



momentum

4TH QUARTER 2019

IN THIS ISSUE

Hilltop's Corporate
Culture Comes to
Life on Halloween



CELEBRATING HILLTOP'S CULTURE

Hilltop is a diverse organization with four unique operating companies doing business in communities from coast to coast. Across this national footprint, we improve countless lives in a variety of ways every day. Whether helping customers buy their first home, invest for the future, fund a new business, or protect their assets, we take pride in knowing that our work makes a positive difference.

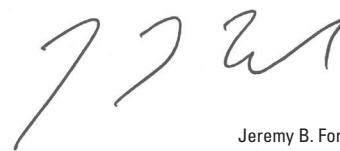
This pride is a key element of the culture that unifies our family of companies across business lines and markets. It is a culture of commitment, dedication, and excellence. We are driven to deliver a level of service our customers can find nowhere else. We set high standards and work hard every day to exceed them.

As with any company Hilltop's culture is organic in many ways, developing over time through shared attitudes and mutual expectations. We support each other, demonstrate our core values, and look for new ways to collaborate to reach our common goals. But our culture is strategic and intentional as well. We cultivate it by recognizing the strengths that have built our success and by developing programs that engage and encourage our employees. This includes a commitment to carry our culture beyond the office and into our communities through charitable giving and volunteer outreach. We are proud to support civic organizations and non-profit groups

in each of our markets, lending our time and resources to support those in need.

We take our work seriously, but we also have fun doing it. There's no better example of Hilltop's lighter side than our annual Halloween videos which are anticipated and enjoyed throughout the company and beyond. From developing the idea, to preparing scripts and costumes, to shooting the video, a lot of thought goes into this production every year and it never fails to bring its share of smiles.

You can read more about this year's video, and many other examples of Hilltop's vibrant culture in this edition of Momentum. Through our volunteer efforts, innovative business solutions, industry partnerships, and leadership recognition, Hilltop's culture is evident in everything we do. I'm proud of what we've built together and I look forward to sharing many more examples of our culture in the years ahead. The best is yet to come.



Jeremy B. Ford
CEO and President

STEVE THOMPSON NAMED CEO OF PRIMELENDING



PrimeLending announced in October the promotion of Steve Thompson to President and CEO of the national residential lender. Currently the company's President, Thompson will assume his new responsibilities beginning January 1, 2020. Todd Salmans will continue to serve as the company's Chairman.

"Since joining PrimeLending, Steve has continuously demonstrated an unwavering commitment to our principles, a perceptive understanding of the industry and a compelling leadership style that brings out the very best in those around him," said Todd Salmans, Chairman and CEO of PrimeLending. "He is passionate about our company and our culture, and genuinely cares about the success of each and every employee."

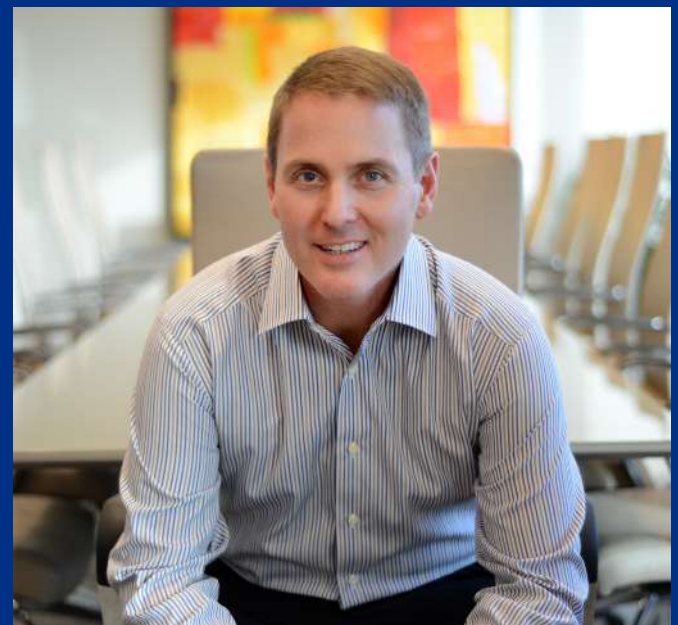
Working closely with Todd Salmans for the past two years as President, the company believes that Thompson is uniquely qualified and prepared to step into the CEO role. Under his direction, the company has established a blueprint for what the company anticipates will result in sustained success focused on delivering consumers a superior mortgage experience. Creating an innovative ecosystem designed to support modern originators, Thompson has championed the implementation of technology-based productivity tools and cutting-edge systems, such as Blue Sage, a state-of-the-art loan origination system.

TIM ELKINS NAMED CHIEF PRODUCTION OFFICER FOR PRIMELENDING

PrimeLending recently announced the promotion of Tim Elkins to Chief Production Officer. Elkins, who previously served as the company's Chief Information Officer, now oversees the company's Retail Production (which includes more than 1,300 loan originators), Marketing, and Multicultural Lending teams, along with retaining his existing Technology-related responsibilities.

"For more than 10 years, Tim has distinguished himself as an exceptional leader, a dynamic catalyst for innovation, and an inspirational role model for our culture and convictions," said Steve Thompson, President of PrimeLending. "As the Chief Production Officer, Tim will continue to be a driving force behind modernizing our retail mortgage experience and strengthening our leadership position."

A highly valued member of the executive leadership team, Elkins joined PrimeLending in 2008 as SVP of Technology, earning a promotion to EVP, Chief Information Officer in 2012. Under the direction of Elkins, PrimeLending has moved to the forefront of the industry in terms of delivering a premier digital mortgage experience, receiving the MortgageSAT Best-in-Class Lender Award for Application Process earlier this year. Most recently,





T. BOONE PICKENS

When legendary Texas oil tycoon T. Boone Pickens passed away in September 2019 at the age of 91, PlainsCapital Bank lost more than a longtime customer. We lost a loyal advocate and ally.

A close friend of PlainsCapital's founder, Alan White, Pickens was one of the Bank's earliest and most important DFW-area customers. Before his death, he shared some heartfelt advice and life lessons in the following open letter to his many friends and admirers.

If you are reading this, I have passed on from this world — not as big a deal for you as it was for me.

In my final months, I came to the sad reality that my life really did have a fourth quarter and the clock really would run out on me. I took the time to convey some thoughts that reflect back on my rich and full life.

I was able to amass 1.9 million LinkedIn followers. On Twitter, more than 145,000 (thanks, Drake). This is my goodbye to each of you.

One question I was asked time and again: What is it that you will leave behind?

That's at the heart of one of my favorite poems, "Indispensable Man," which Saxon White Kessinger wrote in 1959. Here are a few stanzas that get to the heart of the matter:

*Sometime when you feel that your going
Would leave an unfillable hole,
Just follow these simple instructions
And see how they humble your soul;*

*Take a bucket and fill it with water,
Put your hand in it up to the wrist,
Pull it out and the hole that's remaining
Is a measure of how you'll be missed.*

*You can splash all you wish when you enter,
You may stir up the water galore,
But stop and you'll find that in no time
It looks quite the same as before.*

You be the judge of how long the bucket remembers me.

I've long recognized the power of effective communication. That's why in my later years I began to reflect on the many life lessons I learned along the way, and shared them with all who would listen.

Fortunately, I found the young have a thirst for this message. Many times over the years, I was fortunate enough to speak at student commencement ceremonies, and that gave me the chance to look out into a sea of the future and share some of these thoughts with young minds. My favorite of these speeches included my grandchildren in the audience.

What I would tell them was this Depression-era baby from tiny Holdenville, Oklahoma — that wide expanse where the pavement ends, the West begins, and the Rock Island crosses the Frisco — lived a pretty good life.

In those speeches, I'd always offer these future leaders a deal: I would trade them my wealth and success, my 68,000-acre ranch and private jet, in exchange for their seat in the audience. That way, I told them, I'd get the opportunity to start over, experience every opportunity America has to offer.

It's your shot now.

If I had to single out one piece of advice that's guided me through life, most likely it would be from my grandmother, Nellie Molonson. She always made a point of making sure I understood that on the road to success, there's no point in blaming others when you fail.

Here's how she put it: "Sonny, I don't care who you are. Some day you're going to have to sit on your own bottom."

After more than half a century in the energy business, her advice has proven itself to be spot-on time and time again. My failures? I never have any doubt whom they can be traced back to. My successes? Most likely the same guy.

Never forget where you come from. I was fortunate to receive the right kind of direction, leadership, and work ethic — first in Holdenville, then as a teen in Amarillo, Texas, and continuing in college at what became Oklahoma State University. I honored the values my family instilled in me, and was honored many times over by the success they allowed me to achieve.

I also long practiced what my mother preached to me throughout her life — be generous. Those values came into play throughout my career, but especially so as my philanthropic giving exceeded my substantial net worth in recent years.

For most of my adult life, I've believed that I was put on Earth to make money and be generous with it. I've never been a fan of inherited wealth. My family is taken care of, but I was far down this philanthropic road when, in 2010, Warren Buffet and Bill Gates asked me to take their Giving Pledge, a commitment by the world's wealthiest to dedicate the majority of their wealth to philanthropy. I agreed immediately.

I liked knowing that I helped a lot of people. I received letters every day thanking me for what I did, the change I fostered in other people's lives. Those people should know that I appreciated their letters.


My wealth was built through some key principles, including:

- *A good work ethic is critical.*
- *Don't think competition is bad, but play by the rules. I loved to compete and win. I never wanted the other guy to do badly; I just wanted to do a little better than he did.*
- *Learn to analyze well. Assess the risks and the prospective rewards, and keep it simple.*
- *Be willing to make decisions. That's the most important quality in a good leader: Avoid the "Ready-aim-aim-aim" syndrome. You have to be willing to fire.*
- *Learn from mistakes. That's not just a cliché. I sure made my share. Remember the doors that smashed your fingers the first time and be more careful the next trip through.*
- *Be humble. I always believed the higher a monkey climbs in the tree, the more people below can see his ass. You don't have to be that monkey.*
- *Don't look to government to solve problems — the strength of this country is in its people.*
- *Stay fit. You don't want to get old and feel bad. You'll also get a lot more accomplished and feel better about yourself if you stay fit. I didn't make it to 91 by neglecting my health.*
- *Embrace change. Although older people are generally threatened by change, young people loved me because I embraced change rather than running from it. Change creates opportunity.*
- *Have faith, both in spiritual matters and in humanity, and in yourself. That faith will see you through the dark times we all navigate.*
- *Over the years, my staff got used to hearing me in a meeting or on the phone asking, "Whaddya got?" That's probably what my Maker is asking me about now.*

Here's my best answer.

I left an undying love for America, and the hope it presents for all. I left a passion for entrepreneurship, and the promise it sustains. I left the belief that future generations can and will do better than my own.

Thank you. It's time we all move on.



MAXIMIZE YOUR RETURN ON OIL AND GAS ASSETS

Managing investments and assets in any industry can be challenging, but oil, gas, and mineral rights in particular can often be too complex for an individual to handle on their own. The Private Bank at PlainsCapital Bank is experienced in assisting clients in managing a variety of investments and assets, including oil, gas, and mineral rights.

Managing oil and gas interests can be a challenging and time-consuming responsibility. Leases can be difficult to negotiate, resolving and correcting title issues is essential to protecting your interests, and all required information must be captured for tax reporting. That's why the experienced team at PlainsCapital provides professional mineral management and assists clients with:

- Negotiating critical components of an oil and gas leases
- Resolving and correcting title issues
- Collecting current and suspended revenue and escheated funds
- Reviewing and paying ad valorem taxes
- Tax record-keeping

"The oil company doesn't own the mineral royalty interests – and that's what we represent," said Greg Frazier, CPL, senior vice president and director of oil and gas management. "A company like

ExxonMobil drills an oil or gas well, and we negotiate the amount of money coming to our client. We also pay taxes for the client."

The typical customers are individuals or non-profits that are located across the country, albeit mostly concentrated in the Texas Permian Basin. But Frazier and his dedicated team take special pride in being able to offer their expertise and guidance. They take care of their oil and gas clients personally. The team does not outsource the management of oil and gas accounts or transfer clients to high-volume service models.

"It's unique that the Bank offers this—other banks tend to outsource it," Frazier said. "We're also proud of our Texan roots and I feel our customers value that we were founded in the same areas we operate."

Because the decisions customers make today regarding their oil and gas assets will impact their families for generations, it is critical that they work with well-informed industry professionals with specialized knowledge.

Frazier holds a CPL (certified professional landman), which is the highest designation offered in the energy management industry and the standard by which landmen demonstrate their comprehensive competence, proficiency, and professionalism in their field.

"I started out in oil and gas exploration before moving to the fiduciary side," Frazier said. "Now, it's all about the personal touch and the relationship you build. Having been on both sides of the industry, I know what is the best thing to do for the client."

Based out of the Bank's branch in Fort Worth, Frazier and his team currently manage roughly 10,000 assets located across the country, and offer their expertise in:

- Accounts Payable/Receivable
- Complex contract negotiation (Mineral Leases, Joint Operating Agreements, Surface Use Agreements)
- Suspended fund reconciliation
- Gas Balancing
- Tax application and reporting
- Custom client statements

"I'm most passionate about negotiating the best deals for my clients," Frazier said. "The more you build long-term relationships, the more you become like family to your clients."

That is precisely what PlainsCapital is founded on, advice you can trust, from people you know.

2018 SNAPSHOT

In just 2018 alone, Frazier and his team:

Processed over \$47 million in revenue for clients

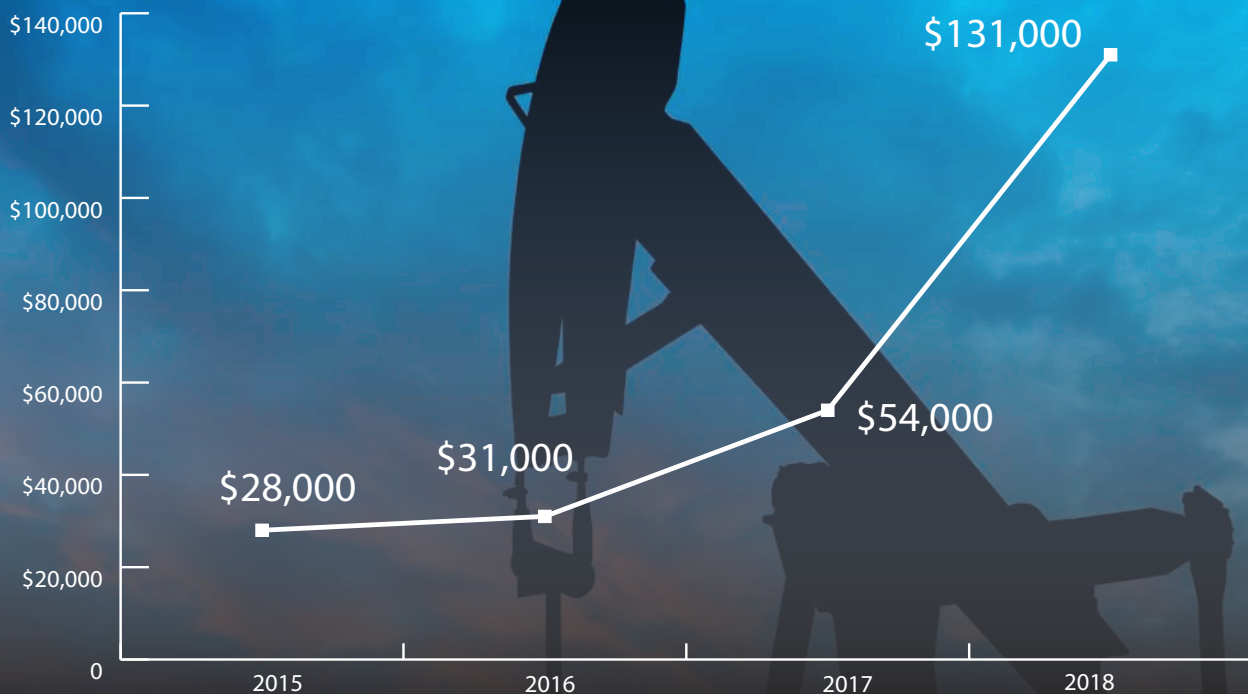
Negotiated \$3.5 million in lease bonus income

Executed 358,679 revenue transactions and 5,545 A/P transactions

Value of oil and gas assets under management increased \$77 million or 143 percent year over year

Valuation of Assets Under Management

in thousands





HILLTOP Toy STORY

Every year, Hilltop Holdings and its family of companies get into the Halloween spirit by dressing up in costume, decorating their departments, and transforming their office space. With a new theme each October, this year everyone was encouraged to dress like his or her favorite childhood toy. From Candy Land and Barbie to Toy Story and Happy Meal toys, employees across business lines got into character and visited fellow coworkers for some trick-or-treating.

In addition, Hilltop Holdings puts together a highly anticipated full-production video each year that casts familiar faces from each subsidiary and connects back to the culture and vision of Hilltop. In line with this year's theme, A Hilltop Toy Story was created to share the importance of building relationships in a technology-based world, told by a few of our favorite Toy Story characters. Head to our social media pages to watch the full video! Culture is a big part of the Hilltop family and continues to connect us with our coworkers, community and clients throughout the years.

OBIS EUM, OMMOLOR
ERNATUS APERSPIDEST
REM IPIET ET EXCERA
NIHILIS DOLORES QUOS
EXERCHIT AD UT RERUM
FUGITIO. UT ODIC
TECABO.



BUILDING COMMUNITY THROUGH GIVING NATIONWIDE

PrimeLending has built its culture around one prevailing core purpose:

Working together to have a profound and positive impact on the lives of all we serve.

This shared goal binds us together with a servant's heart and focuses our efforts on achieving the greater good. One of the ways our branches and employees across the country put our core purpose into action is through countless local outreach, philanthropic and volunteer activities that benefit the communities where we live and work. Here are just a few examples:

Cheers for Charity in NY

Our Newburgh, NY branch and Wappingers Falls, NY branch recently raised glasses to a great cause – they hosted a successful fundraiser benefiting Make-A-Wish and the MBA Open Doors Foundation, which gives grants to families of sick children to help cover rent and mortgage payments. Their first annual event, called Sip and Sparkle, was a wine tasting held at a local winery. They managed to sell approximately 150 tickets and raise \$8,000! Guests had a blast chatting, networking and enjoying the evening.

Making a Splash in CA

Giving back to others isn't an occasional thing for our Red Bluff, CA branch – it's a priority. Branch manager Jody Bartley and his team donate a portion of their own cash to a different charity each month. Every month, a loan officer picks his or her charity of choice, giving everyone an equal chance at helping out a non-profit that holds a special meaning for them. This rotation has paid off big-time – nearly \$30,000 has been raised for various charities over the past few years.



The team's latest project is helping to raise money for The Big Splash, a special-needs friendly splash park that a local non-profit hopes to build. About 185 miles north of San Francisco, Red Bluff's summers mean scorching temperatures, and there aren't many nearby places where families can cool off. The budget for the splash park is close to \$500,000, and the branch just donated \$3,200.

Volunteer of the Year in NV

"Selfless" is a word that Kristan Vaughan, Associate Loan Officer in Reno, NV, embodies. She was recognized earlier this year for her outstanding and selfless volunteer efforts for 2018. Kristan logged hundreds of volunteer service hours, devoting her time to charities such as Ronald McDonald House, Catholic Charities and Miss Reno Scholarship Program.

HILLTOP SECURITIES PARTNERS WITH DBA

HilltopSecurities recently partnered with the Bond Dealers of America (BDA) to create an Affiliate Member Division; providing representation for dozens of smaller, regional broker-dealers across the United States. As affiliate members, these firms will have access to the regulatory, legislative and political intelligence the BDA has provided for members since its founding in 2008, in addition to the extensive list of conferences and events geared to leadership across the fixed income markets.

Through their partnership with BDA, HilltopSecurities is covering the membership of the first 50 affiliate members, who are all HilltopSecurities clearing correspondents.

"The creation of our Affiliate Member Division is an exciting milestone for the Bond Dealers of America and will allow regional and smaller firms to enjoy the extensive informational, educational and collaborative opportunities our association provides," said Mike Nicholas, Chief Executive Officer of the BDA. "We are proud to partner with HilltopSecurities, one of the nation's largest clearing firms, to provide these new members with access to the BDA's unique and focused benefits. With the addition of our first 50 affiliate members, the BDA's membership expands to 125 members and we look forward to additional growth as more firms take advantage of this opportunity."

The BDA is the trade association that exclusively represents securities dealers and banks whose primary focus is the U.S. fixed income markets.

"HilltopSecurities has worked closely with the BDA since its



HILLTOPSECURITIES LEADS THE HERD WITH NEW BRANDING CAMPAIGN

HilltopSecurities' prominence as a leading municipal investment bank is a conversation starter. In 2019, the investment bank has built on that conversation through a strategic branding campaign emphasizing how it stands in stark contrast to its competitors.

"We designed the campaign to highlight our prominence as a leading municipal investment bank and wealth advisory firm," said Wings. "Getting our brand out there is integral to expanding our national presence and growing our business in key markets across the country."

The campaign is comprised of digital Google search and website display ads, print ads in strategic trade publications, cable TV commercials on CNBC, and a series of billboards directing industry peers and clients in Texas and California to a lead-generating landing page, leadtheherd.com.

Hilltop Holdings Marketing & Communications department took cues from Wings when it came to communicating what makes the investment bank unique.

"Brad came to HilltopSecurities with a marketing mindset. He took the company's long history of serving public entities and created a unique selling proposition to help it stand out in a crowded marketplace," said Marketing and Communications Director Jennifer Sterns.

The result positions HilltopSecurities as an investment bank that advances the financial opportunities of communities and the businesses and people that live in them—from state and local governments and institutional investors, to broker-dealers and individual investors.

HILLTOPSECURITIES NAMED HOUSING PARTNER OF THE YEAR

HilltopSecurities was recently recognized for its work helping low income individuals and families in Oklahoma realize their dream of owning a home.

REI Oklahoma named HilltopSecurities "Housing Partner of the Year" at its annual Dream BIG Oklahoma event, which showcases the "best of the best" who help build, innovate, and grow Oklahoma's economy. HilltopSecurities serves as program administrator for REI Oklahoma's Gift100 Program which provides closing cost assistance to eligible borrowers.

According to TBA/HFA housing managing director Mike Awadis, through its work with REI Oklahoma HilltopSecurities has helped 2,800 people realize the dream of becoming a homeowner, through \$350 million of first mortgages in the state of Oklahoma since the program's inception.

REI Oklahoma is a non-profit organization that expands economic opportunities for Oklahomans by providing flexible financing and development services to individuals, businesses, and entrepreneurs with limited access to resources.

FORTIFYING THE BOND BETWEEN BANK AND CUSTOMER

Too often in the business world, companies place more emphasis on customer sales than service. At PlainsCapital Bank, the team strives to be more relationship-oriented and focused on the long-term commitment to customers and their businesses. After the initial loan or an account opening, PlainsCapital still has a variety of tools and support to offer growing businesses.

In steps the PlainsCapital Bank Treasury Management team. This expert team partners with the local sales teams in each of the Bank's markets to offer business customers efficient solutions to manage their cash, lower costs, reduce risk, and maximize returns. "What we do is provide 'sticky' products, meaning services that help establish lasting relationships with our customers," said Tye Barton, executive vice president, director of treasury services. "We're here to partner with them and at every point in that relationship. We work with the branch to deliver value."

In order to deliver value, the Treasury Management team continuously evaluates new concepts and technologies to ensure that the products and services are helping customers to meet their financial goals. This focus delivers innovative receivables capabilities and sophisticated payables solutions, including:

- **Business Online Services** – An extended set of online banking tools to manage business banking needs easier and more efficiently
- **Fraud Protection** - Proven tools to help identify fraudulent activity and protect against payment fraud
- **Receivables Solutions** - Lower the cost of taking payments and improve the speed and efficiency of deposits and posting
- **Information and Reporting** – Constant access to all aspects of the cash flow cycle, anytime, anywhere
- **Working Capital Management** – Solutions to ensure customers are maximizing returns and optimizing investment opportunities
- **International Business Services** – The experience and network to help with import-export and foreign exchange transactions
- **Payables Solutions** – Combination of solutions to streamline and improve vendor payment processes
- **Merchant Services** – Right mix of solutions for payment acceptance processes



"Overall, we are responsible for the development, packaging, pricing, selling, and delivery of quality operating services for our commercial customers to enable them to efficiently manage their working capital," Barton said.

For over 30 years, PlainsCapital's bankers have cultivated lasting relationships with businesses and individuals in the communities they serve. The Treasury Management team is a prime example of how this commitment to service ensures that customers are the top priority.

CONGRATULATIONS TO NATIONAL LLOYDS PRESIDENT'S CLUB AGENTS

National Lloyds recognized its top-performing agents during its annual President's Club retreat in October. Agents spent the week at Rancho Valencia Resort and Spa in Rancho Santa Fe, California, and each received agent a National Lloyds President's Club plaque.

"We gathered to celebrate our best agency partners from across the country that have demonstrated continued profitability and growth, said Joe Palczewski, vice president of sales and marketing. These agents have contributed greatly to our success and have built National Lloyds into one of the premier Low Value Property carriers."

Agents were joined by Hilltop Holdings Chief Administrative Officer Darren Parmenter, Joe Palczewski, National Lloyds Senior Vice President of Claims Paul Boswell, as well as territory sales managers Ryan Castleman (Texas), Justin Lloyd (Tennessee), and Frank Fletcher (Arizona).

2019 PRESIDENT' CLUB MEMBERS

Burnett Homes Limited (Texas)
Riggs North (Arizona)
Cerra Insurance Agency (Texas)
Cook Insurance Agency (Arizona)
Desert Shield Insurance Agency (Arizona)
German Cortes Insurance Agency (Texas)
Hemphill Insurance Agency (Texas)
Keltner Insurance Agency (Tennessee)
Mark Tatum Insurance Agency (Arizona)
North Texas Insurance (Texas)
Puentes Insurance Agency (Texas)
Southern General Insurance Agency (Louisiana)
Spindle Group Insurance Agency Inc. (Texas)
White & Associates Insurance Agency Inc. (Tennessee)



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