

OPPENHEIMER HOLDINGS INC  
Form 10-Q  
October 26, 2018  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the quarterly period ended September 30, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-12043

OPPENHEIMER HOLDINGS INC.  
(Exact name of registrant as specified in its charter)

Delaware 98-0080034  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

85 Broad Street  
New York, NY 10004  
(Address of principal executive offices) (Zip Code)

(212) 668-8000  
(Registrant's telephone number, including area code)  
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was

required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares of the Company's Class A non-voting common stock and Class B voting common stock (being the only classes of common stock of the Company) outstanding on October 26, 2018 was 13,177,931 and 99,665 shares, respectively.

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## PART I. FINANCIAL INFORMATION

## Item 1. FINANCIAL STATEMENTS (UNAUDITED)

## OPPENHEIMER HOLDINGS INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

(Expressed in thousands, except number of shares and per share amounts)	September 30, 2018	December 31, 2017
<b>ASSETS</b>		
Cash and cash equivalents	\$ 37,531	\$48,154
Deposits with clearing organizations	53,956	42,222
Receivable from brokers, dealers and clearing organizations	205,031	187,115
Receivable from customers, net of allowance for credit losses of \$859 (\$769 in 2017)	797,751	848,226
Income tax receivable	3,495	2,939
Securities purchased under agreements to resell, at fair value	1,502	658
Securities owned, including amounts pledged of \$738,835 (\$655,683 in 2017), at fair value	895,251	926,597
Notes receivable, net of accumulated amortization and allowance for uncollectibles of \$24,334 and \$7,126, respectively (\$24,705 and \$7,975, respectively, in 2017)	43,278	40,520
Furniture, equipment and leasehold improvements, net of accumulated depreciation of \$87,165 (\$82,826 in 2017)	28,842	27,187
Intangible assets	32,100	31,700
Goodwill	137,889	137,889
Other assets	119,659	145,310
Total assets	\$ 2,356,285	\$ 2,438,517
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Drafts payable	\$ 29,242	\$42,412
Bank call loans	3,000	118,300
Payable to brokers, dealers and clearing organizations	219,443	211,483
Payable to customers	351,750	385,907
Securities sold under agreements to repurchase	606,010	586,478
Securities sold but not yet purchased, at fair value	143,746	94,486
Accrued compensation	151,658	173,116
Accounts payable and other liabilities	95,820	92,495
Senior secured notes, net of debt issuance costs of \$969 (\$1,163 in 2017)	199,031	198,837
Deferred tax liabilities, net of deferred tax assets of \$46,827 (\$47,597 in 2017)	12,708	11,092
Total liabilities	1,812,408	1,914,606
Commitments and contingencies (note 12)		
<b>Stockholders' equity</b>		
<b>Share capital</b>		
Class A non-voting common stock, par value \$0.001 per share, 50,000,000 shares authorized, 13,177,931 and 13,139,203 shares issued and outstanding as of September 30, 2018 and December 31, 2017, respectively	59,153	58,359
Class B voting common stock, par value \$0.001 per share, 99,665 shares authorized, issued and outstanding as of September 30, 2018 and December 31, 2017	133	133
	59,286	58,492
Contributed capital	40,362	36,546
Retained earnings	443,188	426,930
Accumulated other comprehensive income	702	1,582

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Total Oppenheimer Holdings Inc. stockholders' equity	543,538	523,550
Non-controlling interest	339	361
Total stockholders' equity	543,877	523,911
Total liabilities and stockholders' equity	\$ 2,356,285	\$2,438,517

The accompanying notes are an integral part of these condensed consolidated financial statements.

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## OPPENHEIMER HOLDINGS INC.

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME (unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Expressed in thousands, except number of shares and per share amounts)	2018	2017	2018	2017
<b>REVENUE</b>				
Commissions	\$79,678	\$77,635	\$245,935	\$248,204
Advisory fees	78,154	74,329	232,972	216,521
Investment banking	28,328	23,940	84,442	57,347
Bank deposit sweep income	30,053	21,146	84,203	52,992
Interest	13,403	12,952	38,686	36,346
Principal transactions, net	(16 )	5,135	9,110	15,810
Other	8,214	11,083	19,552	28,145
Total revenue	237,814	226,220	714,900	655,365
<b>EXPENSES</b>				
Compensation and related expen				