



CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (the “Board”) of Hilltop Holdings Inc. (the “Company”), acting on the recommendation of its Nominating and Corporate Governance Committee, has formally adopted these corporate governance principles (the “Guidelines”) to promote effective functioning of the Board and its committees, promote the interest of stockholders, and to further the Company’s commitment to best practices in corporate governance.

The formal requirements pertaining to the Company’s structure can be found in the Company’s Articles of Incorporation and Bylaws. These Guidelines are not intended to change or interpret any law or regulation including Maryland General Corporation Law or the Company’s Articles of Incorporation or Bylaws.

1. Board Composition and Size

The members of the Board should collectively possess a broad range of skills, expertise, industry knowledge, and business and other experience useful to the effective oversight of the Company’s business. A majority of the Board shall consist of directors who the Board has determined are “independent” under the rules of the New York Stock Exchange, Inc. (an “Independent Director”)

1.1 Number of Directors

The Board believes that it should have no fewer than three and generally no more than 25 directors. However, the size of the Board may be increased or decreased if determined appropriate by the Board. The Corporate Governance Committee periodically reviews the size of the Board and seeks to balance the appropriate experience, expertise and independence with a size that allows the Board to function effectively.

2. Board Leadership

The Board elects from among its members a Chairman who will organize Board activities to enable the Board to effectively provide guidance to and oversight of management. The Chairman among other things: creates and maintains an effective working relationship with members of management and the Board; provides management with ongoing direction as to Board needs, interests and opinions; and sees that the Board agenda is appropriately directed to the matters of greatest importance to the Company. The Board does not have a policy on whether the role of the Chairman and CEO should be separate or combined. However, if the Chairman is not an Independent Director, then there should also be a “Lead Director” (with the powers and duties described below) who is an Independent Director.

3. Selection of New Directors

The Nominating and Corporate Governance Committee, in consultation with the Chairman, identifies and evaluates individual candidates for their qualifications to become directors. The Board shall be responsible for nominating candidates for election to the Board and for filling vacancies on the Board that may occur between annual meetings of the stockholders.

3.1 Standards for Evaluating Candidates for Director Nomination

In identifying and evaluating individual nominees for directors, the Nominating and Corporate Governance Committee and the Board consider the overall experience and expertise represented by the Board as well as the qualifications of each candidate. In the evaluation process, the Nominating and Corporate Governance Committee and the Board take the following into account:

- A majority of the Board shall be comprised of Independent Directors.
- Candidates experience, knowledge and expertise, integrity, and understanding of the Company's business.
- Candidates should represent a diversity of experience, perspective, skill and background.
- Candidates should be capable of working in a collegial manner with persons of diverse educational, business and cultural backgrounds and should possess skills and expertise that complement the attributes of the existing directors.
- Candidates shall be capable of devoting the necessary time to discharge their duties, taking into account memberships on other boards and other responsibilities.

The Nominating and Corporate Governance Committee shall give appropriate consideration to candidates for Board membership nominated by stockholders in accordance with the Company's by-laws, and shall evaluate such candidates in the same manner as other candidates identified to the Committee. Members of the Nominating and Corporate Governance Committee shall discuss and evaluate possible candidates in detail prior to recommending them to the Board.

4. Independence of the Board

The Nominating and Corporate Governance Committee shall be responsible for initially assessing whether a candidate would be an Independent Director. The Board, taking into consideration the assessment of the Nominating and Corporate Governance Committee, shall make the final determination as to whether a candidate would be an Independent Director. Thereafter, the Board shall review its directors annually for Director Independence. The Board has not adopted any categorical standards to assist in determining the independence of directors.

5. Lead Independent Director

If the Chairman is an Independent Director, then the Chairman should chair such executive sessions. If not, then the Independent Directors shall designate an Independent Director as the Lead Director. The Lead Independent Director's duties will include coordinating the activities of the Independent Directors, coordinating the agenda and moderating sessions of the Independent Directors and other non-management directors and facilitating communications between the other members of the Directors.

In performing the duties described above, the Lead Independent Director is expected to consult with the chairpersons of the appropriate committees of the Board and solicit their participation in order to avoid diluting the authority or responsibilities of such committee chairpersons.

6. Continuation as a Director

6.1 Director Tenure

The Board does not believe it appropriate to establish term limits for its members because such limits may deprive the Company and the Board of the contribution of directors who have been able to develop, over time, valuable experience and insights into the Company. However, the Nominating and Corporate Governance Committee may take steps as appropriate to ensure that the Board maintains openness to new ideas and a willingness to critically re-examine the status quo.

Directors who are also employees of the Company are expected to tender their resignation from the Board at the same time they leave the employment of the Company.

The Board does not believe that non-employee directors who retire or change the position they held when they director joined the Board should automatically resign from the Board. However, promptly following such event, the director must notify the



Nominating and Corporate Governance Committee, which shall review the continued appropriateness of the affected director remaining on the Board under the circumstances. The affected director is expected to act in accordance with the Nominating and Corporate Governance recommendation following such review.

6.2 Age Limit

It is the general policy of the Company that no director having attained the age of 80 years shall be nominated for re-election or reappointment to the Board without approval of the Board. However, the Board may determine to waive this policy in individual cases.

6.3 Limits on Board and Audit Committee Memberships

Directors are expected to seek Nominating and Corporate Governance Committee approval prior to joining the board of any other public company. If a member of the Audit Committee wishes to serve on the audit committees of more than a total of three public companies, including the Company's Audit Committee, the director must seek Board approval prior to accepting the additional services.

7. Committee Matters

The Board performs much of its work with the assistance of committees and subcommittees that operate under its supervision. Standing committees of the Board are: Audit Committee; Compensation Committee; Nominating and Corporate Governance Committee; Executive Committee; Investment Committee; Risk Committee and Merger and Acquisition Committee. The Board may establish additional committees or eliminate existing committees as it deems appropriate, consistent with the Company's Bylaws, and applicable rules and regulations. Each committee of the Board shall have the authority and responsibilities set forth in the company's Bylaws, the Board resolution authorizing the committee and any applicable charter.

7.1 Assignment and Rotation of Committee Membership

The Board, upon recommendation of the Nominating and Corporate Governance Committee, appoints committee members. Consistent with the criteria set forth in their charters and as required by the NYSE and applicable laws or regulations, all members of the Audit, Compensation and Nominating Corporate Governance Committees shall be Independent Directors. A director may serve on more than one committee.

Board committee assignments and Board committee chair positions are reviewed each year by the Nominating and Corporate Governance Committee and approved by the Board. The board does not have a strict committee rotation policy, but may upon recommendation of the Nominating and Corporate Governance Committee, change committee assignments and chair positions periodically, with a view towards balancing director experience and interest, committee continuity and needs, and evolving legal and regulatory considerations.

8. Board Operations

8.1 Board Meetings

The Board shall have at least four regularly scheduled meetings each year. In addition to regularly scheduled meetings, unscheduled meetings of the Board may be called by or at the request of the Chairman of the Board, the Company's Chief Executive Officer, or a majority of the directors then in office.

Directors are expected to attend the annual meeting of stockholders and regular and special meetings of the Board and committees on which they serve. They are expected to prepare for each meeting in advance and to appropriately participate in each meeting in performing their responsibilities to the Company and its stockholders. Information materials relevant to agenda items are to be distributed to the Board in advance of each meeting.

The Chairman shall set the Agenda for each Board meeting. Any Board member may suggest the inclusion of additional subjects on the agenda. The agenda for each committee meeting shall be set by the committee chairperson in consultation with the appropriate members of the committee and with management.

Unless a committee expressly determines otherwise, the agenda materials and minutes for each committee shall be available to all directors. Further, all directors, whether or not members, shall be permitted to attend any committee meeting if invited by the committee.

8.2 Executive Sessions of Non-Management and Independent Directors

The non-management directors of the Company meet in executive session at each regularly scheduled Board meeting at the direction of the Chairman. The Independent Directors also meet in executive session at least annually at a regularly scheduled Board meeting, at the direction of the Lead Independent Director.

8.3 Director Access to Officers, Associates and Outside Advisors

Directors have complete and open access to officers and associates of the Company. Any meeting or contact a director wishes to initiate may be arranged through the Chairman or the Corporate Secretary or directly by the director. The Board and its Committees may retain outside advisors at the Company's expense.

8.4 Director Orientation and Continuing Education

The Company shall provide new directors with a director orientation program to familiarize such directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of business conduct and ethics, insider trading policy, corporate governance guidelines, principal officers, internal auditors and independent auditors.

The Board encourages directors to participate in continuing education programs and reimburses directors for the expense of such participation.

8.5 Confidentiality

In order to facilitate open discussion, the proceedings and deliberations of the Board and its committees are confidential. Each director must maintain the confidentiality of information received in connection with his or her service.

8.6 Speaking on Behalf of the Company

It is important for the Company to speak to associates and outside constituencies with a unified voice. As a general matter, the Board believes that senior management should serve as the primary spokesperson for the Company. If comments from directors to the public or stockholders are appropriate or necessary, they should come from the Chairman, and be made at the request of the Board or senior management.

8.7 Strategic Planning

The Board oversees management's development of strategic plans for the Company's business and management annually reviews these plans with the Board.

8.8 Ethical Business Environment

The Board is committed to having the Company maintain high ethical standards and effective policies and practices designed to protect the Company's reputation, assets and businesses. The Company has adopted a Code of Ethics and Business Conduct that establishes the Company's core values and addresses potential conflicts of interest, confidentiality and information security, protection and proper use of corporate assets, personal financial responsibility, compliance with law and transactions in the securities of the Company. All directors annually certify to their review of the Code of Ethics and Business Conduct and are expected to follow the Code of Ethics and Business Conduct to the extent applicable to them.

9. Board Responsibilities

9.1 Oversight

The basic responsibility of the Board is to oversee the Company's businesses and affairs, and to exercise reasonable business judgment on behalf of the Company. In discharging this obligation, the Board relies on the honesty integrity, business acumen and experience of the Company's management, its outside advisors, and the Company's independent registered public accounting firm.

9.2 Annual Performance Evaluation

To determine whether the Board and its committees are functioning effectively, the Board, acting through the Nominating and Corporate Governance Committee, and the Board committees, each as provided for in their respective charters, conduct annual self-evaluations and reports the results of the evaluations to the Board.

9.3 Selection of the Chief Executive Officer

The Board shall be responsible for identifying potential candidates for, and selecting, the Chief Executive Officer. In identifying potential candidates for, and selecting the Chief Executive Officer, the Board shall consider among other things, a candidates experience, understanding of the Company's business environment, leadership qualities, knowledge, skills, expertise, integrity and reputation in the business community.

9.4 Evaluation of the Chief Executive Officer

The Board, in conjunction with the Compensation Committee, shall review the performance of the Chief Executive Officer annually.



9.5 Director Compensation

A director who is also an officer of the Company shall not receive additional compensation for such service as a director.

The Compensation Committee periodically reviews and makes recommendations to the Board as to the form and amount of director compensation. Director compensation should provide reasonable compensation for non-management directors commensurate with their duties and responsibilities as directors, and provide a sufficient level of compensation necessary to attract and retain the highest quality individuals. A portion of compensation should be in the form of Company common stock in order to further align the interests of non-management directors with those of the stockholders.