



momentum

3RD QUARTER 2020

IN THIS ISSUE

Hilltop Maintains Its Momentum

Despite the economic slowdown,
HTH companies continue to grow.



PROTECTING SAFETY & PURSUING OPPORTUNITY

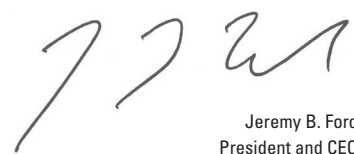
The ongoing pandemic and the ensuing economic slowdown have created unique challenges for businesses across the country. For Hilltop, meeting these challenges while keeping our employees and customers safe has remained a top priority. We have adapted to this new environment and evolved our policies and procedures as necessary in order to continue delivering the high level of service our customers deserve—especially now, as they navigate these difficult times.

One thing that hasn't changed during the pandemic is Hilltop's focus on prudent opportunities for growth across our family of companies. PlainsCapital Bank, PrimeLending, and HilltopSecurities have all opened new offices in recent months in spite of the challenges imposed by social distancing. Many of these locations are in new markets where we identified strong opportunities to build our brand and welcome new customers. While opening new locations during a pandemic presents some unique hurdles, our teams have done an excellent job of maintaining our momentum.

Our companies have also continued to bring on new talent by hiring experienced professionals whose expertise across our lines of business will help drive future growth. While overall hiring slowed as the pandemic spread, in recent months we have been fortunate to welcome several accomplished leaders in our businesses who fit well with our culture and vision.

In addition, the completion of the sale of National Lloyds Corporation to Align Financial Holdings in June enhances Hilltop's focus on growing our core businesses. The transaction also solidifies our long-term business model as a preeminent financial services franchise anchored by a strong commercial bank, PlainsCapital Bank, and enhanced by powerful fee businesses, including a leading national mortgage originator, PrimeLending, and dominant municipal investment bank, HilltopSecurities.

We recognize that many challenges remain as our nation combats the pandemic and works to restore the economy. This doesn't dampen my excitement about Hilltop's future and the opportunities that lie ahead. I believe you will share my optimism as you read more about our family of companies in this edition of Momentum. Our organization is strong and stable, powered by dedicated professionals focused on providing exceptional service to our customers and communities. Together, we look forward to building on our success.



Jeremy B. Ford
President and CEO

HILLTOP COMPLETES SALE OF NATIONAL LLOYDS

On June 30, Hilltop completed the sale of its wholly owned subsidiary, National Lloyds Corporation to Align Financial Holdings, LLC. The transaction, which was first announced in January 2020, closed following the receipt of required regulatory approvals and the satisfaction of other customary closing conditions. Gross proceeds (before transaction expenses) at closing to Hilltop from the transaction were approximately \$154.1 million, subject to post-closing adjustments.

Dallas-based National Lloyds is a specialty property insurer primarily serving owners of lower value homes and mobile homes. The company writes premiums through two subsidiaries, National Lloyds Insurance Company and American Summit Insurance Company (the Carriers), and also has wholly owned agency and services businesses, including Nalico General Agency (the Agencies).

As part of its purchase of National Lloyds, Align concurrently sold the Carriers to ReAlign Insurance Holdings, LLC in an all-cash transaction. ReAlign is an insurance holding company formed by ReAlign Capital Strategies, LLC and other private investors. As part of the transaction, the Agencies retained by Align, or their affiliates,

have entered into various agreements with the Carriers to provide services, including acting as a program underwriting manager and claims administrator for the Carriers.

"We are so proud of what National Lloyds has accomplished during the past 13 years as a part of the Hilltop family," said Hilltop Holdings President and CEO Jeremy B. Ford. "We will certainly miss working with the exceptional team that has helped National Lloyds continue to deliver strong financial results as it has throughout the company's impressive 70-year history, but we are excited for them to embark on this new journey with Align. I believe that Align's established platform and keen focus on the insurance industry will help take National Lloyds to the next level."

"This strategic transaction will serve to further diversify and scale Align's business; putting us on track to write close to \$500 million of specialty premiums this year," said Kieran Sweeney, CEO of Align. "National Lloyds is a leading underwriter of specialty personal property insurance and we are delighted to welcome their high-quality team to Align. We look forward to working together to deliver new and enhanced product solutions to their valued customers."

HILLTOP GETS CREATIVE TO SUPPORT INTERNS DURING PANDEMIC

The COVID-19 pandemic has impacted nearly every aspect of our society, and we've all had to make adjustments to the ways we go about our daily lives. One of the biggest challenges has been maintaining educational opportunities for students of all ages. For Hilltop, successfully adapting the company's 2020 summer internship program to the new landscape was a top priority.

"In early May, we made the difficult decision to cancel the holding company's summer intern program due to the COVID-19 pandemic. Using the technology available to us, we opted to replace it with a virtual professional development series," said Brigid Benefiel, Hilltop Holdings HR business partner.

The program connects each of Hilltop's interns with their intended hiring manager and gives them a virtual mentoring dynamic,



Sarah Karda
Summer 2020 Hilltop intern

as they have four one-on-one sessions over the summer to discuss anything from career trajectories and experiences at Hilltop to general career advancement tips.

In addition, the interns have the opportunity to attend a Summer Speaker Series. In this weekly webinar, participants can listen to eight executive leaders from across Hilltop's companies speak about their personal career experiences and answer questions.

Hilltop intern Sarah Karda, a recent Texas Tech University graduate, found the altered program to be an effective and worthwhile endeavor.

"Getting to talk to my mentor every other week, I've learned about her trajectory in the company and how she has made it to where she is," Karda said. "It gives me inspiration that I too could do that one day and follow in her footsteps in my own career."

DESPITE PANDEMIC

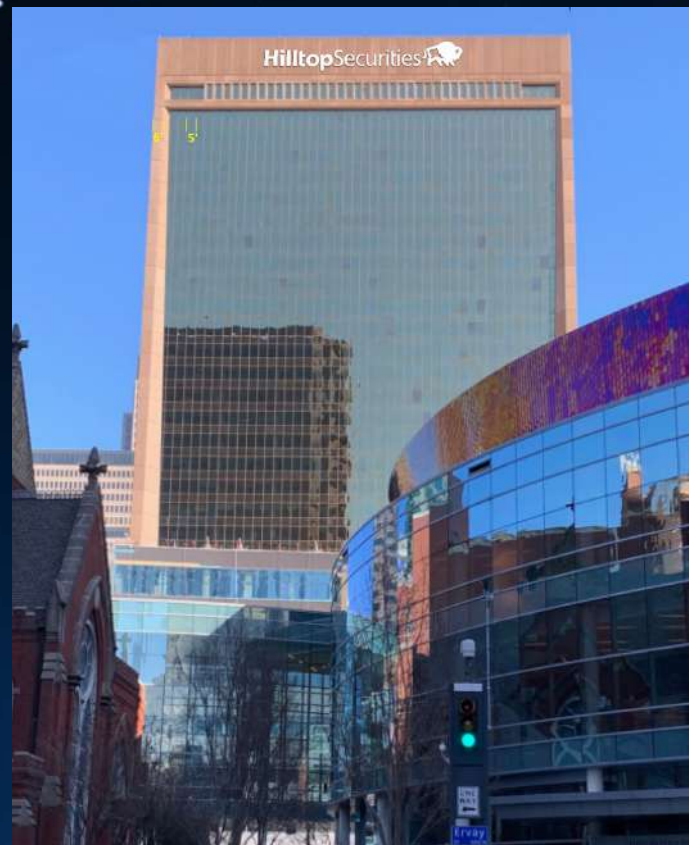
HILLTOP'S COMPANIES CONTINUE TO EXPAND

Prudent growth has always been a cornerstone of Hilltop's diversified business model. While the pandemic and the resulting economic slowdown have presented unique challenges to opening new offices and onboarding employees, the company's momentum hasn't slowed down.

Hilltop's growth in 2020 began with its mid-February move into a new 68,000-square-foot Dallas headquarters, Hilltop Plaza, a month before states began implementing stay-at-home orders to combat the spreading novel coronavirus.

Since then, the holding company and its subsidiaries have onboarded a record number of employees, opened new offices in markets throughout Texas and the U.S., and posted exceptional financial results in the first half of the year.

"The popular notion is that people are staying put. However, as we've seen, there's a lot of movement in every sector of financial services," said Hilltop Holdings President and CEO Jeremy Ford. "Our strong balance sheet and diversified business mix is attracting the best and brightest in the industry."



717 North Harwood in Dallas will be renamed HilltopSecurities Tower following the relocation of the company's headquarters in 2021.



This artist's rendering shows the lobby of HilltopSecurities' planned new headquarters in Dallas, Texas.

HilltopSecurities

Hilltop's full-service municipal investment bank, HilltopSecurities, has experienced strong growth in the first half of the year, opening three new offices and welcoming dozens of high-profile hires. It also recently announced plans for a headquarters move of its own.

"We see an opportunity to grow and we're taking advantage of it," said HilltopSecurities President and CEO Brad Wings. "The pandemic hasn't changed our focus and financial professionals want to join a company with strong financials and a robust platform. That's fueling our expansion."

In June, the firm confirmed plans to relocate its Dallas headquarters from Renaissance Tower to the 717 North Harwood Tower, signing a lease on more than four floors and 100,000 square feet of office space. Once the renovation is complete in March 2021, the building will be renamed HilltopSecurities Tower.

The new headquarters will be home to recent recruits who are helping develop the firm's overall growth strategy. Among the firm's key hires are Chief Administrative Officer Clare Graca, Human Resources Director Beth Davis, Head of Public Finance Underwriting Bill Evans, and Senior Vice President of Finance and Strategy for Wealth Management Manal Keen.

In July, HilltopSecurities also opened a second Wealth Management office in Los Angeles, California. The new branch is strategically located in Sherman Oaks and Senior Vice President Peter Cappos—a 26-year veteran of the firm—is managing the office, overseeing the firm's 28 financial professionals and support staff in the L.A. area.

Also in July, the firm announced the relocation of its office in St. Paul, Minnesota, to a new location in the heart of the city's

central business district. The move coincided with the hiring of Senior Vice President, Branch Manager Patrick Toutant, and six additional employees in the firm's Public Finance, Fixed Income Capital Markets, and Wealth Management divisions.

The firm's expansion into Minnesota—where Wings spent much of his career in financial services—reflects its growth strategy. "The goal is to make the Twin Cities our third key hub—alongside Dallas and Los Angeles—for all of our business divisions," Wings said. "With the hub in place, we can concentrate on strategically and sustainably increasing our market share in the Midwest."

In August, HilltopSecurities leveraged the momentum it built welcoming back Senior Managing Director Mike Bartolotta in April to recruit five new bankers on the East Coast to its new High Yield Origination group. The group is part of the firm's Debt Capital Markets division, which Bartolotta oversees. Managing Director Steve Coma, Director Michelle Le, Assistant Vice President David Prieto, and Analyst Wei Fan joined the firm in Charlotte, North Carolina, while Managing Director Adriane Evans joined in Sarasota, Florida.

PlainsCapital Bank

PlainsCapital Bank started 2020 off strong. Along with Hilltop Holdings, the Bank moved its headquarters to Hilltop Plaza and opened a new 4,000 square-foot branch on the first floor of the building, led by Market President Cass Robinson.

Even the pandemic didn't hinder the Bank from expanding its footprint. In June, PlainsCapital opened a new branch in The Woodlands, Texas, tapping Danny Schroder—a well-known Houston-area banker with 37 years of industry experience—to serve as market president. The branch is the Bank's first new location in the Houston area since acquiring The Bank of River Oaks in 2018.

While statewide lockdowns and falling oil prices proved a hard hit to the loan portfolios of many Texas banks, PlainsCapital saw year-over-year growth in loans held for investment during the second quarter of 2020, including \$672 million in loans from the Paycheck Protection Program.



The Woodlands Market President Danny Schroder is joined by Branch Manager Jackie Gonzales (left) and Commercial Lending Officer Ann Herrman (right) in the Bank's newest location.

PlainsCapital also experienced significant growth in its National Warehouse Lending (NWL) business. Driven by lower interest rates and a surge in mortgage originations, the Bank's NWL loan balances grew to \$774 million in the second quarter of 2020, from \$555 million in the same period last year.

Executive Vice President Deric Barnett said the business' growth is directly tied to the level of service his team provides to their mortgage banking customers.

"A big contributor to our success is the support we get from PlainsCapital's leadership," Barnett said. "They are always open to deals we bring to the table and opportunities to help our customers. We're focused on providing open communication and personal, responsive service. Our customers appreciate that."

PrimeLending

The Federal Reserve's decision to cut its benchmark interest rate to near zero spurred high consumer demand for purchase and refinance mortgage transactions, enabling PrimeLending to drive record levels of production.

In the second quarter of 2020, PrimeLending produced over \$6 billion in mortgage originations—up from \$4 billion in the same period last year—demonstrating the incredible work ethic of its production and operations employees. This commitment to service helped the company reach over 16,000 five-star reviews on Zillow and average 4.8-star reviews on Google MyBusiness nationwide.

"While low rates may have created demand, it's the extraordinary efforts of our employees across the nation that converted these opportunities into funded volume," said PrimeLending President and CEO Steve Thompson. "Across the board, our team members worked at maximum capacity to ensure every loan made it across the finish line and every customer experiencing financial hardship was led through evolving forbearance and repayment guidelines."

Mortgage origination is a market-driven industry and can turn on a dime. PrimeLending remained agile by deploying a well-defined strategy to provide its lenders and customers with a stable, robust infrastructure that accommodated the variables of the pandemic.

This infrastructure is part and parcel of PrimeLending's Modern Originator initiative, which provides loan officers and customers with an exceptional digital mortgage experience. The initiative is comprised of Blue Sage, the company's new loan origination system; Total Expert, a data-driven marketing operating system; and a hybrid eClosing solution that enabled homeowners to complete most of the closing signatures digitally.

"In a pandemic, our digital infrastructure proved to be tremendously important and provided us with a big advantage," said PrimeLending Chief Production Officer Tim Elkins. "With these technologies in place, we've evolved and improved our efficiencies, enabled our loan officers to drive business and capture market share, and served our customers in a safe, effective way."

WHY BUSINESSES ARE MOVING PAST CASH

Widespread availability of credit cards, debit cards, contactless payments, and online shopping has led to the increasing popularity of cashless businesses. Today’s current events have only accelerated that trend.

In today’s fast-paced world, convenient and quick access to funds is paramount. Many business owners perceive that accepting cash gives them instant access to funds, but in reality non-cash payments get money directly into a business’ bank account much faster—and without a trip to the bank.

PlainsCapital Bank’s newest white paper, The Rise of the Cashless Business, explores the impacts of businesses going cashless from various angles: the trends in consumer behavior, the incentives and benefits for the retailer, and the solutions available to business owners looking to make the switch.


It’s important for business owners to consider the challenges and expenses associated with accepting cash and understand the benefits of transitioning to other payment acceptance models. To learn more about how to eliminate cash payments and simplify payment processes, visit PlainsCapital.com and download The Rise of the Cashless Business today!




PRIMELENDING DELIVERS STELLAR SERVICE DESPITE UNPREDICTABLE MARKET CONDITIONS

The past several months have been extraordinary. Amidst an extremely volatile market and unprecedented working conditions, PrimeLending’s influx of consumer demand never ceased. In fact, it continued to grow — and the PrimeLending team’s agility has since been on full display, setting volume and production records while delivering phenomenal service and earning rave reviews, such as:

- “We started the process during the COVID shut down. We were both working from home dealing with kids in the background and the team was super patient! They always kept me informed and responded to every question extremely fast. They made the process so incredibly easy!” Customer, Belgrade, MT
- “The entire PrimeLending team was fantastic. They were helpful and willing to answer questions at all hours of the day, while providing a great rate and professional service. Thanks so much!” Customer, Farmville, NC
- “We had a great experience—got a very low interest rate for a first time homebuyer! We were very pleased with how easy it was to sign all documents digitally - great way of getting it done efficiently and effectively. We actually got money BACK at closing!! It was such an easy experience as a first time homebuyer, I can’t rave more about our experience! Thank you, PrimeLending, for helping us buy our first home!” Customer, Edmond, OK



Over 16,000 5-Star Zillow Reviews



Providing Service Beyond Expectation to Every Home Buyer

Full days and long hours have been the theme, as the company’s loan officers, operations and production support teams have worked at maximum capacity to ensure every loan crosses the finish line. The servicing team also continued to go above and beyond to help customers mitigate financial hardships from the pandemic, guiding them through the evolving forbearance and repayment guidelines.

Thanks to PrimeLending’s relentless commitment to exceeding the expectations of their customers, they recently reached 16,000 reviews on Zillow and averaged 4.8 stars on Google. In a time when homebuyers and homeowners have needed guidance more than ever, PrimeLending has been dedicated to being the helping hand that customers can trust in today’s marketplace.



Mike Bartolotta
Senior Managing Director
Head of Debt Capital Markets



Richard Konkel
Co-Head of Debt Capital Markets



Bill Vogelpohl
Managing Director
Head of Debt Capital Markets Origination

DEBT CAPITAL MARKETS BUSINESS ADDS VALUE FOR HILLTOPSECURITIES’ CLIENTS

HilltopSecurities’ Debt Capital Markets Banking group rarely sees a plain vanilla project. As an extension of the HilltopSecurities Public Finance division, Debt Capital Markets often undertakes complex transactions that require creative, market-based solutions for municipal, governmental, corporate, and public-private partnership issuers.

The projects that Debt Capital Markets work with range from structuring or restructuring investments to specialty finance strategies, all of which are custom designed to fit clients’ precise funding needs. The group utilizes a highly collaborative approach to find the most attractive solutions, partnering with in-house professionals and outside parties involved in each project.

“The financial solutions we provide are extremely tailored because the endeavors our clients are pursuing never fit one mold,” said Senior Managing Director and Head of Debt Capital Markets Banking Mike Bartolotta. “Each project represents an opportunity to investigate every combination of options and help drive our clients’ chance of success.”

Debt Capital Markets intersects several major areas within Public Finance, including structured finance, investment banking, and the capital markets group. Their unique position allows them to leverage in-house resources, act as a natural hub for market data, and create highly customized solutions for clients’ short- and long-range financial needs.

Since Debt Capital Markets was added to HilltopSecurities in 2019, they’ve continued to expand. The group recently made several key hires, including Managing Director of Debt Capital Markets High Yield Housing Origination Steve Coma, who oversees four new bankers in the High Yield Housing sector.

“We’ve been strategically adding components to our business to make HilltopSecurities an even greater resource,” said Managing Director and Head of Debt Capital Markets Origination Bill Vogelpohl. “The more value Debt Capital Markets can provide, the better we can help clients stay on track toward their goals.”



Members of the PrimeLending Team in North Carolina presented a check to The Food Bank of Eastern and Central North Carolina as part of PrimeLending's \$250,000 donation to local charities.



The PrimeLending branch in Yuma, Ariz., provided lunch (and spread some love) to the staff of the Yuma Regional Medical Center Laboratory.



The Boise Branch partnered with local real estate agents to support local businesses and the medical staff at St. Luke's Hospital in Eagle, ID.

PRIMELENDING DONATES \$250,000 TO LOCAL CHARITIES

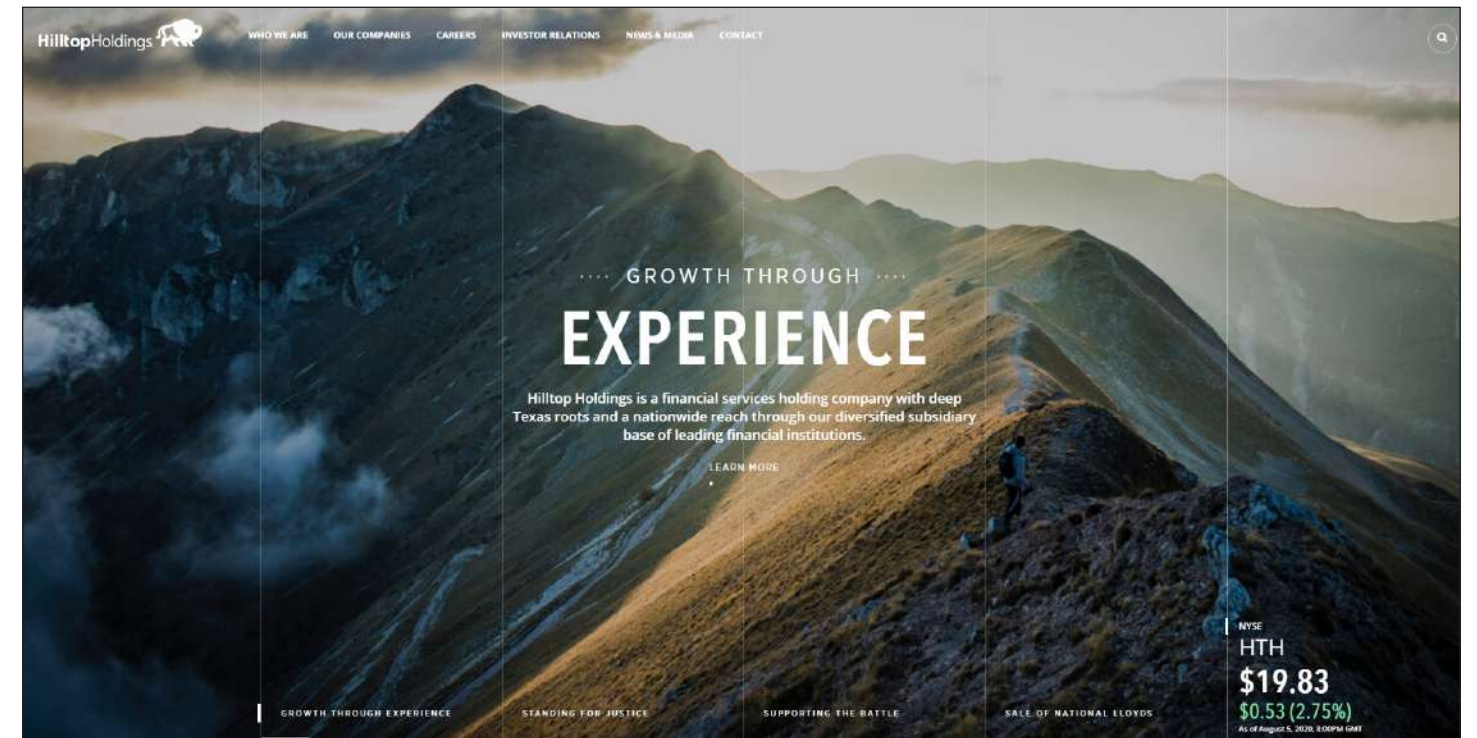
PrimeLending strives to make a profound and positive impact on everyone the company serves — especially in its local communities. During the pandemic, many people nationwide have experienced financial hardships on both a personal and professional level. That's why PrimeLending's local branches felt compelled to give back in any way possible — and they stepped up in a big way.

Along with providing countless meals to first responders, medical professionals and local schools, PrimeLending's branches collectively donated more than \$250,000 to local charities across the country to help individuals and families impacted by COVID-19.

"We're thrilled to see the impact these donations have on causes that are meaningful to our team during such a trying time," said Tim Elkins, Chief Production Officer. "We're already seeing the positive effect these contributions are having. In Phoenix alone, four area branches were able to ensure 56,000 meals."

The diversity of the organizations each office selected to support were as unique as the branches themselves. PrimeLending was able to assist food banks, medical centers, community response funds, youth programs, educational scholarships and other nonprofits. While their customers, business partners and neighbors were impacted by unprecedented circumstances, PrimeLending was and will continue to be a source of giving, care and support.

HILLTOP LAUNCHES NEW CORPORATE WEBSITE

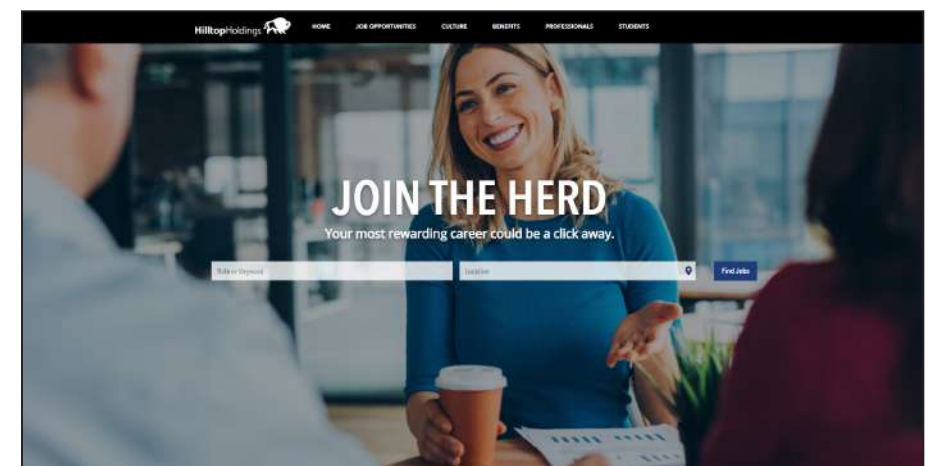
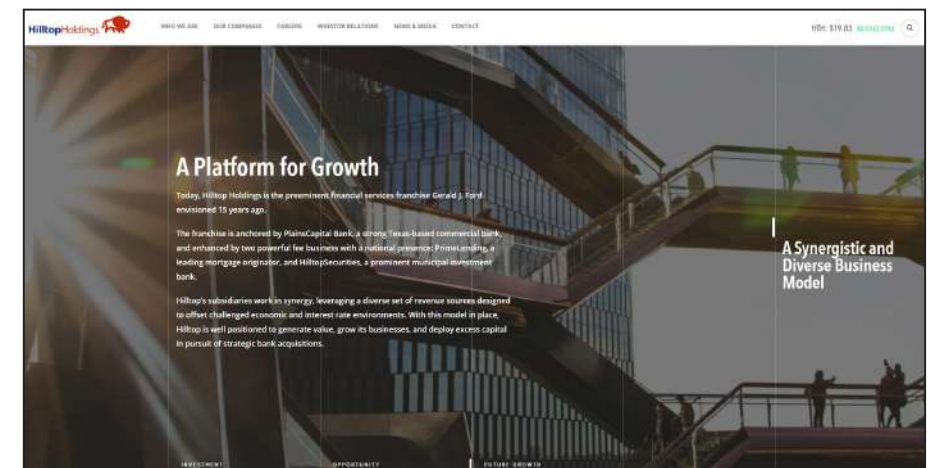


Hilltop Holdings announced the launch of its newly redesigned corporate website in early August. The new site features a streamlined redesign, improved functionality, and easy access to essential information for investors, customers, and potential employees alike.

"We are thrilled to debut our new company website which has been designed to better serve our investors, customers, and prospective employees," said Jennifer Sterns, senior vice president, director, marketing and communications. "With its modern design that reflects our company and culture, the new website offers improved functionality, accessibility, and readability on all devices for visitors to connect with us easily and efficiently."

In the redesigned careers portal, prospective employees will experience a completely revitalized career opportunities section with a hassle-free application process, a culture spotlight, and areas specifically designed with inside information for both student and professional applicants respectively.

The website has been designed for the best possible user experience. Visitors will be able to stay informed about Hilltop's latest news while also finding details on Hilltop's latest community involvement. Visit hilltop-holdings.com to explore the new website.



PROTECTING YOUR BUSINESS AGAINST FRAUD

Like many other forms of online fraud, Business Email Compromise (BEC) scams are on the rise. In fact, the FBI reports that there have been \$12 billion in losses related to BEC in the past five years alone. With the onset of the COVID-19 pandemic, fraudsters have taken advantage of the situation which has caused a further increase in the amount of wire fraud.

BEC is highly sophisticated and often targets businesses working with foreign suppliers and/or those that regularly perform wire and ACH transfer payments. “Be sure to verbally verify any payment request that comes via email even if the sender already claims they have received verbal confirmation,” warns PlainsCapital Fraud Manager Denise Owens. “No matter who the email comes from, be sure to call to confirm and be safe.”

What does BEC look like? Below are the most common Business Email Compromise scenarios:

- A fraudster creates a fake email address that looks similar to that of a company's CEO or other high-ranking officer and then sends emails to employees ordering payments to be sent for various business deals or invoices.
- A fraudster compromises an email account within a company and proceeds to send emails out to employees requesting payments.
- A fraudster compromises an email account of a vendor and requests that the company update their payments to another bank, diverting invoice payments to a fraudulent account.

POTENTIAL EMAIL RED FLAGS:

- An excuse for not being available by phone, such as boarding an airplane
- Urgency and confidentiality conveyed
- Stating “USD” or placing the \$ after the dollar amount (10,000USD or 10,000\$)
- Use of poor grammar or is signed “Kindly send”



John Muschalek, HilltopSecurities



Pete Villarreal, PlainsCapital Bank

HILLTOP ‘MASKS UP’ TO PROTECT OUR COMMUNITIES

The summer months have shown that the threat of COVID-19 cannot be taken lightly. The Hilltop family of companies has been working to stop the spread from the beginning, but as the situation progressed, it became clear that it is more important than ever to keep up the fight. Wearing masks is one of the easiest ways to protect those around us.

The #MaskUpHilltop campaign was launched across the organization to draw attention to the many ways individuals can make a difference in this challenging time. With cases rising in states across the country,

Hilltop leadership encouraged employees to make responsible and safe decisions by setting the example.

The campaign featured a video showcasing some familiar faces from Hilltop Holdings, PlainsCapital Bank, HilltopSecurities, and PrimeLending, emphasizing that it's not about protecting yourself—it's about protecting others, especially those most vulnerable to the disease. Making a point to “mask up” to keep everyone safe shows that together, we can make a difference.



Tim Elkins, PrimeLending



Aneyshia Taylor, Hilltop Holdings



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