

Hallmark Financial Services Takes Strategic Action to Strengthen Holding Company Capital Structure and Support Long-Term Success

Holding Company Enters into Restructuring Support Agreement with Key Stakeholders and Initiates Prearranged Financial Restructuring

Company Expects to Emerge with Significantly Reduced Leverage, Enhanced Financial Flexibility, and Supportive Long-Term Ownership

Insurance Company Subsidiaries Remain Well-Capitalized and Are Not Parties to Transaction; Operations Continue in Ordinary Course, With No Impact for Employees, Agents, Policyholders, or Other Stakeholders

DALLAS, June 15, 2026 (BUSINESS WIRE) – Hallmark Financial Services, Inc. (“Hallmark” or the “Company”) today announced it has initiated a strategic transaction to strengthen its financial position, support long-term growth, and provide stability for its policyholders, agents, business partners, and other stakeholders.

The Company has entered into a Restructuring Support Agreement (the “RSA”) which contemplates a restructuring transaction with Hildene Capital Management, LLC and certain of its affiliates (collectively “Hildene”), whose clients collectively comprise the majority holder of Hallmark’s debt obligations.

Hallmark’s insurance company subsidiaries are not part of the proceeding and will continue to operate in the ordinary course during the restructuring process.

“Over the past two years, we have taken meaningful actions to address legacy challenges at our parent company, including exiting underperforming businesses and improving liquidity,” said Chris Kenney, President and Chief Executive Officer of Hallmark. “With the support of our lenders, this transaction is the right next step to strengthen our balance sheet, enhance financial flexibility, and position Hallmark for long-term success. We appreciate Hildene’s support and confidence in our business and believe this transaction positions Hallmark for a stronger future.”

Kenney continued, “Importantly, our insurance company subsidiaries continue to perform well and are not part of this process. We remain fully committed to servicing and partnering with policyholders, agents, and vendors without interruption, and we expect normal business operations to continue.”

To implement the terms of the RSA, Hallmark has filed a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code in the Northern District of Texas. The petition includes a prepackaged plan of reorganization, which allows the Company’s professionals to solicit alternative proposals during this process. The Company expects to emerge from the Chapter 11 process in less than 90 days, subject to regulatory approval.

Hallmark has also filed customary “first-day” motions that will allow the Company to maintain business operations and uphold its commitments to employees, agents, policyholders, and vendors, including continued payment of employee wages and benefits. Hallmark intends to pay vendors in full under normal terms for goods and services provided on or after the filing date. The Company has sufficient cash on hand and does not require Debtor-in-Possession financing.

Additional information regarding the court-supervised process, including court filings and information regarding the claims process, can be found at <https://cases.stretto.com/Hallmark>.

Advisors

Hallmark Financial Services is advised by Gray Reed as restructuring counsel, Olshan Frome Wolosky LLP as corporate counsel, Oliver Wyman, LLC as financial advisor with William K. Snyder, a partner at Oliver Wyman, LLC, as Chief Restructuring Officer, Raymond James as investment banker, and Prosek

Partners as strategic communications advisor. Parties interested in pursuing an alternative restructuring transaction with the Company may contact the Company's advisors.

About Hallmark

Hallmark Financial Services, Inc. is a diversified property & casualty insurance company offering commercial and personal insurance solutions to businesses and individuals in specialty and niche markets on an admitted basis. The Company is licensed and eligible to write admitted and non-admitted business in 47 and 44 states, respectively, and the MGAs are licensed to produce business in 44 states. Hallmark was founded in 1987 and is headquartered in Dallas, Texas.

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