

# Hilltop Holdings Inc. Announces Financial Results for Fourth Quarter and Full Year 2021

1/27/2022

DALLAS--(BUSINESS WIRE)-- Hilltop Holdings Inc. (NYSE: HTH) (“Hilltop”) today announced financial results for the fourth quarter and full year 2021. Hilltop produced income from continuing operations to common stockholders of \$62.2 million, or \$0.78 per diluted share, for the fourth quarter of 2021, compared to \$112.7 million, or \$1.30 per diluted share, for the fourth quarter of 2020. Income from continuing operations to common stockholders for the full year 2021 was \$374.5 million, or \$4.61 per diluted share, compared to \$409.4 million, or \$4.58 per diluted share, for the full year 2020. Hilltop’s financial results from continuing operations for the fourth quarter and full year 2021 included decreases in year-over-year mortgage origination segment net gains from sales of loans and other mortgage production income as well as declines in net revenues within the broker-dealer segment’s structured finance business and fixed income services lines, partially offset by improvements in the macroeconomic outlook and resulting beneficial impact on loan expected loss rates within the banking segment.

Hilltop also announced that its Board of Directors declared a quarterly cash dividend of \$0.15 per common share, a 25% increase from the prior quarter, payable on February 28, 2022, to all common stockholders of record as of the close of business on February 15, 2022. Additionally, during 2021, Hilltop paid \$123.6 million to repurchase approximately 3.63 million shares of its common stock at an average price of \$34.01 per share pursuant to the 2021 stock repurchase program. These shares were returned to the pool of authorized but unissued shares of common stock. The Hilltop Board of Directors authorized a new stock repurchase program through January 2023, under which Hilltop may repurchase, in the aggregate, up to \$100.0 million of its outstanding common stock.

The COVID-19 pandemic has adversely impacted financial markets and overall economic conditions, and is expected to continue to have implications on our business and operations. The extent of the impact of the pandemic on our operational and financial performance for 2022 is currently uncertain and will depend on certain

developments outside of our control, including, among others, the ongoing distribution and effectiveness of vaccines, the emergence of new variants of the virus, government stimulus, the ultimate impact of the pandemic on our customers and clients, and additional, or extended, federal, state and local government orders and regulations that might be imposed in response to the pandemic.

Jeremy B. Ford, President and CEO of Hilltop, said, "I am pleased to announce Hilltop's 2021 strong performance that represents a second consecutive year of outstanding results. Once again, Hilltop generated consolidated annual pre-tax income above \$500 million, return on average assets above 2%, return on average equity above 15% and growth in book value per share above 12%. This exceptional financial performance was primarily the result of strong execution by our talented employees, prudent leadership from our experienced management teams, and a commitment to serve our customers and the communities in which they live. PlainsCapital Bank realized further improvement in the quality of its loan portfolio, while expanding business sourcing efforts and the recruitment of talented lending teams. PrimeLending once again originated nearly \$23 billion in mortgages, which is a reflection of a well-tuned platform. For the year, Hilltop Securities produced net revenue of \$424 million. While the fourth quarter was challenging, Hilltop Securities has an improved infrastructure and a talented team to drive towards a successful 2022."

#### Fourth Quarter 2021 Highlights for Hilltop:

- The reversal of credit losses was \$18.6 million during the fourth quarter of 2021, compared to a reversal of credit losses of \$5.8 million in the third quarter of 2021;
  - The reversal of credit losses during the fourth quarter of 2021 primarily reflected improvements in both macroeconomic forecast assumptions and credit quality metrics.
- For the fourth quarter of 2021, net gains from sale of loans and other mortgage production income and mortgage loan origination fees within our mortgage origination segment was \$192.0 million, compared to \$297.6 million in the fourth quarter of 2020, a 35.5% decrease;
  - Mortgage loan origination production volume was \$5.0 billion during the fourth quarter of 2021, compared to \$6.8 billion in the fourth quarter of 2020;
  - Net gains from mortgage loans sold to third parties increased to 362 basis points during the fourth quarter of 2021, compared to 359 basis points in the third quarter of 2021.
- Hilltop's consolidated annualized return on average assets and return on average equity for the fourth quarter of 2021 were 1.41% and 9.93%, respectively, compared to 2.83% and 20.56%, respectively, for the fourth quarter of 2020;
- Hilltop's book value per common share increased to \$31.95 at December 31, 2021, compared to \$31.36 at September 30, 2021;

- Hilltop's total assets were \$18.7 billion and \$18.0 billion at December 31, 2021 and September 30, 2021, respectively;
- Loans<sup>1</sup>, net of allowance for credit losses, increased to \$7.1 billion at December 31, 2021 compared to \$6.8 billion at September 30, 2021;
  - Includes supporting our impacted banking clients through funding of over 4,100 loans through both the initial and second rounds of the Paycheck Protection Program, or PPP, with a remaining balance of approximately \$78 million as of December 31, 2021, compared to approximately \$133 million as of September 30, 2021;
  - Through January 21, 2022, the Small Business Administration, or SBA, had approved approximately 3,600 PPP forgiveness applications from the Bank totaling approximately \$833 million, with PPP loans of approximately \$7 million currently pending SBA review and approval.
- Non-performing loans were \$51.1 million, or 0.52% of total loans, at December 31, 2021, compared to \$62.2 million, or 0.64% of total loans, at September 30, 2021;
- We further supported our impacted banking clients during 2020 through the approval of COVID-19 related loan modifications of approximately \$1.0 billion, and continued such support during 2021, resulting in a portfolio of active deferrals that have not reached the end of their deferral period of approximately \$4 million as of December 31, 2021, compared to approximately \$17 million in active deferment as of September 30, 2021;
  - While the majority of the portfolio of COVID-19 related loan modifications no longer require deferral, such loans may continue to represent elevated risk; therefore, monitoring of these loans continues.
- Loans held for sale decreased by 10.9% from September 30, 2021 to \$1.9 billion at December 31, 2021;
- Total deposits were \$12.8 billion and \$12.1 billion at December 31, 2021 and September 30, 2021, respectively;
- Hilltop maintained strong capital levels<sup>2</sup> with a Tier 1 Leverage Ratio<sup>3</sup> of 12.58% and a Common Equity Tier 1 Capital Ratio of 21.22% at December 31, 2021;
- Hilltop's consolidated net interest margin<sup>4</sup> decreased to 2.44% for the fourth quarter of 2021, compared to 2.53% in the third quarter of 2021;
  - Includes previously deferred interest income of \$2.2 million during the fourth quarter of 2021, compared to \$4.6 million during the third quarter of 2021, related to PPP loan-related origination fees.
- For the fourth quarter of 2021, noninterest income from continuing operations was \$284.8 million, compared to \$447.9 million in the fourth quarter of 2020, a 36.4% decrease;
- For the fourth quarter 2021, noninterest expense from continuing operations was \$322.2 million, compared to \$402.3 million in the fourth quarter of 2020, a 19.9% decrease; and
- Hilltop's effective tax rate from continuing operations was 24.2% during the fourth quarter of 2021, compared

to 25.1% during the same period in 2020.

## Discontinued Operations

On June 30, 2020, Hilltop completed the sale of National Lloyds Corporation, or NLC, which comprised the operations of its former insurance segment, for cash proceeds of \$154.1 million. During 2020, Hilltop recognized an aggregate gain associated with this transaction of \$36.8 million, net of transaction costs. Accordingly, insurance segment results and its assets and liabilities have been presented as discontinued operations. The resulting book gain from this sale transaction was not recognized for tax purposes pursuant to the rules promulgated under the Internal Revenue Code.

Note: "Consolidated" refers to our consolidated financial position and consolidated results of operations, including discontinued operations and assets and liabilities of discontinued operations.

"Loans" reflect loans held for investment excluding broker-dealer margin loans, net of allowance for credit losses, of \$733.0 million and \$645.6 million at December 31, 2021 and September 30, 2021, respectively.

Capital ratios reflect Hilltop's decision to elect the transition option as issued by the federal banking regulatory agencies in March 2020 that permits banking institutions to mitigate the estimated cumulative regulatory capital effects from CECL over a five-year transitional period.

Based on the end of period Tier 1 capital divided by total average assets during the quarter, excluding goodwill and intangible assets. Net interest margin is defined as net interest income divided by average interest-earning assets.

## Consolidated Financial and Other Information

| Consolidated Balance Sheets<br>(in 000's)           | December 31,<br>2021 | September 30,<br>2021 | June 30,<br>2021 | March 31,<br>2021 | December 31,<br>2020 |
|---|----------------------|-----------------------|------------------|-------------------|----------------------|
| Cash and due from banks                             | \$ 2,823,138         | \$ 2,463,111          | \$ 1,372,818     | \$ 1,564,489      | \$ 1,062,560         |
| Federal funds sold                                  | 385                  | 406                   | 387              | 396               | 386                  |
| Assets segregated for regulatory purposes           | 221,740              | 269,506               | 207,284          | 273,393           | 290,357              |
| Securities purchased under agreements to resell     | 118,262              | 155,908               | 202,638          | 106,342           | 80,319               |
| Securities:   |                      |                       |                  |                   |                      |
| Trading, at fair value                              | 647,998              | 609,813               | 682,483          | 528,712           | 694,255              |
| Available for sale, at fair value, net              | 2,130,568            | 1,994,183             | 1,817,807        | 1,715,406         | 1,462,205            |
| Held to maturity, at amortized cost, net            | 267,684              | 277,419               | 288,776          | 300,088           | 311,944              |
| Equity, at fair value                               | 250                  | 221                   | 193              | 189               | 140                  |
|   | 3,046,500            | 2,881,636             | 2,789,259        | 2,544,395         | 2,468,544            |
| Loans held for sale                                 | 1,878,190            | 2,108,878             | 2,885,458        | 2,538,986         | 2,788,386            |
| Loans held for investment, net of unearned income   | 7,879,904            | 7,552,926             | 7,645,227        | 7,810,657         | 7,693,141            |
| Allowance for credit losses                         | (91,352)             | (109,512)             | (115,269)        | (144,499)         | (149,044)            |
| Loans held for investment, net                      | 7,788,552            | 7,443,414             | 7,529,958        | 7,666,158         | 7,544,097            |
| Broker-dealer and clearing organization receivables | 1,672,946            | 1,419,652             | 1,403,447        | 1,596,817         | 1,404,727            |
| Premises and equipment, net                         | 204,438              | 210,026               | 212,402          | 213,304           | 211,595              |
| Operating lease right-of-use assets                 | 112,328              | 115,942               | 115,698          | 101,055           | 105,757              |
| Mortgage servicing assets                           | 86,990               | 110,931               | 124,497          | 142,125           | 143,742              |
| Other assets  | 452,880              | 526,339               | 535,536          | 648,895           | 555,983              |
| Goodwill  | 267,447              | 267,447               | 267,447          | 267,447           | 267,447              |
| Other intangible assets, net                        | 15,284               | 16,455                | 17,705           | 19,035            | 20,364               |
| Total assets  | \$ 18,689,080        | \$ 17,989,651         | \$ 17,664,534    | \$ 17,682,837     | \$ 16,944,264        |
| Deposits:   |                      |                       |                  |                   |                      |
| Noninterest-bearing                                 | \$ 4,577,183         | \$ 4,433,148          | \$ 4,231,082     | \$ 4,031,181      | \$ 3,612,384         |
| Interest-bearing                                    | 8,240,894            | 7,699,014             | 7,502,703        | 7,701,598         | 7,629,935            |

|   |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|
| Total deposits                                    | 12,818,077    | 12,132,162    | 11,733,785    | 11,732,779    | 11,242,319    |
| Broker-dealer and clearing organization payables  | 1,477,300     | 1,496,923     | 1,439,620     | 1,546,227     | 1,368,373     |
| Short-term borrowings                             | 859,444       | 747,040       | 915,919       | 676,652       | 695,798       |
| Securities sold, not yet purchased, at fair value | 96,586        | 113,064       | 132,950       | 97,055        | 79,789        |
| Notes payable                                     | 387,904       | 395,804       | 396,653       | 401,713       | 381,987       |
| Operating lease liabilities                       | 130,960       | 134,296       | 134,019       | 120,339       | 125,450       |
| Junior subordinated debentures                    | —             | —             | 67,012        | 67,012        | 67,012        |
| Other liabilities                                 | 369,606       | 468,020       | 348,200       | 595,045       | 632,889       |
| Total liabilities                                 | 16,139,877    | 15,487,309    | 15,168,158    | 15,236,822    | 14,593,617    |
| Common stock                                      | 790           | 790           | 812           | 823           | 822           |
| Additional paid-in capital                        | 1,274,446     | 1,270,272     | 1,302,439     | 1,319,518     | 1,317,929     |
| Accumulated other comprehensive income (loss)     | (10,219)      | 367           | 7,093         | 3,486         | 17,763        |
| Retained earnings                                 | 1,257,014     | 1,204,307     | 1,159,304     | 1,094,727     | 986,792       |
| Deferred compensation employee stock trust, net   | 752           | 751           | 754           | 752           | 771           |
| Employee stock trust                              | (115)         | (116)         | (121)         | (121)         | (138)         |
| Total Hilltop stockholders' equity                | 2,522,668     | 2,476,371     | 2,470,281     | 2,419,185     | 2,323,939     |
| Noncontrolling interests                          | 26,535        | 25,971        | 26,095        | 26,830        | 26,708        |
| Total stockholders' equity                        | 2,549,203     | 2,502,342     | 2,496,376     | 2,446,015     | 2,350,647     |
| Total liabilities & stockholders' equity          | \$ 18,689,080 | \$ 17,989,651 | \$ 17,664,534 | \$ 17,682,837 | \$ 16,944,264 |

| Consolidated Income Statements<br>(in 000's, except per share data) | Three Months Ended |                    |                   | Year Ended        |                   |
|---|--------------------|--------------------|-------------------|-------------------|-------------------|
|   | December 31, 2021  | September 30, 2021 | December 31, 2020 | December 31, 2021 | December 31, 2020 |
|   |                    |                    |                   |                   |                   |
| Interest income:  |                    |                    |                   |                   |                   |
| Loans, including fees   | \$ 96,104          | \$ 99,769          | \$ 109,328        | \$ 404,312        | \$ 433,311        |
| Securities borrowed   | 8,524              | 8,585              | 14,445            | 61,667            | 51,360            |
| Securities:   |                    |                    |                   |                   |                   |
| Taxable   | 13,916             | 12,341             | 9,845             | 47,633            | 48,273            |
| Tax-exempt  | 2,639              | 2,687              | 1,862             | 9,766             | 6,698             |
| Other   | 1,872              | 1,796              | 1,381             | 6,595             | 6,853             |
| Total interest income   | 123,055            | 125,178            | 136,861           | 529,973           | 546,495           |
| Interest expense:   |                    |                    |                   |                   |                   |
| Deposits  | 4,404              | 5,303              | 9,269             | 23,624            | 47,040            |
| Securities loaned   | 6,624              | 6,519              | 12,014            | 50,974            | 42,816            |
| Short-term borrowings   | 2,279              | 2,400              | 2,154             | 9,065             | 11,611            |
| Notes payable   | 5,871              | 5,465              | 4,807             | 21,386            | 15,897            |
| Junior subordinated debentures                                      | —                  | 419                | 609               | 1,558             | 2,772             |
| Other   | (417)              | (18)               | 636               | 384               | 2,193             |
| Total interest expense  | 18,761             | 20,088             | 29,489            | 106,991           | 122,329           |
| Net interest income   | 104,294            | 105,090            | 107,372           | 422,982           | 424,166           |
| Provision for (reversal of) credit losses                           | (18,565)           | (5,819)            | (3,482)           | (58,213)          | 96,491            |
| Net interest income after provision for (reversal of) credit losses | 122,859            | 110,909            | 110,854           | 481,195           | 327,675           |
| Noninterest income:   |                    |                    |                   |                   |                   |
| Net gains from sale of loans and other mortgage production income   | 156,103            | 203,152            | 247,360           | 825,960           | 1,001,059         |
| Mortgage loan origination fees                                      | 35,930             | 38,780             | 50,193            | 160,011           | 171,769           |
| Securities commissions and fees                                     | 32,801             | 34,412             | 35,921            | 143,827           | 142,720           |
| Investment and securities advisory fees and commissions             | 42,834             | 49,646             | 42,161            | 152,443           | 131,327           |
| Other   | 17,178             | 41,955             | 72,296            | 128,034           | 243,605           |
| Total noninterest income  | 284,846            | 367,945            | 447,931           | 1,410,275         | 1,690,480         |
| Noninterest expense:  |                    |                    |                   |                   |                   |
| Employees' compensation and benefits                                | 229,717            | 258,679            | 291,489           | 1,007,235         | 1,059,645         |
| Occupancy and equipment, net  | 25,741             | 25,428             | 27,596            | 100,602           | 99,416            |
| Professional services   | 9,904              | 14,542             | 21,927            | 54,270            | 69,984            |
| Other   | 56,832             | 56,525             | 61,336            | 225,291           | 224,758           |
| Total noninterest expense   | 322,194            | 355,174            | 402,348           | 1,387,398         | 1,453,803         |
| Income from continuing operations before income taxes               | 85,511             | 123,680            | 156,437           | 504,072           | 564,352           |
| Income tax expense  | 20,715             | 28,257             | 39,295            | 117,976           | 133,071           |
| Income from continuing operations                                   | 64,796             | 95,423             | 117,142           | 386,096           | 431,281           |
| Income from discontinued operations, net of income taxes            | —                  | —                  | 3,734             | —                 | 38,396            |
| Net income  | 64,796             | 95,423             | 120,876           | 386,096           | 469,677           |
| Less: Net income attributable to noncontrolling interest            | 2,611              | 2,517              | 4,431             | 11,601            | 21,841            |

|  |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|
| Income attributable to Hilltop           | \$ 62,185      | \$ 92,906      | \$ 116,445     | \$ 374,495     | \$ 447,836     |
| Earnings per common share:               |                |                |                |                |                |
| Basic:                                   |                |                |                |                |                |
| Earnings from continuing operations      | \$ 0.79        | \$ 1.16        | \$ 1.31        | \$ 4.64        | \$ 4.59        |
| Earnings from discontinued operations    | —              | —              | 0.04           | —              | 0.43           |
|  | <u>\$ 0.79</u> | <u>\$ 1.16</u> | <u>\$ 1.35</u> | <u>\$ 4.64</u> | <u>\$ 5.02</u> |
| Diluted:                                 |                |                |                |                |                |
| Earnings from continuing operations      | \$ 0.78        | \$ 1.15        | \$ 1.30        | \$ 4.61        | \$ 4.58        |
| Earnings from discontinued operations    | —              | —              | 0.05           | —              | 0.43           |
|  | <u>\$ 0.78</u> | <u>\$ 1.15</u> | <u>\$ 1.35</u> | <u>\$ 4.61</u> | <u>\$ 5.01</u> |
| Cash dividends declared per common share | \$ 0.12        | \$ 0.12        | \$ 0.09        | \$ 0.48        | \$ 0.36        |
| Weighted average shares outstanding:     |                |                |                |                |                |
| Basic                                    | 78,933         | 80,109         | 86,269         | 80,708         | 89,280         |
| Diluted                                  | 79,427         | 80,542         | 86,420         | 81,173         | 89,304         |

Three Months Ended December 31, 2021

| Segment Results<br>(in 000's)                         | Banking          | Broker-Dealer   | Mortgage<br>Origination | Corporate          | All Other and<br>Eliminations | Continuing<br>Operations |
|---|------------------|-----------------|-------------------------|--------------------|-------------------------------|--------------------------|
| Net interest income (expense)                         | \$ 97,194        | \$ 11,673       | \$ (3,846)              | \$ (3,519)         | \$ 2,792                      | \$ 104,294               |
| Provision for (reversal of) credit losses             | (18,450)         | (115)           | —                       | —                  | —                             | (18,565)                 |
| Noninterest income                                    | 11,820           | 82,896          | 192,311                 | 993                | (3,174)                       | 284,846                  |
| Noninterest expense                                   | 59,046           | 92,967          | 157,172                 | 13,492             | (483)                         | 322,194                  |
| Income (loss) from continuing operations before taxes | <u>\$ 68,418</u> | <u>\$ 1,717</u> | <u>\$ 31,293</u>        | <u>\$ (16,018)</u> | <u>\$ 101</u>                 | <u>\$ 85,511</u>         |

Year Ended December 31, 2021

| Segment Results<br>(in 000's)                         | Banking           | Broker-Dealer    | Mortgage<br>Origination | Corporate          | All Other and<br>Eliminations | Continuing<br>Operations |
|---|-------------------|------------------|-------------------------|--------------------|-------------------------------|--------------------------|
| Net interest income (expense)                         | \$ 406,524        | \$ 43,296        | \$ (20,400)             | \$ (17,239)        | \$ 10,801                     | \$ 422,982               |
| Provision for (reversal of) credit losses             | (58,175)          | (38)             | —                       | —                  | —                             | (58,213)                 |
| Noninterest income                                    | 45,113            | 381,125          | 986,990                 | 9,133              | (12,086)                      | 1,410,275                |
| Noninterest expense                                   | 226,915           | 380,798          | 731,056                 | 50,507             | (1,878)                       | 1,387,398                |
| Income (loss) from continuing operations before taxes | <u>\$ 282,897</u> | <u>\$ 43,661</u> | <u>\$ 235,534</u>       | <u>\$ (58,613)</u> | <u>\$ 593</u>                 | <u>\$ 504,072</u>        |

| Selected Financial Data                                   | Three Months Ended |                    |                   | Year Ended        |                   |
|---|--------------------|--------------------|-------------------|-------------------|-------------------|
|   | December 31, 2021  | September 30, 2021 | December 31, 2020 | December 31, 2021 | December 31, 2020 |
| <b>Hilltop Consolidated</b> <sup>(1)</sup> :              |                    |                    |                   |                   |                   |
| Return on average stockholders' equity                    | 9.93%              | 14.96%             | 20.56%            | 15.38%            | 20.03%            |
| Return on average assets                                  | 1.41%              | 2.13%              | 2.83%             | 2.17%             | 2.88%             |
| Net interest margin <sup>(2)</sup>                        | 2.44%              | 2.53%              | 2.71%             | 2.57%             | 2.85%             |
| Net interest margin (taxable equivalent) <sup>(3)</sup> : |                    |                    |                   |                   |                   |
| As reported   | 2.45%              | 2.54%              | 2.72%             | 2.58%             | 2.85%             |
| Impact of purchase accounting                             | 12 bps             | 9 bps              | 15 bps            | 12 bps            | 14 bps            |
| Book value per common share (\$)                          | 31.95              | 31.36              | 28.28             | 31.95             | 28.28             |
| Shares outstanding, end of period (000's)                 | 78,965             | 78,959             | 82,185            | 78,965            | 82,185            |
| Dividend payout ratio <sup>(4)</sup>                      | 15.19%             | 10.34%             | 6.67%             | 10.34%            | 7.18%             |

### Banking Segment:

|   |        |        |         |         |          |
|---|--------|--------|---------|---------|----------|
| Net interest margin <sup>(2)</sup>                        | 2.81%  | 2.99%  | 3.37%   | 3.07%   | 3.31%    |
| Net interest margin (taxable equivalent) <sup>(3)</sup> : |        |        |         |         |          |
| As reported   | 2.82%  | 3.00%  | 3.38%   | 3.08%   | 3.31%    |
| Impact of purchase accounting                             | 15 bps | 11 bps | 20 bps  | 16 bps  | 18 bps   |
| Accretion of discount on loans (\$000's)                  | 4,716  | 3,221  | 5,629   | 18,789  | 18,831   |
| Net recoveries (charge-offs) (\$000's)                    | 405    | 62     | (2,688) | 521     | (21,145) |
| Return on average assets                                  | 1.44%  | 1.36%  | 1.37%   | 1.55%   | 0.63%    |
| Fee income ratio  | 10.8%  | 10.5%  | 10.2%   | 10.0%   | 9.6%     |
| Efficiency ratio  | 54.2%  | 48.8%  | 53.0%   | 50.3%   | 53.8%    |
| Employees' compensation and benefits (\$000's)            | 34,415 | 31,500 | 34,007  | 130,276 | 127,985  |

### Broker-Dealer Segment:

|   |        |         |         |         |         |
|---|--------|---------|---------|---------|---------|
| Net revenue (\$000's) <sup>(5)</sup>                          | 94,569 | 126,570 | 150,070 | 424,421 | 531,267 |
| Employees' compensation and benefits (\$000's) <sup>(6)</sup> | 65,301 | 82,429  | 87,621  | 276,176 | 312,396 |
| Variable compensation expense (\$000's)                       | 35,939 | 53,505  | 60,295  | 161,264 | 205,464 |
| Compensation as a % of net revenue <sup>(6)</sup>             | 69.1%  | 65.1%   | 58.4%   | 65.1%   | 58.8%   |
| Pre-tax margin <sup>(7)</sup>                                 | 1.8%   | 13.8%   | 22.8%   | 10.3%   | 21.8%   |

### Mortgage Origination Segment:

|  |           |           |           |            |            |
|--|-----------|-----------|-----------|------------|------------|
| Mortgage loan originations - volume (\$000's):           |           |           |           |            |            |
| Home purchases   | 3,559,137 | 3,948,420 | 3,683,564 | 14,429,190 | 13,413,545 |
| Refinancings   | 1,430,369 | 1,646,208 | 3,114,630 | 8,239,093  | 9,556,649  |
| Total mortgage loan originations - volume                | 4,989,506 | 5,594,628 | 6,798,194 | 22,668,283 | 22,970,194 |
| Mortgage loan sales - volume (\$000's)                   | 4,988,538 | 6,195,559 | 6,571,234 | 23,059,160 | 22,514,170 |
| Net gains from mortgage loan sales (basis points):       |           |           |           |            |            |
| Loans sold to third parties                              | 362       | 359       | 451       | 375        | 409        |
| Impact of loans retained by banking segment              | (15)      | (13)      | (3)       | (13)       | (3)        |
| As reported  | 347       | 346       | 448       | 362        | 406        |
| Mortgage servicing rights asset (\$000's) <sup>(8)</sup> | 86,990    | 110,931   | 143,742   | 86,990     | 143,742    |
| Employees' compensation and benefits (\$000's)           | 121,758   | 134,814   | 163,822   | 568,221    | 586,713    |
| Variable compensation expense (\$000's)                  | 73,208    | 88,153    | 116,736   | 373,929    | 405,116    |

(1) Ratios and financial data presented on a consolidated basis. For all 2020 periods presented, information includes discontinued operations.

(2) Net interest margin is defined as net interest income divided by average interest-earning assets.

(3) Net interest margin (taxable equivalent), a non-GAAP measure, is defined as taxable equivalent net interest income divided by average interest-earning assets. Taxable equivalent adjustments are based on the applicable 21% federal income tax rate for all periods presented. The interest income earned on certain earning assets is completely or partially exempt from federal income tax. As such, these tax-exempt instruments typically yield lower returns than taxable investments. To provide more meaningful comparisons of net interest margins for all earning assets, we use net interest income on a taxable-equivalent basis in calculating net interest margin by increasing the interest income earned on tax-exempt assets to make it fully equivalent to interest income earned on taxable investments. The taxable equivalent adjustments to interest income for Hilltop (consolidated) were \$0.5 million, \$0.6 million, \$0.4 million, \$0.2 million, and \$0.3 million, respectively, for the periods presented and for the banking segment were \$0.2 million, \$0.2 million, \$0.2 million, \$0.2 million, and \$0.2 million, respectively, for the periods presented.

(4) Dividend payout ratio is defined as cash dividends declared per common share divided by basic earnings per common share.

(5) Net revenue is defined as the sum of total broker-dealer net interest income and total broker-dealer noninterest income.

(6) Noted balances and ratios during all prior periods reflect certain reclassifications to conform to current period presentation.

(7) Pre-tax margin is defined as income before income taxes divided by net revenue.

(8) Reported on a consolidated basis and therefore does not include mortgage servicing rights assets related to loans serviced for the banking segment, which are eliminated in consolidation.

|   | December<br>31,<br>2021 | September<br>30,<br>2021 | June 30,<br>2021 | March 31,<br>2021 | December<br>31,<br>2020 |
|---|-------------------------|--------------------------|------------------|-------------------|-------------------------|
| <b>Capital Ratios</b>                                   |                         |                          |                  |                   |                         |
| Tier 1 capital (to average assets):                     |                         |                          |                  |                   |                         |
| PlainsCapital   | 10.20%                  | 10.02%                   | 10.22%           | 10.50%            | 10.44%                  |
| Hilltop   | 12.58%                  | 12.64%                   | 12.87%           | 13.01%            | 12.64%                  |
| Common equity Tier 1 capital (to risk-weighted assets): |                         |                          |                  |                   |                         |
| PlainsCapital   | 16.00%                  | 15.40%                   | 15.00%           | 14.74%            | 14.40%                  |
| Hilltop   | 21.22%                  | 21.28%                   | 20.22%           | 19.63%            | 18.97%                  |
| Tier 1 capital (to risk-weighted assets):               |                         |                          |                  |                   |                         |
| PlainsCapital   | 16.00%                  | 15.40%                   | 15.00%           | 14.74%            | 14.40%                  |
| Hilltop   | 21.22%                  | 21.28%                   | 20.82%           | 20.22%            | 19.57%                  |
| Total capital (to risk-weighted assets):                |                         |                          |                  |                   |                         |
| PlainsCapital   | 16.77%                  | 16.32%                   | 15.95%           | 15.64%            | 15.27%                  |
| Hilltop   | 23.75%                  | 24.00%                   | 23.48%           | 22.96%            | 22.34%                  |

| Non-Performing Assets Portfolio Data  | December 31,<br>2021 | September 30,<br>2021 | June 30,<br>2021 | March 31,<br>2021 | December 31,<br>2020 |
|---|----------------------|-----------------------|------------------|-------------------|----------------------|
| Loans accounted for on a non-accrual basis (\$000's) <sup>(1)</sup> :                 |                      |                       |                  |                   |                      |
| Commercial real estate  | 6,601                | 5,705                 | 7,211            | 10,668            | 11,133               |
| Commercial and industrial   | 22,478               | 29,808                | 33,033           | 36,144            | 34,049               |
| Construction and land development   | 2                    | 366                   | 474              | 501               | 507                  |
| 1-4 family residential  | 21,123               | 25,255                | 27,100           | 30,937            | 32,263               |
| Consumer  | 23                   | 24                    | 26               | 26                | 28                   |
| Broker-dealer   | —                    | —                     | —                | —                 | —                    |
|   | 50,227               | 61,158                | 67,844           | 78,276            | 77,980               |
| Troubled debt restructurings included in accruing loans held for investment (\$000's) | 922                  | 1,038                 | 1,139            | 1,584             | 1,954                |
| Non-performing loans (\$000's)  | 51,149               | 62,196                | 68,983           | 79,860            | 79,934               |
| Non-performing loans as a % of total loans  | 0.52%                | 0.64%                 | 0.66%            | 0.77%             | 0.76%                |
| Other real estate owned (\$000's)   | 2,833                | 21,605                | 21,078           | 19,899            | 21,289               |
| Other repossessed assets (\$000's)  | —                    | —                     | —                | —                 | 101                  |
| Non-performing assets (\$000's)   | 53,982               | 83,801                | 90,061           | 99,759            | 101,324              |
| Non-performing assets as a % of total assets  | 0.29%                | 0.47%                 | 0.51%            | 0.56%             | 0.60%                |
| Loans past due 90 days or more and still accruing (\$000's) <sup>(2)</sup> :          | 60,775               | 175,734               | 245,828          | 265,230           | 243,630              |

- (1) Loans accounted for on a non-accrual basis do not include COVID-19 related loan modifications. The Bank's COVID-19 payment deferral programs allow for a deferral of principal and/or interest payments with such deferred principal payments due and payable on the maturity date of the existing loan. Since the second quarter of 2020, the Bank's actions included approval of COVID-19 related loan modifications, resulting in active loan modifications of approximately \$4 million as of December 31, 2021, down from approximately \$17 million as of September 30, 2021.
- (2) Loans past due 90 days or more and still accruing were primarily comprised of loans held for sale and guaranteed by U.S. government agencies, including loans that are subject to repurchase, or have been repurchased, by PrimeLending.

| Net Interest Margin (Taxable Equivalent) Details <sup>(1)</sup>        | Three Months Ended December 31, |                         |                          |                             |                         |                          |
|--|---------------------------------|-------------------------|--------------------------|-----------------------------|-------------------------|--------------------------|
|  | 2021                            |                         |                          | 2020                        |                         |                          |
|  | Average Outstanding Balance     | Interest Earned or Paid | Annualized Yield or Rate | Average Outstanding Balance | Interest Earned or Paid | Annualized Yield or Rate |
| <b>Assets</b>  |                                 |                         |                          |                             |                         |                          |
| Interest-earning assets  |                                 |                         |                          |                             |                         |                          |
| Loans held for sale  | \$ 1,852,140                    | \$ 13,708               | 2.96%                    | \$ 2,760,798                | \$ 18,692               | 2.71%                    |
| Loans held for investment, gross <sup>(2)</sup>                        | 7,695,090                       | 82,396                  | 4.25%                    | 7,732,754                   | 90,636                  | 4.62%                    |
| Investment securities - taxable  | 2,677,894                       | 13,916                  | 2.08%                    | 2,132,863                   | 9,823                   | 1.84%                    |
| Investment securities - non-taxable <sup>(3)</sup>                     | 331,959                         | 3,188                   | 3.84%                    | 258,644                     | 2,188                   | 3.38%                    |
| Federal funds sold and securities purchased under agreements to resell | 194,351                         | 164                     | 0.33%                    | 85,716                      | —                       | 0.00%                    |
| Interest-bearing deposits in other financial institutions              | 2,683,656                       | 943                     | 0.14%                    | 1,200,635                   | 487                     | 0.16%                    |
| Securities borrowed  | 1,474,421                       | 8,524                   | 2.26%                    | 1,501,389                   | 14,445                  | 3.76%                    |
| Other  | 52,848                          | 765                     | 5.74%                    | 49,648                      | 913                     | 7.31%                    |
| Interest-earning assets, gross <sup>(3)</sup>                          | 16,962,359                      | 123,604                 | 2.89%                    | 15,722,447                  | 137,184                 | 3.45%                    |

|                              |                      |                      |
|------------------------------|----------------------|----------------------|
| Allowance for credit losses  | (109,555)            | (155,142)            |
| Interest-earning assets, net | 16,852,804           | 15,567,305           |
| Noninterest-earning assets   | 1,402,216            | 1,420,479            |
| <b>Total assets</b>          | <b>\$ 18,255,020</b> | <b>\$ 16,987,784</b> |

#### Liabilities and Stockholders' Equity

|   |                      |          |       |                      |          |       |
|---|----------------------|----------|-------|----------------------|----------|-------|
| Interest-bearing liabilities                      |                      |          |       |                      |          |       |
| Interest-bearing deposits                         | \$ 7,901,704         | \$ 4,404 | 0.22% | \$ 7,523,955         | \$ 9,269 | 0.49% |
| Securities loaned                                 | 1,422,303            | 6,624    | 1.85% | 1,398,943            | 12,014   | 3.42% |
| Notes payable and other borrowings                | 1,233,924            | 7,733    | 2.49% | 1,150,439            | 8,206    | 2.84% |
| Total interest-bearing liabilities                | 10,557,931           | 18,761   | 0.70% | 10,073,337           | 29,489   | 1.17% |
| Noninterest-bearing liabilities                   |                      |          |       |                      |          |       |
| Noninterest-bearing deposits                      | 4,509,891            |          |       | 3,669,230            |          |       |
| Other liabilities                                 | 677,433              |          |       | 965,150              |          |       |
| Total liabilities                                 | 15,745,255           |          |       | 14,707,717           |          |       |
| Stockholders' equity                              | 2,484,301            |          |       | 2,252,989            |          |       |
| Noncontrolling interest                           | 25,464               |          |       | 27,078               |          |       |
| <b>Total liabilities and stockholders' equity</b> | <b>\$ 18,255,020</b> |          |       | <b>\$ 16,987,784</b> |          |       |

|                                    |            |            |       |
|------------------------------------|------------|------------|-------|
| Net interest income <sup>(3)</sup> | \$ 104,843 | \$ 107,695 |       |
| Net interest spread <sup>(3)</sup> |            | 2.19%      | 2.28% |
| Net interest margin <sup>(3)</sup> |            | 2.45%      | 2.72% |

#### Year Ended December 31,

| Net Interest Margin (Taxable Equivalent)<br>Details <sup>(1)</sup>     | 2021                 |                         |                          | 2020                 |                         |                          |
|--|----------------------|-------------------------|--------------------------|----------------------|-------------------------|--------------------------|
|  | Average Outstanding  | Interest Earned or Paid | Annualized Yield or Rate | Average Outstanding  | Interest Earned or Paid | Annualized Yield or Rate |
| <b>Assets</b>  |                      |                         |                          |                      |                         |                          |
| Interest-earning assets  |                      |                         |                          |                      |                         |                          |
| Loans held for sale  | \$ 2,293,543         | \$ 64,767               | 2.82%                    | \$ 2,306,203         | \$ 74,467               | 3.23%                    |
| Loans held for investment, gross <sup>(2)</sup>                        | 7,645,292            | 339,548                 | 4.44%                    | 7,618,723            | 358,844                 | 4.71%                    |
| Investment securities - taxable  | 2,493,848            | 47,582                  | 1.91%                    | 1,897,859            | 49,936                  | 2.63%                    |
| Investment securities - non-taxable <sup>(3)</sup>                     | 313,703              | 11,448                  | 3.65%                    | 231,824              | 7,918                   | 3.42%                    |
| Federal funds sold and securities purchased under agreements to resell | 152,273              | 372                     | 0.24%                    | 90,961               | 138                     | 0.15%                    |
| Interest-bearing deposits in other financial institutions              | 2,078,666            | 2,942                   | 0.14%                    | 1,257,902            | 3,165                   | 0.25%                    |
| Securities borrowed  | 1,445,464            | 61,667                  | 4.21%                    | 1,435,572            | 51,360                  | 3.58%                    |
| Other  | 50,929               | 3,332                   | 6.54%                    | 59,412               | 3,687                   | 6.21%                    |
| Interest-earning assets, gross <sup>(3)</sup>                          | 16,473,718           | 531,658                 | 3.23%                    | 14,898,456           | 549,515                 | 3.69%                    |
| Allowance for credit losses  | (129,689)            |                         |                          | (122,148)            |                         |                          |
| Interest-earning assets, net   | 16,344,029           |                         |                          | 14,776,308           |                         |                          |
| Noninterest-earning assets   | 1,451,928            |                         |                          | 1,537,269            |                         |                          |
| <b>Total assets</b>  | <b>\$ 17,795,957</b> |                         |                          | <b>\$ 16,313,577</b> |                         |                          |
| <b>Liabilities and Stockholders' Equity</b>                            |                      |                         |                          |                      |                         |                          |
| Interest-bearing liabilities   |                      |                         |                          |                      |                         |                          |
| Interest-bearing deposits  | \$ 7,722,584         | \$ 23,624               | 0.31%                    | \$ 7,397,121         | \$ 47,040               | 0.64%                    |
| Securities loaned  | 1,374,142            | 50,974                  | 3.71%                    | 1,336,873            | 42,817                  | 3.20%                    |
| Notes payable and other borrowings                                     | 1,216,381            | 32,393                  | 2.66%                    | 1,222,044            | 33,249                  | 2.72%                    |
| Total interest-bearing liabilities                                     | 10,313,107           | 106,991                 | 1.04%                    | 9,956,038            | 123,106                 | 1.24%                    |
| Noninterest-bearing liabilities  |                      |                         |                          |                      |                         |                          |
| Noninterest-bearing deposits   | 4,157,962            |                         |                          | 3,304,475            |                         |                          |
| Other liabilities  | 863,976              |                         |                          | 791,002              |                         |                          |
| Total liabilities  | 15,335,045           |                         |                          | 14,051,515           |                         |                          |
| Stockholders' equity   | 2,435,185            |                         |                          | 2,235,690            |                         |                          |
| Noncontrolling interest  | 25,727               |                         |                          | 26,372               |                         |                          |
| <b>Total liabilities and stockholders' equity</b>                      | <b>\$ 17,795,957</b> |                         |                          | <b>\$ 16,313,577</b> |                         |                          |

|                                    |            |            |       |
|------------------------------------|------------|------------|-------|
| Net interest income <sup>(3)</sup> | \$ 424,667 | \$ 426,409 |       |
| Net interest spread <sup>(3)</sup> |            | 2.19%      | 2.45% |
| Net interest margin <sup>(3)</sup> |            | 2.58%      | 2.85% |

- (1) Information presented on a consolidated basis. For all 2020 periods presented, information includes discontinued operations.
- (2) Average balance includes non-accrual loans.
- (3) Presented on a taxable-equivalent basis with annualized taxable equivalent adjustments based on the applicable 21% federal income tax rates for the periods presented. The adjustment to interest income was \$0.5 million and \$0.3 million for the three months ended December 31, 2021 and 2020, respectively, and \$1.7 million and \$1.2 million for the year ended December 31, 2021 and 2020, respectively.

## Conference Call Information

Hilltop will host a live webcast and conference call at 8:00 AM Central (9:00 AM Eastern) on Friday, January 28, 2022. Hilltop President and CEO Jeremy B. Ford and Hilltop CFO William B. Furr will review fourth quarter and full year 2021 financial results. Interested parties can access the conference call by dialing 1-844-200-6205 (United States), 1-833-950-0062 (Canada) or 1-929-526-1599 (all other locations) and then using the access code 755646. The conference call also will be webcast simultaneously on Hilltop's Investor Relations website (<http://ir.hilltop-holdings.com>).

## About Hilltop

Hilltop Holdings is a Dallas-based financial holding company. Its primary line of business is to provide business and consumer banking services from offices located throughout Texas through PlainsCapital Bank. PlainsCapital Bank's wholly owned subsidiary, PrimeLending, provides residential mortgage lending throughout the United States. Hilltop Holdings' broker-dealer subsidiaries, Hilltop Securities Inc. and Momentum Independent Network Inc., provide a full complement of securities brokerage, institutional and investment banking services in addition to clearing services and retail financial advisory. At December 31, 2021, Hilltop employed approximately 4,900 people and operated approximately 410 locations in 47 states. Hilltop Holdings' common stock is listed on the New York Stock Exchange under the symbol "HTH." Find more information at [Hilltop-Holdings.com](http://Hilltop-Holdings.com), [PlainsCapital.com](http://PlainsCapital.com), [PrimeLending.com](http://PrimeLending.com) and [Hilltopsecurities.com](http://Hilltopsecurities.com).

## FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements anticipated in such statements. Forward-looking statements speak only as of the date they are made and, except as required by law, we do not assume any duty to update forward-looking statements. Such forward-looking statements include, but are not limited to, statements concerning such things as our plans, objectives, strategies, expectations, intentions and other statements that are not statements of historical fact, and may be identified by words such as "anticipates," "believes," "building," "could," "drive," "estimates,"

"expects," "extent," "focus," "forecasts," "goal," "guidance," "intends," "may," "might," "outlook," "plan," "probable," "progressing," "projects," "seeks," "should," "target," "view," "well-tuned," "will" or "would" or the negative of these words and phrases or similar words or phrases. The following factors, among others, could cause actual results to differ materially from those set forth in the forward-looking statements: (i) the COVID-19 pandemic and the response of governmental authorities to the pandemic and disruptions in global or national supply chains, which have had, and may continue to have, an adverse impact on the global economy and our business operations and performance; (ii) the credit risks of lending activities, including our ability to estimate credit losses and the allowance for credit losses, as well as the effects of changes in the level of, and trends in, loan delinquencies and write-offs; (iii) effectiveness of our data security controls in the face of cyber attacks; (iv) changes in general economic, market and business conditions in areas or markets where we compete, including changes in the price of crude oil; (v) changes in the interest rate environment and transitions away from the London Interbank Offered Rate; and (vi) risks associated with concentration in real estate related loans. For further discussion of such factors, see the risk factors described in our most recent Annual Report on Form 10-K, and subsequent Quarterly Reports on Form 10-Q and other reports that are filed with the Securities and Exchange Commission. All forward-looking statements are qualified in their entirety by this cautionary statement.

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Source: Hilltop Holdings Inc.