

Hilltop Holdings Inc.
Form 10-Q
July 26, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2018

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

Commission File Number: 1-31987

Hilltop Holdings Inc.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of incorporation or
organization)

84-1477939
(I.R.S. Employer Identification No.)

2323 Victory Avenue, Suite 1400

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Dallas, TX
(Address of principal executive offices)

75219
(Zip Code)

(214) 855-2177

(Registrant's telephone number, including area code)

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

Smaller reporting company

(Do not check if a 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 Act). Yes No

The number of shares of the registrant's common stock outstanding at July 26, 2018 was 94,576,828.



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HILLTOP HOLDINGS INC.

FORM 10-Q

FOR THE QUARTER ENDED JUNE 30, 2018

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HILLTOP HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

(Unaudited)

	June 30, 2018	December 31, 2017
Assets		
Cash and due from banks	\$ 353,432	\$ 486,977
Federal funds sold	403	405
Securities purchased under agreements to resell	229,172	186,537
Assets segregated for regulatory purposes	128,417	186,578
Securities:		
Trading, at fair value	634,197	730,685
Available for sale, at fair value (amortized cost of \$826,515 and \$748,255, respectively)	811,218	744,319
Held to maturity, at amortized cost (fair value of \$339,702 and \$349,939, respectively)	353,192	355,849
Equity, at fair value	21,218	21,241
	1,819,825	1,852,094
Loans held for sale	1,953,562	1,715,357
Non-covered loans, net of unearned income	6,384,660	6,273,669
Allowance for non-covered loan losses	(59,996)	(60,957)
Non-covered loans, net	6,324,664	6,212,712
Covered loans, net of allowance of \$1,974 and \$2,729, respectively	158,996	179,400
Broker-dealer and clearing organization receivables	1,614,951	1,464,378
Premises and equipment, net	172,911	177,577
FDIC indemnification asset	23,525	29,340
Covered other real estate owned	34,895	36,744
Other assets	589,897	549,447
Goodwill	251,808	251,808
Other intangible assets, net	32,716	36,432
Total assets	\$ 13,689,174	\$ 13,365,786
Liabilities and Stockholders' Equity		
Deposits:		
Noninterest-bearing	\$ 2,468,332	\$ 2,411,849
Interest-bearing	5,345,290	5,566,270
Total deposits	7,813,622	7,978,119

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Broker-dealer and clearing organization payables	1,409,904	1,287,563
Short-term borrowings	1,610,735	1,206,424
Securities sold, not yet purchased, at fair value	251,581	232,821
Notes payable	227,736	208,809
Junior subordinated debentures	67,012	67,012
Other liabilities	392,171	470,231
Total liabilities	11,772,761	11,450,979
Commitments and contingencies (see Notes 12 and 13)		
Stockholders' equity:		
Hilltop stockholders' equity:		
Common stock, \$0.01 par value, 125,000,000 shares authorized; 94,570,757 and 95,982,184 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	946	960
Additional paid-in capital	1,502,105	1,526,369
Accumulated other comprehensive income (loss)	(11,846)	(394)
Retained earnings	419,683	384,545
Deferred compensation employee stock trust, net	857	848
Employee stock trust (11,217 and 11,672 shares, at cost, respectively)	(252)	(247)
Total Hilltop stockholders' equity	1,911,493	1,912,081
Noncontrolling interests	4,920	2,726
Total stockholders' equity	1,916,413	1,914,807
Total liabilities and stockholders' equity	\$ 13,689,174	\$ 13,365,786

See accompanying notes.

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HILLTOP HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Interest income:				
Loans, including fees	\$ 103,924	\$ 113,793	\$ 203,868	\$ 203,784
Securities borrowed	17,486	9,597	33,786	17,650
Securities:				
Taxable				