

Hilltop Holdings Inc. Investor Presentation

November 2015

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 our 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, we do not assume any duty to update forward-looking statements. Such forward-looking statements include, but are not limited to, statements concerning such things as our business strategy, our financial condition, our litigation, our efforts to make strategic acquisitions, our recent acquisition of SWS Group, Inc. (“SWS”) and integration thereof, our revenue, our liquidity and sources of funding, market trends, operations and business, expectations concerning mortgage loan origination volume, expected losses on covered loans and related reimbursements from the Federal Deposit Insurance Corporation (“FDIC”), projected losses on mortgage loans originated, anticipated changes in our revenues or earnings, the effects of government regulation applicable to our operations, the appropriateness of our allowance for loan losses and provision for loan losses, the collectability of loans, our 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,” “goal,” “intends,” “may,” “might,” “probable,” “projects,” “seeks,” “should,” “view,” or “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 associated with merger and acquisition integration, including the diversion of management time on acquisition-related issues and our ability to promptly and effectively integrate our businesses with those of SWS and achieve the synergies and value creation contemplated by the acquisition; (ii) our ability to estimate loan losses; (iii) changes in the default rate of our loans; (iv) risks associated with concentration in real estate related loans; (v) our ability to obtain reimbursements for losses on acquired loans under loss-share agreements with the FDIC; (vi) changes in general economic, market and business conditions in areas or markets where we compete; (vii) severe catastrophic events in Texas and other areas of the southern United States; (viii) changes in the interest rate environment; (ix) cost and availability of capital; (x) changes in state and federal laws, regulations or policies affecting one or more of the Company’s business segments, including changes in regulatory fees, deposit insurance premiums, capital requirements and the Dodd-Frank Wall Street Reform and Consumer Protection Act; (xi) our ability to use net operating loss carry forwards to reduce future tax payments; (xii) approval of new, or changes in, accounting policies and practices; (xiii) changes in key management; (xiv) competition in our banking, broker-dealer, mortgage origination, and insurance segments from other banks and financial institutions, as well as investment banking and financial advisory firms, mortgage bankers, asset-based non-bank lenders, government agencies and insurance companies; (xv) failure of our insurance segment reinsurers to pay obligations under reinsurance contracts; and (xvi) our ability to use excess cash in an effective manner, including the execution of successful acquisitions. 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, 2014, Quarterly Report on Form 10-Q for the three and nine months ended Sep. 30, 2015, and other reports filed with the Securities and Exchange Commission. All forward-looking statements are qualified in their entirety by this cautionary statement.

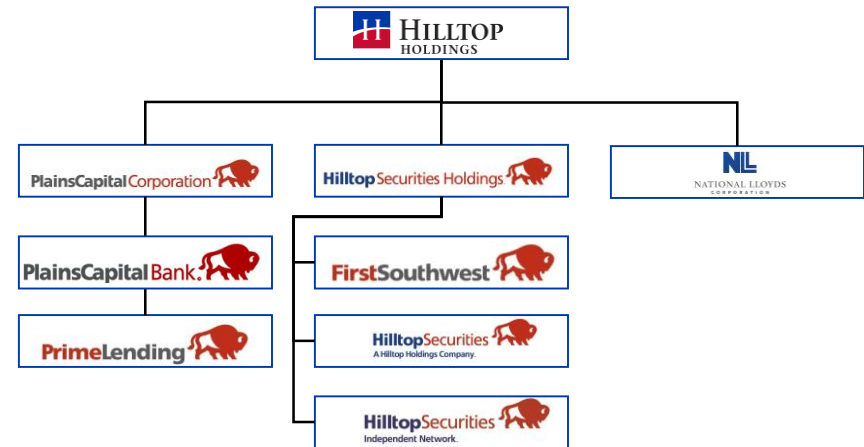
Hilltop Holdings Overview and Update

Hilltop Holdings – Overview

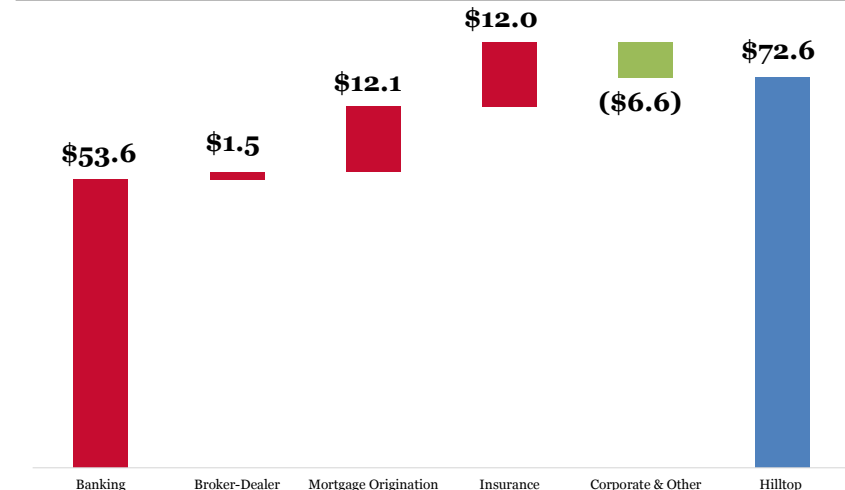
- Hilltop Holdings is a Dallas, Texas-based diversified financial holding company with a complementary set of operating companies
- Hilltop provides banking, mortgage origination, financial advisory and insurance through its subsidiaries:
 - PlainsCapital Bank is the 6th largest¹ Texas-based bank with 66 operating branches located in all major Texas markets
 - PrimeLending is the 6th largest⁴ mortgage originator in the U.S. by purchase units and has over 250 locations in 41 states
 - Hilltop Securities Holdings is the parent of First Southwest, the #1 financial advisor to municipalities², and Hilltop Securities (formerly Southwest Securities), the largest full-service brokerage firm based in the Southwest³ – the broker-dealers will soon be combined into Hilltop Securities
 - National Lloyds is a niche insurance company that provides primarily fire and homeowners insurance for low value dwellings in Texas and other southern states
- Hilltop’s operating subsidiaries are well positioned in their respective markets and collectively generate strong earnings and capital

Notes: (1) Per SNL Financial; deposit data as of 6/30/15 and pro forma for acquisitions
 (2) Per Ipreo MuniAnalytics; based on number of bond and note issues over the last five years
 (3) Based on number of retail financial advisors
 (4) Per Marketrac; based on 2014 data

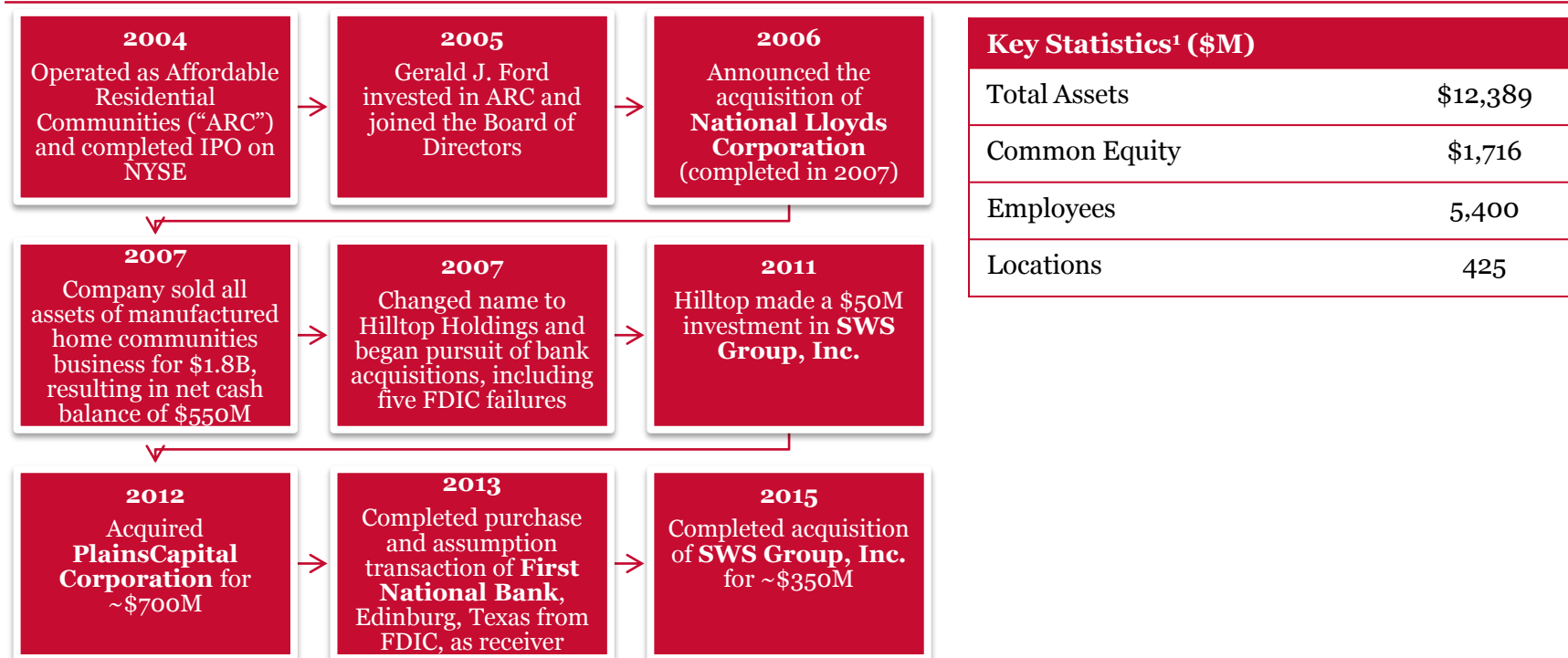
Organizational Structure



Q3'15 Pre-Tax Income by Segment (\$M)



Hilltop Holdings – Timeline

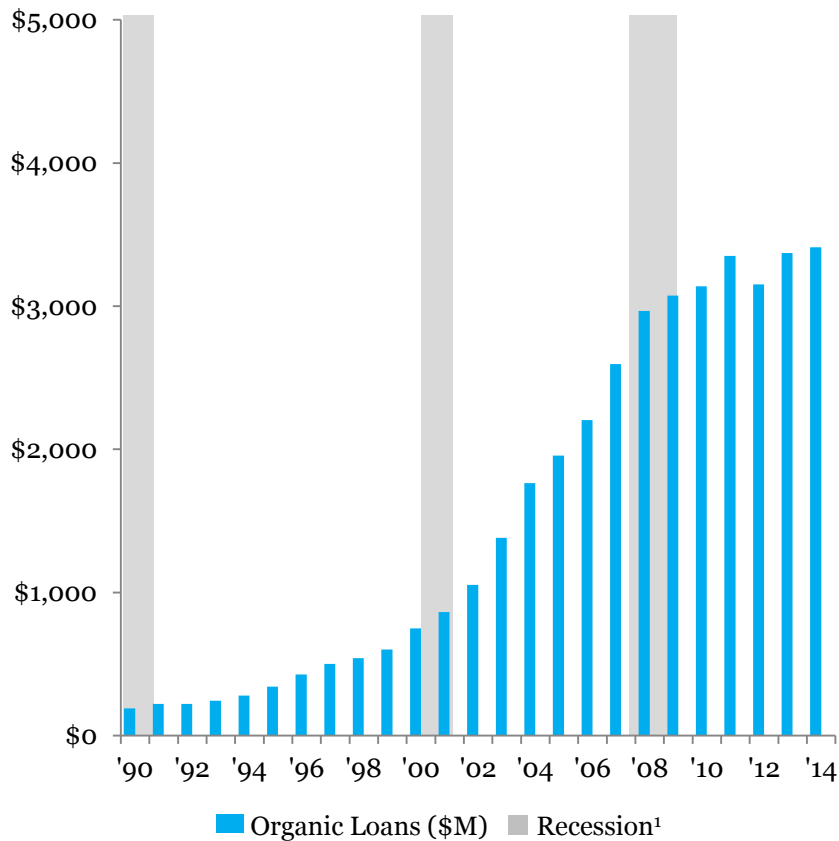


- After selling ARC’s assets in 2007, Hilltop had net cash of \$550M and pursued several bank acquisitions
- In November 2012, Hilltop made the transformational acquisition of PlainsCapital Corporation, while maintaining its leadership and structure
- In September 2013, Hilltop expanded its Texas banking footprint via the FDIC-assisted transaction of First National Bank
- On January 1, 2015, Hilltop closed its acquisition of SWS Group, which enhanced PlainsCapital Bank and brought together two storied broker-dealers to create a leading regional broker-dealer based in Texas
- With assets of \$12.4B, excess capital, and freely usable cash, Hilltop seeks to build a premier Texas-based bank and diversified financial services holding company through acquisitions and organic growth

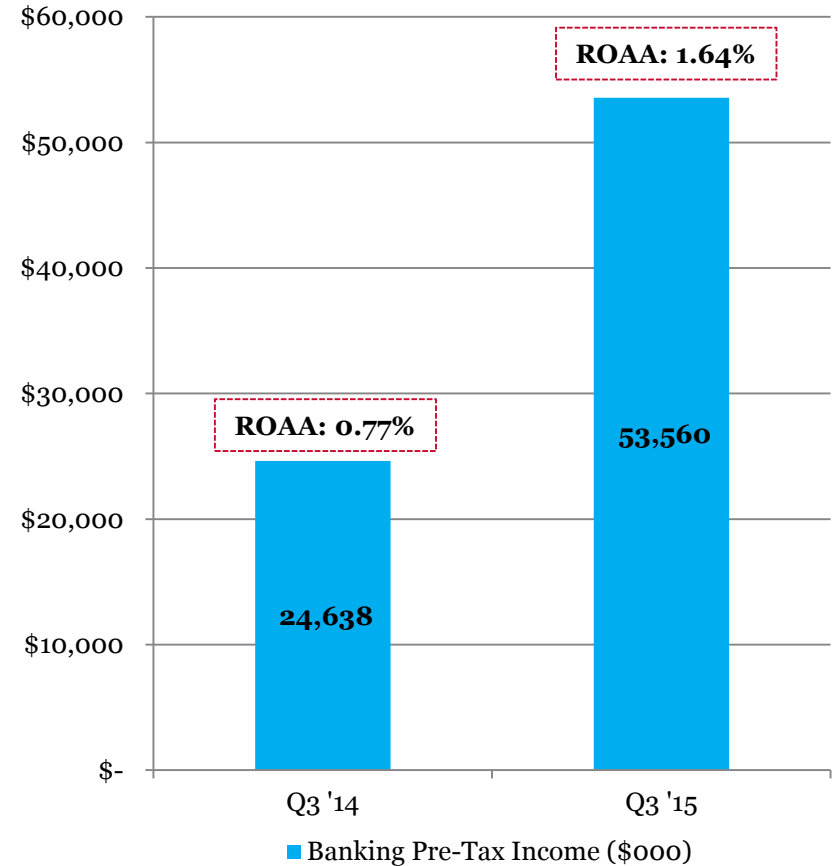
Hilltop Holdings – Core Banking Franchise

- Since its founding 27 years ago, PlainsCapital Bank has demonstrated consistent loan growth while maintaining quality earnings

Organic Loan Growth



Banking Pre-Tax Income and ROAA



Source: SNL Financial; Data represents PlainsCapital Bank

Notes:

(1) U.S. recessions as declared by the National Bureau of Economic Research

Hilltop Holdings – Leadership

- Gerald J. Ford, Hilltop’s Chairman and largest shareholder, has successfully acquired and sold banks and other financial institutions for 40 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 (HTH)



Gerald J. Ford

Chairman of the Board and Largest Shareholder

- Company Tenure: 10 years
- Financial Services Experience: 40 years



Jeremy B. Ford

President and CEO, HTH

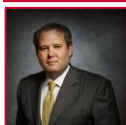
- Company Tenure: 5 years
- Financial Services Experience: 16 years



Darren E. Parmenter

Principal Financial Officer, HTH

- Company Tenure: 15 years
- Financial Services Experience: 15 years



Corey G. Prestidge

General Counsel, HTH

- Company Tenure: 8 years
- Financial Services Experience: 11 years

PlainsCapital Corporation (PCC)



Alan B. White

Vice Chairman, HTH; Chairman & CEO, PCC

- Company Tenure: 27 years
- Financial Services Experience: 45 years



James R. Huffines

President and COO, PCC

- Company Tenure: 16 years
- Financial Services Experience: 38 years



John A. Martin

CFO, PCC

- Company Tenure: 5 years
- Financial Services Experience: 40 years

Subsidiary CEOs



Jerry L. Schaffner

President & CEO

PlainsCapital Bank

- Company Tenure: 27 years
- Financial Services Experience: 33 years



Todd Salmans

CEO

PrimeLending

- Company Tenure: 9 years
- Financial Services Experience: 41 years



Hill A. Feinberg

Chairman & CEO

First Southwest

- Company Tenure: 24 years
- Financial Services Experience: 44 years



Robert Otis

CEO

National Lloyds

- Company Tenure: 1 year
- Financial Services Experience: 26 years

Company Operational Updates

PlainsCapital Bank

- ROAA of 1.64%, driven by strong net interest margin of 5.79% (3.69% Pre-PAA) and improved efficiency ratio (51% vs. 57% for Q2 2015)
- Healthy non-covered HFI loan (excluding margin loans) growth of 6% annualized for Q3 2015; favorable loan pipeline with \$1.6 billion in total unused commitments
- Credit quality remains sound with non-covered NPAs declining to \$30.0 million
- Energy exposure declined to 4.0% (down ~\$40 million in Q3 2015) from 4.9% at Q2 2015; energy portfolio is down ~\$122 million YTD in 2015
 - 3.5% reserve on energy portfolio, though only 15.8% of energy loans are classified
- Operating 66 branches at 9/30/15; continuing to strategically divest non-core and unprofitable branches acquired from FNB while opening new branches in attractive markets
 - 2 unprofitable branches in Corpus Christi were closed in Q3 2015
 - 1 new branch opened during the quarter in downtown Corpus Christi on Shoreline Drive which serves as the headquarters for the Coastal Bend
 - Houston headquarters to now open in Q4 2015 to support growth in that market

PrimeLending

- PrimeLending had a profitable quarter driven by increased loan volume of \$3.6 billion, up 24% from Q3 2014 (with only a 6% increase in loan originators)
 - Purchase volume of 81% in Q3 2015 compared to 76% in Q2 2015 and 82% in Q3 2014
 - Gain on sale margins increased between Q3 2015 and Q2 2015 due to more favorable loan sale pricing
- Q3 2015 lock volume has grown 24% versus Q3 2014 to \$4.2 billion
- Market share remained steady at 0.96% in Q3 2015; Prime remains focused on purchase business, where it had 1.22% market share in Q3 2015
- Mortgage servicing rights retention rate of 25% in Q3 2015, compared to 31% for FY 2014; 100% of all new retained mortgage servicing rights are hedged

Note: Market share per Mortgage Bankers Association as of October 20, 2015

Company Operational Updates

Hilltop Securities Holdings

- Revenue was relatively flat for most business lines relative to Q2 2015, though stock loan and structured finance had strong results
- Even with modest overall revenue growth, expenses (excluding integration costs) were down and the comp./net revenue ratio declined to 69.6% from 73.0% in Q2 2015
- After adjusting for transaction and integration costs, Hilltop Securities Holdings made \$3.6 million¹ of pre-tax income
- On Oct. 5, Southwest Securities, Inc. and SWS Financial Services, Inc. were renamed “Hilltop Securities Inc.” and “Hilltop Securities Independent Network Inc.”, respectively
- On Oct. 22, the broker-dealers received FINRA regulatory approval to merge, satisfying a critical milestone in the integration process

National Lloyds Corporation

- Revenue was slightly down due to lower new business, but profitability was improved
- Loss and LAE expense declined year over year, driven by lower claim count
- Underlying business still fundamentally strong, as exposure management initiatives and improved risk profile demonstrated through lower non-CAT loss ratio YTD relative to 2014
 - However, continue to proactively increase rates in select markets

Note: (1) See appendix for reconciliation of reported pre-tax income to adjusted pre-tax income as presented

Hilltop Holdings And Subsidiaries Financial Review

Hilltop Holdings – Q3 2015 Highlights

- For the third quarter of 2015, net income to common stockholders was \$46.9 million, or \$0.47 per diluted share
 - Third quarter 2015 adjusted net income¹ was \$49.6 million, or \$0.50 per diluted share, when excluding the transaction and integration costs related to the SWS Merger
 - For the third quarter of 2014, net income to common stockholders was \$23.4 million, or \$0.26 per diluted share
- ROAA was 1.49% in Q3 2015, relative to 1.03% in Q3 2014
- ROAE was 10.97% in Q3 2015, relative to 6.51% in Q3 2014
- Hilltop's four operating segments reported \$79.2 million in pre-tax income during Q3 2015
 - PlainsCapital Bank contributed \$53.6 million of pre-tax income
 - PrimeLending contributed \$12.1 million of pre-tax income
 - Hilltop Securities Holdings contributed \$1.5 million of pre-tax income
 - National Lloyds Corporation contributed \$12.0 million of pre-tax income
- Hilltop common equity increased to \$1.7 billion at Sep. 30, 2015, up \$41.5 million from June 30, 2015
- Hilltop remains well-capitalized with a 12.01% Tier 1 Leverage Ratio² and a 19.29% Total Risk Based Capital Ratio
 - Hilltop had approximately \$41 million of freely usable cash at quarter end and retains excess capital at subsidiaries
- As of Q3 2015, Hilltop had completed its share repurchase program – Hilltop repurchased an aggregate of 1,390,977 shares, representing a notional amount of \$30.0 million and an average price per share of \$21.56
- All Hilltop operating subsidiaries had a strong and profitable quarter, while the broker-dealer achieved critical milestones as it works toward integration

Notes: Certain amounts related to the June 30, 2015 financials, such as common equity, represent revised figures due to the change in the preliminary bargain purchase gain associated with SWS Merger.

(1) See appendix for reconciliation of reported net income to adjusted net income as presented

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

Hilltop Holdings – Financial Summary

Selected Items	Q3 2014	Q2 2015	Q3 2015
Net Income to Common (\$000)	23,386	29,622	46,894
EPS - Diluted (\$)	\$0.26	\$0.30	\$0.47
Book Value Per Share (\$)	\$14.51	\$16.82	\$17.35
NIM (taxable equivalent)	4.38%	3.75%	4.20%
Assets (\$000)	9,180,402	12,479,510	12,389,456
Loans HFI, Gross (\$000)	4,520,118	5,451,202	5,421,946
Deposits (\$000)	6,236,282	6,796,437	6,820,749
Hilltop Common Equity (\$000)	1,308,907	1,674,145	1,715,690
NPLs/Total Loans ¹	0.48%	0.48%	0.46%
NPAs/Total Assets ¹	0.29%	0.25%	0.24%
Tier 1 Leverage Ratio ²	13.63%	11.87%	12.01%
Total Risk Based Capital Ratio	19.28%	19.29%	19.29%

Notes:

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

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

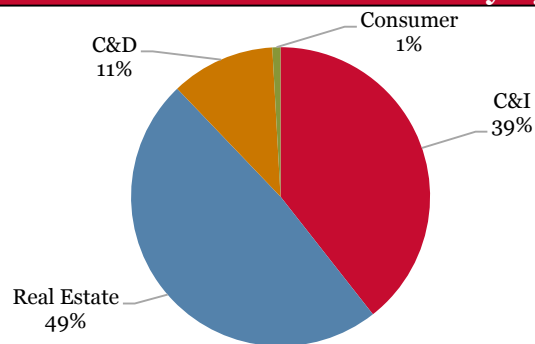
PlainsCapital Bank – Q3 2015 Highlights

- Pre-tax income increased to \$53.6 million in Q3 2015 versus \$24.6 million in Q3 2014 primarily due to a decline in expenses and favorable resolution of significant loan relationships from the FNB Transaction
- Net interest income was driven by non-covered loan growth and accretion
- Noninterest income was slightly down compared to Q3 2014 primarily due to decreases in accretion on FDIC indemnification asset, OREO income and service fees
- Noninterest expense declined compared to Q3 2014 primarily due to reduced write downs on OREO and increased gains on sale of certain OREO from the FNB transaction
 - Bank had OREO write-downs of \$14.4 million in Q3 2014 versus \$5.4 million in Q3 2015
 - Noninterest expense reductions were offset by increased comp. and benefits associated with addition of SWS employees
- PrimeLending funds originations through a \$1.5 billion warehouse line from PlainsCapital Bank; \$1.2 billion was drawn at Sep. 30, 2015
- Tier 1 Leverage Ratio¹ increased to 12.77%, up from 12.17% in Q2 2015

Reported Summary Results (\$000)	Q3 2014	Q3 2015
Net Interest Income	78,285	105,758
Provision for Loan Losses	(4,049)	(5,615)
Noninterest Income	17,638	13,935
Noninterest Expense	(67,236)	(60,518)
Income Before Taxes	24,638	53,560

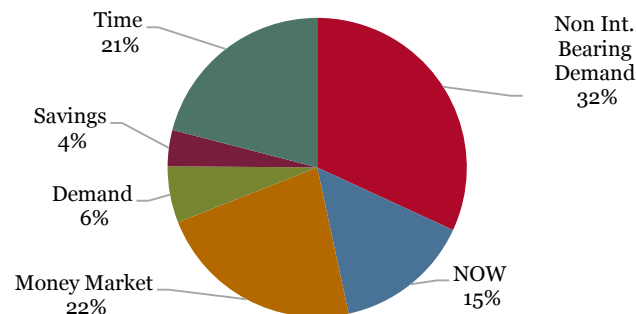
Key Highlights	Q3 2014	Q3 2015
ROAA (%)	0.77	1.64
NIM (%)	4.62	5.79
Efficiency (%)	70.1	50.6
Fee Income (%)	18.4	11.6
Assets (\$000)	\$7,981,517	\$8,299,022
Tier 1 Leverage Ratio ¹ (%)	9.95	12.77

HTH Consolidated Loans HFI by Type



Total Loans²: \$5.4 billion

HTH Consolidated Deposit Mix by Type



Total Deposits²: \$6.8 billion

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

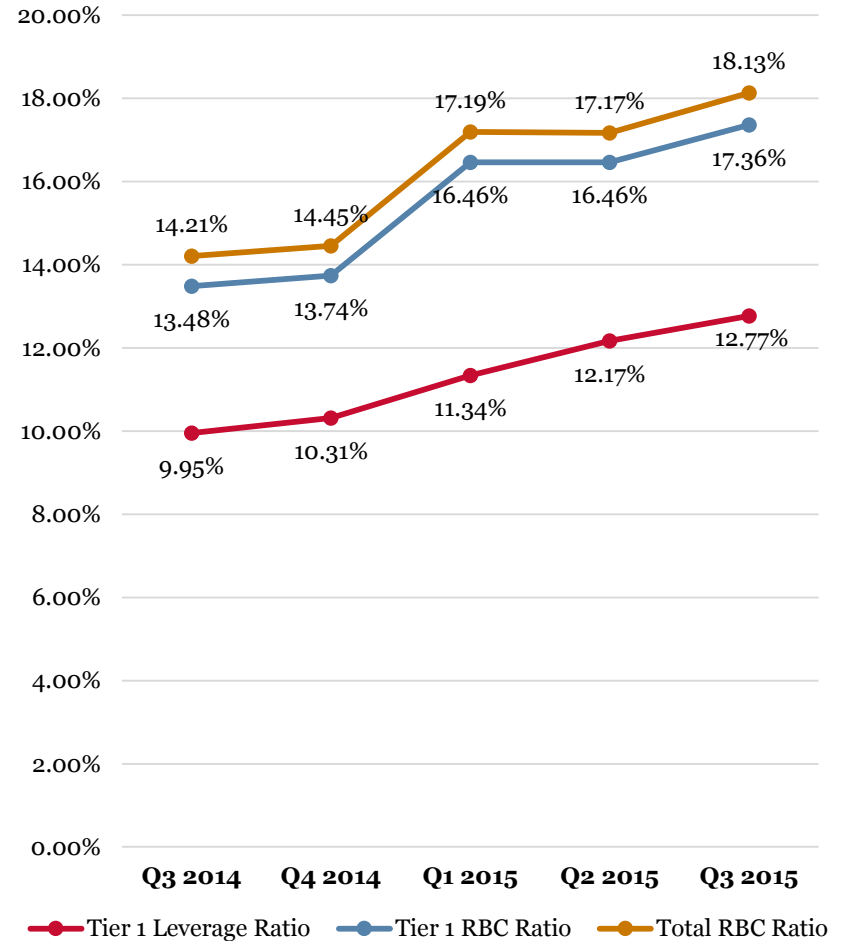
(2) Loans and deposits by type represents consolidated balances at Hilltop and, therefore, eliminate intercompany balances; C&I loans include amounts due on margin loans to customers and correspondents of \$606.0 million at Q3 2015

PlainsCapital Bank – Credit Quality and Capital Ratios

Credit Quality



Bank Capital Ratios



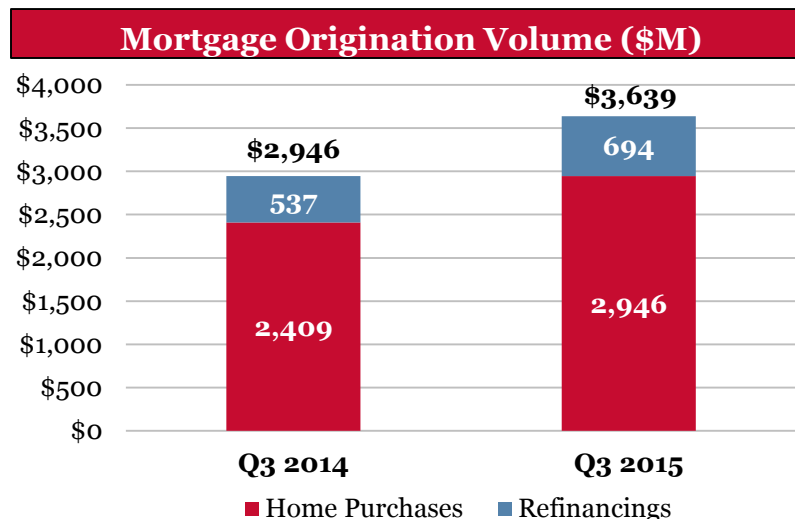
Note: Tier 1 Leverage Ratio based on the end of period Tier 1 capital divided by total average assets during the respective quarter, excluding goodwill and intangible assets

PrimeLending – Q3 2015 Highlights

- Pre-tax income grew to \$12.1 million in Q3 2015 versus \$11.1 million in Q3 2014 due to higher origination volumes
- Origination volume of \$3.6 billion in Q3 2015 was \$693 million greater than Q3 2014 due to growth in both refinance and purchase business
 - Purchase volume (as % of total volume) decreased to 80.9% in Q3 2015 from 81.8% in Q3 2014, although dollar volume was up \$536.9 million
 - Refinance volume increased \$156.1 million, or 29.0%, from Q3 2014 to \$693.6 million in Q3 2015
- Noninterest income increased \$30.8 million, or 23.9%, from Q3 2014 to \$159.8 million in Q3 2015 due to the higher origination volume, higher avg. origination fees and higher servicing income
 - Decline versus Q2 2015 driven primarily by change in fair value of interest rate locks and MSR
- Noninterest expense increased \$30.4 million, or 26.5%, from Q3 2014 to \$145.1 million in Q3 2015 due to higher variable compensation and additional headcount to support volumes, technology initiatives and regulatory and compliance needs
- PrimeLending retained servicing on approximately 25% of loans sold in Q3 2015
 - Fair value of net MSR decreased \$2.9 million during Q3 2015
- Given the recent implementation of TILA-RESPA Integrated Disclosures (“TRID”), the impacts of TRID on the mortgage loan origination process, volumes and associated costs beginning in already seasonally lower Q4 2015 are unknown

Reported Summary Results (\$000)	Q3 2014	Q3 2015
Net Interest Income	(3,197)	(2,538)
Provision for Loan Losses	-	-
Noninterest Income	128,989	159,794
Noninterest Expense	(114,690)	(145,113)
Income Before Taxes	11,102	12,143

Key Highlights	Q3 2014	Q3 2015
Volume - \$M	\$2,946	\$3,639
Volume – Units	13,766	16,672
Volume - % Purchase	81.8%	80.9%
Volume - % Conventional	62.1%	61.7%
Servicing Asset (\$M)	\$41.9	\$47.5
Mortgage Loans Serviced For Others (\$M)	\$3,658	\$5,042



Hilltop Securities Holdings – Q3 2015 Highlights

- Q3 2015 includes operations of SWS, though Q3 2014 includes only FSW
- Pre-tax income of \$1.5 million in Q3 2015 versus pre-tax income of \$1.2 million in Q3 2014; continued improvement in profitability since the SWS merger
 - Q3 2015 results include pre-tax integration related costs of \$2.1 million directly attributable to the acquisition of SWS
 - After adjusting for the pre-tax integration related costs, Q3 2015 pre-tax income was \$3.6 million¹
- Public finance investment banking and advisory fees increased 28.8% to \$20.5 million in Q3 2015 compared to Q3 2014
- The U.S. Agency to-be-announced, or TBA, business, which provides interest rate protection for housing authorities, had fair value changes on derivatives that provided a net gain of \$12.7 million for Q3 2015
- Noninterest expense increased \$58.9 million, or 185.3%, from Q3 2014 to \$90.7 million in Q3 2015 primarily due to the inclusion of SWS employees and compensation that varies with noninterest income
- The broker-dealer segment provided the banking segment with \$804.7 million of core deposits at Q3 2015, representing 36% of total available FDIC insured balances

Reported Summary Results (\$000)	Q3 2014	Q3 2015
Net Interest Income	3,269	8,301
Provision for Loan Losses	16	22
Noninterest Income	29,726	83,817
Noninterest Expense	(31,782)	(90,683)
Income Before Taxes	1,229	1,457

Key Highlights	Q3 2014	Q3 2015
Compensation/Net Revenue (%)	59.9	69.6
FDIC Insured Balances at PCB (\$000)	\$295,256	\$804,688
Other FDIC Insured Balances (\$000)	\$195,932	\$1,457,188
Public Finance Issues (#)	333	693
Public Finance Aggregate Amount of Offerings (\$M)	\$22,375	\$30,329
Capital Markets Volume (\$M)	\$7,694	\$19,391
Lock Production/TBA Volume (\$M)	\$460	\$1,176

Note: (1) See appendix for reconciliation of reported pre-tax income to adjusted pre-tax income as presented

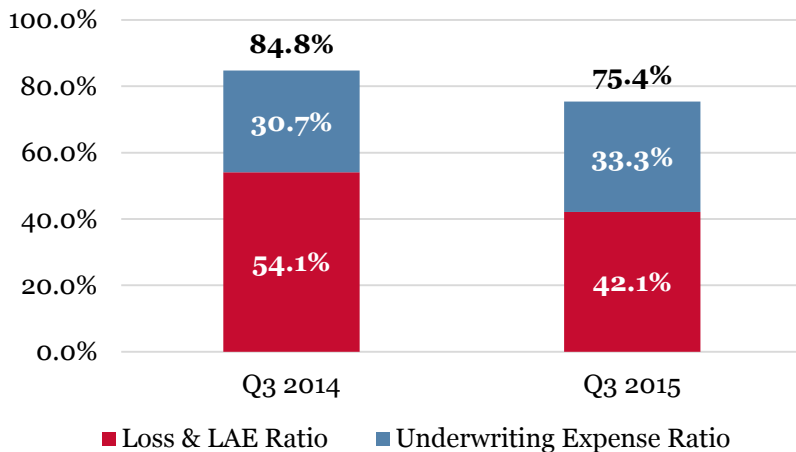
National Lloyds Corporation – Q3 2015 Highlights

- Pre-tax income of \$12.0 million in Q3 2015 relative to \$8.2 million in Q3 2014
- Premiums remain flat due to exposure initiatives and less new business; the competitive environment has hardened as we have taken significant rate increases over the prior 2 years
- Improved loss experience in Q3 2015 as a result of 10% less claims than prior year and favorable development on our litigation reserves
- Underwriting expense ratio is higher than previous year due to investments in personnel and operational processes

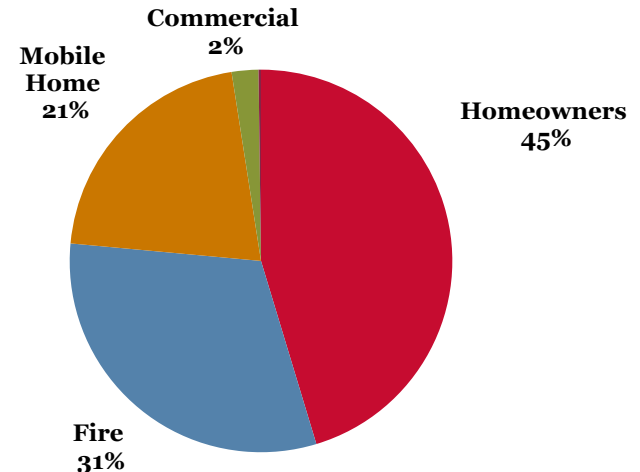
Reported Summary Results (\$000)	Q3 2014	Q3 2015
Net Interest Income	808	838
Provision for Loan Losses	-	-
Noninterest Income	44,014	43,534
Noninterest Expense	(36,636)	(32,366)
Income Before Taxes	8,186	12,006

Key Highlights (\$000)	Q3 2014	Q3 2015
Direct Premium Written	42,586	41,319
Net Premium Earned	41,821	41,196

Combined Ratio



Q3 2015 Direct Premiums Written



Hilltop Holdings Financial Information

Hilltop Holdings – Summary Income Statement

(\$000)	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
Interest income	93,217	99,316	107,669	115,662	130,545
Interest expense	7,457	7,802	14,227	14,995	15,334
Net interest income	85,760	91,514	93,392	100,667	115,211
Provision for loan losses	4,033	4,125	2,687	158	5,593
Net interest income after provision for loan losses	81,727	87,389	90,705	100,509	109,618
Noninterest income	212,135	213,795	352,845	301,400	296,469
Noninterest expense	254,744	246,768	314,476	353,317	333,502
Income before income taxes	39,118	54,416	129,074	48,592	72,585
Income tax expense	14,010	20,950	15,420	18,137	25,338
Net income	25,108	33,466	113,654	30,455	47,247
Less: Net income attributable to noncontrolling interest	296	325	353	405	353
Income attributable to Hilltop	24,812	33,141	113,301	30,050	46,894
Dividends on preferred stock	1,426	1,425	1,426	428	-
Income applicable to Hilltop common stockholders	23,386	31,716	111,875	29,622	46,894

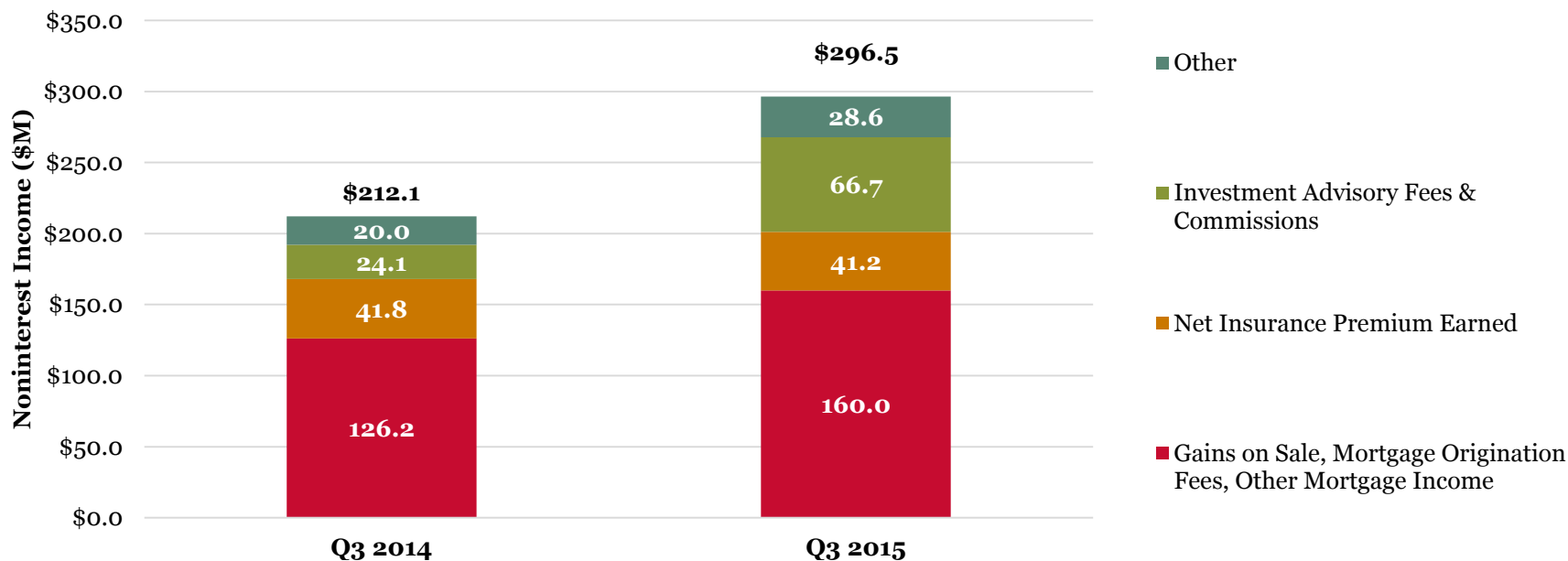
Hilltop Holdings – Net Interest Income & Margin

- Stated NIM increased by 45 bps in Q3 2015 to 4.20% compared with 3.75% in Q2 2015 primarily due to the favorable resolution of certain significant loan relationships acquired in the FNB Transaction that increased yields earned on loans
 - Cost of interest bearing deposits was slightly down vs Q2 2015, while notes payable cost increased 4 bps
- For Q3 2015, the tax equivalent NIM for Hilltop was 137 bps greater due to purchase accounting, driven mainly by:
 - Accretion of discount on loans of \$36.0 million
 - Amortization of premium on acquired securities of \$0.7 million
- Hilltop NIM adversely affected by broker-dealer's securities lending business, with taxable equivalent NIM negatively impacted by 99 basis points
 - Bank NIM for Q3 2015 improved to 5.79% (3.69% before PAA) from 5.02% (3.57% before PAA) in Q2 2015

Annual Yields and Rates (%)	Q3 2014	Q2 2015	Q3 2015
<u>Interest Earning Assets</u>			
Loans, Gross	5.65	5.88	6.64
Investment Securities, Taxable	2.63	2.29	2.24
Investment Securities, Non-Taxable	3.74	3.91	3.85
Fed Funds Sold and Securities to Resell	0.29	0.06	0.07
Interest Earning Deposits	0.21	0.23	0.21
Other	5.13	1.83	1.82
Total Int. Earning Assets	4.74	4.27	4.74
<u>Interest Bearing Liabilities</u>			
Interest Bearing Deposits	0.38	0.33	0.31
Notes Payable and Borrowings	1.12	1.32	1.36
Total Int. Bearing Liabilities	0.54	0.74	0.75
Net Interest Margin (Stated)	4.38	3.75	4.20
Net Interest Margin (Pre-PAA)	3.51	2.79	2.83
Net Interest Spread	4.20	3.53	3.99

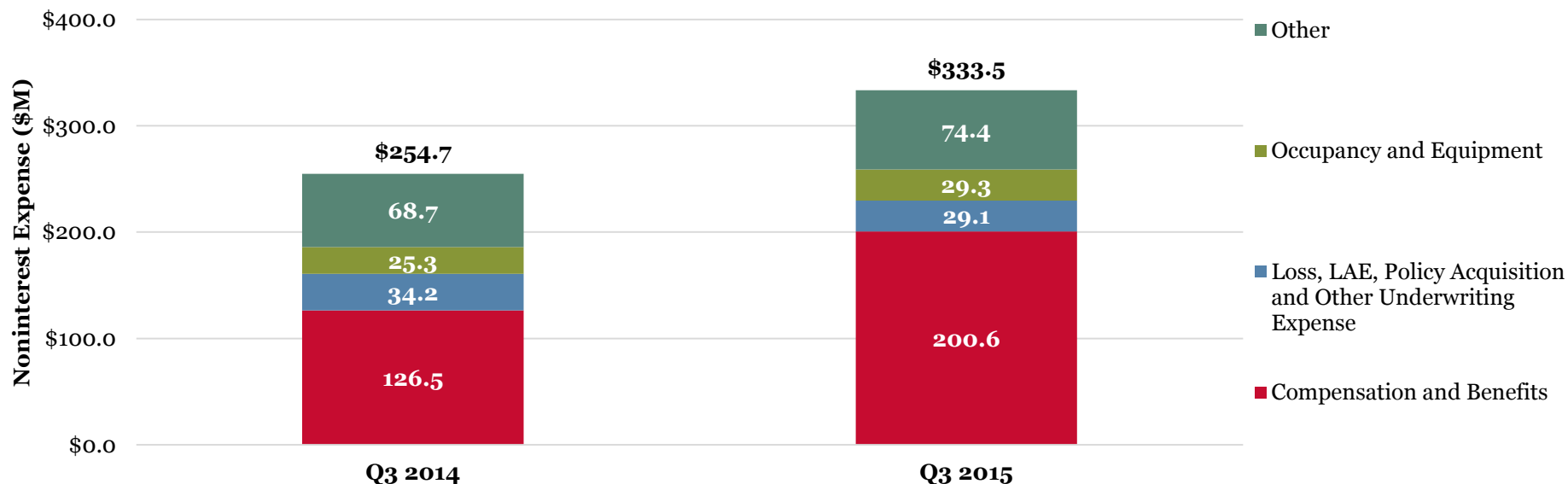
Hilltop Holdings – Noninterest Income

- Noninterest income for Q3 2015 was \$296.5 million, up 39.8% versus Q3 2014
- Net gains from the sale of loans, other mortgage production income, and mortgage loan origination fees increased \$33.7 million, or 26.7%, from Q3 2014 to \$160.0 million in Q3 2015, representing 54% of noninterest income for the quarter
- Investment advisory fees & commissions increased \$42.7 million, or 177.4%, from Q3 2014 (primarily due to the SWS Merger) to \$66.7 million in Q3 2015, representing 23% of noninterest income for the quarter
- Net insurance premiums earned were \$41.2 million in Q3 2015, representing 14% of noninterest income for the quarter



Hilltop Holdings – Noninterest Expense

- Noninterest expense was \$333.5 million in Q3 2015, up 30.9% from Q3 2014
 - During the quarter we incurred \$2.8 million in transaction and integration costs associated with employee expenses and professional fees, both related to the SWS Merger
- Compensation increased \$74.1 million, or 58.6%, from Q3 2014 to \$200.6 million in Q3 2015 (primarily due to the SWS Merger and increased mortgage volume), representing 60% of noninterest expense for the quarter
- Loss and LAE and policy acquisition and other underwriting expense were \$29.1 in Q3 2015, representing 9% of noninterest expense for the quarter
- Occupancy and equipment expense increased \$4.0 million, or 15.8%, from Q3 2014 to \$29.3 million in Q3 2015, representing 9% of noninterest expense for the quarter
- Other expenses increased \$5.7 million, or 8.3%, from Q3 2014 to \$74.4 million in Q3 2015
 - Amortization of identifiable intangibles from purchase accounting was \$2.7 million in Q3 2015



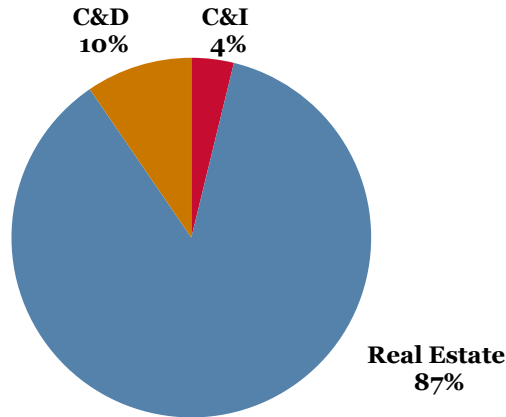
Hilltop Holdings – Balance Sheet

- Assets were slightly down, as growth in non-covered loans was more than offset by a decline in cash, loans HFS and covered loans
- Gross non-covered loans HFI increased \$42.6 million, or 0.9%, from Q2 2015 to \$5.0 billion at Q3 2015
- Gross covered loans decreased \$71.8 million, or 14.5%, from Q2 2015 to \$422.4 million at Q3 2015 due to successful ongoing efforts to resolve troubled loans acquired with FNB Transaction
 - \$328.9 million, or 43.8%, decrease versus Q3 2014
- Covered OREO declined \$19.5 million, or 15.5%, from Q2 2015 to Q3 2015
- Gross loans HFI (covered and non-covered) to deposits ratio relatively flat at 79.5% at Q3 2015, compared to 80.2% at Q2 2015
- Total deposits increased \$24.3 million, or 0.4%, from Q2 2015 to \$6.8 billion at Q3 2015
 - 31.9% of total deposits are noninterest bearing
- Short term borrowings declined by \$189.5 million in Q3 2015
- Common equity increased \$41.5 million, or 2.5%, from Q2 2015 to \$1.7 billion at Q3 2015 due to earnings and an increase in AOCI, offset by \$13 million in share repurchases

(\$000s)	Q3 2014	Q2 2015	Q3 2015
Assets			
Cash & Federal Funds	647,588	605,857	551,553
Securities	1,332,342	1,341,852	1,323,866
Loans Held for Sale	1,272,813	1,397,617	1,354,107
Non-Covered Loans HFI, Gross	3,768,843	4,956,969	4,999,529
Allowance for Non-Covered Loan Losses	(39,027)	(40,484)	(42,989)
Non-Covered Loans HFI, Net	3,729,816	4,916,485	4,956,540
Covered Loans, Net of Allowance	747,514	493,299	420,547
Covered OREO	126,798	125,510	106,024
Broker-Dealer & Clearing Receivables	223,679	2,070,770	2,111,864
FDIC Indemnification Asset	149,788	102,381	92,902
Goodwill & Other Intangibles	314,317	313,586	310,724
Other Assets	635,747	1,112,153	1,161,329
Total Assets	9,180,402	12,479,510	12,389,456
Liabilities and Stockholders' Equity			
Non-Int. Bearing Deposits	1,988,066	2,135,988	2,173,890
Int. Bearing Deposits	4,248,216	4,660,449	4,646,859
Total Deposits	6,236,282	6,796,437	6,820,749
Broker-Dealer & Clearing Payables	243,835	2,048,176	2,045,604
Short Term Borrowings	845,984	1,100,025	910,490
Notes Payable	55,684	245,420	243,556
Junior Subordinated Debentures	67,012	67,012	67,012
Other Liabilities	307,861	547,177	585,217
Total Liabilities	7,756,658	10,804,247	10,672,628
SBLF Preferred Stock	114,068	-	-
Common Equity	1,308,907	1,674,145	1,715,690
Total Hilltop Equity	1,422,975	1,674,145	1,715,690
Minority Interest	769	1,119	1,138
Total Liabilities & Equity	9,180,402	12,479,510	12,389,456

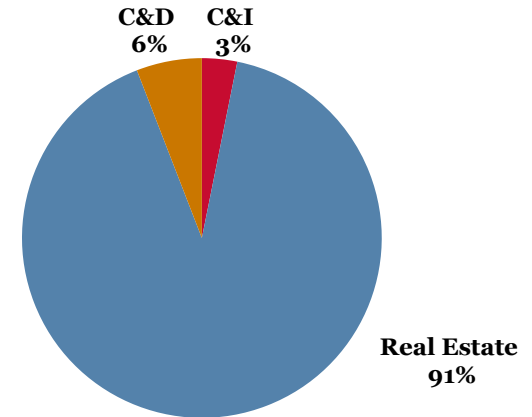
PlainsCapital Bank – Loan Portfolio by Classification

Covered PCI Loans



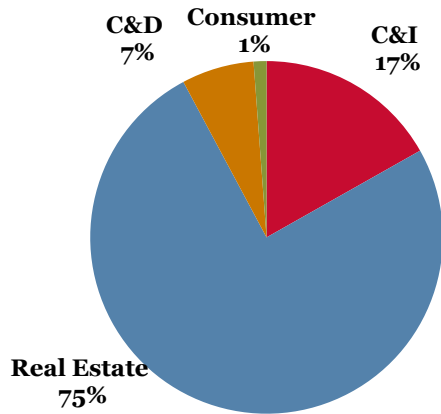
Q3 2015 Total: \$251.0 million

Covered Non-PCI Loans



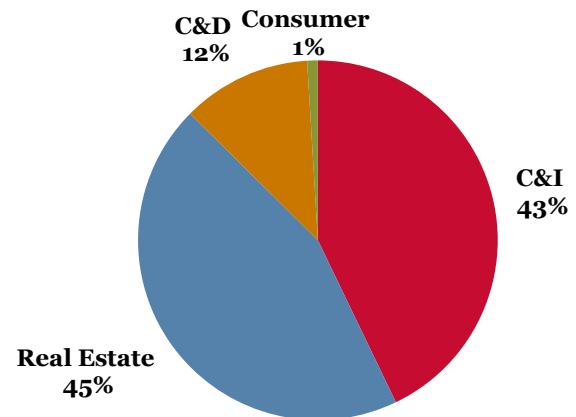
Q3 2015 Total: \$171.4 million

Non-Covered PCI Loans



Q3 2015 Total: \$81.2 million

Non-Covered Non-PCI Loans



Q3 2015 Total: \$4,918.4 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

PlainsCapital Bank – PCI Loans at Sep. 30, 2015

- 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 \$222.5 million
 - \$199.6 million of the discount was related to covered loans
- Weighted average expected loss on PCI loans associated with each of the PlainsCapital Merger, FNB Transaction, and SWS Merger was 28%, 21%, and 20%, respectively

(\$000)	Covered PCI	Non-Covered PCI	Total PCI
Outstanding Balance	450,581	104,055	554,636
(Discount)	(199,563)	(22,894)	(222,457)
Carrying Amount	251,018	81,161	332,179
Allowance for Loan Loss	1,822	4,599	6,421
Total PCI Loans, Net of Allowance	249,196	76,562	325,758
Carrying Amount (Net of Allowance) / Outstanding Balance	55.3%	73.6%	58.7%

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

PlainsCapital Bank – Non-PCI Loans at Sep. 30, 2015

- Non-PCI loans include newly originated loans, acquired loans without credit impairment at acquisition, and acquired loans that have renewed
- Non-PCI loans include covered loans and non-covered loans
- Portfolio on balance sheet at 98.5% unpaid principal balance with a total discount of \$39.8 million
 - \$27.5 million discount was related to non-covered loans, while covered loans had a \$12.3 million discount

(\$000)	Covered Non-PCI	Non-Covered Non-PCI	Total Non-PCI
Outstanding Balance	183,661	4,945,867	5,129,528
(Discount)	(12,262)	(27,499)	(39,761)
Carrying Amount	171,399	4,918,368	5,089,767
Allowance for Loan Loss	48	38,390	38,438
Total Non-PCI Loans, Net of Allowance	171,351	4,879,978	5,051,329
Carrying Amount (Net of Allowance) / Outstanding Balance	93.3%	98.7%	98.5%

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

Appendix

Hilltop Non-GAAP to GAAP Reconciliation and Management's Explanation of Non-GAAP Financial Measures

Hilltop presents one measure on page nine and sixteen and two measures on page eleven of this presentation that are not measures of financial performance recognized by generally accepted accounting principles in the United States ("GAAP").

These measures are important to investors interested in changes from period to period in income before taxes, net income and net income per diluted share. For companies, such as Hilltop, business combinations can result in the recording of significant amounts of expenses related to those transactions.

You should not view this disclosure as a substitute for results determined in accordance with GAAP, and this disclosure is not necessarily comparable to that of other companies that use non-GAAP measures. The following table reconciles these Hilltop non-GAAP financial measures to the most comparable GAAP financial measures, "segment income before income taxes", "net income to common shareholders" and "net income per diluted share."

Q3 2015 Reconciliation of Non-GAAP Segment Adjusted Income Before Income Taxes (\$M)		Broker-Dealer
GAAP Income Before Income Taxes		1.5
Add:		
Transaction and Integration Costs (pre-tax) ¹		2.1
Non-GAAP Segment Adjusted Income Before Income Taxes		3.6

Q3 2015 Reconciliation of Non-GAAP Adjusted Net Income		(\$M)	Diluted EPS (\$)
GAAP Net Income to HTH Common Shareholders		46.9	0.47
Add:			
Transaction and Integration Costs (net of tax) ¹		2.7	0.03
Non-GAAP Adjusted Net Income		49.6	0.50

Note: (1) Includes various transaction and integration costs associated with the SWS Merger, which closed January 1, 2015