

Hilltop Holdings Inc.
Form DEF 14A
April 30, 2018
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Hilltop Holdings Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

Hilltop Holdings Inc.

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Dallas, Texas 75219

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www.hilltop-holdings.com

NYSE: HTH

NOTICE OF 2018 ANNUAL MEETING

AND PROXY STATEMENT

April 30, 2018

You are cordially invited to attend our 2018 Annual Meeting of Stockholders at 10:00 a.m., Dallas, Texas, local time, on July 25, 2018. The meeting will be held at 2323 Victory Avenue, 5th Floor, Dallas, Texas 75219.

This booklet includes the formal notice of the meeting and our Proxy Statement. The Proxy Statement tells you about the matters to be addressed, and the procedures for voting, at the meeting.

YOUR VOTE IS VERY IMPORTANT. Even if you only have a few shares, we want your shares to be represented. If your shares are held in a brokerage account, your broker no longer has discretion to vote on your behalf with respect to electing directors or certain other non-routine matters. Accordingly, you must provide specific voting instructions to your broker in order to vote. Please vote promptly in order to ensure that your shares are represented at the meeting.

The Notice of Internet Availability of Proxy Materials or this Proxy Statement and the accompanying proxy card, as applicable, Notice of 2018 Annual Meeting of Stockholders and annual report for the year ended December 31, 2017

will be provided to stockholders of record on or about May 24, 2018.

We look forward to seeing you at the meeting.

Very truly yours,

Jeremy B. Ford
President and Co-Chief Executive Officer

Alan B. White
Vice Chairman and Co-Chief Executive Officer

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY
MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON JULY 25, 2018.

Our Proxy Statement and our annual report for the fiscal year ended December 31, 2017 are both available at
www.proxyvote.com.

Table of Contents

Notice of 2018 Annual Meeting of Stockholders

To Be Held on July 25, 2018

WHEN: Thursday, July 25, 2018, at 10:00 a.m., Dallas, Texas local time

WHERE: 2323 Victory Avenue, 5th Floor
Dallas, Texas 75219

WHY: At this meeting, you will be asked to:

1. Elect 20 directors to serve on our Board of Directors until the 2019 annual meeting of stockholders or until their successors are duly elected and qualified;
2. Conduct an advisory vote to approve executive compensation;
3. Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2018; and
4. Transact any other business that may properly come before the meeting and any adjournments or postponements of the meeting.

WHO MAY VOTE: Stockholders of record at the close of business on May 10, 2018.

ANNUAL REPORT: Our 2017 Annual Report is enclosed.

Pursuant to rules promulgated by the Securities and Exchange Commission, we are providing access to our proxy materials, including this proxy statement and our annual report for the year ended December 31, 2017, over the Internet. As a result, we are providing to many of our stockholders a Notice of Internet Availability of Proxy Materials instead of a paper copy of our proxy materials. The notice contains instructions on how to access those proxy materials over the Internet, as well as instructions on how to request a paper copy of our proxy materials. All stockholders who are not sent a notice will be sent a paper copy of our proxy materials by mail. This electronic distribution process reduces the environmental impact and lowers the costs of printing and distributing our proxy materials.

Your vote is very important. Please read the Proxy Statement and voting instructions on the enclosed proxy card. Then, whether or not you plan to attend the Annual Meeting in person, and no matter how many shares you own, please vote by Internet, telephone or by marking, signing, dating and promptly returning the enclosed proxy card

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in the enclosed envelope, which requires no additional postage if mailed in the United States. Please see “General Information – What should I do if I want to attend in person?” for information on how to obtain directions to be able to attend the meeting and vote in person.

By Order of the Board of Directors,

Corey G. Prestidge
Executive Vice President, General Counsel & Secretary

April 30, 2018

Dallas, Texas

Table of Contents

PROXY STATEMENT

TABLE OF CONTENTS

| | Page |
|---|------|
| <u>GENERAL INFORMATION</u> | 1 |
| <u>PROPOSAL ONE — ELECTION OF DIRECTORS</u> | 5 |
| <u>General</u> | 5 |
| <u>Nominees for Election as Directors</u> | 5 |
| <u>Director Independence</u> | 10 |
| <u>Meeting Attendance</u> | 11 |
| <u>Vote Necessary to Elect Directors</u> | 11 |
| <u>Director Compensation</u> | 11 |
| <u>Board Committees</u> | 14 |
| <u>Corporate Governance</u> | 16 |
| <u>Director Nomination Procedures</u> | 19 |
| <u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u> | 22 |
| <u>Principal Stockholders</u> | 22 |
| <u>Security Ownership of Management</u> | 23 |
| <u>MANAGEMENT</u> | 25 |
| <u>Executive Officers</u> | 25 |
| <u>Compensation Discussion and Analysis</u> | 26 |
| <u>Compensation Committee Report</u> | 38 |
| <u>Executive Compensation</u> | 39 |
| <u>Compensation Committee Interlocks and Insider Participation</u> | 52 |
| <u>Securities Authorized for Issuance under Equity Compensation Plans</u> | 53 |
| <u>Section 16(a) Beneficial Ownership Reporting Compliance</u> | 53 |
| <u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u> | 54 |
| <u>PROPOSAL TWO — ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION</u> | 56 |
| <u>Vote Necessary to Approve, on an Advisory Basis, Executive Compensation</u> | 56 |
| <u>PROPOSAL THREE — RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u> | |
| <u>Vote Necessary to Ratify the Appointment</u> | 57 |
| <u>Report of the Audit Committee</u> | 57 |
| <u>Independent Auditor’s Fees</u> | 58 |
| <u>STOCKHOLDER PROPOSALS FOR 2019</u> | 59 |
| <u>OTHER MATTERS</u> | 59 |

| | |
|--|----|
| <u>MULTIPLE STOCKHOLDERS SHARING ONE ADDRESS</u> | 59 |
| <u>ANNUAL REPORT</u> | 59 |
| <u>QUESTIONS</u> | 59 |

Table of Contents

2018 PROXY STATEMENT

HILLTOP HOLDINGS INC.

2323 Victory Avenue, Suite 1400

Dallas, Texas 75219

PROXY STATEMENT

2018 Annual Meeting of Stockholders

To be Held on July 25, 2018

GENERAL INFORMATION

The Notice of Internet Availability of Proxy Materials, or this Proxy Statement and the accompanying proxy card, as applicable, Notice of 2018 Annual Meeting of Stockholders and Annual Report for the year ended December 31, 2017 will be provided to stockholders of record on or about May 24, 2018.

Unless the context otherwise indicates, all references in this Proxy Statement to the “Company,” “we,” “us,” “our” or “ours” or similar words are to Hilltop Holdings Inc. and its direct and indirect wholly owned subsidiaries, references to “Hilltop” refer solely to Hilltop Holdings Inc., references to “PlainsCapital” refer to PlainsCapital Corporation (a wholly owned subsidiary of Hilltop), references to “Securities Holdings” refer to Hilltop Securities Holdings LLC (a wholly owned subsidiary of Hilltop), references to “Hilltop Securities” refer to Hilltop Securities Inc. (a wholly owned subsidiary of Securities Holdings), references to the “Bank” refer to PlainsCapital Bank (a wholly owned subsidiary of PlainsCapital), references to “FNB” refer to First National Bank, references to “SWS” refer to the former SWS Group, Inc., references to “First Southwest” refer to First Southwest Holdings, LLC (a wholly owned subsidiary of Securities Holdings) and its subsidiaries as a whole, references to “PrimeLending” refer to PrimeLending, a PlainsCapital Company (a wholly owned subsidiary of the Bank) and its subsidiaries as a whole, and references to “NLC” refer to National Lloyds Corporation (a wholly owned subsidiary of Hilltop) and its subsidiaries as a whole.

Why am I receiving these proxy materials?

The Board of Directors of Hilltop, or the Board of Directors, has made these materials available to you on the Internet or has delivered printed versions of these materials to you by mail in connection with the Board of Directors' solicitation of proxies for use at our 2018 Annual Meeting of Stockholders, or the Annual Meeting, which will take place at 10:00 a.m. (Dallas, Texas local time) on Thursday, July 25, 2018, at 2323 Victory Avenue, 5th Floor, Dallas, Texas 75219. This Proxy Statement describes matters on which you, as a stockholder, are entitled to vote. This Proxy Statement also gives you information on these matters so that you can make an informed decision with respect to your vote.

Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials instead of printed proxy materials?

In accordance with rules promulgated by the Securities and Exchange Commission, or the SEC, instead of mailing a printed copy of our proxy materials to all of our stockholders, we have elected to furnish such materials to selected stockholders by providing access to these documents over the Internet. Accordingly, on or about May 24, 2018, we will provide a Notice of Internet Availability of Proxy Materials, or the Notice, to selected stockholders of record and beneficial owners. These stockholders will have the ability to access the proxy materials on a website referred to in the Notice or to request to receive a printed set of the proxy materials by calling the toll-free number found on the Notice. We encourage you to take advantage of the availability of the proxy materials on the Internet in order to help reduce the environmental impact of the printing and distribution of our proxy materials.

How can I get electronic access to the proxy materials?

The Notice provides you with instructions regarding how to:

- Ø view our proxy materials for the Annual Meeting on the Internet;
- Ø vote your shares after you have viewed our proxy materials;
- Ø register to attend the meeting in person;
- Ø request a printed copy of the proxy materials; and
- Ø instruct us to send our future proxy materials to you electronically by email.

Table of Contents

2018 PROXY STATEMENT

Copies of the proxy materials are available for viewing at www.proxyvote.com.

You may have received proxy materials by email. Even if you received a printed copy of our proxy materials, you may choose to receive future proxy materials by email. Choosing to receive your future proxy materials by email will lower our costs of delivery and will reduce the environmental impact of printing and distributing our proxy materials. If you choose to receive our future proxy materials by email, you will receive an email next year with instructions containing a link to view those proxy materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it or for so long as the email address provided by you is valid.

What am I voting on?

At the Annual Meeting, stockholders will be asked to:

- Ø Elect 20 directors to serve on our Board of Directors until the 2019 annual meeting of stockholders or until their successors are duly elected and qualified;
- Ø Conduct an advisory vote to approve executive compensation;
- Ø Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2018; and
- Ø Transact any other business that may properly come before the Annual Meeting and any adjournments or postponements of the Annual Meeting.

What are the Board of Directors' recommendations?

The Board of Directors recommends that you vote your shares:

- Ø FOR each of our director candidates;
- Ø FOR the approval, on an advisory basis, of the compensation of our named executive officers;
- Ø

FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2018.

Who is entitled to vote?

Holders of record of our common stock at the close of business on May 10, 2018 are entitled to vote at the Annual Meeting. With respect to each matter presented, a stockholder is entitled to cast one vote for each share of common stock owned at the close of business on May 10, 2018. Our stockholders are not entitled to cumulative voting rights, and dissenters' rights are not applicable to the matters being voted upon.

How do I vote?

If you are a stockholder of record, there are four ways to vote:

Ø In Person. You may vote in person at the Annual Meeting. Bring your printed proxy card if you received one by mail. Otherwise, we will provide stockholders of record with a ballot at the Annual Meeting. We recommend that you vote by proxy even if you plan to attend the Annual Meeting. You always can change your vote at the Annual Meeting.

Ø Via the Internet. You may vote by proxy via the Internet by visiting www.proxyvote.com. Have your proxy card or Notice in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

Ø Via Telephone. If you received or requested printed copies of the proxy materials by mail, you may vote by proxy by calling the toll-free number found on the proxy card.

Ø Via Mail. If you received or requested printed copies of the proxy materials by mail, you may vote by proxy by marking, signing and dating the proxy card and sending it back in the envelope provided.

Table of Contents

2018 PROXY STATEMENT

If you are the beneficial owner of shares held by a broker or other nominee, you may instruct your broker or nominee to vote your shares by following the instructions that the broker or nominee provides to you. New York Stock Exchange, or NYSE, rules prohibit your broker from voting for the election of directors and the approval of executive compensation on your behalf without specific voting instructions from you. Many brokers allow stockholders to provide voting instructions by mail, telephone and the Internet.

How do proxies work?

Our Board of Directors is asking for your proxy. Giving your proxy to the persons named by us means you authorize them to vote your shares at the Annual Meeting in the manner you direct. You may vote for all of our director candidates or withhold your vote as to one or more director candidates, and you may vote for or against, or abstain from voting on, executive compensation and the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2018.

If you are a stockholder of record and (a) you indicate when voting on the Internet or by telephone that you wish to vote as recommended by our Board of Directors or (b) you sign and return the enclosed proxy card but do not specify how your shares are to be voted, your shares will be voted FOR the election of all of our director candidates, FOR the approval, on an advisory basis, of our executive compensation, and FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2018.

If you are the beneficial owner of shares held by a broker or other nominee, also referred to as held in “street name,” and you do not provide such broker or nominee with specific voting instructions, under the rules promulgated by the NYSE, the broker or nominee that holds your shares may generally vote on “routine” matters at its discretion, but cannot vote on “non-routine” matters. If the broker or nominee that holds your shares does not receive instructions from you on how to vote your shares on a “non-routine” matter, that broker or nominee will inform the inspector of election that it does not have the authority to vote on such matters with respect to your shares, which is generally referred to as a “broker non-vote.”

You may receive more than one proxy or voting card depending on how you hold your shares. Shares registered in your name are covered by one card. If you also hold shares through a broker or other nominee, you also may receive

materials from them asking how you want those shares voted. To be sure that all of your shares are voted, we encourage you to respond to each request you receive.

Which matters are considered “routine” or “non-routine”?

The ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2018 is considered a “routine” matter. A broker or other nominee may generally vote on routine matters and, therefore, no broker non-votes are expected to exist with respect to this matter. All other matters set forth in this Proxy Statement are matters that we believe will be designated “non-routine” matters. A broker or other nominee cannot vote without instructions on non-routine matters and, therefore, there may be broker non-votes on all matters other than the ratification of the appointment of PricewaterhouseCoopers LLP.

Can I change my vote or revoke my proxy after I have voted?

You may revoke your proxy and change your vote at any time before the final vote at the Annual Meeting (or before any earlier deadline specified in the Notice or the proxy card) by (a) voting again via the Internet or by telephone (only your latest Internet or telephone proxy submitted prior to the Annual Meeting will be counted), (b) signing and returning a new proxy card with a later date or creating a new electronic voting instruction form with a later date or (c) attending the Annual Meeting and voting in person. Your attendance at the Annual Meeting, however, will not automatically revoke your proxy unless you vote again at the Annual Meeting or specifically request that your prior proxy be revoked by delivering, prior to the Annual Meeting, a written notice of revocation to the corporate Secretary at the address listed under “Questions” on page 59.

Will my shares be voted if I don’t sign a proxy?

If you hold your shares directly in your own name, they will not be voted unless you provide a proxy or attend the Annual Meeting and vote in person. Under certain conditions, shares that you own that are held by a broker or nominee may be voted even if you do not provide voting instructions to the broker or nominee. As discussed above under “General Information— How do proxies work?”, brokerage firms have the authority under applicable rules to vote on certain “routine” matters, including the ratification of the appointment of auditors.

Table of Contents

2018 PROXY STATEMENT

What constitutes a quorum?

In order to carry on the business of the Annual Meeting, a quorum must be present. This means that the holders of at least a majority of the outstanding shares eligible to be cast must be represented at the Annual Meeting, either in person or by proxy. Any shares that we hold for our own benefit may not be voted and are not counted in the total number of outstanding shares eligible to be voted. Both abstentions and broker non-votes (described above) are counted as present for purposes of determining the presence of a quorum. On April 27, 2018, we had 96,064,044 shares of common stock outstanding.

How many votes are needed for approval?

Election of Directors

The director candidates receiving the highest number of affirmative votes, or a plurality, will be elected as directors. For purposes of the election of directors, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered present for purposes of determining a quorum. Stockholders may not cumulate votes in the election of directors.

Advisory Vote to Approve Executive Compensation

The affirmative vote of a majority of the votes cast on the matter is required to approve, on an advisory basis, our executive compensation. The Compensation Committee of the Board of Directors will review the results of this advisory vote and will take the results into account in making future determinations concerning executive compensation. For purposes of the advisory vote on executive compensation, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered present for purposes of determining a quorum.

Ratification of Independent Registered Public Accounting Firm

The appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2018 will be ratified if this proposal receives the affirmative vote of a majority of the votes cast on the matter. Brokers have the authority to vote on this proposal in the absence of contrary instructions from a beneficial owner. If this appointment is not ratified by our stockholders, the Audit Committee may reconsider its selection of PricewaterhouseCoopers LLP. With respect to this proposal, abstentions will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered present for purposes of determining a quorum. Because it is a routine matter, we do not expect any broker non-votes with respect to this proposal.

Who conducts the proxy solicitation?

Our Board of Directors is soliciting the proxies, and we will bear all costs of this solicitation, including the preparation, assembly, printing and mailing of this Proxy Statement and the Notice. Copies of proxy materials will be furnished to banks, brokerage houses and other agents and nominees holding shares in their names that are beneficially owned by others so that they may forward the proxy materials to those beneficial owners. In addition, if asked, we will reimburse these persons for their reasonable expenses in forwarding the proxy materials to the beneficial owners. We have requested banks, brokerage houses and other custodians, nominees and fiduciaries to forward all proxy materials to the beneficial owners of the shares that they hold of record. Certain of our officers and employees also may solicit proxies on our behalf by mail, email, phone or fax or in person.

What should I do if I want to attend the Annual Meeting in person?

You will need an admission ticket to attend the Annual Meeting. Attendance at the Annual Meeting will be limited to stockholders of record at the close of business on May 10, 2018 (or their authorized representatives) having an admission ticket or proof of their share ownership, and guests of the Company. If you plan to attend the Annual Meeting, please indicate that you intend to do so when you are voting by telephone or Internet or follow the instructions on your proxy card, and we will promptly mail an admission ticket to you.

If your shares are held in the name of a bank, broker or other nominee and you plan to attend the Annual Meeting, you can obtain an admission ticket in advance by providing proof of your ownership, such as a bank or brokerage account statement, to the corporate Secretary at the address listed under “Questions” on page 59. If you do not have an admission ticket, you must show proof of your ownership of the Company’s common stock at the registration table at the door.

Table of Contents

2018 PROXY STATEMENT

PROPOSAL ONE — ELECTION OF DIRECTORS

General

At the recommendation of the Nominating and Corporate Governance Committee, our Board of Directors has nominated the director candidates named under “— Nominees for Election as Directors” below.

Our Board of Directors oversees our management on your behalf. The Board of Directors reviews our long-term strategic plans and exercises direct decision-making authority on key issues, such as the approval of business combination transactions, the authorization of dividends, the selection of the Chief Executive Officers, setting the scope of executives’ authority to manage our day-to-day operations and the evaluation of executives’ performance.

Our Board of Directors is not classified; thus, all of our directors are elected annually. The Nominating and Corporate Governance Committee has recommended, and our Board of Directors has nominated, for re-election all 20 persons currently serving as directors whose terms are expiring at the Annual Meeting.

If elected, each of the persons nominated as a director will serve until the next annual meeting of stockholders and until his or her successor is duly elected and qualified. Biographical information on each of our nominees is given below.

Nominees for Election as Directors

| | |
|--------------------------|---|
| Charlotte Jones Anderson | Ms. Anderson has served as a director of Hilltop since our acquisition of PlainsCapital in November 2012. She previously served as a director of PlainsCapital from September 2009 to November 2012. She currently serves as Executive Vice President and Chief Brand Officer for the |
|--------------------------|---|

- Age 51 Dallas Cowboys Football Club, Ltd., a National Football League team. She has worked in various capacities for the Dallas Cowboys organization since 1990. Since 2012, she has served as Chairman of the NFL Foundation and in 2014 she was appointed by the NFL commissioner to be a member of the NFL Personal Conduct Committee. Ms. Anderson is actively involved with a number of charitable and philanthropic organizations, including The Boys and Girls Clubs of America, the Salvation Army, The Rise School, the Southwest Medical Foundation, the Dallas Symphony, The Dallas Center for Performing Arts Foundation, the Shelton School, TACA, and Make-a-Wish North Texas Foundation.
- Rhodes R. Mr. Bobbitt has served as a director of Hilltop since November 2005. Mr. Bobbitt is retired. From 1987
Bobbitt until June 2004, he served as a Managing Director and the Regional Office Manager of the Private Client Service Group of Credit Suisse First Boston/Donaldson, Lufkin & Jenrette. Mr. Bobbitt was
Age 72 formerly Vice President of Security Sales in the Dallas office of Goldman, Sachs & Company from 1969 until 1987. He also serves on the Board of Directors of First Acceptance Corporation, including the Nominating and Corporate Governance, Investment, and Audit Committees of that company.
- Tracy A. Mr. Bolt has served as a director of Hilltop since our acquisition of PlainsCapital in November 2012.
Bolt He previously served as a director of PlainsCapital from September 2009 to November 2012. In 1994,
Age 53 Mr. Bolt co-founded Hartman Leito & Bolt, LLP, an accounting and consulting firm based in Fort Worth, Texas, where he served as a partner and a member of the firm's leadership committees until its sale in June 2014. Mr. Bolt holds a Bachelor of Science and Master of Science from the University of North Texas, and he is a certified public accountant. He currently serves as a business advisor to numerous management teams, public and private company boards, not for profit organizations and trusts.

Table of Contents

2018 PROXY STATEMENT

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| W. Joris Brinkerhoff | <p>Mr. Brinkerhoff has served as a director of Hilltop since June 2005. Mr. Brinkerhoff founded a Native American-owned joint venture, Doyon Drilling Inc. J.V., in 1981 and served as its operations Chief Executive Officer and Chief Financial Officer until selling his venture interests in 1992. Doyon Drilling Inc. J.V. designed, built, leased and operated state of the art mobile drilling rigs for ARCO and British Petroleum in conjunction with their development of the North Slope Alaska petroleum fields. Mr. Brinkerhoff currently manages, on a full-time basis, family interests, including oil and gas production, a securities portfolio and various other business interests. He actively participates in numerous philanthropic organizations.</p> |
| Age 66 | |
| J. Taylor Crandall | <p>Mr. Crandall has served as a director of Hilltop since April 2015. Mr. Crandall is a founding Managing Partner of Oak Hill Capital Management, LLC (“OHCM”) and has served OHCM (or its predecessors) since 1986. He has senior responsibility for originating, structuring and managing investments for OHCM’s Media and Telecom and Technology industry groups. Mr. Crandall has also served as Chief Operating Officer of Keystone, Inc., the primary investment vehicle for Robert M. Bass. Prior to joining OHCM, Mr. Crandall was a Vice President with the First National Bank of Boston. Mr. Crandall serves on the board of directors of Intermedia.net, Inc., Wave Division Holdings, LLC, Omada International, Pulsant Limited, Berlin Packaging LLC and Powdr Corporation. Mr. Crandall is the secretary-treasurer of the Anne T. and Robert M. Bass Foundation, the trustee of the Lucile Packard Foundation for Children’s Health and currently serves on the boards of trustees of The Park City Foundation and the U.S. Ski and Snowboard Team Foundation.</p> |
| Age 64 | |
| Charles R. Cummings | <p>Mr. Cummings has served as a director of Hilltop since October 2005. Mr. Cummings currently serves as the Co-Manager of Acoustical Control LLC, a provider of noise abatement equipment primarily for the oil and gas industry; DCB Solutions, LLC, a service provider to the waste industry; and Argyle Equipment, LLC, a lessor of equipment to the waste industry. In addition, Mr. Cummings is the President and Chief Executive Officer of CB Resources LLC, an investor in the oil and natural gas industry, and Container Investments, LLC, a lessor of equipment to the waste industry, each of which positions he has held since 1999 and 1991, respectively. Until its sale in January 2014, he served as the Chairman of Aaren Scientific, Inc., a manufacturer of intraocular lenses used in cataract surgery. From 1998 through 2008, he was the Chairman and Chief Executive Officer of Aaren Scientific, Inc. and its predecessors. In 1994, Mr. Cummings co-founded I.E.S.I. Corporation, a regional, non-hazardous waste management company, and serving as a director until its sale in 2005. Prior to that, he served as a Managing Director of AEA Investors, Inc., a private investment firm. Prior to 1979, he was a partner with Arthur Young & Company.</p> |
| Age 81 | |
| Hill A. Feinberg | <p>Mr. Feinberg serves as Chairman and Chief Executive Officer of Hilltop Securities, a continuation of Mr. Feinberg’s previous role with First Southwest since 1991. He has also served as a director of Hilltop since our acquisition of PlainsCapital in November 2012. He previously served as a director of PlainsCapital from December 31, 2008 (in conjunction with PlainsCapital’s acquisition of First Southwest) to November 2012. Prior to joining First Southwest, Mr. Feinberg was a senior managing director at Bear Stearns & Co. Mr. Feinberg is a past chairman of the Municipal Securities Rulemaking Board, the self-regulatory organization with responsibility for authoring the rules that</p> |
| Age 71 | |

govern the municipal securities activities of registered brokers. Mr. Feinberg was a member of the board of directors of Energy XXI (Bermuda) Limited, a public company that filed bankruptcy in 2016. Mr. Feinberg also formerly served as a member of the board of directors of Compass Bancshares, Inc. and Texas Regional Bancshares, Inc., as an advisory director of Hall Phoenix Energy, LLC and as the non-executive chairman of the board of directors of General Cryogenics, Inc.

Table of Contents

2018 PROXY STATEMENT

- Gerald J. Ford
Age 73
- Mr. Gerald J. Ford has served as Chairman of the Board of Hilltop since August 2007, and has served as a director of Hilltop since June 2005. Mr. Gerald J. Ford served as interim Chief Executive Officer of Hilltop from January 1, 2010 until March 11, 2010. Mr. Gerald J. Ford is a banking and financial institutions entrepreneur who has been involved in numerous mergers and acquisitions of private and public sector financial institutions, primarily in the Southwestern United States, over the past 43 years. In that capacity, he acquired and consolidated 30 commercial banks from 1975 to 1993, forming First United Bank Group, Inc., a multi-bank holding company for which he functioned as Chairman of the Board and Chief Executive Officer until its sale in 1994. During this period, he also led investment consortiums that acquired numerous financial institutions, forming in succession, First Gibraltar Bank, FSB, First Madison Bank, FSB and First Nationwide Bank. Mr. Gerald J. Ford also served as Chairman of the Board of Directors and Chief Executive Officer of Golden State Bancorp Inc. and its subsidiary, California Federal Bank, FSB, from 1998 to 2002. He currently serves as Chairman of the Board of Freeport McMoRan Copper and Gold Inc. and as a director of Scientific Games Corporation and Mechanics Bank. Mr. Gerald J. Ford previously served as Chairman of Pacific Capital Bancorp and a director of First Acceptance Corporation, SWS Group, Inc. and McMoRan Exploration Co. Mr. Gerald J. Ford also currently serves on the Board of Trustees of Southern Methodist University, is the Co-Managing Partner of Ford Financial Fund II, L.P., a private equity fund. Hilltop's President and Co-Chief Executive Officer, Jeremy B. Ford, is the son of Mr. Gerald J. Ford, and Hilltop's Executive Vice President, General Counsel and Secretary, Corey G. Prestidge, is the son-in-law of Mr. Gerald J. Ford.
- Jeremy B. Ford
Age 43
- Mr. Jeremy B. Ford was appointed Co-Chief Executive Officer of Hilltop in September 2016 and prior to that he served as the sole Chief Executive Officer of Hilltop since March 2010. Mr. Jeremy B. Ford also has served as President and a director of Hilltop since 2010. Mr. Jeremy B. Ford has worked in the financial services industry for over 20 years, primarily focused on investments in, and acquisitions of, depository institutions and insurance and finance companies. He has been actively involved in numerous potential acquisitions for Hilltop prior to 2010, and the divestiture of the mobile home communities business in 2007. Mr. Jeremy B. Ford also is currently Chairman of the Board of First Acceptance Corporation. Prior to becoming President and Chief Executive Officer of Hilltop, he was a principal of Ford Financial Fund, L.P., a private equity fund. From 2004 to 2008, he worked for Diamond A-Ford Corporation, where he was involved in various investments made by a family limited partnership. Prior to that, he worked at Liberté Investors Inc. (now First Acceptance Corporation), California Federal Bank, FSB (acquired by Citigroup Inc.), and Salomon Smith Barney (acquired by Citigroup Inc.). Jeremy B. Ford is the son of Gerald J. Ford, Hilltop's Chairman of the Board, and the brother-in-law of Corey G. Prestidge, Hilltop's Executive Vice President, General Counsel and Secretary.
- J. Markham Green
Age 74
- Mr. Green has served as a director of Hilltop since February 2004. Mr. Green is a private investor. From 2001 to 2003, he served as Vice Chairman of the Financial Institutions and Governments Group in investment banking at JP Morgan Chase. From 1993 until joining JP Morgan Chase, Mr. Green was involved in the start-up, and served on the boards, of eight companies, including Affordable Residential Communities Inc., the predecessor company to Hilltop. From 1973 to 1992, Mr. Green served in various capacities at Goldman, Sachs & Co. in investment banking including general partner of Goldman,

Sachs & Co. and co-head of its Financial Services Industry Group. From 1967 to 1973, Mr. Green worked in the Research Department and Investment Banking Division of Merrill Lynch. Mr. Green is Chairman Emeritus of Owner Resource Group, a private equity firm. He is Chairman of ORG Chemical Holdings, LLC a portfolio company of Owner Resource Group.

Table of Contents

2018 PROXY STATEMENT

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| <p>William T. Hill, Jr. Age 75</p> | <p>Mr. Hill has served as a director of Hilltop since April 2008. He currently has his own law firm. Prior to 2012, Mr. Hill was of counsel at Fitzpatrick Hagood Smith & Uhl, a criminal defense firm. Prior to that, Mr. Hill served as the Dallas District Attorney and the Chief Prosecuting Attorney of the Dallas District Attorney’s office. During his tenure at the District Attorney’s office, Mr. Hill restructured the office of 250 lawyers and 150 support personnel, including the computerization of the office in 1999. For more than four decades, Mr. Hill has been a strong community leader serving on a number of charitable boards and receiving numerous civic awards, including President of the SMU Mustang Board of Directors and Chairman of the Doak Walker Running Back Award for its first year. Mr. Hill currently serves on the board of directors of Oncor Electric Delivery Company LLC, Oncor Electric Delivery Holdings Company LLC and Baylor Hospital Foundation, and is actively involved in the Mercy Street Mission. Mercy Street is a Christian-based organization serving West Dallas children by placing mentors with the children.</p> |
| <p>Lee Lewis Age 66</p> | <p>Mr. Lewis has served as a director of Hilltop since our acquisition of PlainsCapital in November 2012. He previously served as a director of PlainsCapital from 1989 to November 2012. He founded in 1976, and currently serves as the Chief Executive Officer of, Lee Lewis Construction, Inc., a construction firm based in Lubbock, Texas. Mr. Lewis is a member of the American General Contractors Association, West Texas Chapter, Chancellors Council for the Texas Tech University System, and Red Raider Club.</p> |
| <p>Andrew J. Littlefair Age 57</p> | <p>Mr. Littlefair has served as a director of Hilltop since our acquisition of PlainsCapital in November 2012. He previously served as a director of PlainsCapital from September 2009 to November 2012. He is a co-founder of Clean Energy Fuels Corp., a provider of compressed and liquefied natural gas in the United States and Canada that is publicly traded on the NASDAQ Global Select Market, and has served as that company’s President, Chief Executive Officer and a director since June 2001. From 1996 to 2001, Mr. Littlefair served as President of Pickens Fuel Corp., and from 1987 to 1996, he served in various management positions at Mesa, Inc., an energy company. From 1983 to 1987, Mr. Littlefair served in the Reagan Administration as a Staff Assistant to the President. He served as the Chairman of NGV America, the leading U.S. advocacy group for natural gas vehicles, from March 1993 to March 2011.</p> |
| <p>W. Robert Nichols, III Age 73</p> | <p>Mr. Nichols has served as a director of Hilltop since April 2008. Mr. Nichols has been a leader in the construction machinery business since 1966. He was the president of Conley Lott Nichols, a dealer for several manufacturers of construction machinery, until its sale in 2012. In 2013, he purchased an oilfield services company in Midland, Texas, for which he serves as Chairman and President. He has served on numerous bank and bank holding company boards, including United New Mexico Bancorp and Ford Bank Group. Mr. Nichols is active in civic and charitable activities, serving as an active director at M.D. Anderson Hospital, The Nature Conservancy of Texas and Mercy Street.</p> |

Table of Contents

2018 PROXY STATEMENT

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| <p>C. Clifton Robinson</p> <p>Age 80</p> | <p>Mr. Robinson has served as a director of Hilltop since March 2007. From 2000 until its acquisition by a subsidiary of Hilltop in January 2007, Mr. Robinson was Chairman of the Board and Chief Executive Officer of NLASCO, Inc., an insurance holding company domiciled in Texas. Until December 2012, Mr. Robinson served as Chairman of the Board of NLASCO, Inc. In 2000, Mr. Robinson formed NLASCO, Inc. in conjunction with the acquisition of American Summit Insurance Company and the reacquisition of National Lloyds Insurance Company, which he had initially acquired in 1964 and later sold. In 1979, he organized National Group Corporation for the purpose of purchasing insurance companies and related businesses. In 1964, he became the President and Chief Executive Officer of National Lloyds Insurance Company in Waco, Texas, one of the two current insurance subsidiaries of NLC (formerly known as NLASCO, Inc.). From 1964 to the present, Mr. Robinson has participated in the formation, acquisition and management of numerous insurance business enterprises. Mr. Robinson established the Robinson-Lanham Insurance Agency in 1961. He previously has held positions with various insurance industry associations, including Vice-Chairman of the Board of Texas Life and Health Guaranty Association, President of the Independent Insurance Agents of Waco-McLennan County and member of the board of directors of the Texas Life Insurance Association and the Texas Medical Liability Insurance Underwriting Association. Mr. Robinson currently serves on the Board of Trustees of the Scottish Rite Hospital for Children in Dallas, Texas and the Baylor University Board of Regents.</p> |
| <p>Kenneth D. Russell</p> <p>Age 69</p> | <p>Mr. Russell has served as a director of Hilltop since August 2010. Mr. Russell currently serves as the President and Chief Executive Officer of First Acceptance Corporation. Prior to that he served as the President and Chief Executive Officer of Mechanics Bank from June 2015 to October 2016. Mr. Russell has been a Principal of Ford Financial Fund II, L.P., a private equity fund based in Dallas, Texas, since 2010. Over a long career at KPMG, he rose from a staff accountant in the U.S. division to become a member of KPMG Germany’s managing Board of Directors. During 20 years in KPMG LLP’s Dallas office, he led the engagement efforts with the firm’s regional banking, thrift and other financial service clients. In 1993, Mr. Russell joined KPMG’s national office in New York and led their financial services advisory unit, which supported many of the nation’s largest banks. In 2001, he joined the Managing Board for KPMG in Germany, where he served as the global lead partner in the firm’s relationship with Deutsche Bank. That position entailed managing and consulting on banking operations in over 50 countries for the multi-national German bank. Mr. Russell retired from the KPMG Germany Managing Board in 2008 in order to lead a new Partner Mentoring Program for KPMG’s offices throughout Europe, working to help young professionals become category and practice leaders. He also serves on the Board of Directors of First Acceptance Corporation and Mechanics Bank.</p> |
| <p>A. Haag Sherman</p> <p>Age 52</p> | <p>Mr. Sherman has served as a director of Hilltop since our acquisition of PlainsCapital in November 2012. He previously served as a director of PlainsCapital from September 2009 to November 2012. Mr. Sherman is the Chief Executive Officer of Tectonic Holdings LLC, a registered investment advisor and Sanders Morris Harris LLC, a broker-dealer. Mr. Sherman also is the Chairman of T Bancshares, Inc. and a director of T Bank. Prior thereto, Mr. Sherman co-founded and served in various executive positions (including Chief Executive Officer and Chief Investment Officer) of Salient Partners, LP, a Houston-based investment firm. In addition, he previously served as an executive officer and partner of The Redstone Companies where he, among other things, managed a private equity</p> |

portfolio. He previously served as a director of Miller Energy Resources and ZaZa Energy Corp. Mr. Sherman has served as an adjunct professor of law at The University of Texas School of Law. Mr. Sherman previously practiced corporate law at Akin, Gump, Strauss, Hauer & Feld, LLP and was an auditor at Price Waterhouse, a public accounting firm. Mr. Sherman is an attorney and certified public accountant.

Table of Contents

2018 PROXY STATEMENT

- Robert C. Taylor, Jr.
Age 70
- Mr. Taylor has served as a director of Hilltop since our acquisition of PlainsCapital in November 2012. He previously served as a director of PlainsCapital from 1997 to November 2012. He has been engaged in the wholesale distribution business in Lubbock, Texas since 1971. In February 2009, Mr. Taylor was appointed to serve as Chief Executive Officer for United Supermarkets, LLC, a retail grocery business in Texas since 1915 and has served as its President since its acquisition by Albertsons LLC. He also serves on the board of directors of United Supermarkets, LLC. Prior to that appointment, Mr. Taylor served as the Vice President of Manufacturing and Supply Chain for United Supermarkets since 2007. From 2002 to 2007, Mr. Taylor was the President of R.C. Taylor Distributing, Inc., a business engaged in the distribution of general merchandise, candy and tobacco to retail outlets in West Texas and Eastern New Mexico. He is chairman of the Lubbock Downtown Tax Increment Finance Redevelopment Committee and serves on the Texas Tech Chancellors Advisory Board.
- Carl B. Webb
Age 68
- Mr. Webb has served as a director of Hilltop since June 2005. Mr. Webb is a Co-Managing Member of Ford Financial Fund II, L.P., a private equity fund based in Dallas, Texas. From August 2010 until December 2012, Mr. Webb served as the Chief Executive Officer of Pacific Capital Bancorp and as Chairman of the Board and Chief Executive Officer of Santa Barbara Bank & Trust, N.A. He was a Senior Principal of Ford Financial Fund, L.P., a private equity fund that was the parent company of SB Acquisition Company LLC, the majority stockholder of Pacific Capital Bancorp prior to its sale to UnionBanCal Corporation. In addition, Mr. Webb has served as a consultant to Hunter's Glen/Ford, Ltd., a private investment partnership, since November 2002. He served as the Co-Chairman of Triad Financial Corporation, a privately held financial services company, from July 2007 to October 2009, and was the interim President and Chief Executive Officer from August 2005 to June 2007. Previously, Mr. Webb was the President and Chief Operating Officer and a Director of Golden State Bancorp Inc. and its subsidiary, California Federal Bank, FSB, from September 1994 to November 2002. Prior to his affiliation with California Federal Bank, FSB, Mr. Webb was the President and Chief Executive Officer of First Madison Bank, FSB (1993 to 1994) and First Gibraltar Bank, FSB (1988 to 1993), as well as President and a Director of First National Bank at Lubbock (1983 to 1988). Mr. Webb also is the Chairman of Mechanics Bank and a director of Prologis, Inc. He is a former director of Pacific Capital Bancorp, M&F Worldwide Corp. and Plum Creek Timber Company.
- Alan B. White
Age 69
- Mr. White is one of PlainsCapital's founders. He has served as Co-Chief Executive Officer of Hilltop since September 2016. He also has served as Chairman and Chief Executive Officer of PlainsCapital since 1987. He has served as a director of Hilltop since our acquisition of PlainsCapital in November 2012 and is the Vice-Chairman of the Board of Directors and the Chairman of Hilltop's Executive Committee. Mr. White's current charitable and civic service includes serving as a member of the Cotton Bowl Athletic Association Board of Directors, the MD Anderson Cancer Center Living Legend Committee and the Dallas Citizens Council. He was also the founding chairman of the Texas Tech School of Business Chief Executive's Roundtable; the former Chairman of the Texas Tech Board of Regents, the Covenant Health System Board of Trustees, and the Methodist Hospital System Board of Trustees; and a member of the Texas Tech University President's Council and the Texas Hospital Association Board.

Director Independence

Our Board of Directors has affirmatively determined that 12 of the 20 nominees for election as directors at the Annual Meeting have no material relationship with us (either directly or as a partner, stockholder or officer of an organization that has a relationship with us) and are independent within the meaning of the director independence requirements of the listing standards of the NYSE. The independent directors are Charlotte Jones Anderson, Rhodes Bobbitt, Tracy A. Bolt, W. Joris Brinkerhoff, J. Taylor Crandall, Charles R. Cummings, J. Markham Green, William T. Hill, Jr., Andrew J. Littlefair, W. Robert Nichols, III, A. Haag Sherman and Robert C. Taylor, Jr.

In conducting its annual review of director independence, the Board of Directors considered transactions and relationships between each director or any member of his or her immediate family and the Company. The Board of Directors considered that one director it determined to be independent —Mr. Littlefair — has, or a member of his immediate family or an affiliated company in which he is employed or in which he is a principal equity holder has, received a loan from the Bank in the ordinary course of business,

Table of Contents

2018 PROXY STATEMENT

which our Board of Directors does not view as compensation. In our management's opinion, this loan was made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions by the Bank with other unaffiliated persons and does not involve more than normal risk of collectability. In addition, the Board of Directors considered transactions between the Bank and Clean Energy Finance, Inc., a subsidiary of Clean Energy Fuels Corp., a company for which Andrew J. Littlefair serves as a director and president and chief executive officer. Mr. Littlefair also beneficially owned 1.4% of the outstanding shares of common stock of Clean Energy Fuels Corp. at April 10, 2018. From late 2011 through March 31, 2018, the Bank purchased, in a series of transactions, an aggregate of approximately \$16.4 million in original principal amount of promissory notes issued by unaffiliated third parties from Clean Energy Finance, Inc. Although purchased at a premium to the outstanding principal balance on the notes, at the time of purchase, the interest rates on the notes exceeded the market rates charged by the Bank on similar-type loans that it originated. Clean Energy Finance, Inc. performs the servicing on the notes at no cost to the Bank, and the Bank purchased these notes with recourse to Clean Energy Finance, Inc. in the event of default. The aggregate yearly payments of the purchase prices in these transactions constituted less than 2% of the consolidated gross revenues of each of Clean Energy Fuels Corp. and the Company in the applicable year purchased and were made in the ordinary course of business in arms-length transactions. Mr. Littlefair did not have a direct financial interest in any of the transactions with Clean Energy Finance, Inc.

Meeting Attendance

Our Board of Directors met six times during 2017. No director attended fewer than 75% of the meetings of the Board of Directors and of the board committees on which he or she served during 2017, other than Mr. Brinkerhoff who did not attend two special meetings of the Board of Directors and two special meetings of the Compensation Committee. Our Board of Directors has not adopted a formal policy with regard to director attendance at the annual meetings of stockholders. We, however, encourage members of the Board of Directors to attend annual meetings. Messrs. Gerald J. Ford, Jeremy B. Ford, Alan B. White, James R. Huffines and Hill A. Feinberg attended the 2017 annual meeting of stockholders.

Vote Necessary to Elect Directors

The director candidates receiving the highest number of affirmative votes, or a plurality, will be elected as directors. For purposes of the election of directors, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered present for purposes of determining a quorum. Under applicable NYSE rules, a broker or other nominee does not have the authority to vote for the director nominees in the absence of instructions from the beneficial owner of the relevant shares. Stockholders may not

cumulate votes in the election of directors.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE ELECTION OF EACH OF THE NOMINEES IDENTIFIED ABOVE.

Director Compensation

General

Members of our Board of Directors who also are full-time employees do not receive any compensation for their service on the Board of Directors or any committee of the Board of Directors. During 2017, the Chairman of the Board of Directors and all other directors received the following compensation for their service on the Board of Directors:

| Committee | Annual Fee for Chairperson (\$) | Annual Fee for Other Members (\$) |
|---|------------------------------------|--|
| Board of Directors | 210,000 | 48,000 |
| Audit Committee | 70,000 | 8,000 |
| Nominating and Corporate Governance Committee | 15,000 | 5,000 |
| Compensation Committee | 15,000 | 5,000 |
| Investment Committee | 30,000 | 5,000 |
| Risk Committee (a) | 32,500 | 6,500 |
| Merger and Acquisition Committee | 15,000 | 5,000 |
| Executive Committee (b) | — | 5,000 |

(a) Effective July 1, 2017, the Compensation Committee of the Board of Directors approved an increase in annual fee compensation to from \$15,000 to \$50,000 for the chairman of the Risk Committee and from \$5,000 to \$8,000 for other members of the Risk Committee.

(b) The chairman of the Executive Committee is Alan B. White, Co-Chief Executive Officer of the Company. As a result, no fee is paid to the chairman of the Executive Committee.

Table of Contents

2018 PROXY STATEMENT

Members of our Board of Directors may elect to receive their aggregate Board of Directors and board committee compensation:

- entirely in the form of cash;
- entirely in the form of common stock; or
- one-half in cash and one-half in common stock.

Any elections, or changes in elections, by directors regarding the form of compensation to be received may only occur during a “trading window” and only become effective at the “trading window” immediately following such election or change in election. Cash and shares of common stock are paid and issued, respectively, in arrears on a calendar quarterly basis, with no vesting requirements. Customarily, these payments and issuances occur by the 15th day of the month following the applicable calendar quarter-end. The value of the common stock awarded is based upon the average closing price per share of our common stock for the last ten consecutive trading days of the applicable calendar quarter. In lieu of fractional shares of common stock that would otherwise be issuable to directors, we pay cash to the director based upon the value of those fractional shares at the value of the shares awarded to the director. If a director does not serve for the entire calendar quarter, that director is compensated based upon the time of service during the applicable calendar quarter.

Each member of our Board of Directors is reimbursed for out-of-pocket expenses associated with his or her service on, and attendance at, Board of Directors or board committee meetings. Other than as described above, members of our Board of Directors receive no additional compensation for their service on the Board of Directors or board committees.

Political Action Committee Matching Program

The NLASCO Political Action Committee, or the PAC, is a separate segregated fund that was formed to make political contributions. To encourage participation in the PAC by eligible participants, for each contribution made to the PAC by an eligible individual contributor, NLC makes a matching contribution to any Section 501(c)(3) organization of the contributor’s choice, dollar for dollar, up to the maximum amount an eligible individual can contribute to the PAC in a given calendar year. Under this program, no contributor to the PAC receives any financial, tax or other tangible benefit or premium from either the recipient charities or us. This program is

completely voluntary.

12

Table of Contents

2018 PROXY STATEMENT

2017 Director Compensation

Director Compensation Table for 2017(a)

| Name | Fees Earned or Paid in Cash (\$) | Fees Earned or Paid in Stock (\$) | All Other Compensation (\$) | Total (\$) |
|--------------------------|--|---|-----------------------------------|---------------|
| Charlotte Jones Anderson | 29,057 | 28,943 | — | 58,000 |
| Rhodes R. Bobbitt | 88,000 | — | — | 88,000 |
| Tracy A. Bolt | 22 | 93,478 | — | 93,500 |
| W. Joris Brinkerhoff | 53,000 | — | — | 53,000 |
| J. Taylor Crandall | 68,000 | — | — | 68,000 |
| Charles R. Cummings | 123,000 | — | — | 123,000 |
| Hill A. Feinberg | — | — | — | — |
| Gerald J. Ford (b) | 72 | 214,928 | 853,200 | (c) 1,068,200 |
| Jeremy B. Ford | — | — | — | — |
| J. Markham Green | 67,500 | — | — | 67,500 |
| William T. Hill, Jr. | 39,401 | 23,599 | — | 63,000 |
| James R. Huffines (d) | — | — | — | — |
| Lee Lewis | 53,000 | — | — | 53,000 |
| Andrew J. Littlefair | 26,552 | 26,448 | — | 53,000 |
| W. Robert Nichols, III | 68,000 | — | — | 68,000 |
| C. Clifton Robinson | 48,000 | — | — | 48,000 |
| Kenneth D. Russell | 54,500 | — | — | 54,500 |
| A. Haag Sherman | 68,000 | — | — | 68,000 |
| Robert C. Taylor, Jr. | 29,057 | 28,943 | — | 58,000 |
| Carl B. Webb | 52 | 52,948 | — | 53,000 |
| Alan B. White | — | — | — | — |

(a) Fees earned for services performed in 2017 include annual retainers, meeting fees and chairperson remuneration. Aggregate fees paid to non-employee directors for annual retainers and committee chairmanships were paid quarterly in arrears. Cash was paid in lieu of the issuance of fractional shares. Service for any partial quarter is calculated and paid on the basis of time served during the applicable calendar quarter. Non-employee directors are solely responsible for the payment of taxes payable on remuneration paid by the Company. The number of shares awarded was determined based upon the average closing price per share of our common stock for the last ten consecutive trading days of the calendar quarter during which the stock was earned, and the dollar value reported

in the table represents the aggregate dollar amount of cash fees forgone.

- (b) Mr. Ford held an aggregate 120,000 unvested RSUs as of April 27, 2018.
- (c) Reflects grant date fair value of stock awards calculated in accordance with the provisions of the Stock Compensation Topic of the Accounting Standards Codification (“ASC”), with the exception that the amount shown assumes no forfeitures. Such awards represent time-based RSUs that cliff vest upon the earlier of February 23, 2020 and a change of control.
- (d) Mr. Huffines retired effective December 31, 2017, from all positions with the Company and its subsidiaries, including as a member of the Board of Directors.

As described above, the 2017 stock awards were issued to each non-employee director who elected to receive all or part of his or her director compensation in the form of our common stock, generally within 15 days following each applicable calendar quarter-end. All of our personnel, as well as non-employee directors, are subject to trading restrictions with regard to our common stock, and trading may only occur during a “trading window.” Provided that any such party does not possess material, non-public information about us, this trading period commences on the next trading day following two trading days after the public release of quarterly or annual financial information and continues until the close of business on last day of the month preceding the last month of the next fiscal quarter.

Table of Contents

2018 PROXY STATEMENT

The following numbers of shares of our common stock were issued to our directors for services performed during 2017:

| Name | Number of Shares |
|--------------------------|---------------------|
| Charlotte Jones Anderson | 1,125 |
| Tracy A. Bolt | 3,648 |
| Gerald J. Ford | 8,354 |
| William T. Hill, Jr. | 929 |
| Andrew J. Littlefair | 1,028 |
| Robert C. Taylor, Jr. | 1,125 |
| Carl B. Webb | 2,058 |

For further information about the stockholdings of these directors and our management, see “Security Ownership of Certain Beneficial Owners and Management” commencing on page 22 of this Proxy Statement.

Board Committees

General

The Board of Directors appoints committees to assist it in carrying out its duties. In particular, committees work on key issues in greater detail than would be practical at a meeting of all the members of the Board of Directors. Each committee reviews the results of its deliberations with the full Board of Directors.

The standing committees of the Board of Directors currently consist of the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, the Risk Committee, the Investment Committee, the Merger and Acquisition Committee, and the Executive Committee. A more detailed description of these committees is set forth below. Our Board of Directors may, from time to time, establish certain other committees to facilitate our management. The Board of Directors has adopted a written charter for each of these committees. Current copies of the charters for each of the foregoing committees, as well as our Corporate Governance Guidelines, Code of

Ethics and Business Conduct, or the General Code of Ethics and Business Conduct, and Code of Ethics for Chief Executive and Senior Financial Officers, or the Senior Officer Code of Ethics, may be found on our website at ir.hilltop-holdings.com, under the heading “Investor Relations — Corporate Information — Governance Documents.” Printed versions also are available to any stockholder who requests them by writing to our corporate Secretary at the address listed under “Questions” on page 59.

Table of Contents

2018 PROXY STATEMENT

Committee Membership

The following table shows the current membership of, and the 2017 fiscal year meeting information for, each of the committees of the Board of Directors.

| Name | Audit Committee | Compensation Committee | Nominating and Corporate Governance Committee | Risk Committee | Investment Committee | Merger and Acquisition |
|---------------------------|-----------------|------------------------|---|----------------|----------------------|------------------------|
| Charlotte Jones Anderson* | | | | | | |
| Rhodes Bobbitt* | | | | | Chairman | |
| Tracy A. Bolt* | | | | Chairman | | |
| W. Joris Brinkerhoff* | | | | | | |
| J. Taylor Crandall* | | | | | | Chairman |
| Charles R. Cummings* | Chairman | | | | | |
| Hill A. Feinberg | | | | | | |
| Gerald J. Ford | | | | | | |
| Jeremy B. Ford | | | | | | |
| J. Markham Green* | | | | | | |
| William T. Hill, Jr.* | | | | | | |
| Lee Lewis | | | | | | |
| Andrew J. Littlefair* | | | | | | |
| W. Robert Nichols, III* | | | Chairman | | | |
| C. Clifton Robinson | | | | | | |
| Kenneth D. Russell | | Chairman | | | | |

A. Haag
 Sherman*
 Robert C.
 Taylor, Jr.*
 Carl B. Webb
 Alan B. White

| | | | | | | |
|----------------------------|---|---|---|---|---|---|
| Meetings in Fiscal 2017 | 9 | 6 | 4 | 8 | 5 | 1 |
|----------------------------|---|---|---|---|---|---|

* Denotes independent director.

Audit Committee

We have a standing Audit Committee established within the meaning of Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The Audit Committee helps our Board of Directors ensure the integrity of our financial statements, the qualifications and independence of our independent registered public accounting firm and the performance of our internal audit function and independent registered public accounting firm. In furtherance of those matters, the Audit Committee assists in the establishment and maintenance of our internal audit controls, selects, meets with and assists the independent registered public accounting firm, oversees each annual audit and quarterly review and prepares the report that federal securities laws require be included in our annual proxy statement, which appears on page 57. Mr. Cummings has been designated as Chairman, and Messrs. Green and Bolt are members, of the Audit Committee. Our Board of Directors has reviewed the education, experience and other qualifications of each member of the Audit Committee. Based upon that review, our Board of Directors has determined that each of Mr. Cummings and Mr. Bolt qualifies as an “audit committee financial expert,” as defined by the rules of the SEC, and each member of the Audit Committee is independent in accordance with the listing standards of the NYSE. Currently, none of our Audit Committee members serve on the audit committees of three or more public companies.

Compensation Committee

The Compensation Committee reviews and approves the compensation and benefits of our executive officers, administers the Hilltop Holdings Inc. 2012 Annual Incentive Plan and the Hilltop Holdings Inc. 2012 Equity Incentive Plan and produces the annual report on executive compensation for inclusion in our annual proxy statement, which appears on page 38. Each member is independent in accordance with the listing standards of the NYSE.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee’s purpose is as follows:

- Identify, screen and recommend to our Board of Directors individuals qualified to serve as members, and on committees, of the Board of Directors;
- Advise our Board of Directors with respect to the composition, procedures and committees of the Board of Directors;
- Advise our Board of Directors with respect to the corporate governance principles applicable to the Company; and
 - Oversee the evaluation of the Board of Directors and our management.

Table of Contents

2018 PROXY STATEMENT

Each member of the Nominating and Corporate Governance Committee is independent in accordance with the listing standards of the NYSE.

Risk Committee

The purpose of the Risk Committee is to provide assistance to the Board of Directors in its oversight of:

- The Company's risk governance structure;
- The Company's risk tolerance;
- The Company's risk management and risk assessment guidelines and policies regarding market, credit, operational, liquidity, strategic, legal, compliance and such other risks as necessary;
- The Company's capital and liquidity and funding; and
- The performance of the Company's Chief Risk Officer.

The duties assigned to the Risk Committee are meant to ensure that there is an effective system reasonably designed to evaluate and control risk throughout the Company.

Investment Committee

The Investment Committee is responsible for, among other things, reviewing investment policies, strategies and programs; reviewing the procedures that we utilize in determining that funds are invested in accordance with policies and limits approved by the Investment Committee; and reviewing the quality and performance of our investment portfolios and the alignment of asset duration to liabilities.

Merger and Acquisition Committee

The purpose of the Merger and Acquisition Committee is to review potential mergers, acquisitions or dispositions of material assets or a material portion of any business proposed by management and to report its findings and conclusions to the Board of Directors. Each member of the Merger and Acquisition Committee is independent in accordance with the listing standards of the NYSE.

Executive Committee

The Executive Committee, with certain exceptions, has the power and authority of the Board of Directors to manage the affairs of the Company between meetings of the Board of Directors.

Corporate Governance

General

We are committed to good corporate governance practices and, as such, we have adopted formal corporate governance guidelines to maintain our effectiveness. The guidelines govern, among other things, board member qualifications, responsibilities, education and executive sessions. A copy of the corporate governance guidelines may be found at our corporate website at ir.hilltop-holdings.com under the heading “Investor Relations — Corporate Information — Governance Documents.” A copy also may be obtained upon request from our corporate Secretary at the address listed under “Questions” on page 59.

Board Leadership Structure

We have separated the offices of Co-Chief Executive Officers and Chairman of the Board as a means of separating management of the Company from our Board of Director’s oversight of management. Separating these roles also enables an orderly leadership transition when necessary. We believe, at this time, that this structure provides desirable oversight of our management and affairs. We have in the past appointed, and will continue to appoint, lead independent directors as circumstances require.

Table of Contents

2018 PROXY STATEMENT

Risk Oversight

Our Board of Directors and the Risk Committee of the Board of Directors oversee an enterprise-wide approach to risk management, including cybersecurity risks, intended to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance stockholder value. Our Board of Directors and the Risk Committee are actively involved in establishing and refining our business strategy, including assessing management's appetite for risk and determining the appropriate level of overall risk for the Company. The Company conducts continual assessments through the Chief Risk Officer who is overseen by the Risk Committee.

While the Board of Directors has the ultimate oversight responsibility for the risk management process, various committees of the Board of Directors outside of the Risk Committee also have responsibility for risk management. In particular, the Audit Committee focuses on financial risk, including internal controls, and, from time to time, discusses and evaluates matters of risk, risk assessment and risk management with our management team. The Compensation Committee is responsible for overseeing the management of risk associated with our compensation policies and arrangements. The Nominating and Corporate Governance Committee ensures that the internal rule processes by which we are governed are consistent with prevailing governance practices and applicable laws and regulations. Finally, the Investment Committee ensures that our funds are invested in accordance with policies and limits approved by it. Our Senior Officer Code of Ethics, General Code of Ethics and Business Conduct, committee charters and other governance documents are reviewed by the appropriate committees annually to confirm continued compliance, ensure that the totality of our risk management processes and procedures is appropriately comprehensive and effective and that those processes and procedures reflect established best practices.

Board Performance

Our Board of Directors conducts an evaluation of performance with a view to improving efficacy and effectiveness of the Board of Directors. In addition, the full Board of Directors reviews annually the qualifications and effectiveness of the Audit Committee and its members.

Director Qualifications for Service

As described below, the Nominating and Corporate Governance Committee considers a variety of factors when evaluating a potential candidate to fill a vacancy on the Board of Directors or when nomination of an incumbent director for re-election is under consideration. The Nominating and Corporate Governance Committee and the Board of Directors strive to balance a diverse mix of experience, perspective, skill and background with the practical requirement that the Board of Directors will operate collegially, with the common purpose of overseeing our business on behalf of our stockholders. All of our directors possess relevant experience, and each of them approaches the business of the Board of Directors and his or her responsibilities with great seriousness of purpose. The following describes, with respect to each director, his or her particular experience, qualifications, attributes and skills that qualify him or her to serve as a director:

| | |
|-----------------------------|--|
| Charlotte Jones Anderson | Ms. Anderson has significant managerial and executive officer experience with large entrepreneurial businesses and brand management. |
| Rhodes R. Bobbitt | Mr. Bobbitt has an extensive investment background. This is particularly important given the investment portfolios at our subsidiaries. |
| Tracy A. Bolt | Mr. Bolt has significant experience concerning accounting matters that is essential to our Audit Committee's and Board of Directors' oversight responsibilities. |
| W. Joris Brinkerhoff | Mr. Brinkerhoff has participated, and continues to participate, in a number of business interests. Accordingly, he brings knowledge and additional perspectives to our Board of Directors from experiences with those interests. |
| J. Taylor Crandall | Mr. Crandall has significant experience in finance and management and board governance, including his experience serving on the boards of directors of public and private companies. |
| Charles R. Cummings | Mr. Cummings has an extensive operational and accounting background. His expertise in these matters brings considerable strength to our Audit Committee and Board of Directors in these areas. |

Table of Contents

2018 PROXY STATEMENT

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|-----------------------|--|
| Hill A. Feinberg | Mr. Feinberg has extensive knowledge and experience concerning the broker-dealer segment and the industry in which it operates through his extended period of service to First Southwest and Hilltop Securities. |
| Gerald J. Ford | Mr. Gerald J. Ford has been a financial institutions entrepreneur and private investor involved in numerous mergers and acquisitions of private and public sector financial institutions over the past 43 years. His extensive banking industry experience and educational background provide him with significant knowledge in dealing with financial and regulatory matters, making him a valuable member of our Board of Directors. In addition, his service experience on the boards of directors and audit and corporate governance committees of a variety of public companies gives him a deep understanding of the role of the Board of Directors. |
| Jeremy B. Ford | Mr. Jeremy B. Ford's career has focused on mergers and acquisitions in the financial services industry. Accordingly, he has been actively involved in numerous acquisitions, including our acquisitions of NLC, PlainsCapital, substantially all of the assets of FNB, and SWS. His extensive knowledge of our operations makes him a valuable member of our Board of Directors. |
| J. Markham Green | Mr. Green has an extensive background in financial services, as well as board service. His investment banking background also provides our Board of Directors with expertise surrounding acquisitions and investments. |
| William T. Hill, Jr. | Mr. Hill's experience with legal and compliance matters, along with his management of a large group of highly skilled professionals, have given him considerable knowledge concerning many matters that come before our Board of Directors. Mr. Hill has also served on several civic and charitable boards, which has given him invaluable experience in corporate governance matters. |
| Lee Lewis | Through his service on our Board of Directors and PlainsCapital's Board of Directors, Mr. Lewis has many years of knowledge of PlainsCapital and the challenges and opportunities that it is presented. The background of Mr. Lewis as an owner and chief executive officer of a Texas-based company also provides unique insight to the Board of Directors. |
| Andrew J. Littlefair | Mr. Littlefair has significant experience serving as a chief executive officer and as a director of publicly traded companies and provides the Board of Directors with the perspective of one of PlainsCapital's significant customers. |
| W. Robert Nichols III | Mr. Nichols has broad experience in managing and leading enterprises. This significant experience provides our Board of Directors with additional perspectives on our operations. |
| C. Clifton Robinson | Mr. Robinson possesses particular knowledge and experience in the insurance industry, as we purchased NLC from him in 2007. Mr. Robinson provides our Board of Directors with expertise in regards to our insurance operations. |

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- Kenneth D. Russell Mr. Russell's extensive background in accounting and operating entities provides valuable insight to our Board of Directors, including merger and acquisition activities.
- A. Haag Sherman Mr. Sherman has significant experience concerning investing, legal and accounting matters that is essential to our Board of Director's oversight responsibilities.
- Robert C. Taylor, Jr. Through his service on our Board of Directors and PlainsCapital's Board of Directors, Mr. Taylor has many years of knowledge of PlainsCapital and the challenges and opportunities that it is presented. The background of Mr. Taylor as a manager of a Texas-based company also provides unique insight to the Board of Directors.
- Carl B. Webb Mr. Webb possesses particular knowledge and experience in strategic planning and the financial industry, as well as expertise in finance, that strengthen the Board of Directors' collective qualifications, skills and experience.

Table of Contents

2018 PROXY STATEMENT

Alan B. White Mr. White possesses knowledge of our business and industry through his lengthy tenure as PlainsCapital's Chief Executive Officer, and his service as our Co-Chief Executive Officer, which aid him in efficiently and effectively identifying and executing our strategic priorities.

Executive Board Sessions

The current practice of our Board of Directors is to hold an executive session of its non-management directors at least once per quarter. The individual who serves as the chair at these executive sessions is the Chairman of the Board of Directors. Executive sessions of the independent directors of the Board of Directors also are held at least once per fiscal year, and the independent directors select the independent director to preside over each executive session.

Communications with Directors

Our Board of Directors has established a process to receive communications from stockholders and other interested parties. Stockholders and other interested parties may contact any member or all members of the Board of Directors by mail. To communicate with our Board of Directors, any individual director or any group or committee of directors, correspondence should be addressed to the Board of Directors or any such individual director or group or committee of directors by either name or title. The correspondence should be sent to Hilltop Holdings Inc., c/o Secretary, 2323 Victory Avenue, Suite 1400, Dallas, Texas 75219.

All communications received as set forth in the preceding paragraph will be opened by the office of our General Counsel for the sole purpose of determining whether the contents represent a message to our directors. Any contents that are not in the nature of advertising, promotions of a product or service or patently offensive material will be forwarded promptly to the addressee(s). In the case of communications to the Board of Directors or any group or committee of directors, the General Counsel's office will make sufficient copies of the contents to send to each director who is a member of the group or committee to whom the communication is addressed. If the amount of correspondence received through the foregoing process becomes excessive, our Board of Directors may consider approving a process for review, organization and screening of the correspondence by the corporate Secretary or other appropriate person.

Code of Business Conduct and Ethics

We have adopted a Senior Officer Code of Ethics applicable to our Co-Chief Executive Officers, Chief Financial Officer and Principal Accounting Officer. We also have adopted a General Code of Ethics and Business Conduct applicable to all officers, directors and employees. Both codes are available on our website at ir.hilltop-holdings.com under the heading “Investor Relations — Corporate Information — Governance Documents.” Copies also may be obtained upon request by writing our corporate Secretary at the address listed under “Questions” on page 59. We intend to disclose any amendments to, or waivers from, our Senior Officer Code of Ethics and our General Code of Ethics and Business Conduct at the same website address provided above.

Director Nomination Procedures

The Nominating and Corporate Governance Committee believes that, at a minimum, candidates for membership on the Board of Directors should have a demonstrated ability to make a meaningful contribution to the Board of Directors’ oversight of our business and affairs and have a record and reputation for honest and ethical conduct. The Nominating and Corporate Governance Committee recommends director nominees to the Board of Directors based on, among other things, its evaluation of a candidate’s experience, knowledge, skills, expertise, integrity, ability to make independent analytical inquiries, understanding of our business environment and a willingness to devote adequate time and effort to board responsibilities. In making its recommendations to the Board of Directors, the Nominating and Corporate Governance Committee also seeks to have the Board of Directors nominate candidates who have diverse backgrounds and areas of expertise so that each member can offer a unique and valuable perspective.

The Nominating and Corporate Governance Committee expects, in the future, to identify potential nominees by asking current directors and executive officers to notify the committee if they become aware of persons who meet the criteria described above. The Nominating and Corporate Governance Committee also, from time to time, may engage firms, at our expense, that specialize in identifying director candidates. As described below, the Nominating and Corporate Governance Committee also will consider candidates recommended by stockholders.

Once a person has been identified by the Nominating and Corporate Governance Committee as a potential candidate, the committee expects to collect and review publicly available information regarding the person to assess whether the person should be considered further. If the Nominating and Corporate Governance Committee determines that the candidate warrants further

Table of Contents

2018 PROXY STATEMENT

consideration, and if the person expresses a willingness to be considered and to serve on the Board of Directors, the Nominating and Corporate Governance Committee expects to request information from the candidate, review the person's accomplishments and qualifications, including in light of any other candidates that the committee might be considering, and conduct one or more interviews with the candidate. In certain instances, members of the Nominating and Corporate Governance Committee may contact one or more references provided by the candidate or may contact other members of the business community or other persons that may have greater first-hand knowledge of the candidate's accomplishments.

In addition to formally nominating individuals for election as directors in accordance with our Third Amended and Restated Bylaws, as summarized below on page 59 under "Stockholder Proposals for 2019," stockholders may send written recommendations of potential director candidates to the Nominating and Corporate Governance Committee for its consideration. Such recommendations should be submitted to the Nominating and Corporate Governance Committee "c/o Secretary" at Hilltop Holdings Inc., 2323 Victory Avenue, Suite 1400, Dallas, Texas 75219. Director recommendations submitted by stockholders should include the following information regarding the stockholder making the recommendation and the individual(s) recommended for nomination:

- name, age, business address and residence address;
- the class, series and number of any shares of Hilltop stock or other securities of Hilltop or any affiliate of Hilltop owned, beneficially or of record (including the name of the nominee holder if beneficially owned);
- the date(s) that shares of Hilltop stock or other securities of Hilltop or any affiliate of Hilltop were acquired and the investment intent of such acquisition;
- any short interest (including any opportunity to profit or share in any benefit from any decrease in the price of such stock or other security) in any securities of Hilltop or any affiliate of Hilltop;
- whether and the extent to which such person, directly or indirectly (through brokers, nominees or otherwise), is subject to or during the prior six months has engaged in, any hedging, derivative or other transaction or series of transactions or entered into any other agreement, arrangement or understanding (including any short interest, any borrowing or lending of securities or any proxy or voting agreement), the effect or intent of which is to (a) manage risk or benefit of changes in the price of Hilltop securities or any security of any entity listed in the peer group in the stock performance graph included in the materials distributed with this Proxy Statement or (b) increase or decrease the voting power of such person in Hilltop disproportionately to such person's economic interest in Hilltop securities (or, as applicable, any security of any entity listed in the peer group in the stock performance graph included in the materials distributed with this Proxy Statement);
- any substantial interest, direct or indirect (including, without limitation, any existing or prospective commercial, business or contractual relationship with us), by security holdings or otherwise of such person in us or in any of our affiliates, other than an interest arising from the ownership of securities where such person receives no extra or special benefit not shared on a pro rata basis by all other holders of the same class or series;
- the investment strategy or objective, if any, of the stockholder making the recommendation and a copy of the prospectus, offering memorandum or similar document, if any, provided to investors, or potential investors, in such

- stockholder (if not an individual);
- to the extent known by the stockholder making the recommendation, the name and address of any other stockholder supporting the nominee for election or reelection as a director;
 - a certificate executed by the proposed nominee that certifies that the proposed nominee is not, and will not, become a party to any agreement, arrangement or understanding with any person or entity other than us in connection with service or action as a director that has not been disclosed to us and that the proposed nominee consents to being named in a proxy statement and will serve as a director if elected;
 - completed proposed nominee questionnaire (which will be provided upon request by writing or telephoning our corporate Secretary at the address or phone number listed under “Questions” on page 59); and
 - all other information that would be required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act and the rules promulgated thereunder.

The stockholder recommendation and information described above must be delivered to the corporate Secretary not earlier than the 120th day and not later than 5:00 p.m., Dallas, Texas local time, on the 90th day prior to the first anniversary of the date of the proxy statement for the preceding year’s annual meeting of stockholders; provided, however, that if the date of the annual meeting is

Table of Contents

2018 PROXY STATEMENT

advanced more than 30 days prior to, or delayed by more than 60 days after, the first anniversary of the date of the preceding year's annual meeting, the stockholder recommendation and information must be delivered not earlier than the 120th day prior to the date of such annual meeting and not later than 5:00 p.m., Dallas, Texas local time, on the later of the 90th day prior to the date of such annual meeting of stockholders or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the date on which public announcement of the date of such annual meeting is first made. In the event, however, the number of directors to be elected to the Board of Directors is increased and there is no public announcement of such action at least 100 days prior to the first anniversary of the date of the proxy statement for the preceding year's annual meeting, a stockholder recommendation also will be considered timely, but only with respect to nominees for any new positions created by the increase, if it is delivered to the corporate Secretary not later than 5:00 p.m., Dallas, Texas local time, on the 10th day following the day on which the public announcement is first made.

The Nominating and Corporate Governance Committee expects to use a similar process to evaluate candidates to the Board of Directors recommended by stockholders as the one it uses to evaluate candidates otherwise identified by the committee.

No fee was paid to any third party or parties to identify or evaluate, or assist in identifying or evaluating, potential nominees.

The Nominating and Corporate Governance Committee did not receive the name of any stockholder recommendations for director nominees with respect to the Annual Meeting.

The Nominating and Corporate Governance Committee did not receive any recommendations for director nominees from any non-management stockholder or group of stockholders that beneficially owns more than 5% of our common stock.

Table of Contents

2018 PROXY STATEMENT

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Principal Stockholders

The following table sets forth information regarding our common stock beneficially owned as of April 27, 2018 by any person or “group,” as that term is used in Section 13(d)(3) of the Exchange Act, known to us to beneficially own more than five percent of the outstanding shares of our common stock.

| Name and Address of Beneficial Owner | Amount and Nature of Beneficial Ownership | Percent of Class (a) | |
|---|---|----------------------|---|
| Gerald J. Ford (b) 200 Crescent Court, Suite 1350 Dallas, Texas 75201 | 15,591,587 | 16.2 | % |
| The Vanguard Group (c) 100 Vanguard Boulevard Malvern, Pennsylvania 19355 | 5,966,147 | 6.2 | % |
| Dimensional Fund Advisors LP (d) Building One 6300 Bee Cave Road Austin, Texas 78746 | 5,661,685 | 5.9 | % |
| FMR LLC (e) 245 Summer Street Boston, Massachusetts 02210 | 4,969,942 | 5.2 | % |

(a) Based on 96,064,044 shares of common stock outstanding on April 27, 2018. Shares issuable under instruments to purchase our common stock that are exercisable within 60 days of April 27, 2018 are treated as if outstanding for computing the percentage ownership of the person holding these instruments, but are not treated as outstanding for purposes of computing the percentage ownership of any other person.

(b) The shares of common stock beneficially owned by Mr. Gerald J. Ford include 39,047 shares that are owned by Turtle Creek Revocable Trust, a revocable trust for the benefit of the members of Mr. Gerald J. Ford’s family, and indirectly by Mr. Gerald J. Ford as settlor of the trust. Mr. Gerald J. Ford disclaims beneficial ownership of the shares held by the trust except to the extent of his pecuniary interest therein. Also includes 15,544,674 shares

owned by Diamond A Financial, LP. Mr. Gerald J. Ford is the sole manager of Diamond HTH Stock Company GP, LLC, which is the sole general partner of Diamond HTH Stock Company, LP, which is the sole general partner of Diamond A Financial, LP. Turtle Creek Revocable Trust is the sole member of Diamond HTH Stock Company GP, LLC and the sole limited partner of Diamond HTH Stock Company, LP. Each of Mr. Gerald J. Ford, Diamond A Financial, LP, Diamond HTH Stock Company, LP, Diamond HTH Stock Company GP, LLC and Turtle Creek Revocable Trust may be deemed to have shared voting and dispositive power of these shares. Excludes 120,000 restricted stock units, or RSUs, that will not vest within 60 days of April 27, 2018.

- (c) Based on the Schedule 13G (Amendment No. 2) filed with the SEC by The Vanguard Group on February 9, 2018. According to the Schedule 13G (Amendment No. 2), The Vanguard Group has sole voting power over 82,742 shares of our common stock, shared voting power over 9,980 shares of our common stock, sole dispositive power over 5,880,540 shares of our common stock and shared dispositive power over 85,607 shares of our common stock. The Schedule 13G (Amendment No. 2) reports that Vanguard Fiduciary Trust Company, a wholly owned subsidiary of The Vanguard Group, is the beneficial owner of 75,627 shares of our common stock as a result of its serving as investment manager of collective trust accounts and that Vanguard Investments Australia, Ltd., a wholly owned subsidiary of The Vanguard Group, is the beneficial owner of 17,095 shares of our common stock as a result of its serving as investment manager of Australian investment offerings.
- (d) Based on the Schedule 13G (Amendment No. 1) filed with the SEC by Dimensional Fund Advisors LP on February 9, 2018. According to the Schedule 13G (Amendment No. 1), Dimensional Fund Advisors LP, an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager or sub-adviser to certain other commingled funds, group trusts and separate accounts (such investment companies, trusts and accounts, collectively referred to as the “Funds”). In certain cases, subsidiaries of Dimensional Fund Advisors LP may act as an adviser or sub-adviser to certain Funds. In its role as investment advisor, sub-adviser and/or manager, Dimensional Fund Advisors LP or its subsidiaries (collectively, “Dimensional”) may possess voting and/or investment power over the securities of the Issuer that are owned by the Funds, and may be deemed to be the beneficial owner of the shares of the Issuer held by the Funds. However, according to the Schedule 13G, all securities reported are owned by the Funds. Dimensional disclaims beneficial ownership of such securities. In addition, the Schedule 13G disclaims that the reporting person or any of its affiliates is the beneficial owner of any securities covered by the Schedule 13G for any purposes other than Section 13(d) of the Securities Exchange Act of 1934.
- (e) Based on the Schedule 13G filed with the SEC by FMR LLC on February 13, 2018. According to the Schedule 13G, FMR LLC has sole voting power over 2,421 shares of our common stock and sole dispositive power over 4,969,942 shares of our common stock. According to the Schedule 13G, Abigail P. Johnson is a Director, the Chairman, and the Chief Executive Officer of FMR LLC. Members of the Johnson family, including Abigail P. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders’ voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders’ voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies registered under the Investment Company Act of 1940 advised by Fidelity Management & Research Company, a wholly owned subsidiary of FMR LLC, which power resides with the Fidelity Funds’ Boards of Trustees. Fidelity Management & Research Company carries out the voting of the shares under written guidelines established by the Fidelity Funds’ Boards of Trustees.

Table of Contents

2018 PROXY STATEMENT

Security Ownership of Management

The following table sets forth information regarding the number of shares of our common stock beneficially owned as of April 27, 2018, by:

- each of our directors;
- each of our named executive officers; and
- all of our directors and executive officers presently serving, as a group.

Except as otherwise set forth below, the address of each of the persons listed below is c/o Hilltop Holdings Inc., 2323 Victory Avenue, Suite 1400, Dallas, Texas 75219. Except as otherwise indicated in the footnotes to this table, the persons named in the table have specified that they have sole voting and investment power with respect to all shares of stock shown as beneficially owned by them, subject to any applicable community property law.

| Name of Beneficial Owner | Common Stock | |
|---|---|----------------------|
| | Amount and Nature of Beneficial Ownership | Percent of Class (a) |
| Charlotte Jones Anderson | 9,746 | * |
| Rhodes Bobbitt | 126,059 | (b) * |
| Tracy A. Bolt | 20,456 | * |
| W. Joris Brinkerhoff | 25,228 | * |
| J. Taylor Crandall | — | (c) * |
| Charles R. Cummings | 37,476 | * |
| Hill A. Feinberg | 934,882 | (d) 1.0% |
| Gerald J. Ford | 15,591,587 | (e) 16.2% |
| 200 Crescent Court, Suite 1350 Dallas, Texas 75201 | | |
| Jeremy B. Ford | 671,163 | (f) * |
| William B. Furr | 13,974 | (g) * |
| J. Markham Green | 114,763 | * |
| William T. Hill, Jr. | 31,423 | (h) * |
| James R. Huffines | 387,860 | (i) * |

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| | | | |
|--|------------|-----|-------|
| Lee Lewis | 656,199 | (j) | * |
| Andrew J. Littlefair | 13,080 | | * |
| W. Robert Nichols, III | 31,000 | (k) | * |
| C. Clifton Robinson | 1,265,024 | | 1.3% |
| Kenneth D. Russell | — | | * |
| Todd L. Salmans | 12,040 | (l) | * |
| A. Haag Sherman | 14,422 | | * |
| Robert C. Taylor, Jr. | 35,211 | | * |
| Carl B. Webb | 113,407 | | * |
| Alan B. White | 1,552,043 | (m) | 1.6% |
| All Directors and Executive Officers, as a group (26 persons) | 21,454,827 | (n) | 22.3% |

* Represents less than 1% of the outstanding shares of such class.

- (a) Based on 96,064,044 shares of common stock outstanding on April 27, 2018. Shares issuable under instruments to purchase our common stock that are exercisable within 60 days of April 27, 2018 are treated as if outstanding for computing the percentage ownership of the person holding these instruments, but are not treated as outstanding for purposes of computing the percentage ownership of any other person.
- (b) Includes 62,100 shares of common stock held in an IRA account for the benefit of Mr. Bobbitt.
- (c) Excludes 1,488 shares held by Oak Hill Capital Management LLC, 69,014 shares held by Oak Hill Capital Management Partners III, L.P. and 2,101,418 shares held by Oak Hill Capital Partners III, L.P.
- (d) Includes 25,776 shares of common stock held directly by Mr. Feinberg's wife. Also includes 776 shares of common stock held by the Max McDermott Trust for the benefit of Mr. Feinberg's stepson. Mr. Feinberg's wife is the trustee of the trust. Excludes 47,249 shares of common stock deliverable upon the vesting of RSUs that will not vest within 60 days of April 27, 2018.

Table of Contents

2018 PROXY STATEMENT

- (e) The shares of common stock beneficially owned by Mr. Gerald J. Ford include 39,047 shares that are owned by Turtle Creek Revocable Trust, a revocable trust for the benefit of the members of Mr. Gerald J. Ford's family, and indirectly by Mr. Gerald J. Ford as settlor of the trust. Mr. Gerald J. Ford disclaims beneficial ownership of the shares held by the trust except to the extent of his pecuniary interest therein. Also includes 15,544,674 shares owned by Diamond A Financial, LP. Mr. Gerald J. Ford is the sole manager of Diamond HTH Stock Company GP, LLC, which is the sole general partner of Diamond HTH Stock Company, LP, which is the sole general partner of Diamond A Financial, LP. Turtle Creek Revocable Trust is the sole member of Diamond HTH Stock Company GP, LLC and the sole limited partner of Diamond HTH Stock Company, LP. Each of Mr. Gerald J. Ford, Diamond A Financial, LP, Diamond HTH Stock Company, LP, Diamond HTH Stock Company GP, LLC and Turtle Creek Revocable Trust may be deemed to have shared voting and dispositive power of these shares. Excludes 120,000 RSUs that will not vest within 60 days of April 27, 2018.
- (f) Jeremy B. Ford is a beneficiary of a trust that owns a 49% limited partnership interest in Diamond A Financial, LP (see footnote (e)). Excludes 162,942 shares of common stock deliverable upon the vesting of RSUs that will not vest within 60 days of April 27, 2018 and 15,544,674 shares of common stock held by Diamond A Financial, LP.
- (g) Excludes 50,699 shares of common stock deliverable upon the vesting of RSUs that will not vest within 60 days of April 27, 2018.
- (h) Includes 15,550 shares of common stock held in a SEP IRA account for the benefit of Mr. Hill.
- (i) Includes 47,000 shares of common stock held by the James Huffines 1994 Trust for the benefit of Mr. Huffines and 12,028 shares of common stock held in a self-directed individual retirement account. Excludes 20,214 shares of common stock deliverable upon the vesting of RSUs that will not vest within 60 days of April 27, 2018.
- (j) Includes 603,417 shares of common stock held by Lee Lewis Construction. Mr. Lewis is the sole owner of Lee Lewis Construction and may be deemed to have voting and/or investment power with respect to the shares owned by Lee Lewis Construction.
- (k) Includes 11,000 shares of common stock held in an IRA account for the benefit of Mr. Nichols.
- (l) Excludes 48,374 shares of common stock deliverable upon the vesting of RSUs that will not vest within 60 days of April 27, 2018.
- (m) Includes (a) 9,785 shares of common stock held directly by Mr. White's wife, (b) 453 shares of common stock held in a self-directed individual retirement account of Mr. White's wife, (c) 23,806 shares of common stock held by Double E Investments ("Double E"), (d) 12,883 shares of common stock held by EAW White Family Partnership, Ltd. ("EAW"), (e) 8,045 shares of common stock held by Maedgen, White and Maedgen ("MW&M"), and (f) 1,316,458 shares of common stock held by Maedgen & White, Ltd. As the manager of Double E, the managing partner of MW&M and the sole member of the general partner of EAW, Mr. White has exclusive authority to vote and/or dispose of the securities held by Double E, MW&M and EAW, respectively, and may, therefore, be deemed to have sole voting and dispositive power over the shares of common stock held by Double E, MW&M and EAW. Mr. White is the sole general partner of Maedgen & White, Ltd. and may be deemed to beneficially own the shares held by Maedgen & White, Ltd. As the sole general partner of Maedgen & White, Ltd., Mr. White has the power to vote the shares held by Maedgen & White, Ltd. The Agreement of Limited Partnership of Maedgen & White, Ltd. requires the approval of 80% of the limited partnership interests in Maedgen & White, Ltd. before its general partner may dispose of the shares held by Maedgen & White, Ltd. Mr. White, directly and indirectly, controls approximately 77% of the limited partnership interests of Maedgen & White, Ltd. and therefore may be deemed to share dispositive power over the shares held by Maedgen & White, Ltd. Excludes 96,747 shares of common stock deliverable upon the vesting of RSUs that will not vest

within 60 days of April 27, 2018.

- (n) Represents 26 persons. Excludes 514,743 shares of common stock deliverable upon the vesting of RSUs that will not vest within 60 days of April 27, 2018.

Table of Contents

2018 PROXY STATEMENT

MANAGEMENT

Executive Officers

General

We have identified the following officers as “executive officers,” consistent with the definition of that term as used by the SEC, as of April 27, 2018:

| Name | Age | Position | Officer Since |
|---------------------|-----|---|---------------|
| | | Executive Vice President, Corporate Controller and Principal Accounting Officer | 2017 |
| Keith E. Bornemann | 45 | Officer | |
| Hill A. Feinberg | 71 | Chairman and Chief Executive Officer of Hilltop Securities | 2012 |
| Jeremy B. Ford | 43 | President and Co-Chief Executive Officer | 2010 |
| William B. Furr | 40 | Executive Vice President, Chief Financial Officer | 2016 |
| Darren E. Parmenter | 55 | Executive Vice President, Chief Administrative Officer | 2007 |
| Corey G. Prestidge | 44 | Executive Vice President, General Counsel and Secretary | 2008 |
| Todd L. Salmans | 69 | Chief Executive Officer of PrimeLending | 2012 |
| Jerry L. Schaffner | 60 | President and Chief Executive Officer of the Bank | 2012 |
| Alan B. White | 69 | Vice Chairman and Co-Chief Executive Officer | 2012 |

Business Experience of Executive Officers

Information concerning the business experience of Messrs. Hill A. Feinberg, Jeremy B. Ford, and Alan B. White is set forth above under “Proposal One — Election of Directors — Nominees for Election as Directors” beginning on page 5.

Keith E Bornemann. Mr. Bornemann has served as the Executive Vice President and Principal Accounting Officer of Hilltop since November 2017 and Corporate Controller of Hilltop since February 2017. He also served as Senior Vice President and Director of Accounting and Reporting of Hilltop from January 2016 to January 2017 and Vice President of Financial Reporting of Hilltop from January 2013 to January 2016. Prior to joining Hilltop in 2013, Mr. Bornemann was the Vice President and Corporate Controller at First Acceptance Corporation.

William B. Furr. Mr. Furr has served as the Chief Financial Officer of Hilltop since September 2016. Prior to joining Hilltop, Mr. Furr served as Executive Vice President and Community Bank Chief Financial Officer for KeyCorp from November 2012 to August 2016. Before joining KeyCorp, Mr. Furr served in various financial leadership roles at Regions Financial Corporation and Bank of America Corporation.

Darren E. Parmenter. Mr. Parmenter has served as Executive Vice President and Chief Administrative Officer since September 2016. Mr. Parmenter previously served as Executive Vice President and Principal Financial Officer of Hilltop since February 2014 and as Senior Vice President of Finance of Hilltop from June 2007 to February 2014. From January 2000 to June 2007, Mr. Parmenter was with Hilltop's predecessor, Affordable Residential Communities Inc., and served as the Controller of Operations from April 2002 to June 2007. Prior to 2000, Mr. Parmenter was employed by Albertsons Inc. as an Assistant Controller.

Corey G. Prestidge. Mr. Prestidge has served as an Executive Vice President of Hilltop since February 2014 and General Counsel and Secretary of Hilltop since January 2008. From November 2005 to January 2008, Mr. Prestidge was the Assistant General Counsel of Mark Cuban Companies. Prior to that, Mr. Prestidge was an associate in the corporate and securities practice group at Jenkins & Gilchrist, a Professional Corporation, which is a former national law firm. Mr. Prestidge is the son-in-law of our Chairman of the Board, Gerald J. Ford, and the brother-in-law of our President and Co-Chief Executive Officer, Jeremy B. Ford.

Todd L. Salmans. Mr. Salmans has served as Chief Executive Officer of PrimeLending since January 2011 and has continued in that position since our acquisition of PlainsCapital in November 2012. He also previously held the office of President of PrimeLending until August 2013. As Chief Executive Officer, Mr. Salmans is responsible for the strategic direction and day-to-day management of PrimeLending, including financial performance, compliance, business development, board and strategic partner communications and team development. He also serves as a member of PrimeLending's Board of Directors. Mr. Salmans joined PrimeLending in 2006 as Executive Vice President and Chief Operating Officer, with responsibility over daily operations, loan processing and sales. He was promoted to President in April 2007. Mr. Salmans has over 40 year of experience in the mortgage banking industry. Prior to joining PrimeLending, he served as regional executive vice president of CTX/Centex, regional senior vice

Table of Contents

2018 PROXY STATEMENT

president of Chase Manhattan/Chase Home Mortgage Corp., and regional senior vice president of First Union National Bank/First Union Mortgage Corp. Mr. Salmans is currently a board member of the Texas Mortgage Bankers Association.

Jerry L. Schaffner. Mr. Schaffner has served as the President and Chief Executive Officer of the Bank since November 2010 and has continued in that position since our acquisition of PlainsCapital in November 2012. He currently serves as a director of the Bank and various other subsidiaries, and previously served as a director of PlainsCapital from 1993 until March 2009. Mr. Schaffner joined PlainsCapital in 1988 as part of its original management group.

Terms of Office and Relationships

Our executive officers are elected by our Board of Directors annually or, as necessary, to fill vacancies or newly created offices. Each executive officer holds office until his successor is duly elected and qualified or, if earlier, until his death, resignation or removal. Any officer or agent elected or appointed by our Board of Directors may be removed by our Board of Directors whenever, in its judgment, our best interests will be served, but any removal will be without prejudice to the contractual rights, if any, of the person so removed.

Except as disclosed under “Proposal One — Election of Directors — Nominees for Election as Directors” commencing on page 5 and under “Management — Executive Officers — Business Experience of Executive Officers” on page 25, (a) there are no familial relationships among any of our current directors or executive officers and (b) none of our director nominees hold, or in the last five year have held, directorships in any company with a class of securities registered pursuant to Section 12 of the Exchange Act or pursuant to Section 15(d) of the Exchange Act or any company registered as an investment company under the Investment Company Act of 1940.

Except as set forth in this Proxy Statement, there are no arrangements or understandings between any nominee for election as a director or officer and any other person pursuant to which that director was nominated or that officer was selected.

Compensation Discussion and Analysis

This Compensation Discussion and Analysis section reviews the compensation program for our named executive officers (“NEOs”), which include our principal executive officers, principal financial officer and our three other most highly-compensated executive officers, during the year ended December 31, 2017.

For 2017, our NEOs were:

| Named Executive Officer | Title/Role |
|-------------------------|--|
| Jeremy B. Ford | President and Co-Chief Executive Officer |
| Alan B. White | Vice Chairman and Co-Chief Executive Officer |
| William B. Furr | Executive Vice President, Chief Financial Officer |
| Hill A. Feinberg | Chairman and Chief Executive Officer of Hilltop Securities |
| James R. Huffines (a) | Former Executive Vice President, Chief Operating Officer of Subsidiaries |
| Todd L. Salmans | Chief Executive Officer of PrimeLending |

(a) Mr. Huffines retired effective December 31, 2017, from all positions with the Company and its subsidiaries, including as a member of the Board of Directors.

2017 Business and Financial Highlights

2017 represented another strong year for the Company, with the following key accomplishments:

- Generated \$132.5 million in income applicable to common stockholders, or \$1.36 per diluted share, during 2017, after giving effect to non-recurring charges as a result of the Tax Cuts and Jobs Act. Return on average equity was 7.00% and return on average assets was 1.03% for 2017.
- Maintained strong asset quality compared to peers with non-performing assets as a percentage of total assets of 0.33% as of December 31, 2017, excluding covered loans and covered other real estate owned.
- Maintained strong capital ratios with a Tier 1 Leverage Ratio of 12.94% and a Common Equity Tier 1 Risk Based Capital Ratio of 17.69% at December 31, 2017.
- Distributed \$23.1 million, or \$0.24 per common share, of capital to stockholders, equating to a dividend payout ratio of 17.59% (excluding the results of the SWS Group Inc. appraisal matter).

Table of Contents

2018 PROXY STATEMENT

These results contributed to an increase in our book value per share from \$18.98 at December 31, 2016 to \$19.92 at December 31, 2017. Additional detail regarding our results and achievements can be found in our Annual Report on Form 10-K for the year ended December 31, 2017.

Our 2017 Executive Compensation Program

The Compensation Committee, or, as used in this Compensation Discussion and Analysis, the Committee, has the responsibility to establish, implement and monitor adherence with our compensation philosophy. The Committee ensures that the total compensation paid to executive officers is fair, reasonable, competitive, performance-based and aligned with stockholder interests. The Committee administers the Company's executive compensation program in light of our unique structure and acquisition activity. As a holding company that conducts its operations through its subsidiaries, we provide performance-based compensation to the chief executives of each of our business units that is based on both the results of the business unit and the consolidated Company.

Philosophy and Objectives of Our Executive Compensation Program

Our compensation program continues to focus on performance-based pay that reflects our achievements on an annual basis and our ability to deliver long-term value to our stockholders. The Committee regularly reviews the Company's compensation programs to ensure they are consistent with sound business practices, regulatory requirements, emerging industry trends and stockholder interests.

With this in mind, the following principles help guide our decisions regarding compensation of our NEOs:

- Compensation opportunities should be competitive with market practices. We are committed to providing competitive total annual compensation opportunities in order to attract and retain executives with the experience and skills necessary to lead our Company and motivate them to deliver strong performance to our stockholders.
- A significant portion of compensation should be performance-based. Our executive compensation program emphasizes pay-for-performance. Both our annual and long-term incentives are earned based on a combination of corporate, business unit and individual performance. Our annual incentive compensation also can be reduced based upon improper risk taking and non-compliance with applicable laws and regulations.

- Management's interests should be aligned with those of our stockholders. Our long-term incentive compensation is delivered in the form of restricted stock units, or RSUs, to support our goals for alignment, ownership and retention. Half of the RSUs awarded vest upon achievement of predefined performance goals. The value of these performance-based RSUs ultimately depends upon our total stockholder return, or TSR, relative to members of the KBW Regional Banking Index and our cumulative earnings per share calculated in accordance with generally accepted accounting principles, or EPS, over the three-year vesting period. Commencing with awards in 2016, the percentage of these awards that vest is based first on cumulative EPS over a three-year period and then multiplied by a modifier based on our relative TSR during the same period.
- Compensation should be perceived as fair. We strive to create a compensation program that will be perceived as fair and equitable, both internally and externally.
- Our compensation program should be balanced and mitigate risk taking. We have a balanced approach to total compensation that includes a mix of fixed and performance-based pay, including cash and equity compensation and short- and long-term incentive compensation. We believe this approach effectively aligns our pay with performance while discouraging inappropriate risk taking.

Table of Contents

2018 PROXY STATEMENT

Governance Highlights

The Committee maintains the following compensation best practices:

- Robust stock ownership guidelines for executive officers and directors;
- Clawback policy for incentive compensation;
- Anti-hedging and pledging policy;
- Limited perquisites;
- No excise tax gross-ups in new employment agreements;
- One year holding requirement on all vested equity awards; and
- Annual compensation risk assessment.

Role of Stockholder Say-on-Pay Votes and Stockholder Engagement

The Company provides its stockholders with the opportunity to cast an annual advisory vote on executive compensation. At the Company's annual meeting of stockholders held in June 2017, over 71% of the votes cast (excluding abstentions and broker non-votes) on the say-on-pay proposal were voted in favor of the proposal. The Committee recognized this result as a significant decline from the 97% support received in 2016 and sought to understand stockholder perspectives on our executive compensation program. We reached out to our top 25 stockholders, representing 57% of our outstanding common stock (excluding common stock owned by our directors and executives), to offer a conversation with Mr. Sherman, the chair of our Committee. Mr. Sherman had conversations with six stockholders, representing 24% of our outstanding common stock, during this process.

During these conversations, stockholders provided their perspectives on our executive compensation programs with our Committee Chair. Several stockholders expressed concerns with severance provisions in the retention agreement we entered into with Mr. White upon our acquisition of PlainsCapital Corporation in 2012 and subsequently amended in 2016 upon his promotion to Co-CEO of the Company. In these discussions, Mr. Sherman highlighted the origins of these provisions in Mr. White's agreement, namely that they were designed to keep Mr. White whole for amounts which would have otherwise been due to him immediately upon any termination of his employment agreement following our acquisition of PlainsCapital Corporation, the company he founded. The Committee did not believe it was appropriate to revise these provisions when asking Mr. White to assume additional responsibilities, particularly given that the revised agreement did not provide for any increases in compensation. Mr. Sherman also discussed with stockholders the Committee's intention to avoid similar provisions in any new employment arrangements going forward.

Stockholders generally conveyed that they were otherwise supportive of the design of our executive compensation program and provided several items to consider. As such, the Committee has maintained our current programs and will evaluate the suggestions received. The Committee remains open to stockholder perspectives on our executive compensation programs and will continue to consider the outcome of the Company's say-on-pay votes when making future compensation decisions for the NEOs.

Background on Our Executive Employment Arrangements

We completed the acquisition of PlainsCapital on November 30, 2012, and the compensation of our NEOs who were employed by PlainsCapital is, therefore, in part based upon the compensation they were paid by PlainsCapital prior to the acquisition. Four of our NEOs, Messrs. White, Feinberg, Huffines and Salmans, were employed by PlainsCapital or its subsidiaries prior to the acquisition. As discussed above, in connection with the acquisition of PlainsCapital, and to ensure continuity following the closing, we entered into a retention agreement with Mr. White that was negotiated based upon the pre-existing rights in his employment agreement with PlainsCapital Corporation. All other existing employment agreements at PlainsCapital or its subsidiaries, other than Mr. Jerry Schaffner, were amended to terminate on November 30, 2014. Following the expiration of the employment agreements with Messrs. Huffines and Salmans, we entered into new employment agreements with them that are consistent with our current compensation philosophy. The term of Mr. Huffines' employment agreement terminated on December 4, 2017, and he retired from the Company on December 31, 2017. We also entered into an employment agreement with Mr. Furr in connection with his appointment as our Chief Financial Officer effective September 1, 2016. For a more detailed discussion of these employment agreements and Mr. White's retention agreement, see "Executive Compensation — Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table — Employment Contracts and Incentive Plans — Employment Contracts."

Table of Contents

2018 PROXY STATEMENT

Elements of our Executive Compensation Program

The basic elements of our executive compensation program are summarized below. Our compensation policies and programs are considered by the Committee in a total rewards framework, which considers both “pay” — base salary, annual incentive awards and long-term incentive awards — and “benefits” — perquisites and other benefits and compensation. Our executive compensation program consists primarily of the following components:

| | |
|--------------------------------|---|
| Compensation Component | Purpose |
| Base Salary | Fixed component of pay intended to compensate the individual fairly for the responsibility level of the position held. |
| Annual Incentive Awards | Variable component of pay intended to motivate and reward the individual’s contribution to achieving our short-term/annual objectives. |
| Long-term Incentive Awards | Variable component of pay intended to retain, motivate and reward the individual’s contribution to achieving our long-term objectives and creating stockholder value. |
| Perquisites and Other Benefits | Fixed component of pay intended to provide an economic benefit to us in attracting and retaining executive talent. |

Base Salary

We provide base salaries for each NEO commensurate with the services he provides to us. We believe a portion of total direct compensation should be provided in a form that is fixed and liquid. In reviewing base salaries, the Committee evaluated the salaries of other executive officers of the Company and its peers and any increased level of responsibility, among other items. Except for the increases to the salaries of the Co-Chief Executive Officers noted in the table below, the Committee determined to maintain the current salaries of all NEOs for 2017, as they were found to be competitive with the Company’s peers. The following table lists the base salaries for our NEOs in 2016 and 2017:

| Name | Base Salary | |
|------|-------------|------|
| | 2016 | 2017 |

| | | | | % | |
|-------------------|--------------|----------------|-----|----------|---|
| | | | | Increase | |
| Jeremy B. Ford | \$ 700,000 | \$ 725,000 | (a) | 3.6 | % |
| Alan B. White | \$ 1,350,000 | \$ 1,400,000 | (b) | 3.7 | % |
| William B. Furr | \$ 425,000 | (c) \$ 425,000 | | — | |
| Hill A. Feinberg | \$ 500,000 | \$ 500,000 | | — | |
| James R. Huffines | \$ 690,000 | \$ 690,000 | | — | |
| Todd L. Salmans | \$ 750,000 | \$ 750,000 | | — | |

-
- (a) Mr. Ford's base salary increased to \$725,000 on April 1, 2017.
- (b) Mr. White's original base salary of \$1,350,000 was set forth in his retention agreement, which became effective upon the closing of the acquisition of PlainsCapital. An increase in base salary to \$1,400,000 was approved and made effective on April 1, 2017.
- (c) Mr. Furr's base salary effective upon his hiring as our Chief Financial Officer on September 1, 2016.

In March 2018, the Committee assessed base salaries of the NEOs and decided to provide the following increases beginning on April 1, 2018: \$25,000 for Mr. Ford (new salary \$750,000), \$50,000 for Mr. White (new salary \$1,450,000), and \$25,000 for Mr. Furr (new salary \$450,000).

Annual Incentive Awards

Our NEOs and other employees are eligible to participate in the Annual Incentive Plan and receive annual cash incentive awards based upon our financial performance and other factors, including individual performance. The Committee believes that this element of compensation is important to focus management efforts on, and provide rewards for, annual financial and strategic results that are aligned with creating value for our stockholders.

Table of Contents

2018 PROXY STATEMENT

Target Annual Incentive Opportunities

Target incentive awards are defined at the start of the year in consideration of market data provided by the Committee's consultant, each NEO's total compensation package and the entity's budgetary considerations. The Committee increased annual incentive targets (as a percent of salary) for Mr. Ford and Mr. Feinberg following a review of market practices. The following table sets for information concerning Annual Incentive Plan opportunities for 2017:

| Name | Annual Incentive Value | | | |
|-------------------|------------------------|--------------------------|----------------------------|------------------------|
| | Threshold (\$) | Target Amount (\$) | % of Annual Base Salary | Maximum (\$) (b) |
| Jeremy B. Ford | 130,500 | 725,000 | 100 | % 1,087,500 |
| Alan B. White (a) | — | 1,400,000 | 100 | % — |
| William B. Furr | 67,500 | 375,000 | 88 | % 562,500 |
| Hill A. Feinberg | 90,000 | 750,000 | 150 | % 1,125,000 |
| James R. Huffines | 99,900 | 555,000 | 80 | % 832,500 |
| Todd L. Salmans | 90,000 | 750,000 | 100 | % 1,125,000 |

- (a) Mr. White's annual incentive compensation is determined pursuant to his retention agreement for the achievement of specified performance criteria.
- (b) Awards are capped at 150% of the target amount.

Performance Measures

Each NEO had pre-defined performance objectives based upon measurable performance of both our Company and the individual, other than Mr. White, whose pre-defined performance objectives are based solely upon Hilltop's performance. At least 70% of each executive's incentive was based on the net income of our Company and/or their relevant business unit. Our 2017 goals were intended to be realistic and reasonable but challenging in order to drive performance. The Committee and management believe that by using these metrics we are encouraging profitable top line growth and value for stockholders without creating excessive risk.

The measures and weights of the performance objectives for each NEO for 2017 are summarized in the following table:

| Name | Hilltop Net Income | | Business Unit Net Income | | Strategic/ Individual Goals | |
|-------------------|-----------------------|---|-----------------------------|---|--------------------------------|---|
| Jeremy B. Ford | 70 | % | — | | 30 | % |
| Alan B. White (a) | 100 | % | — | | — | |
| William B. Furr | 70 | % | — | | 30 | % |
| Hill A. Feinberg | 20 | % | 50 | % | 30 | % |
| James R. Huffines | 70 | % | — | | 30 | % |
| Todd L. Salmans | 20 | % | 50 | % | 30 | % |

(a) Determined pursuant to Mr. White's retention agreement for the achievement of earnings target.

In addition to the above criteria, all payouts under the Annual Incentive Plan are subject to forfeiture in the event of any improper risk management or non-compliance with applicable laws and regulations.

The individual strategic objectives for the NEOs are developed through an iterative process between the Committee and management. Management develops an initial set of recommendations based upon the business needs. The Committee reviews the proposed goals and revises/amends them at its discretion, ensuring that goals are aligned with the Board of Director's strategic focus. The following strategic and individual goals, among others, were established for the NEOs in 2017:

- Mr. Ford: execute the Company's 2017 strategic plan, continue to identify strategic acquisition opportunities that complement the Company's business mix and lead our shared-services initiative.
- Mr. Furr: execute our shared-services initiative, redesign our procurement process, and complete successful Dodd-Frank Act Stress Test submission.
- Mr. Feinberg: support our shared-services initiative, select and finalize new broker-dealer technology and support system, develop capital markets strategy that compliments municipal efforts and execute on risk management and inventory control.

Table of Contents

2018 PROXY STATEMENT

- Mr. Huffines: support our shared-services initiative, effective risk management by subsidiary management, attract and retain talent, execute on subsidiary strategic plans, succession planning and effective enterprise communication.
- Mr. Salmans: support our shared-services initiative, maintain customer and employee satisfaction, protect and grow company culture, foster and drive organic growth in existing and new markets, grow joint venture business, succession planning and development and growth of key successors.

Performance Results and Payouts

The Committee, in its sole discretion, determines the final amount of each participant's award based on attainment of the applicable performance goals and assessments of individual and strategic performance.

Each element of the annual cash incentive award is independent of the other. Accordingly, the executive officer may achieve certain performance goals, while at the same time failing to achieve others. In that case, the executive officer will be entitled to receive the award for the performance goal achieved, but not an award for a performance goal for which threshold performance is not achieved. Potential awards ranged from 50% for threshold performance to a maximum of 150% for stretch performance.

At the end of the fiscal year, the Committee determined a payout based on net income performance. 2017 performance goals and actual net income performance were as follows (dollars in millions):

| 2017 Performance Goal | Threshold (\$) | Target (\$) | Stretch (\$) | Actual (\$) | Achievement | |
|-----------------------------------|----------------|-------------|--------------|-------------|-------------|---|
| Hilltop Adjusted Net Income | 89.7 | 149.5 | 186.9 | 160.9 | 108 | % |
| PlainsCapital Pre-Tax Income | 89.2 | 148.6 | 185.8 | 151.6 | 102 | % |
| Hilltop Securities Pre-Tax Income | 34.0 | 56.6 | 70.8 | 64.9 | 115 | % |
| PrimeLending Pre-Tax Income | 33.7 | 56.2 | 70.2 | 53.7 | 96 | % |

Based upon evaluation of their respective individual performance in 2017, the Committee awarded the NEOs scores ranging from 70% to 135% for their strategic and individual goals. The Committee also assessed risk and compliance

performance for each NEO and determined that no reductions were warranted.

Based on the above financial and individual performance measures and the Committee’s discretion, the 2017 annual cash incentive payments were awarded as follows relative to the 2017 target value:

| Name | 2017 Annual Incentive Payment (\$) | % of 2017 Target Annual Incentive | |
|-------------------|---------------------------------------|--------------------------------------|---|
| Jeremy B. Ford | 790,000 | 109 | % |
| Alan B. White (a) | 1,450,000 | 104 | % |
| William B. Furr | 425,000 | 113 | % |
| Hill A. Feinberg | 900,000 | 120 | % |
| James R. Huffines | 555,000 | 100 | % |
| Todd L. Salmans | 825,000 | 110 | % |

(a) The Committee used its discretionary authority to increase Mr. White’s 2017 Annual Incentive Plan Award above the level determined pursuant to his retention agreement for the achievement of earnings target.

See “Executive Compensation — Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table — Annual Incentive Plan” for more information with respect to our stockholder-approved Annual Incentive Plan.

Table of Contents

2018 PROXY STATEMENT

Long-Term Incentive Awards

As described above, we believe that a portion of each NEO’s compensation should be tied to the performance of our stock price, aligning the officer’s interest with that of our stockholders. In this regard, the Committee determined that the award vehicle mix should be:

| Award Vehicle | |
|--|------------|
| Mix | % of Award |
| Time-Based Restricted Stock Units | 50% |
| Performance-Based Restricted Stock Units | 50% |

Time-based RSUs cliff vest on the third anniversary of the date of grant. Performance-based RSUs are earned and cliff vest subject to certain performance goals being met after the three-year performance period from January 1, 2017 through December 31, 2019.

Under the current form of RSU award agreement, the percentage of performance-based RSUs that vest following a performance period is determined based on Hilltop’s three-year cumulative EPS relative to pre-established performance objectives, multiplied by a modifier that is determined based on Hilltop’s TSR relative to the KBW Regional Banking Index. The EPS component of the performance calculation ranges from 50% at threshold to 150% at maximum, and the TSR modifier ranges from 80% at threshold to 120% at maximum. The total number of shares earned from the performance awards can range from 40% to 180% of the target number of RSUs granted. No shares will be awarded if EPS results are below threshold.

All shares of common stock delivered pursuant to the RSUs are subject to a one-year holding period requirement after vesting. Further discussion of the 2012 Equity Incentive Plan pursuant to which such RSUs were awarded is found under “Executive Compensation — Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table” below.

In 2017, long-term incentive awards were made in consideration of each executive's role, competitive market practice, and performance. Grants were made in the form of RSUs on February 23, 2017, to the following NEOs as set forth below:

| Name | Time-Based RSUs Awarded | Performance-Based RSUs Awarded (at Target) | Total RSUs Awarded |
|-------------------|----------------------------|--|-----------------------|
| Jeremy B. Ford | 27,734 | 27,734 | 55,468 |
| Alan B. White | 12,307 | 12,306 | 24,613 |
| William B. Furr | 6,154 | 6,153 | 12,307 |
| Hill A. Feinberg | 6,154 | 6,153 | 12,307 |
| James R. Huffines | 7,033 | 7,032 | 14,065 |
| Todd L. Salmans | 6,154 | 6,153 | 12,307 |

On March 5, 2018, the Committee continued the same mix of long-term incentive awards and approved a grant of RSUs to the NEOs, excluding Mr. Huffines who retired from the Company on December 31, 2017, as set forth below:

| Name | Time-Based RSUs Awarded | Performance-Based RSUs Awarded (at Target) | Total RSUs Awarded |
|------------------|----------------------------|--|-----------------------|
| Jeremy B. Ford | 31,766 | 31,766 | 63,532 |
| Alan B. White | 14,096 | 14,096 | 28,192 |
| William B. Furr | 7,753 | 7,752 | 15,505 |
| Hill A. Feinberg | 8,055 | 8,055 | 16,110 |
| Todd L. Salmans | 7,048 | 7,048 | 14,096 |

Since the adoption of the 2012 Equity Incentive Plan, all equity-based awards, including those made to the NEOs, have been made pursuant to the 2012 Equity Incentive Plan. All equity-based awards made to the NEOs are approved by the Committee and not pursuant to delegated authority.

Table of Contents

2018 PROXY STATEMENT

Payout for 2015-2017 Performance Based RSUs

The following table provides the calculation of the payout for performance-based RSUs granted in 2015. Payouts for the 2015 awards were based on our three-year cumulative EPS results and our three-year TSR relative to members of the KBW Regional Banking Index. Performance-based RSUs granted during 2015 are earned and cliff vest after three years based 50% on EPS performance and 50% on relative TSR.

| Metric | Threshold | Target | Maximum | Actual Performance |
|-------------------------|-----------|---------|---------|--------------------|
| Cumulative EPS | \$ 2.44 | \$ 3.25 | \$ 4.06 | \$ 4.94 |
| Relative TSR percentile | 35th | 50th | 75th | 13th |

Our three-year cumulative EPS results generated a maximum payout of 150% of target, while our TSR results were below the threshold for a payout. Accordingly, the aggregate payout for the performance-based RSUs awarded in 2015 was 75% of target.

Perquisites and Other Benefits

We provide various perquisites and other benefits to certain NEOs. Messrs. Jeremy B. Ford and Alan B. White are provided access to company aircraft. Messrs. White, Huffines and Salmans are or were provided with a monthly car allowance and reimbursement for country club membership dues. In addition, Mr. White is provided bank-owned life insurance. Otherwise, our NEOs generally receive only medical benefits, life insurance and long-term disability coverage, as well as supplemental contributions to the Company's 401(k) program, on the same terms and conditions as available to all employees of that entity.

Severance and Other Post-Termination Compensation

We generally do not currently maintain any severance or change in control programs other than change in control provisions in our 2012 Equity Incentive Plan (with exceptions noted below). However, we have historically paid severance, the amount of which is generally determined both by length of tenure and level of compensation, when

termination occurs other than for cause and pursuant to which certain benefits may be provided to the NEOs. Absent the negotiation of specific agreements with the NEOs, severance benefits would be provided on the same basis as provided to other employees of the Company.

In connection with our acquisition of PlainsCapital in 2012, we entered into employment agreements with Messrs. Huffines and Salmans. We subsequently entered into new employment agreements with Messrs. Huffines and Salmans in 2014 following the expiration of their previous agreements. Mr. Huffines' agreement was amended in September 2016 to reflect changes in his responsibilities. The term of Mr. Huffines' employment agreement expired on December 4, 2017, and he retired from the Company on December 31, 2017. Mr. Salmans' agreement was amended in November 2017 to extend the term of the agreement to December 31, 2019. A description of these employment agreements and the post-contractual benefits provided thereunder is discussed in further detail under "Executive Compensation — Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table — Employment Contracts and Incentive Plans — Employment Contracts" and "Potential Payments Upon Termination or Change-in-Control" below.

In connection with our acquisition of PlainsCapital in 2012, we entered into a retention agreement with Mr. White which was approved by shareholders of PlainsCapital in connection with our acquisition of PlainsCapital. The summary of the severance terms for this retention agreement is set forth below:

Legacy Retention Agreement

Pursuant to Mr. White's retention agreement:

- (1) we agreed to contribute an amount of cash equal to \$6,430,890 as deferred compensation to Mr. White in satisfaction of Mr. White's rights under Section 6 (Termination Upon Change in Control) of his previous employment agreement with PlainsCapital, which such amount accrues interest at the prevailing money market rate and is payable to Mr. White on the 55th day following termination of his employment; and
- (2) upon a termination of his employment by us other than for cause or death or disability, or after non-renewal, cash severance of (i) the sum of Mr. White's annual base salary and the average of the annual bonus amounts paid to him for the three most recently completed fiscal years ending immediately prior to the date of termination, multiplied by (ii) the greater of (A) two, and (B) the number of full and partial years from the date of termination through the end of the

Table of Contents

2018 PROXY STATEMENT

applicable employment period under the retention agreement. Such severance is payable over the “severance period,” which is the greater of two years from the date of termination and the number of full and partial years from the date of termination through the end of the applicable employment period under the retention agreement.

The foregoing cash amounts in subparagraph (1) represent “modified single trigger” benefits, payable assuming the termination of employment for any reason, and the foregoing cash amounts in subparagraph (2) represent “double trigger” benefits, payable assuming a qualifying termination of employment. With respect to the amounts described in subparagraph (1) that are paid in full satisfaction of Section 6 of Mr. White’s previous employment agreement with PlainsCapital, such amounts are payable upon any termination of employment at any time, subject to any delay required by Section 409A of the Internal Revenue Code, or the Code, and the execution of a release of claims. The cash severance amounts described in subparagraph (2) are payable upon a termination of employment other than for cause, death or disability or upon a termination due to non-renewal by Hilltop, subject to any delay required by Section 409A of the Code and the execution of a release of claims.

Mr. White’s retention agreement was amended in 2016 solely to recognize his promotion to Co-Chief Executive Officer of the Company and to specify that his annual incentive would be based on the consolidated results of Hilltop (as opposed to just the results of PlainsCapital). The amendment did not include any changes to his pay opportunity or the other terms of his employment. The Committee did not believe it was appropriate to alter other terms of the agreement given that it (a) increased his duties and responsibilities without providing Mr. White additional compensation and (b) was negotiated as part of our acquisition of PlainsCapital to secure Mr. White’s continued employment, including the amounts payable under subparagraph (1) above which would otherwise have been due to Mr. White immediately upon any termination of his employment following our acquisition of PlainsCapital. Further, Mr. White had the right to terminate his employment in the event other modifications were required in connection with the amendment.

Furr Employment Agreement

Pursuant to our employment agreement with Mr. Furr, upon termination of employment by us other than for cause, Mr. Furr is entitled receive, subject to such termination of employment being on or after September 1, 2017, a lump-sum cash payment equal to the sum of (i) his annual base salary rate immediately prior to the effective date of such termination, and (ii) an amount equal to the annual incentive cash bonus paid to him in respect of the calendar year immediately preceding the year of the termination. If his employment is terminated without “cause” within the twelve months immediately following, or the six months immediately preceding, a “change in control,” he will be entitled to receive, if the “change in control” is on or after September 1, 2017, a lump-sum cash payment equal to two times the sum of (A) his annual base salary rate immediately prior to the effective date of such termination and (B) an

amount equal to the annual incentive cash bonus paid to him in respect of the calendar year immediately preceding the year of the termination. The immediately foregoing cash amount represents a “double trigger” benefit. Finally, if any payment made as a result of a change in control would constitute a “parachute payment” as defined under Section 280G of the Code, then the benefits payable will be reduced to \$1 below the parachute limit.

Huffines and Salmans Employment Agreements

Pursuant to our employment agreements with Messrs. Huffines and Salmans, upon termination of employment by us other than for cause, the applicable executive is entitled to a lump-sum cash payment equal to the sum of (i) his annual base salary rate immediately prior to the effective date of such termination, and (ii) an amount equal to the annual incentive cash bonus paid to him in respect of the calendar year immediately preceding the year of the termination. If his employment is terminated without “cause” within the twelve months immediately following, or the six months immediately preceding, a “change in control,” he will be entitled to receive a lump-sum cash payment equal to two times the sum of (A) his annual base salary rate immediately prior to the effective date of such termination and (B) an amount equal to the annual incentive cash bonus paid to him in respect of the calendar year immediately preceding the year of the termination. The immediately foregoing cash amount represents a “double trigger” benefit. Finally, if any payment made as a result of a change in control would constitute a “parachute payment” as defined under Section 280G of the Code, then the benefits payable will be reduced to \$1 below the parachute limit. The term of Mr. Huffines’ employment agreement expired on December 4, 2017, and he retired from the Company on December 31, 2017. In November 2017, the term of Mr. Salmans’ employment agreement was extended until December 31, 2019.

Further discussion of the agreements with Messrs. White, Furr, Huffines and Salmans, including the definitions of “cause” and “disability” under such arrangements, as well as potential payments made pursuant thereto may be found under the headings “Executive Compensation — Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table” and “Executive Compensation — Potential Payments Upon Termination or Change-in-Control” below.

Table of Contents

2018 PROXY STATEMENT

Incentive Plans

The 2012 Equity Incentive Plan, under which we have granted awards to the NEOs, contains specific termination and change in control provisions. We determined to include a change in control provision in the plan to be competitive with what we believe to be the standards for the treatment of equity upon a change in control for similar companies and so that employees who remain after a change in control would be treated the same with regard to equity as the general stockholders who could sell or otherwise transfer their equity upon a change in control. Under the terms of the 2012 Equity Incentive Plan, if a change in control (as defined below in the discussion of the plan under “Executive Compensation — Potential Payments Upon Termination or Change-in-Control”) were to occur, all awards then outstanding would become vested and/or exercisable and any applicable performance goals with respect thereto would be deemed to be fully achieved. Further discussion of the change in control payments made pursuant to the 2012 Equity Incentive Plan may be found in the “Executive Compensation — Potential Payments Upon Termination or Change-in-Control” section below.

The Annual Incentive Plan, pursuant to which annual incentive bonuses are awarded, does not contain specific change in control provisions. Accordingly, the Committee, in its discretion, may determine what constitutes a change in control and what effects such an event may have any awards made pursuant to such plan.

Risk Considerations in Our Compensation Program

We do not believe that our compensation policies and practices for 2017 give rise to risks that are reasonably likely to have a material adverse effect on our Company. In reaching this conclusion for 2017, we considered the following factors:

- Base salary is fixed and the only compensation components that are variable are the annual incentives and performance-based RSUs awarded to NEOs, which were awarded based upon attainment of pre-determined levels of earnings.
- Annual Incentive Plan payments to the NEOs were determined or approved following the completion of the audit of the Company’s consolidated financial statements by the Company’s independent registered public accounting firm. Thus, the Committee had ample knowledge of the financial condition and results of the Company, as well as reports of other committees of the Board of Directors, upon which to base its decisions.

We have a balanced program that includes multiple performance goals, rewards short-term and multi-year performance, pays in cash and equity and provides a meaningful portion of pay in stock, which is tied to our long-term performance.

- The Annual Incentive Plan awards are subject to clawback and adjustments for improper risk taking and significant compliance issues.
- Each year the Committee reviews all compensation programs to ensure existing programs are not reasonably likely to have a material adverse effect on the Company.

Executive Compensation Process, Programs and Policies

Role of the Compensation Committee

The Committee is responsible for reviewing and approving all aspects of the compensation programs for our NEOs and making all decisions regarding specific compensation to be paid or awarded to them. The Committee is responsible for, among its other duties, the following:

- Review and approval of corporate incentive goals and objectives relevant to compensation;
- Evaluation of individual performance results in light of these goals and objectives;
- Evaluation of the competitiveness of the total compensation package; and
- Approval of any changes to the total compensation package, including, but not limited to, base salary, annual and long-term incentive award opportunities and payouts and retention programs.

The Committee is responsible for determining all aspects of compensation of the Co-Chief Executive Officers, as well as assessing their individual performance.

Table of Contents

2018 PROXY STATEMENT

In setting the compensation of our NEOs, the Committee, in its discretion, considers (i) the transferability of managerial skills, (ii) the relevance of each NEO's experience to other potential employees, and (iii) the readiness of the NEO to assume a different or more significant role, either within our organization or with another organization. When the Committee makes pay-related decisions, the Committee considers our acquisition and growth strategy, our desire to attract, retain and motivate talent, and the importance of compensation in supporting the achievement of our strategic objectives.

Information about the Committee and its composition, responsibilities and operations can be found under the "Board Committees" section.

Role of the Co-Chief Executive Officers in Compensation Decisions

The Co-Chief Executive Officers provide input and recommendations to the Committee regarding compensation decisions for their direct reports, including the other NEOs. These recommendations are made within the framework of the compensation programs approved by the Committee and based on market data provided by the Committee's independent consultant. The input includes base salary changes, annual incentive and long-term incentive opportunities and payouts, specific individual performance objectives, and individual performance assessments. The Co-Chief Executive Officers make their recommendations based on their assessment of the individual officer's performance, performance of the officer's respective business or function and employee retention considerations. The Committee reviews and considers the Co-Chief Executive Officers' recommendations when determining any compensation changes affecting our officers or executives. Neither Co-Chief Executive Officer plays any role with respect to his own compensation.

Role of Compensation Consultant

Pursuant to its charter, the Committee is authorized to retain and terminate any consultant, as well as to approve the consultant's fees and other terms of the engagement. The Committee also has the authority to obtain advice and assistance from internal or external legal, accounting or other advisors. In 2017, the Committee continued its engagement of Meridian Compensation Partners, LLC, or Meridian, as its independent compensation consultant. Meridian is engaged directly by the Committee.

Pursuant to its engagement, Meridian provides research, data analyses, survey information and design expertise in developing compensation programs for executives and incentive programs for eligible employees. In addition, Meridian keeps the Committee apprised of regulatory developments and market trends related to executive compensation practices. Meridian does not determine or recommend the exact amount or form of executive compensation for any of the NEOs. A representative of Meridian generally attends meetings of the Committee, is available to participate in executive sessions of the Committee and communicates directly with the Committee and the chairman of the Committee.

Pursuant to the Committee's charter, if the Committee elects to use a compensation consultant, the Committee must assess the consultant's independence, taking into account the following factors:

- The provision of other services to the Company by the consultant;
- The amount of fees the consultant received from the Company;
- The policies and procedures the consultant has in place to prevent conflicts of interest;
- Any business or personal relationships between the consulting firm and the members of the Committee;
- Any ownership of Company stock by the individuals at the firm performing consulting services for the Committee; and
- Any business or personal relationship of the firm with an executive officer of the Company.

During 2017, the Company paid Meridian fees totaling \$10,000 related to the valuation of performance-based RSUs. Meridian has provided the Committee with appropriate assurances and confirmation of its independent status pursuant to the charter and other factors. The Committee believes that Meridian has been independent throughout its service for the Committee and there is no conflict of interest between Meridian and the Committee.

Table of Contents

2018 PROXY STATEMENT

Benchmarking Compensation

The Committee regularly assesses the components of the executive compensation program with advice from its independent compensation consultant. In October 2016, Meridian provided an analysis of base salary, annual incentive and long-term incentive practices of comparable companies in the financial industry. Meridian considered individual compensation elements as well as the total compensation package. This analysis was considered by the Committee when it established 2017 pay opportunities for executives.

In performing this analysis, Meridian developed market data using publicly-disclosed compensation information from a peer group of comparable financial institutions, as well as compensation surveys. Survey data reflected financial institutions of similar size to Hilltop and our operating subsidiaries. The Committee did not review the specific companies included in the survey data.

The compensation peer group includes institutions of generally similar asset size and, to the extent possible, organizations with significant other operating segments. The Committee approved changes to our peer group in July 2016 in order to account for changes among the peer companies and to position Hilltop more closely to the median asset size of the peers.

The following financial institutions were included in the compensation peer group:

| | | |
|------------------------------------|-----------------------------------|--------------------------------------|
| Cullen/Frost Bankers, Inc. | First Financial Bankshares, Inc.* | First Midwest Bancorp, Inc. |
| Hancock Holding Company | IBERIABANK Corporation | International Bancshares Corporation |
| LegacyTexas Financial Group, Inc.* | MB Financial, Inc. | Old National Bancorp |
| Pinnacle Financial Partners, Inc.* | Prosperity Bancshares, Inc. | Simmons First National Corporation* |
| South State Corporation | TCF Financial Corporation | Texas Capital Bancshares, Inc. |
| Trustmark Corporation | UMB Financial Corporation | Umpqua Holdings Corporation |
| Union Bankshares Corporation | WesBanco, Inc. | Wintrust Financial Corporation |

* Added to the peer group in 2016. Associated Banc-Corp, First Citizens BancShares, Inc., First Horizon National Corporation, FirstMerit Corporation and United Bankshares, Inc. were removed from the peer group.

Other Factors

The Committee makes executive compensation decisions following a review and discussion of both the financial and operational performance of our businesses and the annual performance reviews of the NEOs and other members of the management team.

Stock Ownership Requirements

In February 2014, the Committee recommended, and the Board of Directors adopted, a stock ownership policy applicable to our executive officers and directors. Within five years of the later of appointment or the date the policy was adopted, executive officers are required to achieve ownership of a defined market value of Company common stock equal to a minimum number of equity or equity-based securities as follows:

- Six times annual base salary for the Co-Chief Executive Officers; and
- Three times annual base salary for the other executive officers.

Under this policy, directors are expected to own shares with a value greater than five times their annual retainer for serving on the Board of Directors of the Company, unless they are subject to certain restrictions on receiving director fees. Our director compensation program permits directors to elect to receive their director compensation in cash, Company common stock or a combination of cash and Company common stock.

In calculating equity ownership for purposes of this requirement, we include all shares beneficially owned by an individual, such as shares owned by an individual in the Company's benefit plans (e.g., 401(k)), shares of restricted stock and shares with respect to which an individual has voting or investment power. Shares underlying unexercised stock options and unearned performance shares are excluded when determining ownership for these purposes.

Executive officers are expected to hold 50% of any net shares received through compensatory equity-based grants until the ownership guidelines are achieved. Once such officer achieves the ownership requirement, he or she is no longer restricted by this holding requirement, provided his or her total stock ownership level does not fall below the ownership guidelines.

Table of Contents

2018 PROXY STATEMENT

In addition, all awards of RSUs granted since February 2014 to NEOs are, subject to certain exceptions, required to be held for one year after vesting.

As of April 27, 2018, all NEOs are on track to meet the ownership guidelines.

Clawback Policy

Our compensation program also includes a clawback from any annual cash or long-term incentive award for improper risk taking and significant compliance issues. Annual Incentive Plan awards are subject to any clawback, recoupment or forfeiture provisions (i) required by law or regulation and applicable to Hilltop or its subsidiaries or (ii) set forth in any policies adopted or maintained by Hilltop or any of its subsidiaries.

Tax Considerations

Section 162(m) of the Code imposes a \$1.0 million limit on the tax-deductibility of compensation paid to certain named executive officers. Prior to the Tax Cuts and Jobs Act of 2017, or the Tax Legislation, exceptions were provided for compensation that is “performance-based” and paid pursuant to a plan meeting certain requirements of Section 162(m) of the Code. The Committee has historically considered the implications of Section 162(m) of the Code in the design of its executive compensation programs. The Committee, however, reserved the flexibility, where appropriate, to approve compensation arrangements that may not have been tax deductible to the Company, such as base salary and awards of time-based RSUs.

The performance-based exception from 162(m) deductibility limits have been repealed, effective for taxable years beginning after December 31, 2017. The Tax Legislation included certain transition relief for historical arrangements; however, it is currently uncertain how the transition relief will be interpreted and applied. The Committee continues to reserve flexibility to provide compensation arrangements that it believes are consistent with its compensation philosophy even if the arrangements will result in non-deductible compensation.

Trading Controls and Hedging, Short Sale and Pledging Policies

Executive officers, including the NEOs, are required to receive the permission of the General Counsel prior to entering into any transactions in our securities, including gifts, grants and those involving derivatives. Generally, trading is permitted only during announced trading periods. Employees who are subject to trading restrictions, including the NEOs, may enter into a trading plan under Rule 10b5-1 under the Exchange Act. These trading plans may be entered into only during an open trading period and must be approved by the General Counsel. We require trading plans to include a waiting period and the trading plans may not be amended during their term. The NEO bears full responsibility if he or she violates our policy by permitting shares to be bought or sold without pre-approval or when trading is restricted.

Executive officers are prohibited from entering into hedging and short sale transactions and are subject to restrictions on pledging our securities.

Compensation Committee Report

The Compensation Committee of the Board of Directors of Hilltop Holdings Inc. has reviewed and discussed with management the Compensation Discussion and Analysis contained in this Proxy Statement. Based on its review, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Proxy Statement.

The foregoing report has been submitted by the following members of the Compensation Committee:

| | | |
|----------------------------|------------|-------------|
| A. Haag Sherman (Chairman) | Rhodes | W. Joris |
| | Bobbitt | Brinkerhoff |
| William T. Hill, Jr. | Andrew | |
| | Littlefair | |

Table of Contents

2018 PROXY STATEMENT

Executive Compensation

The following tables set forth information concerning the compensation earned for services performed during 2017, 2016 and 2015 by the NEOs, who were either serving in such capacities on December 31, 2017, during 2017, or are reportable pursuant to applicable SEC regulations.

Summary Compensation Table

Fiscal Years 2017, 2016 and 2015

| Name and principal position | Year | Salary (\$) | Bonus (a) (\$) | Stock Awards (b) (\$) | Option Awards (\$) | Non-Equity Incentive Plan Compensation (c) (\$) | Change Value a Nonqua Comper Earning |
|--|------|----------------|-------------------|-----------------------------|--------------------------|---|--|
| Jeremy B. Ford President and Co-Chief Executive Officer | 2017 | 718,500 | — | 1,582,502 | — | 790,000 | — |
| | 2016 | 700,000 | — | 699,996 | — | 715,000 | — |
| | 2015 | 662,500 | — | 679,741 | — | 740,000 | — |
| Alan B. White Vice Chairman and Co-Chief Executive Officer | 2017 | 1,387,500 | 1,450,000 | 702,209 | — | — | 44,519 |
| | 2016 | 1,350,000 | 1,400,000 | 699,996 | — | — | 29,392 |
| | 2015 | 1,350,000 | 1,350,000 | 679,741 | — | — | 29,261 |
| William B. Furr Executive Vice President and Chief Financial Officer (f) | 2017 | 425,000 | — | 351,119 | — | 425,000 | — |
| | 2016 | 143,438 | 518,000 | (g) 939,528 | — | — | — |
| | 2015 | — | — | — | — | — | — |
| Hill A. Feinberg Chairman and Chief Executive Officer of Hilltop Securities | 2017 | 500,000 | — | 351,119 | — | 900,000 | — |
| | 2016 | 500,000 | — | 299,994 | — | 750,000 | — |
| | 2015 | 500,000 | — | 242,765 | — | 650,000 | — |
| James R. Huffines (h) | 2017 | 690,000 | — | 401,274 | — | 555,000 | — |

| | | | | | | | |
|---|------|---------|---|---------|---|-----------|---|
| Former Executive Vice President and Chief Operating Officer of Subsidiaries | 2016 | 690,000 | — | 419,994 | — | 555,000 | — |
| | 2015 | 690,000 | — | 407,849 | — | 555,000 | — |
| Todd L. Salmans | 2017 | 750,000 | — | 351,119 | — | 825,000 | — |
| Chief Executive Officer of PrimeLending | 2016 | 750,000 | — | 349,998 | — | 1,100,000 | — |
| | 2015 | 750,000 | — | 339,871 | — | 1,000,000 | — |

- (a) Represents bonuses paid for services during 2017, 2016 and 2015, as applicable.
- (b) Reflects the grant date fair value calculated in accordance with the provisions of the Stock Compensation Topic of the ASC, with the exception that the amounts shown assume no forfeitures. The value of performance-based stock awards is based on the probable outcome of the applicable performance conditions. The following table presents the value of performance-based awards included in the table above based on the achievement of both probable and maximum outcomes:

| Name | Year | Performance-Based Stock Awards | |
|-------------------|------|--------------------------------|----------------------------|
| | | (Probable Achievement) (\$) | (Maximum Achievement) (\$) |
| Jeremy B. Ford | 2017 | 793,747 | 1,190,621 |
| | 2016 | 349,998 | 524,997 |
| | 2015 | 332,624 | 498,936 |
| Alan B. White | 2017 | 352,198 | 528,297 |
| | 2016 | 349,998 | 524,997 |
| | 2015 | 332,624 | 498,936 |
| William B. Furr | 2017 | 176,099 | 264,148 |
| | 2016 | — | — |
| | 2015 | — | — |
| Hill A. Feinberg | 2017 | 176,099 | 264,148 |
| | 2016 | 149,997 | 224,995 |
| | 2015 | 118,794 | 178,191 |
| James R. Huffines | 2017 | 201,256 | 301,884 |
| | 2016 | 209,989 | 314,984 |
| | 2015 | 199,567 | 299,350 |
| Todd L. Salmans | 2017 | 176,099 | 264,148 |
| | 2016 | 174,991 | 262,487 |
| | 2015 | 166,312 | 249,468 |

- (c) For 2017, represents cash awards earned under the Annual Incentive Plan for services during 2017, but paid in March 2018. For 2016, represents cash awards earned under the Annual Incentive Plan for services during 2016, but paid in March 2017. For 2015, represents cash awards earned under the Annual Incentive Plan for services during 2015, but paid in March 2016.
- (d)

Represents interest earned on non-qualified deferred compensation contributions to Mr. White during 2017, 2016 and 2015, as applicable. For additional information, see “— Non-Qualified Deferred Compensation.”

- (e) Includes amounts paid during 2017, 2016 and 2015, as applicable, for group life insurance premiums, auto allowance, gym and club expenses, use of a company car and aircraft, moving expenses, and cellular phone reimbursement. The table following these footnotes is a breakdown of all other compensation included in the “Summary Compensation Table” for the NEOs.
- (f) Mr. Furr began serving as our Executive Vice President and Chief Financial Officer effective September 1, 2016.
- (g) Includes sign-on bonus of \$143,000.
- (h) Mr. Huffines retired effective December 31, 2017, from all positions with the Company and its subsidiaries.

Table of Contents

2018 PROXY STATEMENT

All Other Compensation

| Name | Year | Perquisites and Personal Benefits (a) (\$) | Gross-Ups or Other Amounts Reimbursed for the Payment of Taxes (\$) | Company Contributions to Defined Contribution Plans (\$) | Insurance Policies (b) (\$) | Total All Other Compensation (\$) |
|-------------------|------|--|---|--|--------------------------------|--------------------------------------|
| Jeremy B. Ford | 2017 | 60,164 | 366 | 9,000 | 780 | 70,310 |
| | 2016 | 50,754 | — | 9,000 | 780 | 60,534 |
| | 2015 | 70,081 | — | — | 780 | 70,861 |
| Alan B. White | 2017 | 95,699 | 80 | 9,000 | 65,604 | 170,383 |
| | 2016 | 105,275 | — | 9,000 | 12,573 | 126,848 |
| | 2015 | 100,236 | — | — | 9,906 | 110,142 |
| William B. Furr | 2017 | 71,659 | 36,161 | 9,000 | 450 | 117,270 |
| | 2016 | 19,572 | 9,730 | 2,125 | 135 | 31,562 |
| | 2015 | — | — | — | — | — |
| Hill A. Feinberg | 2017 | — | 108 | 9,000 | 16,068 | 25,176 |
| | 2016 | — | — | 8,271 | 9,906 | 18,177 |
| | 2015 | — | — | 9,000 | 2,896 | 11,896 |
| James R. Huffines | 2017 | 37,494 | 2,064 | 9,000 | 9,906 | 58,464 |
| | 2016 | 38,714 | — | 9,000 | 10,757 | 58,471 |
| | 2015 | 36,676 | — | — | 5,148 | 41,824 |
| Todd L. Salmans | 2017 | 22,000 | 2,189 | 9,000 | 9,906 | 43,095 |
| | 2016 | 32,000 | 4,216 | 9,000 | 9,906 | 55,122 |
| | 2015 | 43,386 | — | — | 9,906 | 53,292 |

(a) Year 2017: For Mr. Jeremy B. Ford, reflects \$1,800 gym membership allowance and personal use of company airplane of \$58,364. For Mr. White, reflects car allowance of \$36,000, club expenses of \$25,721, personal use of company airplane of \$31,326 and personal use of company automobile of \$1,288. For Mr. Furr, reflects a cellular phone reimbursement of \$1,500, a moving reimbursement of \$14,669 and taxable moving expenses of \$55,490. For Mr. Huffines, includes a car allowance of \$24,000, club expenses of \$10,729 and a cellular phone reimbursement of \$1,500. For Mr. Salmans, includes a car allowance of \$12,000 and club expenses of \$10,000. Personal use of company aircraft is calculated on a per mile basis utilizing SIFL rates published by the IRS.

(b)

Reflects group term life insurance premiums paid during 2017, 2016 and 2015, for Messrs. Ford, Furr, Feinberg, Huffines, and Salmans, as applicable. For Mr. White, represents group term life insurance of \$12,804 and key man life insurance of \$52,800.

Table of Contents

2018 PROXY STATEMENT

Grants of Plan-Based Awards

Grants of Plan-Based Awards Table

Fiscal Year 2017

| Grant Date | Estimated Future Payouts Under Non-Equity Incentive Plan Awards (a) | | | Estimated Future Payouts Under Equity Incentive Plan Awards (b) | | | All Other Stock Awards: Number of Shares of Stock or Units (c) (#) | Grant Date of Share and Option Awards (d) (\$) |
|------------|---|-------------|--------------|---|------------|-------------|--|--|
| | Threshold (\$) | Target (\$) | Maximum (\$) | Threshold (#) | Target (#) | Maximum (#) | | |
| 2/23/2017 | | | | | | | | |