

Hilltop Holdings Inc.

Acquisition of The Bank of River Oaks



February 14, 2018

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 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,” “plan,” “probable,” “projects,” “seeks,” “should,” “target,” “view” or “would” or the negative of these words and phrases or similar words or phrases. Factors that could cause our actual results to differ materially from those described in the forward-looking statements include, among others: (i) the possibility that any of the anticipated benefits of the proposed transaction will not be realized or will not be realized within the expected time period; (ii) the risk that integration of the operations of The Bank of River Oaks will be materially delayed or will be more costly or difficult than expected; (iii) the failure of the proposed transaction to close on the expected timeline or at all; (iv) the effect of the announcement of the transaction on customer relationships and operating results; (v) ability to obtain regulatory approvals and meet other closing conditions to the mergers, including approval by The Bank of River Oaks shareholders on the expected terms and schedule; and (vi) the possibility that the transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events. For a discussion of additional factors that could cause our actual results to differ materially from those described in the forward-looking statements, please see the risk factors discussed in our most recent Annual Report on Form 10-K, and subsequent Quarterly Reports on Form 10-Q and other reports, that are filed with the Securities and Exchange Commission. All forward-looking statements are qualified in their entirety by this cautionary statement.

Strategic Overview

- Hilltop's acquisition of The Bank of River Oaks provides an opportunity to grow our footprint in Houston with an experienced and talented team of banking professionals
 - This transaction is the fulfilment of Hilltop's stated goal of expanding into the Houston market via an all-cash transaction to acquire a commercial lending platform
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Transaction

- Purchase price of \$85 million
 - 100% cash consideration
 - 1.8x stated tangible book value as of 12/31/17
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Strategic Rationale

- **Strengthen presence in the Houston market**
 - Currently PlainsCapital Bank's most underpenetrated market among major Texas MSAs
 - **Retain experienced management team capable of leading future growth**
 - Veteran team with large bank background
 - Complementary cultures and operating philosophies
 - **Acquire attractive loan and deposit relationships**
 - Commercial-focused lender with high concentration of C&I and owner-occupied CRE loans
 - Low-cost deposit franchise and attractive branch footprint
 - **Strategic investment of Hilltop's excess capital**
 - Projected to be accretive to Hilltop's annual EPS in the year following the close of this transaction
 - Ample excess capital remains at Hilltop pro forma for this transaction
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The Bank of River Oaks Overview

- Houston, Texas based bank with \$454 million of assets
- Rare and attractive combination of commercial loans and noninterest-bearing deposits relative to the competitive landscape
- Valuable deposit franchise with a 20 bps cost of deposits (2017) and attractive branch network
- Relationship-oriented with expertise in commercial lending, private banking and healthcare lending
 - Limited energy exposure (~2% of loan book)
- Pro forma, PlainsCapital Bank will have over \$500 million in loans and over \$460 million in deposits in Houston

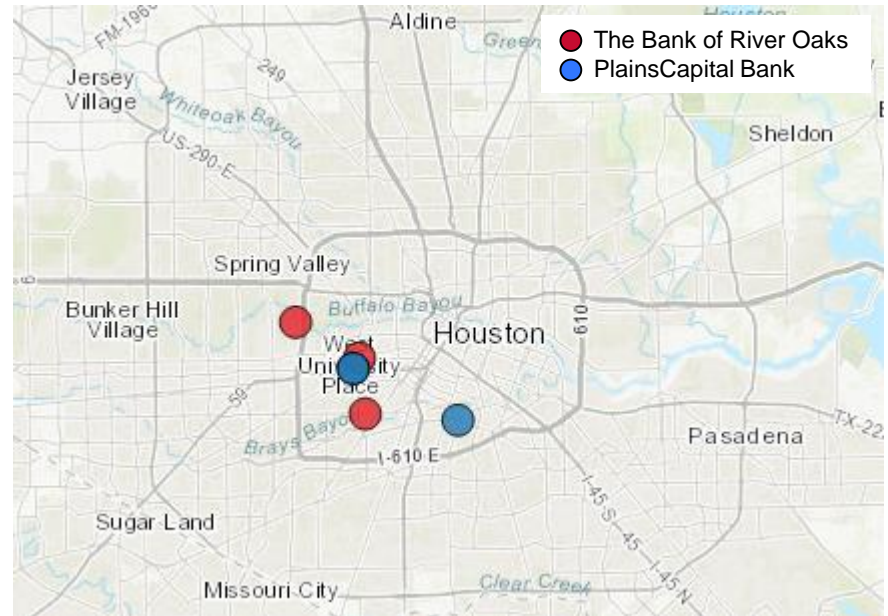
Financial Highlights

\$ in Thousands	2016	2017
Balance Sheet		
Total Assets	446,747	454,391
Gross Loans	339,571	343,609
Total Deposits	364,642	406,097
Loans / Deposits	93.1%	84.6%
Tangible Common Equity	47,370	46,160
Performance		
Pre-Tax Income	5,666	4,939
Net Income ⁽¹⁾	4,462	2,579
ROAA (%)	1.00	0.58
NIM (%)	3.72	3.83
Fee Income Ratio (%)	4.4	4.1
Efficiency Ratio (%)	66.3	59.6
Asset Quality & Capital		
CET 1 Ratio (%)	13.02	12.23
ALLL / Loans (%)	0.98	1.11
NCOs / Average Loans (%)	0.23	0.42

Source: SNL

⁽¹⁾ 2017 results reflect the Tax Law changes, impacting net income by approximately \$800k

Branch Network



Pro Forma Houston Presence

	PlainsCapital Bank	The Bank of River Oaks	Pro Forma
Lenders	8	7	15
Loans (\$MM)	166	344	509
Deposits (\$MM)	58	406	464
Branches	2	3	5

Note: As of December 31, 2017

The Bank of River Oaks Management Team



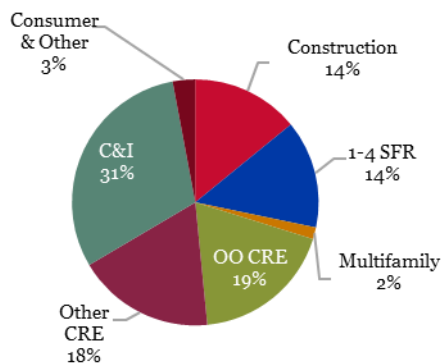
- The senior management team of The Bank of River Oaks each bring over 30 years of banking experience and decades in the Houston market
- Andy Lane will serve as the new Houston Region Chairman after the close of this transaction
- The senior management team has executed retention agreements to remain with Hilltop Holdings after the close of this transaction

Executive	Experience	The Bank of River Oaks Title
1) Andy Lane	33 years of banking experience; former leadership experience with Whitney National Bank and Chase Bank	Chairman & CEO <i>Commercial Lending</i>
2) Jerry Brewer	40 years of banking experience; former leadership experience with Whitney National Bank and Guaranty Bank	Vice Chairman <i>Private Banking</i>
3) Mark Troth	33 years of banking experience; former leadership experience with Amegy Bank and Southwest Bank of Texas	President <i>Healthcare Lending</i>

Pro Forma Loan Portfolio

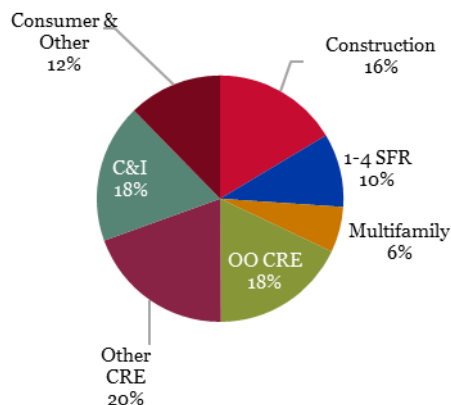
- Among Houston-based banks, The Bank of River Oaks has the 3rd highest concentration of C&I loans at 31% ⁽¹⁾

The Bank of River Oaks



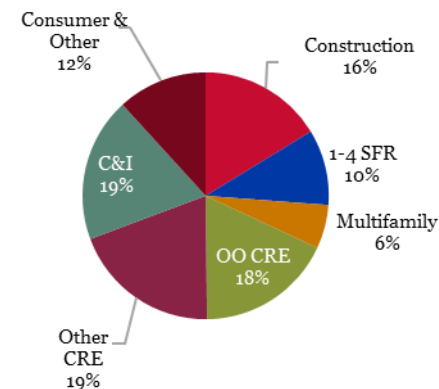
The Bank of River Oaks		
(\$000)	4Q'17	% of Total
Construction	48,443	14%
1-4 SFR	48,724	14%
Multifamily	5,337	2%
OO CRE	63,959	19%
Other CRE	62,026	18%
C&I	104,972	31%
Consumer & Other	10,148	3%
Total	343,609	100%

PlainsCapital Bank



PlainsCapital Bank		
(\$000)	4Q'17	% of Total
Construction	964,320	16%
1-4 SFR	567,955	10%
Multifamily	351,932	6%
OO CRE	1,049,289	18%
Other CRE	1,150,127	20%
C&I	1,070,889	18%
Consumer & Other	723,397	12%
Total	5,877,909	100%

Pro Forma



Pro Forma		
(\$000)	4Q'17	% of Total
Construction	1,012,763	16%
1-4 SFR	616,679	10%
Multifamily	357,269	6%
OO CRE	1,113,248	18%
Other CRE	1,212,153	19%
C&I	1,175,861	19%
Consumer & Other	733,545	12%
Total	6,221,518	100%

Source: SNL

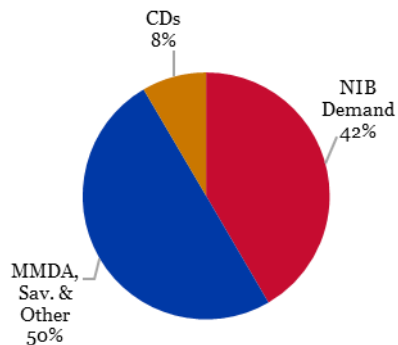
Note: PlainsCapital loans and pro forma loans exclude loans held for sale

(1) Ranking based on consolidated results for banks headquartered in Houston, TX. Loan figures used were the most recent quarter available as of February 11, 2018

Pro Forma Deposit Composition

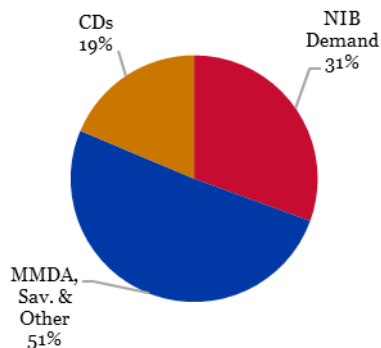
- Among Houston-based banks, The Bank of River Oaks has the highest concentration of noninterest-bearing deposits at 42% ⁽¹⁾

The Bank of River Oaks



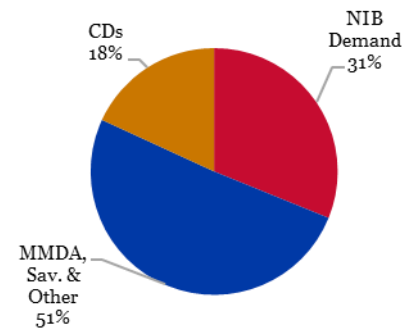
The Bank of River Oaks		
(\$000)	4Q'17	% of Total
NIB Demand	168,894	42%
MMDA, Sav. & Other	202,875	50%
CDs	34,328	8%
Total	406,097	100%

PlainsCapital Bank



PlainsCapital Bank		
(\$000)	4Q'17	% of Total
NIB Demand	2,308,844	31%
MMDA, Sav. & Other	3,833,803	51%
CDs	1,408,756	19%
Total	7,551,403	100%

Pro Forma



Pro Forma		
(\$000)	4Q'17	% of Total
NIB Demand	2,477,738	31%
MMDA, Sav. & Other	4,036,678	51%
CDs	1,443,084	18%
Total	7,957,500	100%

Source: SNL

(1) Ranking based on consolidated results for banks headquartered in Houston, TX. Deposit figures used were the most recent quarter available as of February 11, 2018

Transaction Summary

Structure

- \$85 million purchase price for outstanding shares and in-the-money options
 - 100% cash consideration
 - Minimum common equity deliverable to Hilltop at closing, with a purchase price adjustment for any shortfall
 - Minimum loan loss reserve of 98 bps at closing
 - Retention agreements with the senior management team
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Multiples & Assumptions

- Price / Stated Tangible Book Value as of 12/31/17: 1.8x
 - Price / Adjusted 2017 Net Income: 22x ⁽¹⁾
 - Core Deposit Premium: 10.4% ⁽²⁾
 - Cost Saves: ~30%
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Due Diligence

- Detailed due diligence process covering credit, securities, deposits, operations, management and integration
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Approvals & Closing

- This acquisition has been unanimously approved by the Boards of Directors of both Hilltop and The Bank of River Oaks
 - This acquisition is subject to approval by the shareholders of The Bank of River Oaks and standard regulatory approvals
 - Expect to close this acquisition during the third quarter of 2018
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(1) 2017 adjusted net income assumes a 21% tax rate on reported pre-tax income of \$4.94 million

(2) Core deposits calculated as total deposits less CDs greater than \$100 thousand as of 12/31/17

