

CITY HOLDING CO
Form 10-Q
May 08, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For The Quarterly Period Ended March 31, 2013

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 0-11733

CITY HOLDING COMPANY

(Exact name of registrant as specified in its charter)

West Virginia 55-0619957
(State or other jurisdiction of incorporation (I.R.S. Employer Identification No.)
or organization)

25 Gatewater Road 25313
Charleston, West Virginia (Zip Code)
(Address of principal executive offices)

(304) 769-1100

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant has (1) 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, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting

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company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practical date.

Common stock, \$2.50 Par Value – 15,659,663 shares as of May 3, 2013.

FORWARD-LOOKING STATEMENTS

All statements other than statements of historical fact included in this Quarterly Report on Form 10-Q, including statements in Management's Discussion and Analysis of Financial Condition and Result of Operations are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such information involves risks and uncertainties that could result in the Company's actual results differing from those projected in the forward-looking statements. Important factors that could cause actual results to differ materially from those discussed in such forward-looking statements include, but are not limited to: (1) the Company may incur additional loan loss provision due to negative credit quality trends in the future that may lead to a deterioration of asset quality; (2) the Company may incur increased charge-offs in the future; (3) the Company could have adverse legal actions of a material nature; (4) the Company may face competitive loss of customers; (5) the Company may be unable to manage its expense levels; (6) the Company may have difficulty retaining key employees; (7) changes in the interest rate environment may have results on the Company's operations materially different from those anticipated by the Company's market risk management functions; (8) changes in general economic conditions and increased competition could adversely affect the Company's operating results; (9) changes in other regulations and government policies affecting bank holding companies and their subsidiaries, including changes in monetary policies, could negatively impact the Company's operating results; (10) the Company may experience difficulties growing loan and deposit balances; (11) the current economic environment poses significant challenges for us and could adversely affect our financial condition and results of operations; (12) continued deterioration in the financial condition of the U.S. banking system may impact the valuations of investments the Company has made in the securities of other financial institutions resulting in either actual losses or other than temporary impairments on such investments; (13) the effects of the Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") recently adopted by the United States Congress; and (14) the integration of the operations of City Holding and Community Financial may be more difficult than anticipated. Forward-looking statements made herein reflect management's expectations as of the date such statements are made. Such information is provided to assist stockholders and potential investors in understanding current and anticipated financial operations of the Company and is included pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances that arise after the date such statements are made.

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City Holding Company and Subsidiaries

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PART I, ITEM 1 – FINANCIAL STATEMENTS

Consolidated Balance Sheets

City Holding Company and Subsidiaries

(in thousands)

	March 31, 2013 (unaudited)	December 31, 2012
Assets		
Cash and due from banks	\$ 191,865	\$ 58,718
Interest-bearing deposits in depository institutions	6,872	16,276
Federal funds sold	35,000	10,000
Cash and Cash Equivalents	233,737	84,994
Investment securities available for sale, at fair value	348,146	377,122
Investment securities held-to-maturity, at amortized cost (approximate fair value at March 31, 2013 and December 31, 2012 - \$8,921 and \$13,861, respectively)	8,383	13,454
Other securities	11,502	11,463
Total Investment Securities	368,031	402,039
Gross loans	2,497,023	2,146,369
Allowance for loan losses	(19,721)	(18,809)
Net Loans	2,477,302	2,127,560
Bank owned life insurance	89,645	81,901
Premises and equipment, net	82,002	72,728
Accrued interest receivable	8,701	6,692
Net deferred tax asset	45,983	32,737
Goodwill and other intangible assets	77,129	65,057
Other assets	46,067	43,758
Total Assets	\$ 3,428,597	\$ 2,917,466
Liabilities		
Deposits:		
Noninterest-bearing	\$ 525,870	\$ 429,969
Interest-bearing:		
Demand deposits	629,244	553,132
Savings deposits	603,191	506,869
Time deposits	1,125,946	919,346
Total Deposits	2,884,251	2,409,316
Short-term borrowings:		
Customer repurchase agreements	116,427	114,646
Long-term debt	16,495	16,495
Other liabilities	45,576	43,735
Total Liabilities	3,062,749	2,584,192
Shareholders' Equity		
Preferred stock, par value \$25 per share: 500,000 shares authorized; none issued	-	-
Common stock, par value \$2.50 per share: 50,000,000 shares authorized; 18,499,282 shares issued at March 31, 2013 and December 31, 2012, less 2,839,589 and 3,665,999 shares in treasury, respectively	46,249	46,249
Capital surplus	107,977	103,524

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Retained earnings	311,193	309,270
Cost of common stock in treasury	(98,240)	(124,347)
Accumulated other comprehensive income (loss):		
Unrealized gain on securities available-for-sale	3,664	3,573
Underfunded pension liability	(4,995)	(4,995)
Total Accumulated Other Comprehensive Loss	(1,331)	(1,422)
Total Shareholders' Equity	365,848	333,274
Total Liabilities and Shareholders' Equity	\$ 3,428,597	\$ 2,917,466

See notes to consolidated financial statements.

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Consolidated Statements of Income (Unaudited)
 City Holding Company and Subsidiaries
 (in thousands, except earnings per share data)

	Three months Ended March 31	
	2013	2012
Interest Income		
Interest and fees on loans	\$ 29,939	\$ 23,068
Interest on investment securities:		
Taxable	2,750	3,964
Tax-exempt	324	387
Interest on federal funds sold	13	11
Total Interest Income		