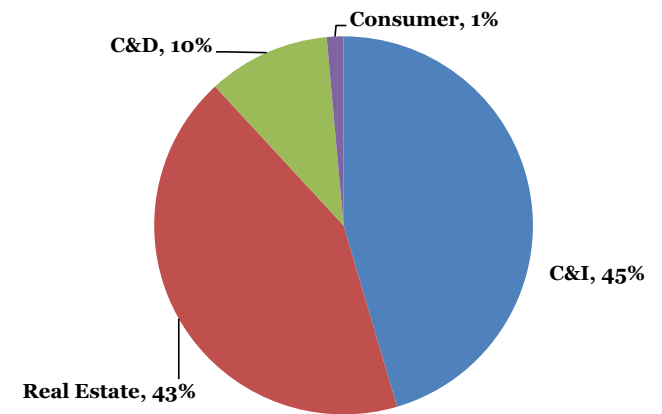
Q2 2014 Total: \$60.8 million

Covered Non-PCI Loans



Q2 2014 Total: \$249.8 million

Non-Covered Non-PCI Loans



Q2 2014 Total: \$3,654.1 million

Note: PCI stands for Purchased Credit Impaired loans. Loan classification mix represents consolidated balances at Hilltop and, therefore, eliminate intercompany loans. Amounts above equal carrying value, after deductions for discount.

PCI Loans at June 30, 2014

- Purchased Credit Impaired (“PCI”) loans are loans with evidence of credit quality deterioration, for which it is probable that not all contractually required payments will be collected
- PCI loans include covered and non-covered loans
- PCI loans had a total discount of \$302.1 million
 - \$279.4 million of the discount was related to covered loans
- Increase in expected cash flows in Q2 2014 of \$26.9 million for covered PCI loans and \$6.1 million for non-covered PCI loans
- Weighted average expected loss on PCI loans associated with the PlainsCapital Merger and the FNB Transaction was 23% and 24%, respectively

(\$000)	Covered PCI	Non-Covered PCI	Total PCI
Outstanding Balance	874,589	83,534	958,123
(Discount)	(279,371)	(22,747)	(302,118)
Carrying Amount	595,218	60,787	656,005
Allowance for Loan Loss	(3,914)	(3,574)	(7,488)
Total PCI Loans, Net of Allowance	591,304	57,213	648,517
Carrying Amount (Net of Allowance) / Outstanding Balance	67.6%	68.5%	67.7%

Note: Outstanding balance represents unpaid principal balance net of charge-offs and interest applied to principal

Non-PCI Loans at June 30, 2014

- Non-PCI loans include newly originated loans, acquired loans without credit impairment at acquisition, and acquired non-PCI loans that have renewed
- Non-PCI loans include covered loans and non-covered loans
- Portfolio on balance sheet at 98.0% unpaid principal balance with a total discount of \$47.5 million
 - \$30.1 million discount was related to non-covered loans, while covered loans had a \$17.3 million discount

(\$000)	Covered Non-PCI	Non-Covered Non-PCI	Total Non-PCI
Outstanding Balance	267,115	3,684,186	3,951,301
(Discount)	(17,320)	(30,136)	(47,456)
Carrying Amount	249,795	3,654,050	3,903,845
Allowance for Loan Loss	(201)	(32,857)	(33,058)
Total Non-PCI Loans, Net of Allowance	249,594	3,621,193	3,870,787
Carrying Amount (Net of Allowance) / Outstanding Balance	93.4%	98.3%	98.0%

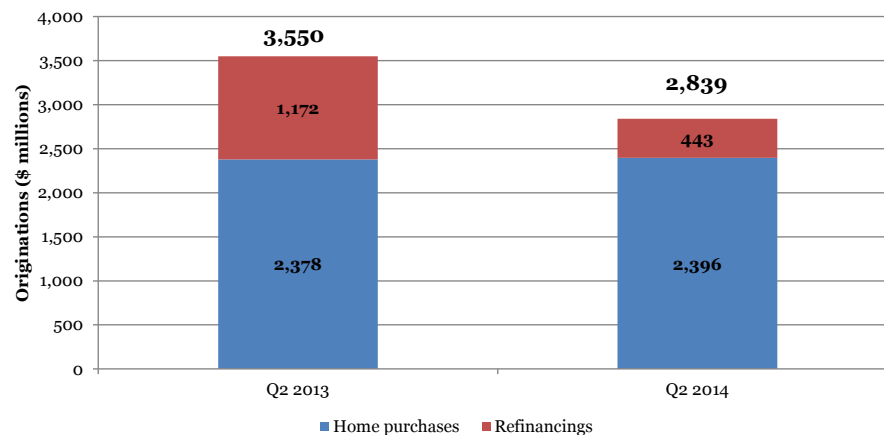
Note: Outstanding balance represents unpaid principal balance net of charge-offs and interest applied to principal

PrimeLending – Q2 2014 Highlights

- Income before taxes of \$9.2 million in Q2 2014 declined year over year due to lower origination volume, offset by a decline in variable compensation expense
- Origination volume of \$2.8 billion in Q2 2014
 - Purchase volume up 1% against Q2 2013
 - Refinance volume declined from 33% of total volume to 16% of total volume between the same periods
- Net gains from interest rate lock commitments totaled \$25.7 million and \$6.9 million during Q2 2014 and Q2 2013, respectively
- Salaries/benefits and segment operating costs for Q2 2014 decreased approximately 11% compared to Q2 2013 as the benefits of headcount reductions and other initiatives in Q3 and Q4 2013 were realized
- The MSR was valued at \$35.9 million on \$3.3 billion of serviced loan volume at June 30, 2014, compared to a value of \$29.9 million on \$2.7 billion of serviced loan volume at March 31, 2014
 - In July 2014, we sold MSR assets of \$11.4 million, which represented approximately \$1.0 billion of the segment's serviced loan volume

Summary Results (\$000)	Q2 2013	Q2 2014
Net Interest Expense	(11,847)	(2,389)
Provision for Loan Losses	-	-
Noninterest Income	165,257	122,820
Noninterest Expense	134,487	111,224
Income Before Taxes	18,923	9,207
Origination Volume - % Purchase	67.0	84.4

Mortgage Origination Trends



Note: Segment financials based on updated segment reporting breakdown change that occurred in Q4 2013.

First Southwest – Q2 2014 Highlights

- Pre-tax income of \$640 thousand in Q2 2014 versus \$2.0 million pre-tax income in Q2 2013
 - Noninterest income decline of \$3.0 million, partially offset by noninterest expense decline of \$2.0 million
 - Noninterest expenses were down year over year, mainly driven by decreases in compensation that vary with revenue
- Substantial amount of noninterest income is driven by public finance, capital markets and clearing
- The TBA business, which provides interest rate protection for housing authorities, had fair value changes on derivatives that provided net gains of \$3.2 million

Summary Results (\$000)	Q2 2013	Q2 2014
Net Interest Income	3,511	3,178
Provision for Loan Losses	(11)	17
Noninterest Income	28,863	25,838
Noninterest Expense	30,373	28,359
Income Before Taxes	2,012	640

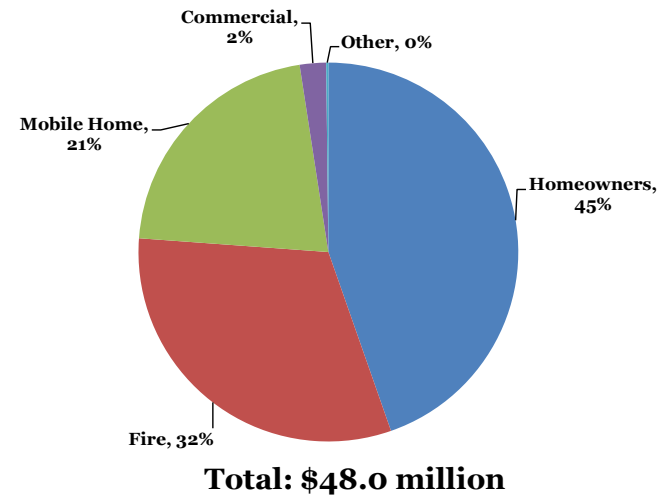
Note: Segment financials based on updated segment reporting breakdown change that occurred in Q4 2013.

National Lloyds Corporation – Q2 2014 Highlights

- We expect higher losses in the second quarter from seasonal hail, wind and tornado events in Texas
- Growth in earned premium and improved claims loss experience (tied to a decline in severity of weather related losses) drove \$15 million year over year improvement in pre-tax loss
- Based on our estimates of ultimate losses, claims associated with 2014 storms totaled \$14.3 million through June 30, 2014, compared to \$20.9 million at the same point a year ago
- In 2013, we initiated rate filings and performed a review of business concentrations, which resulted in cancellation of agents, non-renewal of policies and cessation of new business writing on certain products in problematic geographic areas
 - This has reduced the rate of premium growth during the first six months of 2014, and we expect a reduction in exposure to volatile weather

Summary Results (\$000)	Q2 2013	Q2 2014
Net Interest Income	873	838
Provision for Loan Losses	-	-
Noninterest Income	40,777	43,123
Noninterest Expense	62,144	49,420
Loss Before Taxes	(20,494)	(5,459)

Q2 2014 Direct Premiums Written



Note: Segment financials based on updated segment reporting breakdown change that occurred in Q4 2013.