

2020

**ENVIRONMENTAL,  
SOCIAL AND GOVERNANCE**

REPORT



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From the COVID-19 pandemic to the social unrest that swept across the United States last summer, 2020 was a year of unprecedented challenges, highlighting the importance of our commitment to safeguard our employees, customers, and communities we serve. Hilltop's dedicated and resilient workforce, coupled with our diverse business model, allowed us to successfully meet these challenges last year. And, importantly, we established a baseline for measuring our ongoing efforts to address the concerns of our stakeholders and our approach to the environmental, social, and governance (ESG) impact of our business.

ESG factors have emerged as significant considerations for those seeking transparency into the principles, operations, and practices of the companies in which they invest. Hilltop and its family of companies are committed to embracing transparency into our business activities and operations to provide our stakeholders with important information related to these key areas.

We recognize the central threat to our environment posed by climate change and remain focused on identifying opportunities to implement policies and practices to decrease energy consumption in our workplaces.

In addition, the past year served as a potent reminder of the vital need to address social injustice and promote diversity in every aspect of society. We are proud of our work to develop a diverse workforce and are actively taking steps to increase these efforts. In 2020, we established an internal Diversity, Equality, and Inclusion Council to foster our commitment to the growth and understanding of our multicultural workforce. We also launched a new initiative to promote equity in education, pledging \$1 million to support access to quality education for underserved communities.

Our business strategy has always focused on fair and honest business practices to grow and maintain our operations over the years. The challenges of 2020 have served to heighten the importance of putting additional emphasis on sustainability and diversity. As we further develop these initiatives, this past year will serve as Hilltop's ESG baseline for documentation and public disclosure of our culture, policies, practices, and risk strategies for addressing ESG considerations.

Our goal is to maintain well-rounded, sustainable operations, and implement enhancements to our operations that address these areas of importance for all of our stakeholders in the years ahead.



A handwritten signature in dark ink, appearing to read 'J B Ford', written in a cursive style.

Jeremy B. Ford

President and CEO

Hilltop Holdings Inc.

Hilltop Holdings Inc. is a diversified, Texas-based financial holding company. Hilltop has three primary operating companies, PlainsCapital Bank, PrimeLending, and HilltopSecurities. Our entities provide an array of capital investment and financial advisory services through our banking, mortgage origination, and broker-dealer financial segments. We endeavor to build and maintain a strong financial services company through organic growth, as well as acquisitions using available cash, excess liquidity, and additional equity or debt financing sources. Hilltop's common stock is listed on the New York Stock Exchange (NYSE) under the symbol "HTH."

At December 31, 2020, Hilltop employed approximately 4,900 people and operated approximately 420 locations in 48 states. Hilltop ranked No. 35 on the Forbes 11th annual list of America's Best Banks in 2020 and ranked No. 17 on the 2021 list, which ranks the top 100 publicly-traded banks and thrifts based on growth, credit quality and profitability.

#### OUR VALUES

At Hilltop, our decisions and actions are guided by a set of shared principles that include Integrity, Collaboration, Adaptability, Respect and Excellence, which we refer to as our ICARE principles.

#### OUR CULTURE

At Hilltop, we believe a strong and unique corporate culture is critically important to our continued success. The Hilltop Holdings Culture Council is made up of a diverse group of Hilltop employees committed to building an engaged and cohesive organization. Our Culture Council has four key goals that center on Communication, Engagement, Feedback, and Visibility to support and drive our culture initiatives.

#### OUR COMMITMENT TO SERVING OUR STAKEHOLDERS AND THE COMMUNITY

Hilltop is a solid and growing diversified financial services company specializing in banking, securities brokerage, financial advisory, and mortgage lending activities. We are committed to providing excellent financial services to meet the needs of individuals, businesses, communities and municipalities across the United States, while addressing the interests of our stakeholders, all of whom we serve.

I

We act with the very highest moral and ethical standards, treat others with only utmost dignity, and communicate honestly with transparency and fairness.

C

We utilize open-minded communications with a "greater good" priority, work jointly with others in our client's best interest, and let our voices be heard.

A

We challenge the status quo, continuously evolve our technologies, skills and personnel, take on new tasks, and consider new possibilities.

R

We give and receive constructive feedback, admire each individual's capabilities, and carefully regard the feelings, rights and traditions of others.

E

We demonstrate expertise, and good judgment, hold ourselves accountable for our choices, and show an earnest persistence to deliver on our promises.





## PLAINSCAPITAL BANK

PlainsCapital Bank is a leading Texas-based bank and the financial cornerstone of Hilltop. PlainsCapital was founded in 1988 by a group of young bankers who dreamed of bringing relationship banking to their hometown of Lubbock, Texas. With the acquisition of Plains National Bank, a Lubbock financial institution with one branch and approximately \$198.8 million in assets, they began growing the bank one relationship at a time.

Over 30 years later, PlainsCapital Bank has held fast to its tried-and-true relationship-based culture and its commitment to financial strength and stability. PlainsCapital Bank ranks fourth among the largest banks headquartered in Texas by deposits and has a statewide presence with approximately 60 locations in markets such as Austin, the Coastal Bend, Dallas, Fort Worth, Houston, Lubbock, the Rio Grande Valley, and San Antonio. Backed by decades of experience, our knowledgeable bankers are renowned for their straightforward approach and for taking exceptional care of their clients. They bring both financial and industry expertise along with vast local market knowledge to each client relationship.

PlainsCapital Bank conducts both commercial and consumer banking, providing a full suite of commercial banking products and services to fit any business model and convenient services, personal attention, and account features to help simplify managing personal finances.

PlainsCapital Bank continues to remain strong and stable, delivering highly personalized service and a single point of

contact to help customers reach their financial goals.

PlainsCapital Bank offers a suite of convenient online and mobile banking solutions to meet customer needs, including online banking and mobile banking apps that facilitate a variety of transactions—from mobile deposit and mobile bill pay to mobile wallet and Zelle person-to-person payments. In addition, PlainsCapital's Personal Teller Machines (PTMs) offer customers the ability to speak with a live teller virtually with extended banking hours.

## LENDING ACTIVITIES

During 2020, PlainsCapital Bank bankers worked diligently to facilitate the needs of its customers impacted by the COVID-19 pandemic. Year-over-year loans held for investment grew by \$680 million, or 10%, primarily due to Paycheck Protection Program (PPP) loan originations, as well as 22% growth in our National Warehouse Lending business.

**2,800**  
PAYCHECK PROTECTION PROGRAM (PPP) LOANS  
FUNDED IN 2020 TOTALING  
**\$672 MILLION**  
INCLUDING LOANS TO TEXAS NON-PROFIT  
ORGANIZATIONS TOTALING \$3,345,800

## Small Business Administration Loans

PlainsCapital Bank is a leader in the United States Small Business Administration (SBA) program originating a large volume of SBA 504 loans annually. The SBA was developed to promote economic development to create and retain jobs. PlainsCapital collaborates with the SBA to finance small businesses looking to expand. The program helps businesses that may not qualify for conventional financing by giving them access to financing backed with as little as 10 percent owner equity.

**\$32.9 MILLION**  
IN SBA 504 LOANS FUNDED IN 2020

2020 Bank Lending Activity	# Loans	Loan Value (000s)
Small Business & Small Farm Loans	4,244	\$743,410
Community Development Loans	28	\$69,153
Home Mortgage Loan Originations	175	\$112,533
Home Mortgage Loan Purchase	650	\$192,571
<b>TOTAL</b>	<b>5,097</b>	<b>\$1,117,667</b>

## Community Development Loans

PlainsCapital Bank received a “Satisfactory” rating on its most recent Community Reinvestment Act (CRA) performance evaluation by the Federal Reserve, dated March 12, 2018. PlainsCapital Bank has a number of CRA assessments areas (AAs) in diverse parts of Texas, including in the North Texas, Central Texas, West Texas, Southern Rio Grande Valley (bordering Mexico), and Southern Coastal regions. The Bank continues to provide resources that support the Financing Capital Improvements in our Texas Communities.

## HELP Loans

PlainsCapital Bank is a participating member with the Federal Home Loan Bank of Dallas Homebuyer Equity Leverage

**\$60,269,000**

2020 COMMUNITY DEVELOPMENT  
LOANS ORIGINATIONS

## 2020 Capital Resources Provided in Select Industries

	Commercial Loan Funds
Childcare Care & Youth Services	\$ 17,343,000
Education	\$ 10,362,000
Energy	\$ 5,245,000
Environmental	\$ 1,745,000
Farming	\$ 80,925,000
Petroleum/Natural Gas Distribution	\$ 10,958,000
Recycling /Conservation	\$ 5,984,000

Partnership (HELP). During 2020, PlainsCapital provided \$113,000 in HELP funds to 20 borrowers.

## STRESS TESTING

Historically, we perform capital stress testing with semi-annual stress test simulations. These simulations utilize the CCAR scenarios released by the Federal Reserve Bank early in the year while later in the year, Hilltop Holdings will generally seek to utilize Moody’s based scenarios to conduct more idiosyncratic stress testing. Results not only assist management in assessing overall levels of capital but aid in defining our “stress scenario” zones. Our capital policy defines the capital required to be well capitalized per regulatory definitions. The policy also defines the operating capital we can use for business as usual growth in addition to strategic initiatives (M&A, share repurchase, dividends, etc.).





## VOLUNTEERING IN OUR COMMUNITIES

PlainsCapital Bank supports the community through its on-going volunteer services, providing valuable resources to help supplement the efforts of numerous community and non-profit organizations. Through the Junior Achievement program, employees in the Dallas and Lubbock regions volunteer annually to teach financial literacy classes to underserved elementary school students at Oran M. Roberts Elementary School in the Dallas ISD and Alderson Elementary School in the Lubbock ISD. Oran M. Roberts enrollment is 98.8% minority and 90.4% of the students are economically disadvantaged. Alderson's enrollment is 97.5% minority and 95.6% of the students are economically disadvantaged. Additionally, PlainsCapital Bank partners with LG Pinkston High School in the Dallas ISD annually to provide students with insight into the skills that they will need to learn to be successful at school and in the workforce upon graduation. The students are brought to PlainsCapital for a worksite visit where they are able to practice their workplace competencies. LG Pinkston's enrollment is 99.4% minority and 86.7% of the students are economically disadvantaged.

# 2,000+

COMMUNITY SERVICE HOURS SINCE 2018

## Financial Literacy Initiative

Since 2018, over 85 PlainsCapital employees have volunteered over 570 cumulative hours teaching financial literacy to Oran M. Roberts Elementary, Alderson Elementary & LG Pinkston High School students.

PlainsCapital Bank employees have provided over 2,000 community service hours since 2018, serving on various committees and/or board of directors providing technical assistance on financial matters to nonprofit organizations, small businesses or community development organizations. These organizations are located throughout all the bank assessment areas. Employees also volunteered with United Way of Cameron County during tax season to assist with their VITA Program by translating from Spanish to English for the non-English speaking clients. Other employees volunteered for the CREW Careers Building Opportunities committee helping with planning, budgeting and teaching financial literacy to economically disadvantaged female high school students.





## PRIMELENDING

PrimeLending is a leading nationwide mortgage originator with offices throughout the United States. Since its inception in 1986, PrimeLending has remained laser-focused on guiding homeowners through financing the purchase, renovation, or refinance of a home. With approximately 1,225 loan officers located in branches throughout the U.S., PrimeLending is authorized to make loans in all 50 states and the District of Columbia. Offering more than 400 loan products, including 15 renovation loan solutions, the company provides an unmatched array of options capable of serving the needs of a wide range of customers.

PrimeLending has demonstrated its ability to seize opportunities and gain market share through recruiting proven mortgage professionals, investing in technology, and providing superior customer service. At the heart of the PrimeLending experience is a personal relationship with a home loan expert who guides customers through each step of the mortgage process. PrimeLending's loan officers are local, vested community members who understand the market. In fact, the entire team of

more than 2,600 passionate employees located throughout the United States are focused on helping turn homeownership goals into a reality and delivering on the **PrimeLending Motto**:

**“One Team, One Purpose”**

**2020**

**PRIMELENDING NATIONAL  
RANKINGS BY GREAT PLACE  
TO WORK AND FORTUNE**

**16TH**

**BEST WORKPLACES FOR  
WOMEN**

**22ND**

**BEST WORKPLACES IN  
FINANCIAL SERVICES AND  
INSURANCE**

**33RD**

**BEST WORKPLACE FOR  
MILLENNIALS**



## CUSTOMER SATISFACTION

PrimeLending utilizes the expertise and technology of STRATMOR Group and CFI Group to administer a comprehensive customer satisfaction survey to every borrower after closing. For loans funded in 2020, the survey response rate was 33.2%<sup>1</sup>, in line with the national average. Borrowers rated loan officer satisfaction 96%<sup>2</sup> and overall satisfaction 94%. Further, 45% of borrowers rated PrimeLending with a perfect score for Mortgage Loans funded in 2020, meaning there were no issues in any critical areas.

94%

CUSTOMER SATISFACTION RATING

## COMMITMENT TO FAIR LENDING

PrimeLending is committed to conducting business in a fair and ethical manner and has zero tolerance for any type of discriminatory lending practices, including, but not limited to, overt discrimination, disparate treatment and/or disparate impact. PrimeLending has established a fair lending program with effective policies and procedures to ensure the review, approval, training, monitoring, testing of controls, and communication plan are in place to demonstrate the Company's commitment to Fair Lending. PrimeLending has a multi-tiered monitoring program that includes internal testing that is conducted by the Compliance Department, coupled with the third-party regression analysis.

To further enhance PrimeLending's strong compliance program, PrimeLending conducts a market penetration analysis to assess the proportion of applications and funded loans in majority-minority census tracts at the Metropolitan Statistical Area (MSA) level as compared to our "peer" lenders in the same MSA. The Fair Lending Committee provides oversight of Fair Lending Program, which includes periodic meetings to monitor complaints, pricing analysis, underwriting analysis, marketing efforts, and market penetration risks. All information presented to the Committee is shared with PrimeLending's Board of Directors.

In addition, every employee receives Fair Lending training within 10 days of employment and training is conducted for existing personnel on an annual basis. PrimeLending requires all marketing to be transparent, concise, and inclusive. Accordingly, all marketing material requires compliance review and approval prior to publication. PrimeLending's Underwriting Department is centralized and all loans receiving a declination are reviewed by two underwriters. As part of the Fair Lending program, underwriting decisions are reviewed semi-annually to compare similarly situated borrowers of different target and control groups. The comprehensive program with Board oversight demonstrates PrimeLending's commitment to diversity and equal treatment of all borrowers.

## ELECTRONIC MORTGAGE LOAN PROCESSING

PrimeLending offers hybrid eClosing for the convenience of its borrowers. The consumer need only to come into a settlement agent's office to sign documents that require a wet signature or notarization. A hybrid eClosing allows the consumer to sign all the other documents electronically via their device or computer anytime after midnight the day of closing. About 90% of the documents can be signed electronically, which allows efficiency in loan closing times (from an hour to 15 minutes). When the COVID-19 pandemic hit, PrimeLending offered the hybrid eClose option to all consumers. PrimeLending is committed to providing its customers with the safest and most convenient options available in the market. We are currently in beta testing for remote online closings that utilize a remote online notary. During 2020, there were 15 loans closings entirely remotely with an online notary.

39,400

eCLOSINGS IN 2020

<sup>1</sup> For 2020, net invites total 70,829 and survey responses total 23,531. These totals include all joint ventures.

<sup>2</sup> Responses are provided on a 1-10 scale. The results are calibrated to an in model score on a 1-100 scale. These scores include all joint ventures operations.

## Multi-Cultural Lending Activities

First Time Home Buyers (FTHB) Mortgage Loans		
	No. Loans	Total Loan Amount* (\$000s)
2020	35,100	\$9,520,300



## Minority Borrowers

2020 Minority loan borrowers as defined by the FFIEC guidelines.

Mortgage Loan Applications		
By FICO Score	Number of Loan Applications	Loan Amount (\$000s)*
FICO ≤ 600	18,200	\$3,680,500
All Other Borrowers	12,080	\$2,397,400
Minority	6,120	\$1,283,100
FICO > 660	119,800	\$33,840,400
All Other Borrowers	91,480	\$25,729,600
Minority	28,320	\$8,110,800
Grand Total	138,000	\$37,520,900

Funded Mortgage Loans		
Type of Borrower	Number of Loans	Loan Amount (\$000s)*
All Other Borrowers	65,224	\$17,707,900
Minority Borrowers	18,985	\$5,262,300
Grand Total	84,209	\$22,970,200

Funded Mortgage Loans			
By FICO Score	Number of Loans	Loan Amount (\$000s)*	Weighted LTV
All Other Borrowers	65,224	\$17,707,900	79.5
FICO ≤ 600	4,542	\$924,800	90.6
FICO > 660	60,682	\$16,783,100	78.9
Minority Borrowers	18,985	\$5,262,300	83.7
FICO ≤ 600	2,333	\$497,800	91.4
FICO > 660	16,652	\$4,764,500	82.9
Grand Total	84,209	\$22,970,200	80.5

\*All mortgage loan amounts are rounded.



## Female Borrowers

Mortgage Loan Applications		
Loans by Gender	Number of Loan Applications	Loan Amount (\$000s)*
Male	106,900	\$30,408,900
Female	31,100	\$7,112,000
<b>Total</b>	<b>138,000</b>	<b>\$37,520,900</b>

Funded Mortgage Loans		
Loans by Gender	Number of Loans	Loan Amount (\$000s)*
Male	65,634	\$18,679,400
Female*	18,575	\$4,290,800
<b>Total</b>	<b>84,209</b>	<b>\$22,970,200</b>

\*2020 "Female only" borrower loans were approximately 1.100 as defined by HMDA standards.



## 2020 LOAN ORIGINATIONS LOCATED IN A 100-YEAR FLOOD ZONE AREA

Environmental Risk to Mortgaged Properties		
2020 Mortgage Originated Loans in a 100 Year Flood Zone		
Flood Zone	No. Loans	Loan Amounts*
A	211	\$53,502,000
A1-A99	288	\$93,898,000
AE	1,552	\$431,561,000
AH	45	\$15,002,000
AO	82	\$27,654,000
V1-V99	1	\$304,000
VE	69	\$32,656,000
<b>Grand Total</b>	<b>2,248</b>	<b>\$654,577,000</b>

PrimeLending reviews every subject property prior to closing to identify if the property is located within a FEMA declared disaster area. If the property is located in a FEMA designated disaster area, a property inspection is conducted to determine if there is any property damage and if the subject property is still acceptable collateral. Prior to an actual FEMA disaster declaration, if a natural disaster is likely and the subject property is potentially in the disaster area PrimeLending will collaborate with local staff, settlement agents and insurance agents. PrimeLending will not close and fund a loan without a Hazard insurance binder issued by the insurance company.

**PRIMELENDING'S WORKFORCE IS 64% WOMEN, OF WHICH 56% ARE OFFICERS**

\*All mortgage loan amounts are rounded.

## MORTGAGE LOAN PORTFOLIO

Loans held in portfolio and loans where PrimeLending owns the Mortgage Loan Servicing Rights (MSR).

- MSRs = Loans for which PrimeLending owns the MSR but not the loan
- PrimeLending Assets = Loans held in the PrimeLending portfolio for which PrimeLending owns the MSR and loan
- PlainsCapital Asset = Loan held in the PlainsCapital Bank portfolio serviced by PrimeLending

2020 Loan Modifications with a change in loan terms, typically initiated to cure a default, defined by type of borrower and credit score

	LOAN MODIFICATIONS			
Diversity by FICO Score	Number of Loans	Total Principal Balances*	Average LTV	Weighted LTV
<b>MSRs</b>	<b>411</b>	<b>\$69,850,100</b>	<b>0.7649</b>	<b>0.8045</b>
All Other	252	\$40,083,500	0.7296	0.7716
Above 660	161	\$25,725,400	0.6539	0.7121
Below 660	91	\$14,358,000	0.8635	0.8783
Minority	83	\$16,426,600	0.8551	0.8930
Above 660	38	\$6,654,900	0.8326	0.8641
Below 660	45	\$9,771,700	0.8741	0.9127
Not Provided	76	\$13,340,000	0.7856	0.7999
Above 660	44	\$8,379,200	0.7356	0.7591
Below 660	32	\$4,960,800	0.8519	0.8618
<b>PRIMELENDING ASSETS</b>	<b>84</b>	<b>\$13,914,100</b>	<b>0.9596</b>	<b>0.9839</b>
All Other	41	\$5,972,100	0.9731	0.9831
Above 660	13	\$1,954,600	1.0010	1.0123
Below 660	28	\$4,017,500	0.9602	0.9689
Minority	23	\$3,842,400	0.9404	0.9399
Above 660	9	\$1,295,500	0.9252	0.9297
Below 660	14	\$2,546,900	0.9501	0.9450
Not Provided	20	\$4,099,700	0.9564	1.0225
Above 660	4	\$1,194,600	0.7981	0.7939
Below 660	16	\$2,905,000	0.9785	1.0848

<b>PLAINSCAPITAL ASSET</b>	<b>1</b>	<b>\$644,600</b>	<b>0.5157</b>	<b>0.5157</b>
All Other	1	\$644,600	0.5157	0.5157
Above 660	1	\$644,600	0.5157	0.5157

\*All mortgage balances are rounded.



2020 Foreclosures and Short Sales/Deed in Lieu (DIL) defined by type of borrower and credit score

	FORECLOSURES				SHORT SALES/DIL			
Diversity by FICO Score	Number of Loans	Total Principal Balances*	Average LTV	Weighted LTV	Number of Loans	Total Principal Balances*	Average LTV	Weighted LTV
MSRs	5	\$326,300	0.7486	0.8733	8	\$1,287,000	0.9357	0.9416
All Other	5	\$326,300	0.7486	0.8733	7	\$908,600	0.9289	0.9244
Above 660	3	\$137,900	0.5345	0.5318	4	\$538,900	0.8905	0.9010
Below 660	2	\$188,300	1.0698	1.1234	3	\$369,600	0.9802	0.9585
Minority	-	-	-	-	1	\$378,500	0.9831	0.9831
Above 660	-	-	-	-	1	\$378,500	0.9831	0.9831
PRIMELENDING ASSETS	36	\$4,541,500	1.0678	1.0994	11	\$1,372,600	0.6542	0.9031
All Other	31	\$3,569,200	1.0824	1.1049	9	\$1,070,500	0.6829	0.9648
Above 660	17	\$1,988,300	1.1163	1.1318	2	\$298,300	0.5334	0.9927
Below 660	14	\$1,580,900	1.0413	1.0710	7	\$772,100	0.7256	0.9541
Minority	1	\$226,300	0.8228	0.8228	-	-	-	-
Above 660	1	\$226,300	0.8228	0.8228	-	-	-	-
Not Provided	4	\$746,100	0.9541	1.0112	2	\$302,200	0.5250	0.6845
Above 660	4	\$746,100	0.9541	1.0112	1	\$82,800	0.1724	0.1724
Below 660	-	-	-	-	1	\$219,400	0.8776	0.8776

BONDS & DOWN PAYMENT ASSISTANCE PROGRAM MORTGAGE LOAN ORIGINATIONS

BOND ORIGINATIONS WITH 65 HOUSING AGENCIES IN 2020 FOR 4,411 BOND UNITS TOTALING

**OVER \$702 MILLION**

\*All mortgage balances are rounded.



## HILLTOPSECURITIES

HilltopSecurities is a leading municipal investment bank with the strength, stability, and financial knowledge to help public entities, communities, businesses, and individuals move their bold visions forward. As a full-service firm with over 70 years of history, HilltopSecurities serves clients across the nation through four complementary business divisions: public finance, wealth management, fixed income capital markets, and structured finance/debt capital markets (DCM).

The Firm assists municipal entities with their financing needs by either providing advice as a municipal advisor or by purchasing bonds directly from an issuer as an underwriter. The financing needs of municipalities may include: infrastructure (i.e. clean water, roadways, sewer), building/updating local schools, building/updating local hospitals, and many other socially beneficial projects. The Firm's work with Housing Finance Authorities (HFAs) helps make single-family and multi-family housing more affordable in communities across the country.

**HILLTOPSECURITIES SECURITIZED  
\$8.15 BILLION IN 2020, OF  
WHICH, 84.85% WAS GINNIE MAE**

**DURING 2020,  
HILLTOPSECURITIES PROVIDED  
FINANCIAL ADVISORY SERVICES  
TO U.S. MUNICIPALITIES ON  
APPROXIMATELY 850 DEALS  
VALUED AT OVER \$28 BILLION,  
SERVED AS CO-FINANCIAL  
ADVISOR ON DEALS VALUED AT  
MORE THAN \$9 BILLION, AND WAS  
THE FINANCIAL ADVISOR ON  
PRIVATE PLACEMENT DEALS  
VALUED AT \$361 MILLION.**

## MUNICIPAL BOND UNDERWRITINGS

(U.S. Authorities and Agencies)

2020	\$000s
Sole Underwriter (> 225 deals)	\$3,166,478
Co-Manager Underwriter (>90 deals)	\$8,660,519
Placement Agent (> 30 deals)	\$ 273,414



**HILLTOPSECURITIES HAS  
APPROXIMATELY \$30 BILLION IN  
ASSETS UNDER CUSTODY**

**SOUND BUSINESS PRACTICES**

As part of the Firm's public finance and retail brokerage practices, it notifies clients of relevant conflicts of interest, if they exist. All Firm personnel are required to disclose all outside business activities in order for the Firm to properly supervise any potential conflicts of interest. There are annual trainings conducted that are specific to the business unit in which each registered employee works. Every other year, this training includes ethics training for all registered employees. The Firm conducts supervisory reviews daily; these consist of accurate trade reporting, oversight of retail trades, fair pricing and other relevant regulatory requirements.

The Firm utilizes stress test results to better understand potential disruptions in funding. Based upon the outcomes of such testing, the Firm can better mitigate these disruptions if they occur. The Firm is constantly monitoring counterparty exposure.

HilltopSecurities Workforce	Percentage		Employee Count		
By Gender within Class	Female	Male	Female	Male	Total
Executive Management	14%	86%	1	6	7
Non-Executive Management	42%	58%	55	75	130
Professionals	27%	73%	111	300	411
All Other Employees	76%	24%	165	52	217

HilltopSecurities Workforce	Percentage				Employee Count				
By Ethnicity within the Class	Asian	Black or African American	Hispanic or Latino	White	Asian	Black or African American	Hispanic or Latino	White	Total
Executive Management	0%	0%	0%	100%	0	0	0	7	7
Non-Executive Management	2%	3%	13%	81%	3	4	17	106	130
Professionals	5%	4%	9%	83%	20	16	36	339	411
All Other Employees	4%	27%	17%	52%	9	58	37	113	217

**HILLTOPSECURITIES WORKFORCE**

By Class	Employee Count	Percentage
Executive Management	7	0.92%
Non-Executive Management	130	16.99%
Professionals	411	53.73%
All Other Employees	217	28.37%

**HILLTOPSECURITIES SERVED AS  
CO-FINANCIAL ADVISOR TO THE DFW  
INTERNATIONAL AIRPORT ON ITS  
\$2.05 BILLION BOND ISSUANCE DURING  
THE COVID-19 PANDEMIC—A DEAL THAT  
WON THE BOND BUYER'S 2020  
SOUTHWEST REGIONAL  
DEAL OF THE YEAR AWARD**

**2020 PUBLIC FINANCE REVENUE**

Revenue	\$ 000s
Financial Advisory Revenue	\$59,174
Underwriting Revenue	\$18,911
Total Public Banking Revenue	\$78,085
Government Investment Pools	\$6,318
Treasury Management	\$2,363
Swap Advisory	\$2,695
Disclosure	\$2,265
Arbitrage Rebate	\$3,521
Total Spoke Revenue	\$17,162
Total Other/Misc. Revenue Adjustments	(\$54)
Total Public Finance Revenue	\$95,193

## SUBORDINATED NOTES OFFERING

Hilltop's public offering of \$200 million, subordinated notes in 2020 included \$50 million aggregate principal amount of 5.75% fixed-to-floating rate subordinated 10-year notes and \$150 million aggregate principal amount of 6.125% fixed-to-floating rate subordinated 15-year notes. The notes qualify as Tier 2 capital.

## RETURN OF CAPITAL TO SHAREHOLDERS

During 2020, Hilltop returned an aggregate of \$241 million to its stockholders through the following capital actions:

- Completed a "Modified Dutch Auction" tender offer for aggregate purchase of \$193.4 million;
- Open market share repurchases of \$15.2 million in the aggregate; and
- Dividends of \$32.5 million in the aggregate.

Hilltop and PlainsCapital Bank maintain a capital conservation buffer required by Basel III, which requires a banking organization to hold a buffer above its minimum risk-based capital requirements. This buffer helps to ensure that banking organizations conserve capital when it is most needed, allowing them to better weather periods of economic stress. The Basel III buffer is measured relative to risk-weighted assets. Hilltop and the Bank also maintain active assessment and enhanced monitoring thresholds above the Basel III conversation buffers in order to address changes in actual or projected capital levels.

## HEALTH & SAFETY MEASURES

During the pandemic, Hilltop provided its employees with Health & Safety Guidelines, Workplace Social Distancing Protocols, and Facial Masks for personal use and Work-From-Home opportunities. It also established a COVID-19 Resource Center online to address the concern of its employees. To protect its employees who were required to be in company locations due to essential operations, locations were sanitized to mitigate such risks. Workplace guidelines were established to require employees to wear facial coverings when entering and exiting the building and in all common areas within our business locations. We also covered the cost of COVID-19 testing for employees.





### PROMOTING JUSTICE AND EQUITY

Hilltop listens to the concerns of the residents within our communities and expressed empathy and compassion for local and national issues impacting us all during 2020. In response to the issue of systemic racial bias across the nation, Hilltop **donated \$1 million towards improving equity in education in America**, as access to quality education is foundational and paramount to society. Further, Hilltop matched employee personal contributions up to \$2,500 to nonprofit organizations promoting justice and equality for total combined contributions of \$ 65,000 in 2020.

### SUPPORTING THE BATTLE AGAINST COVID-19

On April 28, 2020, Hilltop made a \$300,000 donation to Baylor Scott & White (BSW) Dallas Foundation's "Employees 1st Emergency Assistance Fund" that assists BSW Health employees who are experiencing financial hardship due to the pandemic. Hilltop's donation went to aid approximately 28,000 BSW caregivers who are among the most profoundly impacted by the crisis, providing them with meals, hotel costs, and childcare. Baylor Scott and White is the largest non-profit healthcare system in Texas.

Some of the Hilltop family of companies' other efforts to support communities in the fight against COVID-19 include:

- PlainsCapital Bank's Lubbock branches, together with 19 other Lubbock banks, donated a total of \$343,000 to the South Plains COVID-19 Response Fund to help support

nonprofits in West Texas that are tackling the effects of COVID-19.

- As one of the nation's leading municipal advisory firms, HilltopSecurities is supporting healthcare providers by offering free financial advisory services to community hospitals struggling to meet the financial demands created by the pandemic response.
- PrimeLending donated more than \$200,000 to local charities in communities it serves across the United States.



### PREVENTING HUNGER

In 2016, PlainsCapital Bank made a five-year pledge to the North Texas Food Bank (NTFB), contributing a total of \$500,000 towards the "Stop Hunger Build Hope" campaign, including a \$100,000 contribution in 2020. The campaign raised a record \$55 million to fund various means of strengthening the local food assistance infrastructure.

HilltopSecurities donated a total of \$50,000 to food banks in markets it serves across the country. Food banks in Dallas-Fort Worth, Austin, Houston, south Florida, Boston, New York City, Chicago, Denver, and Los Angeles each received \$5,000 contributions to support their efforts to feed those who are suffering in their communities.

In addition, Hilltop conducted an employee matching campaign over the holidays, matching five times the cash value of employee in-kind food donations for a total contribution of \$10,750 to the NTFB. In total, the campaign provided 40,193 meals.



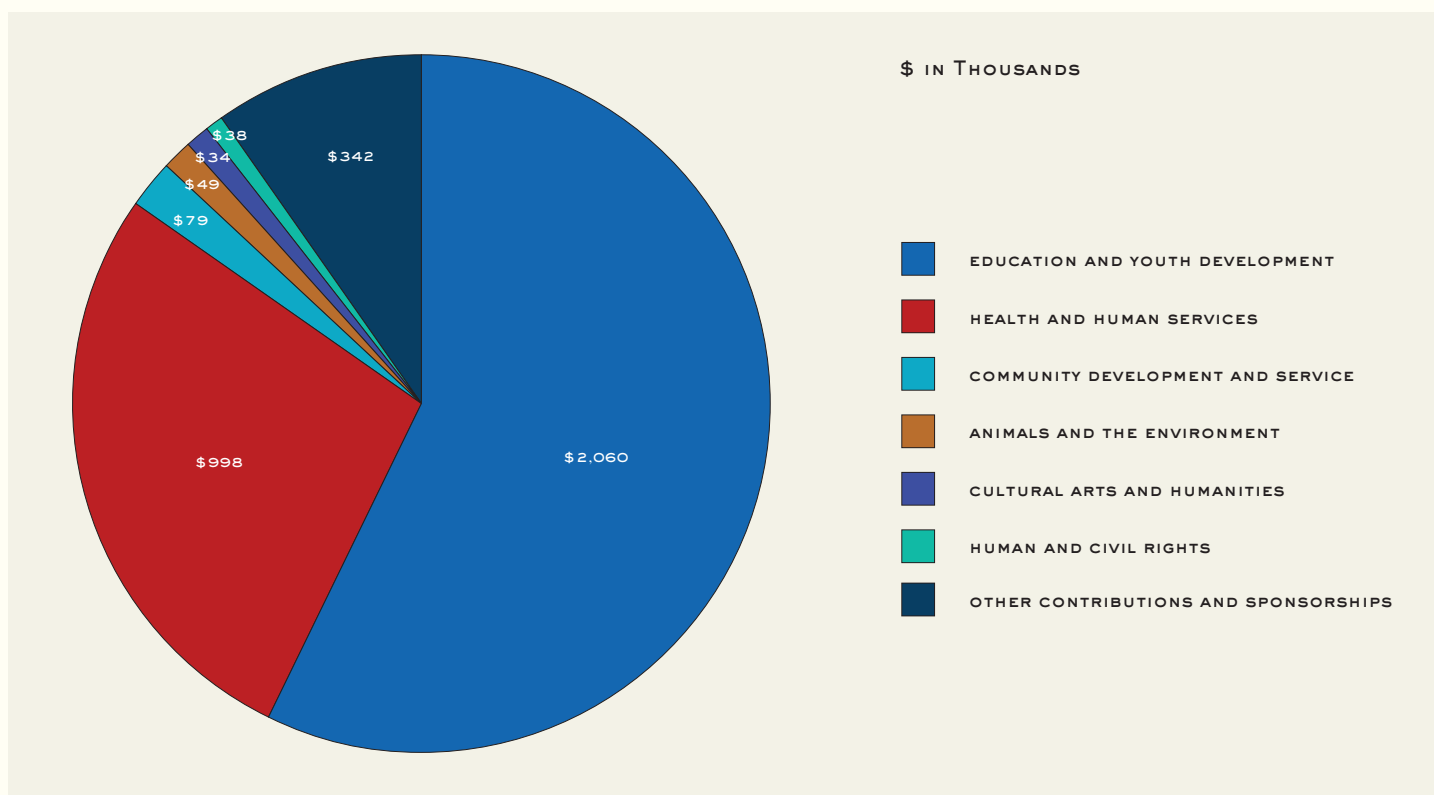
## HELPING FAMILIES

PrimeLending made a \$100,000 donation to the MBA Opens Doors Foundation in Washington, D.C. Opens Doors is a non-profit organization run by the Mortgage Bankers Association that assists families with a critically ill or injured child by making their mortgage payment. Since 2016, PrimeLending has made annual contributions to Opens Doors totaling more than \$300,000. The company was recognized with the foundation's "Community Champion Award" in 2020.

**IN 2020, HILLTOP COMPANIES  
COMMITTED MORE THAN  
\$3.6 MILLION TO CHARITABLE AND  
COMMUNITY ORGANIZATIONS**



## HILLTOP HOLDINGS GIVING FOCUS AREAS





Our Company and employees are committed to the communities we serve. This is demonstrated by the volunteer hours and contributions made to support its initiatives throughout each year.

#### OUR 2020 VIRTUAL FOOD DRIVE

Hilltop partnered with the North Texas Food Bank (NTFB) to offer a safe and impactful volunteer opportunity for employees with virtual donations through an Amazon Wish List this December. Employees were able to purchase food items which then were sent directly to the NTFB distribution facility. In total, Hilltop employees donated 1,244 pounds of food which provided meals to nearly 8,000 food-insecure community members.



## HILLTOP HOLDINGS ENTERPRISE-WIDE EMPLOYEE DEMOGRAPHICS

Employee Classification by Gender	Female Employees			Male Employees			All Employees	
	# Females	% by Class	% of All	# Males	% by Class	% of All	# of All by Class	% of All
Executive Mgmt	10	10%	0.2%	90	90%	1.9%	100	2.1%
Non-Executive Mgmt	320	46%	6.5%	380	54%	7.7%	700	14.1%
Professionals	570	43%	11.5%	745	57%	15.2%	1,315	26.7%
All Other Employees	1,970	70%	40.1%	835	30%	17.0%	2,805	57.1%
<b>Grand Total</b>	<b>2,870</b>		<b>58.3%</b>	<b>2,050</b>		<b>41.7%</b>	<b>4,920</b>	<b>100.0%</b>

Employee Classification by Race Ethnicity Group		Executive Management	Non-Executive Management	Professionals	All Other Employees	Total
Asian	# by Race	-	15	70	80	165
	% by Race	0.0%	9.1%	42.4%	48.5%	100.0%
	% of All	0.0%	0.3%	1.4%	1.6%	3.4%
Black or African American	# by Race	-	30	85	205	320
	% by Race	0.0%	9.4%	26.6%	64.1%	100.0%
	% of All	0.0%	0.6%	1.7%	4.2%	6.5%
Hispanic or Latino	# by Race	10	100	205	520	835
	% by Race	1.2%	12.0%	24.6%	62.3%	100.0%
	% of All	0.2%	2.0%	4.2%	10.6%	16.8%
White	# by Race	90	540	880	1,900	3,410
	% by Race	2.6%	15.8%	25.8%	55.7%	100.0%
	% of All	1.8%	11.0%	17.9%	38.6%	67.5%
All Others	# by Race	-	-	-	190	190
	% by Race	0.0%	0.0%	0.0%	100.0%	100.0%
	% of All	0.0%	0.0%	0.0%	3.9%	3.9%
<b>Grand Total</b>		<b>100</b>	<b>685</b>	<b>1,240</b>	<b>2,895</b>	<b>4,920</b>





### HILLTOP PLAZA—DALLAS, TEXAS (SILVER LEED CERTIFICATION PENDING)

In 2019, Hilltop announced that it made an investment in a new real estate development in Dallas that would serve as corporate headquarters for both Hilltop and PlainsCapital Bank. The six-story, 119,000-square-foot commercial office building, named Hilltop Plaza, is pursuing Silver LEED Certification.

Hilltop Plaza uses the Lutron lighting system that conserves electrical energy usage with Daylight Harvesting technology. This system uses natural lighting and automatically dims or turns off lighting when deemed adequate for the area. Hilltop Plaza also has a Variable Refrigerant Flow (VRF) HVAC system (also known as variable refrigerant volume system) that uses refrigerant as the cooling and heating medium. This refrigerant is conditioned by a single or multiple condensing units (which may be outdoors or indoors, water or air cooled circulated within the building to multiple indoor units). VRF systems, unlike conventional chiller-based systems, allow for varying degrees of cooling in defined areas, reducing energy consumption. We also utilize this same HVAC system at PlainsCapital Bank's Arlington branch location.

### PLAINSCAPITAL BANK ENERGY CONSUMPTION AT BRANCH LOCATIONS (TEXAS)

**2020 BASELINE YEAR  
3,529.1 BILLED MWH**

### OWNED LOCATIONS WITH 100% GREEN ENERGY USAGE

#### EMISSIONS AVOIDED - (Texas bank locations)

2020	CO2 Avoided (lbs.)
1st Qtr.	1,225,219
2nd Qtr.	1,446,131
3rd Qtr.	1,694,432
4th Qtr.	688,962
Total	5,054,744

2019	CO2 Avoided (lbs.)
1st Qtr.	1,605,660
2nd Qtr.	1,847,475
3rd Qtr.	2,278,353
4th Qtr.	1,582,570
Total	7,314,058

LAND PRESERVATION/RECYCLING  
**\$607,000**  
**PAPER SHREDDING**  
VENDOR SPEND IN 2020 TO  
SUPPORT COMPANYWIDE PAPER  
SHREDDING PRACTICES

## **SOCIALLY RESPONSIBLE BUSINESS PRACTICES**

Hilltop is an equal opportunity employer. As such, Hilltop extends equal opportunity and access in its business practices to its employees, suppliers/vendors, customers, and the communities in which it serves, consistent with its policy of inclusion. The Hilltop ESG initiative is designed to review historical demographics and identify diversity enhancement opportunities that align with the communities in which it serves. Hilltop is dedicating internal resources to assist in the development and assessment of its ESG goals and the identification of enhancements relative to its sustainability and transparency disclosures. Hilltop ventures to continue the self-assessment of its business practices, including the identification of obstacles and the consideration of reducing barriers to diverse participation in its business activities.

## **CODE OF CONDUCT AND BUSINESS ETHICS**

The Hilltop Code of Ethics and Business Conduct provides standards of conduct and business expectations of directors, officers and employees of Hilltop Holdings Inc. and its subsidiaries. All employees are required to attest annually to their awareness and acceptance of the provisions of the Code and to affirm their compliance with such provisions. Hilltop has formulated this Code to help ensure that employees act in accordance with applicable laws and observe the highest ethical standards in their business dealings. Hilltop is keenly aware of the importance of maintaining its corporate reputation for integrity. It is the responsibility of each employee to create and maintain a fair, honest and professional workplace. Hilltop believes that honesty is the essential standard of integrity and expects employees to deal with others in a manner that absolutely excludes any consideration of personal or private benefit. It is, therefore, fundamental to the reputation and continuing success of the company that employees adhere to the rules and procedures set forth in the Code.

Hilltop is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics and to full and accurate financial disclosure in compliance with applicable law. Each Senior Officer must not only comply with applicable law but must

engage in and promote honest and ethical conduct and abide by Hilltop's Code of Business Conduct and Ethics and other policies and procedures that govern the conduct of Hilltop's business. The leadership responsibilities of Senior Officers include creating a culture of high ethical standards and commitment to compliance, maintaining a work environment that encourages employees to raise awareness and promptly addressing employee compliance concerns.

## **INTOLERANCE OF DISCRIMINATION AND HARASSMENT**

Hilltop does not tolerate and prohibits discrimination or harassment of or against our job applicants, contractors, interns, volunteers, or employees by another employee, supervisor, vendor, customer, or any third party on the basis of race, color, creed, religion, national origin, ancestry, citizenship status, age, sex or gender (including pregnancy, childbirth and related medical conditions), gender identity or gender expression (including transgender status), sexual orientation, marital status, military service and veteran status, physical or mental disability, protected medical condition as defined by applicable state or local law, genetic information, or any other characteristic protected by applicable federal, state, or local laws and ordinances.

**OUR WHISTLEBLOWING  
HOTLINE IS AVAILABLE TO  
EMPLOYEES 24/7**

## **WHISTLEBLOWING POLICY**

Hilltop prohibits retaliation for reports made in good faith by employees. Hilltop will not discharge, threaten, discriminate or otherwise retaliate against any employee in any manner for his or her reporting in good faith what he or she perceives to be a violation of applicable law, violation of applicable company guideline, policy or procedure, or other inappropriate, unethical or illegal conduct. Any employee found to have violated this policy will be subject to disciplinary action, up to and including termination of employment.

## EMPLOYEE RETENTION

### CURRENT FULL-TIME EMPLOYEE TURNOVER RATIO 19.82%

Our year-over-year percentage change for full-time employees is 0.51% and year-over-year change for part-time employees is 18.52%. Our Temporary Worker Ratio (Total enterprise headcount held by part-time employees) is 0.89%.

## WORKPLACE HEALTH AND SAFETY

Hilltop takes all measures it believes are necessary and appropriate to create a safe working environment for its employees. As a result of the COVID-19 pandemic, Hilltop instituted additional measures, such as special cleanings, and guidelines intended to maintain employee safety. Hilltop's employee workplace injury rate is less than 1%. Hilltop complies with OSHA workplace guidelines by annually reporting the Form 300 log of Work-Related Injuries and Illnesses, in a timely manner.

## GENDER DIVERSITY

- Total enterprise headcount held by men (41.7%) and women (58.3%)
- Entry- and mid-level positions held by men (35.92%) and women (64.08%)
- Senior- and executive-level positions held by men (62.10%) and women (37.90%)

## COMMITMENT TO DIVERSITY, EQUITY, AND INCLUSION (DEI)

During 2020, Hilltop affirmed its commitment to promoting diversity, equity, and inclusion throughout our organization and in the communities we serve. Since then, our work on this important aspect of Hilltop's culture has centered on three key initiatives – communication, training, and community support. We recognize that a critical step in furthering our commitment involves listening to our employees. We have continued to have open internal lines of communication and are in the process of establishing ongoing diversity, equity, and inclusion resources and training that will be available to all employees.



## DIVERSITY COUNCIL

Hilltop's Diversity Momentum Council was established in 2020, comprised of 12 multicultural employees from across our business enterprises to help drive our DEI initiatives. The Council is committed to determining and building diversity, equity, and inclusion programming and communications for all employees across the Hilltop family.

**DURING 2020, HILLTOP  
COMMITTED MORE THAN  
\$1 MILLION TO SUPPORTING  
DIVERSITY, EQUITY AND  
INCLUSION EFFORTS.**

## WOMEN'S MOMENTUM

The Hilltop Women's Momentum team organizes live and virtual events during the year to support the growth and development of our female employees nationwide. This group also reaches out to the community to support women's organizations and initiatives.





## CULTURE COUNCIL

The Hilltop Culture Council represents individuals from across our business who organize events for all employees throughout the year. This council defines and promotes Hilltop's culture, as well as engages all employees.

## HEALTH AND WELLNESS SUPPORT

Hilltop is committed to helping its employees achieve their wellness goals. Whether the goal is weight loss, healthy eating, moving more, developing a more positive mindset, or all of the above, Hilltop supports and encourages the accomplishment of such goals by offering tools, such as, discounted pricing on the Weight Watchers (WW) program. We realize that healthier employees make more productive and happier employees. Employees' achievement of health and wellness goals is a win-win for us everyone: the employees, their families, and Hilltop.

## EDUCATIONAL OPPORTUNITIES FOR EMPLOYEES AND THEIR FAMILIES

Professional development is encouraged for all employees. Hilltop offers tuition reimbursements to employees and supports continuous education initiatives. Hilltop also offers college tuition scholarships to qualifying children of its employees through its Buffalo Scholarship Program Scholarship, which awarded \$25,000 in scholarships in 2020.



## PROCUREMENT POLICY

Hilltop uses a multi-faceted approach to sourcing and selecting suppliers of goods and services. When soliciting bids from potential suppliers, the firm casts a wide net that includes both local and national, small and large companies in order to provide diverse, fair and equal opportunities. The firm evaluates all bids based on numerous qualifications, such as ability to meet the business requirements, cost, quality of goods/services, ethical practice and corporate citizenship, financial risk, etc.

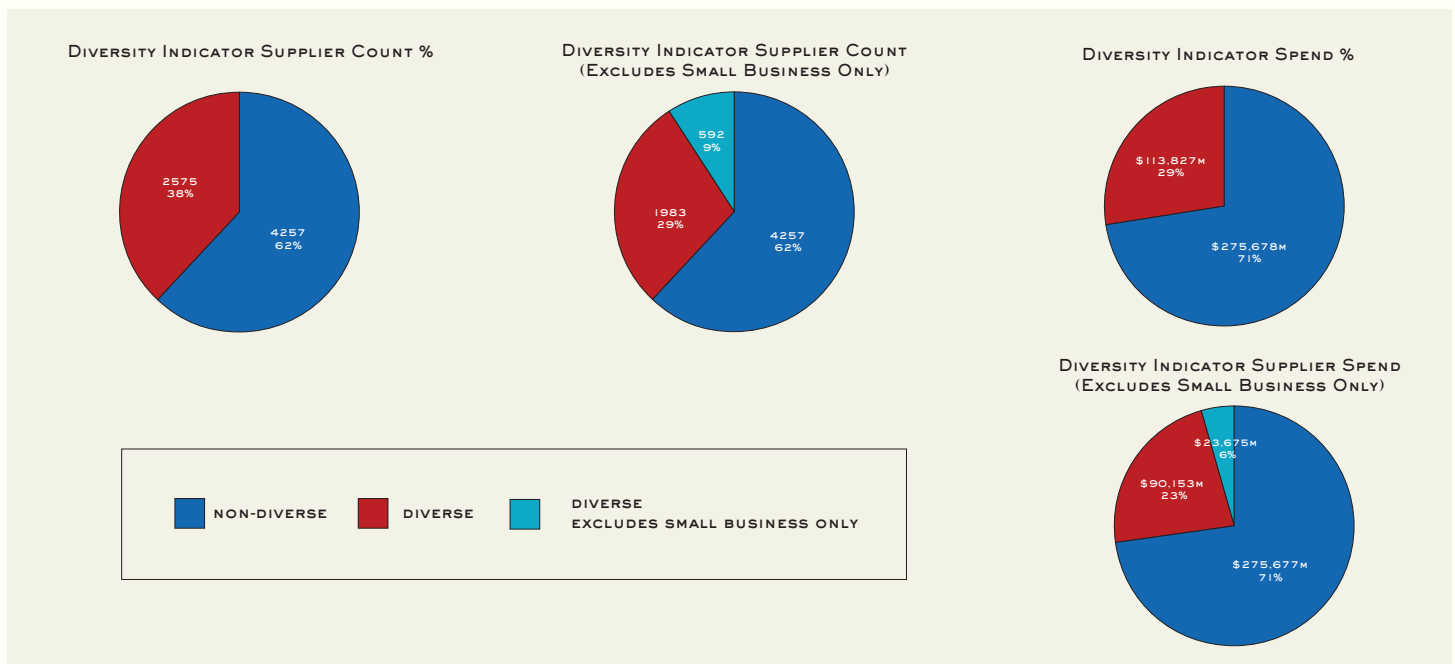
**OVER \$22 MILLION IN 2020  
SPEND WITH TEXAS SMALL  
BUSINESS SUPPLIERS**

## 2020 SUPPLIER/VENDOR SPEND

Small Business		Minority Owned		Women Owned		Veteran Owned		Disabled Owned		Diverse - Additional	
Count	Spend	Count	Spend	Count	Spend	Count	Spend	Count	Spend	Count	Spend
2,381	\$100,239,000	66	\$2,854,000	216	\$15,458,000	31	\$1,525,000	8	\$150,000	386	\$12,388,000

Supplier Group	Suppliers	
	Count	Spend
Non-Diverse	4,257	\$275,678,000
Diverse - Small Business Only	1,983	\$90,153,000
Diverse - Excludes Small Business Only	592	\$23,675,000
<b>Total*</b>	<b>6,828</b>	<b>\$389,505,000</b>

\*Each diverse category shares spend and suppliers; therefore, the sum of each diverse category will not equal the diversity total.

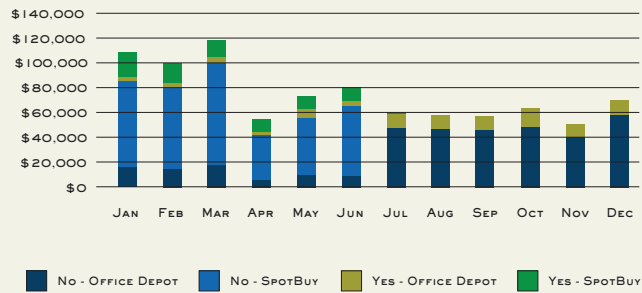


Spend numbers rounded to nearest thousands

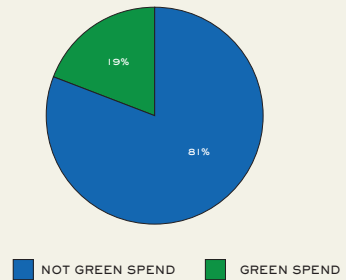
## OFFICE SUPPLIES GREEN REPORT

Green Indicator	Spend	Percent of Spend	Quantity	Percent of Quantity
Not Green	\$748,200	81%	45,711	83%
Green	\$175,800	19%	9,671	17%
Grand Total	\$924,000	100%	55,382	100%

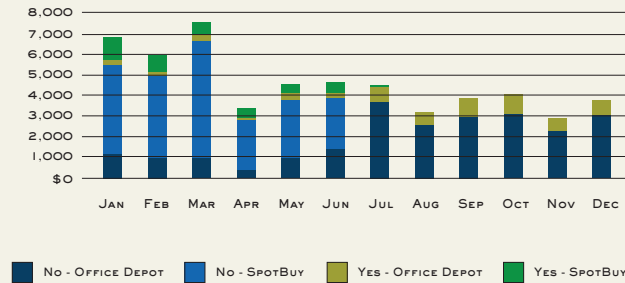
SPEND BY MONTH



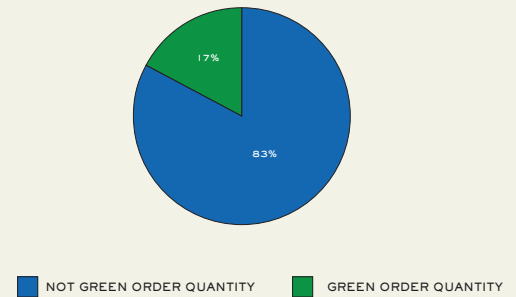
SPEND



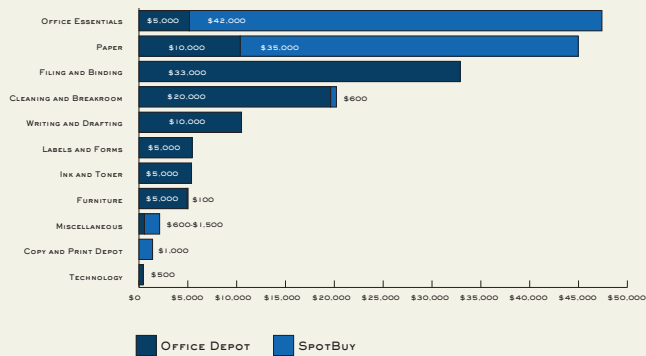
QUANTITY ORDERED BY MONTH



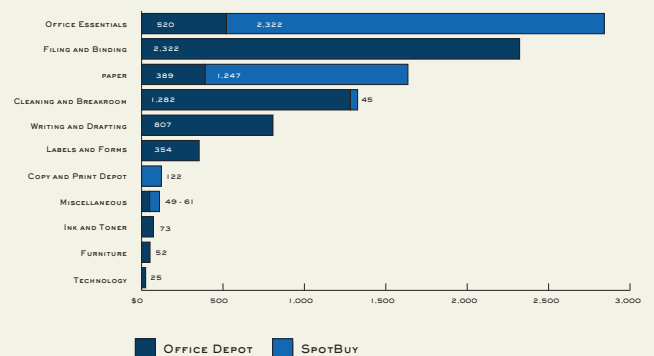
QUANTITY



GREEN SPEND ORDERED BY CATEGORY



GREEN QUANTITY ORDERED BY CATEGORY





## DATA SECURITY

Hilltop maintains a robust vulnerability management program that involves proactive identification, analysis, remediation and monitoring of security vulnerabilities on its information systems. Our information security program is focused on the security, availability and confidentiality of Hilltop's data, networks and information systems. The program involves planning, designing and implementation of technical, administrative and physical safeguards. Hilltop utilizes antimalware protection solutions on its servers and workstations to assist in preventing and detecting malicious software and anomalous behavior. Network security controls include intrusion detection/prevention, web application firewalls, content filtering and network malware protection.

Hilltop maintains a robust security awareness and training program to assist its employees in securely using data and information systems. Employees receive security education through quarterly web-based training courses, monthly simulated phishing campaigns, and monthly newsletters. Hilltop maintains a security governance, risk management and compliance program to identify, access, and manage security risk in accordance with the company's risk management framework. Hilltop maintains a vendor risk management program to reduce the risk of data breaches, data leaks and cyber-attacks involving third parties, protecting sensitive data (PII, PHI, intellectual property) and providing business continuity.

Over the past year phishing emails have remained the most frequent type attack across Hilltop. Phishing emails are crafted to be relevant to current social situations. The phishing email themes range from COVID-19 stimulus scams, vaccine scams, Black Friday/holiday shopping, and Microsoft Office 365 shared documents.

Hilltop maintains an enterprise security incident response plan and incident response team, with steps to determine when notification is required to its customers. The Company also engages outside legal counsel, as needed, to determine the nature, timing and extent of customer breach notification. The Company's Fraud department also has formal guidelines on disclosure of suspicious events and financial activities, which may include notification to law enforcement agencies.

Phishing and social engineering are the most common technique to compromise or gain entry to an organization's network. Ransomware attacks are a growing trend facing financial services institutions and their service providers. And, most recently, there has been evidence of supply chain attacks by which an organization is breached through its use of a compromised vendor/supplier. These trends are well documented by leading security incident response firms which assist organizations in the remediation and recovery efforts.

## HILLTOP HOLDINGS IT SECURITY MISSION

Information Security five objectives:

**IDENTIFY** resources supporting critical functions and related cybersecurity risks

**PROTECT** assets

**DETECT and RESPOND** to cyber risks

**RECOVER** from cyber events and continually adapt to the cyber threat environment

## IT SECURITY PROTECTION

- Over 3,000 servers managed in our two Texas-based data centers
- Provided security services to over 5,000 employees across 400+ offices and branch locations
- Secured over 6,000 user computers (desktop, laptops and tablets)
- Just over 4,000 smartphones using the corporate mobile device management software (81% Apple iOS and 19% Android)

## RISK ASSESSMENTS

Annual information security risk assessment are conducted based on Gramm-Leach-Bliley Act (GLBA) guidance incorporating risks and control identified from HTH Enterprise Risk Management (ERM) assessments for IT and information Security.

All lines of business completed an assessment using the FFIEC Cybersecurity Assessment Tool (CAT). In addition, an assessment of compliance to SWIFT's Customer Security Program (CSP) was completed for PlainsCapital Bank.

Based on the results of the assessment risk treatment and risk acceptance forms were created in accordance with the HTH Enterprise Risk Management framework, as deemed necessary.

### Vendor Risk Management (VRM) Oversight

The Hilltop VRM Team coordinates vendor due diligence for all Hilltop lines of business.

## INFORMATION TECHNOLOGY

### Information Technology Mission Statement

The information Technology Team provides secure, reliable and value-driving technology services. This is accomplished through:

- Enabling innovative business strategies and capabilities that are aligned with the company's strategic plan
- Engage with the business as an equal partner in defining, prioritizing and implementing business solutions
- Enterprise governance to ensure strategic alignment and execution
- Agile/responsive delivery lifecycle to improve quality as a strategic asset
- Enterprise data management to create information as a strategic asset
- Optimization of our infrastructure
- Reliable and predictable service quality supporting our businesses
- Creating a performance-and valued-based culture that is enduring
- Enterprise-wide talent management to ensure we have the talent to grow
- Improving our performance and efficiency to fuel accelerated growth

## 2020 HILLTOP INFORMATION TECHNOLOGY PERFORMANCE



Over 98% of employees completed security training (Goal >98%)



Employees reached an average score of 92% on training assignments



Less than 3% of employees clicked on simulated phishing emails (Goal <15%)



Over 430 phishing emails reported to Security Operations on weekly basis

Hilltop's IT Security is of utmost importance and measures are taken to identify and implement system enhancements and remediation based on the following IT systems testing:

- IT Internal Audits
- Controlled Cyber Attack Testing
- Security Penetration Testing for Security Breaches

During 2020, there were no cyber security incidents caused by internal systems that resulted in data loss, financial loss or significant service interruptions to report for Hilltop, PlainsCapital Bank, HilltopSecurities, or PrimeLending business units.

## INTERNAL AUDIT OVERSIGHT

### Internal Audit Mission Statement

Internal Audit at Hilltop is independent of all business unit, finance, risk management and compliance functions. Through its risk assessment and planning, audit execution, reporting and follow-up processes, Internal Audit brings a disciplined approach to evaluating and improving the effectiveness of Hilltop's governance, risk management and internal controls. Internal Audit tests these processes and controls, makes recommendations for improvement and follows up to determine whether necessary improvements have been implemented.

## TAX COMPLIANCE

The Hilltop Tax Department exercises due diligence in its federal, state and local tax compliance and reporting practices to ensure timely and accurate filings and disclosures. The Tax Team is composed of experienced tax professionals with expertise and commitment to ensuring tax compliance and that Hilltop's tax liabilities are appropriately reported and satisfied. Hilltop determines its tax positions in accordance with FASB ASC740 Income Taxes provisions.

## SARBANES-OXLEY (SOX) COMPLIANCE

### SOX Compliance Policy

The Hilltop SOX Compliance Policy establishes guidelines, builds consistency and standardization throughout the organization, and facilitates the documentation and communication around business processes, systems, and relevant controls to comply with the Sarbanes-Oxley Act ("SOX"). The focus of these efforts is to assist management in evaluating whether they have designed and implemented internal controls over financial reporting that adequately assess and mitigate risks that could potentially result in a material misstatement of the financial statements.

**HILLTOP PROVIDES A FRAUD AND  
INTEGRITY HOTLINE THAT IS  
AVAILABLE 24/7**

## INCOME/FRANCHISE TAX PAYMENTS

### Hilltop Holdings and Subsidiary Companies

	2019	2018	2017	2016
Federal Income	\$63,094,000	\$22,916,000	\$64,289,000	\$82,500,000
State and Local	10,977,000	2,032,000	5,906,000	7,261,000
<b>Total</b>	<b>\$74,071,000</b>	<b>\$24,948,000</b>	<b>\$70,195,000</b>	<b>\$89,761,000</b>





## SUSTAINABILITY ACCOUNTING

### STANDARDS BOARD (SASB) STANDARDS

The Sustainability Accounting Standards Board (SASB) is governed by the SASB Foundation, an independent, nonprofit standards setting organization, that generates and maintains industry specific standards that assist companies with disclosures of material financial decision-making, sustainability information useful to investors. Standards developed by the SASB are designed to identify minimum sustainability issues likely to impact the operating performance or financial condition of a typical company within a given industry. SASB standards, as designed, communicate the operating environment and corporate performance related to industry-specific sustainability issues using management disclosures and accounting metrics. This report discloses the relevant SASB Standards in the financial sector industries applicable to Hilltop Holdings Inc. and its Subsidiaries operations, activities, and organization.

## BANKING STANDARDS

COMMERCIAL BANK (CB) PRACTICES		
PROVISIONAL METRIC CODE	ACCOUNTING METRIC	DATA RESPONSE / REFERENCE
DATA SECURITY		
FN-CB-230a.2	Description of approach to identifying and addressing data security risks	See data on Page 26 of the ESG Report
FINANCIAL INCLUSION AND CAPACITY BUILDING		
FN-CB-240a.1	1) Number and (2) Amount of loans outstanding qualified to programs designed to promote small business and community development	See data on Page 5 of the ESG Report
FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Currently, this data is not available.
INCORPORATION of ENVIRONMENTAL, SOCIAL, AND GOVERNANCE FACTORS IN CREDIT ANALYSIS		
FN-CB-410a.1	Commercial and industrial credit exposure, by industry	See data on Page 5 of the ESG Report; also see the Bank's commercial loan details in the 2020 Hilltop Holdings 10K.
BUSINESS ETHICS		
FN-CB-510a.2	Description of whistleblower policies and procedures	See data on Page 21 of the ESG Report
SYSTEMATIC RISK MANAGEMENT		
FN-CB-550a.1	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	See data on Pages 5 and 15 of the ESG Report
BANK ACTIVITY METRICS		
FN-CB-000.A	1) Number and (2) Amount checking and savings accounts by segment (a) personal and (b) small business and (c) corporate	See Bank's checking and saving accounts details in the 2020 Hilltop Holdings 10K.
FN-CB-000.B	1) Number and (2) Value of loans by segment (a) personal and (b) small business	See data on Page 5 of the ESG Report

## MORTGAGE LENDING STANDARDS

MORTGAGE FINANCE (MF) PRACTICES		
TOPIC	ACCOUNTING METRIC	DATA RESPONSE / REFERENCE
LENDING PRACTICES		
FN_MF-270a.1	(1) Number and (2) Value of residential mortgages of the following types: (a) Hybrid or Option Adjustable-Rate Mortgages (ARM), (b) Prepayment Penalty, (c) Higher Rate, (d) Total, by FICO scores above or below 660	See available data on Page 9 of the ESG Report
FN_MF-270a.2	(1) Number and (2) Value of (a) residential mortgages modifications, (b) foreclosures, and (c) short sales or deeds in lieu of foreclosures, by FICO scores above and below 660	See data on Pages 11-12 of the ESG Report
DISCRIMINATORY LENDING		
FN-MF-270b.1	(1) Number, (2) Value of, and (3) weighted average Loan-to-Value (LTV) ratio of mortgages issued to (a) minorities, and (b) all other borrowers by FICO scores above and below 660	See data on Page 9 of the ESG Report
FN-MF-270b.3	Description of policies and procedures for ensuring nondiscriminatory mortgage origination	See data on Page 8 of the ESG Report
ENVIRONMENTAL RISK TO MORTGAGED PROPERTIES		
FN-MF-450a.1	(1) Number and (2) Value of mortgage loans in 100-year flood zones	See data on Page 10 of the ESG Report
FN-MF-450a.3	Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting	See data on Page 8 of the ESG Report
MORTGAGE FINANCE ACTIVITY METRICS		
FN-CB-000.A	1) Number and (2) Amount mortgage loans originated by category (a) residential and (b) commercial	All mortgage loans are residential loans.
FN-CB-000.B	1) Number and (2) Amount mortgage loans purchased by category (a) residential and (b) commercial	All mortgage loans are residential loans.

## SECURITIES BROKERAGE &amp; INVESTMENT BANKING STANDARDS

INVESTMENT BANKING AND BROKERAGE (IB) PRACTICES		
PROVISIONAL METRIC CODE	ACCOUNTING METRIC	DATA RESPONSE / REFERENCE
EMPLOYEE DIVERSITY & INCLUSION		
FN-IB-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	See data on Page 14 of the ESG Report
INCORPORATION OF ENVIRONMENTAL, SOCIAL & GOVERNANCE FACTORS IN INVESTMENT BANKING & BROKERAGE ACTIVITIES		
FN-IB-410a.1	Revenue from (1) underwriting, (2) advisory, and (3) securitization transactions incorporating integration of environmental, social, and governance (ESG) factors, by industry	See data on Page 13 of the ESG Report
FN-IB-410a.2	(1) Number and (2) total value of investments and loans incorporating integration of environmental, social, and governance (ESG) factors, by industry	See data on Page 13 of the ESG Report
FN-IB-410a.3	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment banking and brokerage activities	See data on Pages 13-14 of the ESG Report
BUSINESS ETHICS		
FN-IB-510a.2	Description of whistleblower policies and procedures	See data on Page 21 of the ESG Report
PROFESSIONAL INTEGRITY		
FN-IB-510b.1+A61:C63	(1) Number and (2) Percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Only three (3) covered employees representing <1% of the security brokers.
FN-IB-510b.2	Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party	Nine (9) active arbitration/litigation matters during 2020.
FN-IB-510b.3	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	Total amount of 2020 losses was \$1,576K.
INVESTMENT BANKING AND BROKERAGE ACCOUNTING METRICS		
SYSTEMATIC RISK MANAGEMENT		
FN-IB-510b.4	Description of approach to ensuring professional integrity, including duty of care	See data on Page 14 of the ESG Report
FN-IB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Currently, this data is not available.
FN-IB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	See data on Page 14 of the ESG Report
EMPLOYEE INCENTIVES & RISK TAKING		
FN-IB-550b.1	Percentage of total remuneration that is variable for Material Risk Takers (MRTs)	Currently, this data is not available.
FN-IB-550b.2	Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied	Currently, this data is not available.
FN-IB-550b.3	Discussion of policies around supervision, control, and validation of traders' pricing of Level 3 assets and liabilities	See data on Page 14 of the ESG Report
INVESTMENT BANKING & BROKERAGE ACTIVITY METRICS		
FN-IB-000.A	(1) Number and (2) Value of (a) underwriting, (b) advisory, and (c) securitization transactions	See data on Page 13 of the ESG Report
FN-IB-000.B	(1) Number and (2) Value of proprietary investments and loans by sector	Currently, this data is not available.



## ASSET MANAGEMENT &amp; CUSTODY ACTIVITIES STANDARDS

ASSET MANAGEMENT & CUSTODY (AC) PRACTICES		
TOPIC	ACCOUNTING METRIC	DATA RESPONSE / REFERENCE
TRANSPARENT INFORMATION & FAIR ADVISE FOR CUSTOMERS		
FN-AC-270a.1	(1) Number and (2) Percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations , or other regulatory proceedings	There were no reportable incidents in this practice area.
FN-AC-270a.2	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	There were no monetary losses in 2020 in this area.
FN-AC-270a.3	Description of approach to informing customers about products and services.	See data on Page 13 of the ESG Report
EMPLOYEE DIVERSITY & INCLUSION		
FN-AC-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	See data on Page 14 of the ESG Report
INCORPORATION OF ENVIRONMENTAL, SOCIAL & GOVERNANCE FACTORS IN INVESTMENT MANAGEMENT & ADVISORY		
FN-AC-410a.1	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	See data on Page 14 of the ESG Report
FN-AC-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	See data on Page 14 of the ESG Report
FN-AC-410a.3	Description of proxy voting and investee engagement policies and procedures	See the Hilltop Holdings Inc. 2020 Proxy Statement Schedule 14A.
BUSINESS ETHICS		
FN-AC-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior market manipulation, malpractice or other related financial industry laws or regulations.	There were no monetary losses in 2020 in this area.
FN-AC-510a.2	Description of whistleblower policies and procedures	See data on Page 21 of the ESG Report
SYSTEMATIC RISK MANAGEMENT		
FN-AC-550a.1	Percentage of open-end fund assets under management by category of liquidity classification	Our Bank AUM: One hundred percentage of the open-end fund assets under management are fully liquid.
FN-AC-550a.2	Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management	Our Bank Approach: Any investment offering for use in discretionary accounts is presented to Investment Policy Committee before implemented into accounts. The presentation for approval includes a description of the liquidity constraints of the investment (if any). In the case of exchange traded or closed-end funds, the daily trading volume is noted and, when appropriate, presented in context of the total amount that would be invested at any given time.
ASSET MANAGEMENT ACTIVITY METRICS		
FN-AC-000.A	(1) Total registered and (2) Total unregistered assets under management (AUM)	Our Bank AUM: Registered: \$1,237MM Non Registered: \$284MM (includes Oil/Gas and Real Estate in managed accounts)
FN-AC-000.B	Total assets under custody and supervision	Our Bank: \$2,824MM Our Securities Broker Assets Under Custody: See data on Page 14 of the ESG Report

## SECURITY AND COMMODITY EXCHANGES STANDARDS

SECURITY & COMMODITY EXCHANGES (EX) PRACTICES		
TOPIC	ACCOUNTING METRIC	DATA RESPONSE / REFERENCE
PROMOTING TRANSPARENT AND EFFICIENT CAPITAL MARKETS		
FN-EX-410a.2	Percentage of trades generated from automated trading systems	Data not currently available due to system conversion.
FN-EX-410a.3	Description of alert policy regarding timing and nature of public release of information	Currently, this data is not available.
MANAGING CONFLICTS OF INTEREST		
FN-EX-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior market manipulation, malpractice or other related financial industry laws or regulations.	There were no monetary losses in 2020 in this area.
FN-EX-510a.2	Description of processes for identifying and assessing conflicts of interests	See data on Page 14 of the ESG Report
SECURITY AND COMMODITY EXCHANGES ACTIVITY METRICS		
FN-EX-000.A	Average daily number of trades executed, by product or asset class	Data not currently available due to system conversion.

Hilltop is committed to the enhancement of our culture, the offering of excellent financial services to our customers and community, and maintaining the principles of accountability, responsibility, and transparency to our stakeholders.

## 2021 ENVIRONMENT, SOCIAL AND GOVERNANCE GOALS

Efforts in 2021 and years to follow will include the establishing business strategies and implementation of ESG best practices across the organization and on behalf of our stakeholders relative to the following operational areas.

- Community Development/Capital Investment
- Lending and Investments
- Data Security / Privacy & Information Protection
- Workforce Enhancements
- Diversity, Equity & Inclusion Initiatives
- Supplier/Vendor Diversity

## ESTABLISH AN ESG SUBCOMMITTEE OF THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE OF THE BOARD

Establish an ESG Subcommittee reporting to the Nominating and Governance Committee of the Board to Directors to provide oversight and insights directly to the Board. The committee will facilitate assessment of the effectiveness of current business practices and identification of enhancements that will fulfill our commitment to our ESG focus in our operations. This will help to ensure the sustainability of the Company's overall culture and business activities.

### YEAR 2021 COMMITMENTS

**PRIMELENDING MAKES A \$1 MILLION INVESTMENT DESIGNATED TO LAUNCH NEIGHBORHOODEdge, A CLOSING COST ASSISTANCE PROGRAM FOR TARGETED COMMUNITIES**

**LAUNCH A RECYCLING PROGRAM AT OUR HILLTOP LOCATIONS**

**THE BUFFALO SCHOLARS PROGRAM, NOW IN ITS THIRD YEAR, WILL AWARD EIGHT \$5,000 SCHOLARSHIPS TO ELIGIBLE STUDENTS WHO ARE CHILDREN OF EMPLOYEES PURSUING, OR PLANNING TO PURSUE, AN UNDERGRADUATE DEGREE AT A FOUR-YEAR PUBLIC COLLEGE OR UNIVERSITY IN THE UNITED STATES**







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