

Hilltop Holdings Inc.
Form 424B3
May 22, 2015
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Filed pursuant to Rule 424(b)(3)

Registration No. 333-204100

PROSPECTUS

\$150,000,000

Hilltop Holdings Inc.

Offer To Exchange

5.00% Senior Notes due 2025,

Which Have Been Registered Under the Securities Act,

For Any and All Outstanding

5.00% Senior Notes due 2025

Interest Payable April 15 and October 15, Beginning on October 15, 2015

We are offering, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal, to exchange an aggregate principal amount of up to \$150,000,000 of our 5.00% Senior Notes due 2025 (which we refer to as the exchange notes) for an

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equal principal amount of our outstanding 5.00% Senior Notes due 2025 (which we refer to as the outstanding notes). The exchange notes will represent the same debt as the outstanding notes and we will issue the exchange notes under the same indenture as the outstanding notes.

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Material Terms of the Exchange Offer

- The exchange offer will expire at 11:59 p.m., New York City time, on June 19, 2015, unless extended. However, in no event will the exchange offer be open beyond August 7, 2015 (unless required by law).
- You may withdraw tenders of outstanding notes at any time before the expiration of the exchange offer.
- We will not receive any proceeds from the exchange offer.
- You may only tender the outstanding notes in denominations of \$2,000 and whole multiples of \$1,000 in excess thereof.
- The exchange of outstanding notes for exchange notes will not be a taxable exchange for U.S. federal income tax purposes.
- The terms of the exchange notes are identical in all material respects (including principal amount, interest rate, maturity and redemption rights) to the outstanding notes for which they may be exchanged, except that the exchange notes generally will not be subject to transfer restrictions or be entitled to registration rights and the exchange notes will not have the right to earn additional interest under circumstances relating to our registration obligations.
- The exchange offer is subject to customary conditions.
- If you fail to tender your outstanding notes, you will continue to hold unregistered securities and your ability to transfer them could be adversely affected.

Please see Risk Factors beginning on page 8 for a discussion of factors that you should consider in connection with the exchange offer.

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Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer described in this prospectus must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The Letter of Transmittal provided in connection with the exchange offer states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for outstanding notes where such outstanding notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of up to 180 days after the expiration date (as described herein), we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

We are not making this exchange offer in any state where it is not permitted.

Neither the Securities and Exchange Commission nor any state securities commission or bank regulatory agency has approved or disapproved of the notes to be exchanged in the exchange offer, nor have any of these organizations determined that this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 22, 2015.

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different information, you should not rely on it. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

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PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. Because it is a summary, it does not contain all of the information that is important to you. This summary is qualified in its entirety by the more detailed information that is contained elsewhere in this prospectus or incorporated herein by reference, including our financial statements, the notes thereto and the other financial data contained therein. Therefore, you should read the entire prospectus and the documents incorporated by reference carefully, including the section entitled Risk Factors and the Letter of Transmittal. Unless the context otherwise indicates, all references in this prospectus 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 or the issuer refer solely to Hilltop Holdings Inc., references to PlainsCapital refer to PlainsCapital Corporation (a wholly owned subsidiary of Hilltop), references to Hilltop Securities refer to Hilltop Securities Holdings LLC (a wholly owned subsidiary of Hilltop), references to Southwest Securities refer to Southwest Securities, Inc. (a wholly owned subsidiary of Hilltop Securities), references to SWS Financial refer to SWS Financial Services, Inc. (a wholly owned subsidiary of Hilltop Securities), references to the Bank refer to PlainsCapital Bank (a wholly owned subsidiary of PlainsCapital), references to FNB refer to First National Bank, references to First Southwest refer to First Southwest Holdings, LLC (a wholly owned subsidiary of Hilltop Securities) and its subsidiaries as a whole, references to FSC refer to First Southwest Company, LLC (a wholly owned subsidiary of First Southwest), 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.

SUMMARY OF THE EXCHANGE OFFER

The Exchange Offer

We are offering to exchange up to \$150,000,000 in aggregate principal amount of our exchange notes, which have been registered under the Securities Act, for an equal principal amount of our outstanding notes, which were issued in a private placement in April 2015.

In order for your outstanding notes to be exchanged, you must properly tender them before the expiration of the exchange offer. All outstanding notes that are validly tendered and not validly withdrawn will be exchanged. We will issue the exchange notes promptly after the exchange offer expires.

You may tender your outstanding notes for exchange in whole or in part in denominations of \$2,000 of principal amount and integral multiples of \$1,000 in excess thereof.

Registration Rights Agreement

In connection with our sale of the outstanding notes to the initial purchasers we signed a registration rights agreement that requires us to conduct this exchange offer.

You have the right under the registration rights agreement to

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exchange your outstanding notes for exchange notes with substantially identical terms. This exchange offer is intended to satisfy this right. If we fail to comply with certain of our obligations under the registration rights agreement, we will be required to pay additional interest to the affected holders of the notes.

Consequences of Failure to Exchange Your Outstanding Notes

If you do not exchange your outstanding notes for exchange notes in the exchange offer, your ability to transfer your outstanding notes will continue to be subject to the restrictions provided in the outstanding notes and in the indenture (as defined below). In general, the outstanding notes may not be offered or sold unless registered or exempt from registration under the Securities Act, or in a transaction not subject to the Securities Act and applicable state securities laws. We do not plan to register the outstanding notes under the Securities Act.

Expiration Date

The exchange offer will expire at 11:59 p.m., New York City time, on June 19, 2015 unless extended by us, in which case the expiration date will mean the latest date and time to which the exchange offer is extended. However, in no event will the exchange offer be open beyond August 7, 2015 (unless required by law). See The Exchange Offer Expiration Date; Extensions; Amendments.

Conditions to the Exchange Offer

The exchange offer is subject to conditions which we may waive in our sole and absolute discretion. The exchange offer is not conditioned upon any minimum principal amount of outstanding notes being tendered for exchange. See The Exchange Offer Conditions to the Exchange Offer.

We reserve the right in our sole and absolute discretion, subject to applicable law, at any time and from time to time:

- to delay the acceptance of the outstanding notes;
- to terminate the exchange offer if specified conditions have not been satisfied;
- to extend the expiration date of the exchange offer and retain all tendered outstanding notes, subject, however, to the right of tendering holders to withdraw their tender of outstanding notes; and
- to waive any condition or otherwise amend the terms of the exchange offer in any respect.

See The Exchange Offer Expiration Date; Extensions; Amendments.

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Procedures for Tendering Outstanding Notes

If you wish to tender outstanding notes held through The Depository Trust Company, or DTC, and wish to accept the exchange offer, you must do so through DTC's Automated Tender Offer Program, or ATOP, pursuant to which you will agree to be bound by the Letter of Transmittal. See The Exchange Offer Exchange Offer Procedures; Resales of Exchange Notes.

Some brokers, dealers, commercial banks, trust companies and other nominees also may effect tenders by book-entry transfer.

By executing or agreeing to be bound by the Letter of Transmittal, you will be making a number of important representations to us, as described under the The Exchange Offer Purpose and Effect of the Exchange Offer.

Please do not send your Letter of Transmittal or certificates representing your outstanding notes to us. Those documents should be sent only to the exchange agent. Questions regarding how to tender your outstanding notes and requests for information should be directed to the exchange agent. See The Exchange Offer Exchange Agent.

Special Procedures for Beneficial Owners

If your outstanding notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, we urge you to contact such person promptly if you wish to tender your outstanding notes. See The Exchange Offer Exchange Offer Procedures; Resales of Exchange Notes.

Withdrawal Rights

You may withdraw the tender of your outstanding notes at any time before the expiration date. To do this, you should deliver a written notice of your withdrawal to the exchange agent according to the withdrawal procedures described under the heading The Exchange Offer Withdrawal Rights.

Resale of Exchange Notes

We believe that you will be able to offer for resale, resell or otherwise transfer exchange notes issued in the exchange offer without compliance with the registration and prospectus delivery provisions of the Securities Act, *provided that*:

- you are acquiring the exchange notes in the ordinary course of your business;
- you are not participating, and have no arrangement or understanding with any person to participate, in the distribution of the exchange notes; and
- you are not an affiliate within the meaning of Rule 405 of the Securities Act.

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Our belief is based on interpretations by the staff of the SEC, as set forth in no-action letters issued to third parties unrelated to us. See *The Exchange Offer Exchange Offer Procedures; Resales of Exchange Notes*. The staff of the SEC has not considered this exchange offer in the context of a no-action letter, and we cannot assure you that the staff of the SEC would make a similar determination with respect to this exchange offer. See *The Exchange Offer Purpose and Effect of the Exchange Offer* for additional representations that are required.

If our belief is not accurate and you transfer an exchange note without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from such requirements, you may incur liability under the Securities Act. We do not and will not assume, or indemnify you against, such liability.

Each broker-dealer that receives exchange notes for its own account in exchange for outstanding notes which were acquired by such broker-dealer as a result of market-making or other trading activities must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such exchange notes. A broker-dealer may use this prospectus for an offer to sell, resale or other transfer of exchange notes. See *Plan of Distribution*.

Exchange Agent

The exchange agent for the exchange offer is U.S. Bank National Association. The address and the telephone and facsimile numbers of the exchange agent are shown in *The Exchange Offer Exchange Agent* section of this prospectus and in the Letter of Transmittal.

Use of Proceeds

We will not receive any cash proceeds from the issuance of the exchange notes offered hereby. See *Use of Proceeds*.

U.S. Federal Income Tax Consequences

The exchange of your outstanding notes for exchange notes pursuant to the exchange offer will not be a taxable exchange for U.S. federal income tax purposes. See *Certain U.S. Federal Income Tax Considerations*.

See *The Exchange Offer* for more detailed information concerning the exchange offer.

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SUMMARY OF THE TERMS OF THE EXCHANGE NOTES

The exchange offer relates to the exchange of up to \$150,000,000 principal amount of exchange notes for up to an equal principal amount of outstanding notes. The form and terms of the exchange notes are substantially identical to the form and terms of the outstanding notes, except that the exchange notes generally will not be subject to transfer restrictions or be entitled to registration rights and the exchange notes will not have the right to earn additional interest under circumstances relating to our registration obligations. The exchange notes will evidence the same debt as the outstanding notes which they replace. The outstanding notes and the exchange notes, which we refer to collectively as the notes, are governed by the same indenture.

Issuer	Hilltop Holdings Inc.
Securities Offered	\$150,000,000 aggregate principal amount of 5.00% senior notes due 2025.
Maturity	April 15, 2025.
Interest	The exchange notes will accrue interest at a rate of 5.00% per year from April 9, 2015, or from the most recent date to which interest has been paid or provided for, until maturity or earlier redemption.
Interest Payment Dates	April 15 and October 15 of each year, commencing October 15, 2015.
Optional Redemption	Hilltop may redeem the exchange notes, in whole at any time or in part from time to time, on or after January 15, 2025 (three months prior to the maturity date of the exchange notes) at its election, at a redemption price equal to 100% of the principal amount of the exchange notes to be redeemed plus accrued and unpaid interest to, but excluding, the redemption date.
Ranking	The exchange notes will be Hilltop's unsecured and unsubordinated debt obligations and will rank equally in right of payment with all of Hilltop's existing and future unsecured and unsubordinated indebtedness, and will rank senior in right of payment to any future indebtedness that is subordinated to the exchange notes. The exchange notes will be effectively subordinated to any existing and future secured indebtedness of Hilltop to the extent of the value of the collateral securing such indebtedness. Hilltop is a financial holding company and conducts substantially all of its operations through its subsidiaries. As a result, claims of the holders of the exchange notes will be structurally subordinated in right of payment to claims of creditors of Hilltop's subsidiaries, except to the extent that Hilltop may be recognized, and receive payment, as a creditor of those subsidiaries.

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Certain Covenants

We will issue the exchange notes under an indenture, dated as of April 9, 2015, by and between us and U.S. Bank National Association. The indenture includes several covenants which will, among other things, restrict Hilltop's ability and the ability of Hilltop's subsidiaries to:

- dispose of or issue voting stock of certain subsidiaries; or
- incur or permit to exist any mortgage, pledge, encumbrance or lien or charge on the capital stock of certain subsidiaries.

For more details, see Description of the Notes Covenants.

No Public Market

The exchange notes are new issues of securities for which there is no current established trading market. The initial purchasers of the outstanding notes have advised us that they intend to make a market in the exchange notes. The initial purchasers of the outstanding notes are not obligated, however, to make a market in the exchange notes, and any such market-making may be discontinued by the initial purchasers of the outstanding notes in their discretion at any time without notice. Accordingly, there can be no assurance as to the development or liquidity of any market for the exchange notes.

Trustee

U.S. Bank National Association.

Risk Factors

Investment in the exchange notes involves a high degree of risk. See Risk Factors beginning on page 8 for a discussion of some of the factors that you should consider carefully before tendering any outstanding notes for exchange notes.

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Our historical consolidated balance sheet data at December 31, 2014 and 2013 and our consolidated statements of operations data for the years ended December 31, 2014, 2013 and 2012 have been derived from our audited historical consolidated financial statements included in our Form 10-K for the year ended December 31, 2014, which is incorporated herein by reference. Our historical consolidated balance sheet data at March 31, 2015 and 2014 and our consolidated statements of operations data for the three months ended March 31, 2015 and 2014 have been derived from our unaudited historical consolidated financial statements included in our Form 10-Q for the three months ended March 31, 2015, which is incorporated herein by reference. The following table shows our selected historical financial data for the periods indicated. Our historical consolidated balance sheet data at December 31, 2012, 2011 and 2010 and our consolidated statements of operations data for the years ended December 31, 2011 and 2010 have been derived from our audited historical consolidated financial statements not included or incorporated by reference in this prospectus. You should read our selected historical financial data, together with the notes thereto, in conjunction with the more detailed information contained in our consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Form 10-K. Our operating results for 2012 include the results from the operations acquired in the PlainsCapital acquisition for the month of December 2012 and the operations acquired in the FNB transaction are included in our operating results beginning September 14, 2013. Additionally, the operations acquired in the SWS merger are included in our operating results beginning January 1, 2015 (dollars in thousands, except per share data and weighted average shares outstanding).

	Three Months Ended March 31,		Year Ended December 31,				
	2015	2014	2014	2013	2012	2011	2010
Statement of Operations Data:							
Total interest income	\$ 107,669	\$ 91,828	\$ 388,769	\$ 329,075	\$ 39,038	\$ 11,049	\$ 8,154
Total interest expense	14,277	6,407	27,628	32,874	10,196	8,985	8,971
Net interest income (loss)	93,392	85,421	361,141	296,201	28,842	2,064	(817)
Provision for loan losses	2,687	3,242	16,933	37,158	3,800		
Net interest income (loss) after provision for loan losses	90,705	82,179	344,208	259,043	25,042	2,064	(817)
Total noninterest income	354,372	170,100	799,311	850,085	224,232	141,650	124,073
Total noninterest expense	314,476	212,629	965,353	911,735	255,517	155,254	124,811
Income (loss) before income taxes	130,601	39,650	178,166	197,393	(6,243)	(11,540)	(1,555)
Income tax expense (benefit)	15,420	14,354	65,608	70,684	(1,145)	(5,009)	(1,007)
Net income (loss)	115,181	25,296	112,558	126,709	(5,098)	(6,531)	(548)
Less: Net income attributable to noncontrolling interest	353	110	908	1,367	494		
Income (loss) attributable to Hilltop	114,828	25,186	111,650	125,342	(5,592)	(6,531)	(548)
Dividends on preferred stock and other (1)	1,426	1,426	5,703	4,327	259		12,939
Income (loss) applicable to Hilltop common stockholders	\$ 113,402	\$ 23,760	\$ 105,947	\$ 121,015	\$ (5,851)	\$ (6,531)	\$ (13,487)
Per Share Data:							
Net income (loss) - basic	\$ 1.13	\$ 0.26	\$ 1.18	\$ 1.43	\$ (0.10)	\$ (0.12)	\$ (0.24)
Weighted average shares outstanding - basic	99,741	89,707	89,710	84,382	58,754	56,499	56,492
Net income (loss) - diluted	\$ 1.13	\$ 0.26	\$ 1.17	\$ 1.40	\$ (0.10)	\$ (0.12)	\$ (0.24)
Weighted average shares outstanding - diluted	100,627	90,585	90,573	90,331	58,754	56,499	56,492
Book value per common share	\$ 16.63	\$ 13.76	\$ 14.93	\$ 13.27	\$ 12.34	\$ 11.60	\$ 11.56
Tangible book value per common share	\$ 13.44	\$ 10.21	\$ 11.47	\$ 9.70	\$ 8.37	\$ 11.01	\$ 10.95
Balance Sheet Data:							
Total assets	\$ 12,562,894	\$ 9,033,432	\$ 9,242,416	\$ 8,904,122	\$ 7,286,865	\$ 925,425	\$ 939,641

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Cash and due from banks	694,108	889,950	782,473	713,099	722,039	578,520	649,439
Securities	1,363,157	1,329,690	1,109,461	1,261,989	1,081,066	224,200	148,965
Investment in SWS common stock (2)			70,282				
Loans held for sale	1,215,308	887,200	1,309,693	1,089,039	1,401,507		
Non-covered loans, net of unearned income	4,834,687	3,646,946	3,920,476	3,514,646	3,152,396		
Covered loans	552,014	912,448	642,640	1,006,369			
Allowance for loan losses	(40,753)	(37,310)	(41,652)	(34,302)	(3,409)		
Goodwill and other intangible assets, net	319,760	319,916	311,591	322,729	331,508	33,062	34,587
Total deposits	7,129,277	6,663,176	6,369,892	6,722,918	4,700,461		
Notes payable	108,682	55,465	56,684	56,327	141,539	131,450	138,350
Junior subordinated debentures	67,012	67,012	67,012	67,012	67,012		
Total stockholders equity	1,782,319	1,355,213	1,461,239	1,311,922	1,146,550	655,383	653,055

Performance Ratios (3):

Return on average stockholders equity	27.27%	7.65%	8.01%	10.48%	-0.62%		
Return on average assets	3.72%	1.14%	1.26%	1.66%	-0.08%		
Net interest margin (taxable equivalent) (4)	3.53%	4.62%	4.74%	4.47%	4.64%		
Efficiency ratio (5)(6)(7)	41.16%	63.34%	61.17%	42.58%	NM		

Asset Quality Ratios (3):

Total nonperforming assets to total loans and other real estate (6)	3.35%	4.14%	4.14%	3.70%	NM		
Allowance for loan losses to nonperforming loans (6)	98.97%	100.83%	74.01%	136.39%	NM		
Allowance for loan losses to total loans (6)	0.76%	0.82%	0.91%	0.76%	NM		
Net charge-offs to average loans outstanding (6)	0.07%	0.01%	0.21%	0.18%	NM		

Capital Ratios:

Equity to assets ratio	14.18%	14.99%	15.80%	14.73%	15.71%	70.82%	69.50%
Tangible common equity to tangible assets	11.01%	10.56%	11.59%	10.19%	10.05%	69.74%	68.33%

Regulatory Capital Ratios (3):

Hilltop - Leverage ratio (8)	12.68%	13.12%	14.17%	12.81%	13.08%		
Hilltop - Common equity Tier 1 risk-based capital ratio (9)	18.05%						
Hilltop - Tier 1 risk-based capital ratio	20.26%	18.66%	19.02%	18.53%	17.72%		
Hilltop - Total risk-based capital ratio	20.82%	19.32%	19.69%	19.13%	17.81%		
Bank - Leverage ratio (8)	11.34%	9.53%	10.31%	9.29%	8.84%		
Bank - Common equity Tier 1 risk-based capital ratio (9)	16.46%						
Bank - Tier 1 risk-based capital ratio	16.46%	13.47%	13.74%	13.38%	11.83%		
Bank - Total risk-based capital ratio	17.19%	14.14%	14.45%	14.00%	11.93%		

Other Data (10):

Net loss and LAE ratio	47.7%	45.5%	57.4%	70.3%	74.4%	72.2%	60.5%
Expense ratio	34.1%	32.0%	31.9%	32.3%	34.4%	34.0%	36.0%
GAAP combined ratio	81.8%	77.5%	89.3%	102.6%	108.8%	106.2%	96.5%
Statutory surplus (11)	\$ 147,597	\$ 132,286	\$ 141,989	\$ 125,054	\$ 120,319	\$ 118,708	\$ 119,297
Statutory premiums to surplus ratio	111.4%	124.2%	115.8%	130.7%	125.0%		