

CITY HOLDING CO
Form 10-Q
May 08, 2014
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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, 2014

OR
 TRANSITION REPORT PURSANT 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 or organization)

(I.R.S. Employer Identification No.)

25 Gatewater Road

Charleston, West Virginia

25313

(Address of principal executive offices)

(Zip Code)

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

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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 – 15,700,815 shares as of May 6, 2014.

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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 the Company's financial condition and results of operations; (12) deterioration in the financial condition of the U.S. banking system may impact the valuations of investments the Company has made in securities of other financial institutions resulting in either actual losses or other than temporary impairments on such investments; and (13) the effects of the Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and the regulations promulgated and to be promulgated thereunder, which may subject the Company and its subsidiaries to a variety of new and more stringent legal and regulatory requirements which adversely affect their respective businesses. 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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Part I - Financial Information

Item 1 - Financial Statements

Consolidated Balance Sheets

City Holding Company and Subsidiaries

(in thousands)

	March 31, 2014	December 31, 2013
Assets	(Unaudited)	
Cash and due from banks	\$137,518	\$75,999
Interest-bearing deposits in depository institutions	17,709	9,877
Cash and Cash Equivalents	155,227	85,876
Investment securities available for sale, at fair value	349,940	352,660
Investment securities held-to-maturity, at amortized cost (approximate fair value at March 31, 2014 and December 31, 2013, - \$15,015 and \$5,335, respectively)	14,344	4,117
Other securities	13,343	13,343
Total Investment Securities	377,627	370,120
Gross loans	2,557,035	2,606,197
Allowance for loan losses	(21,044) (20,575
Net Loans	2,535,991	2,585,622
Bank owned life insurance	92,803	92,047
Premises and equipment, net	81,393	82,548
Accrued interest receivable	7,843	6,866
Net deferred tax asset	40,432	42,165
Goodwill and other intangible assets	74,906	75,142
Other assets	31,514	27,852
Total Assets	\$3,397,736	\$3,368,238
Liabilities		
Deposits:		
Noninterest-bearing	\$510,406	\$493,228
Interest-bearing:		
Demand deposits	622,085	601,527
Savings deposits	634,263	612,772
Time deposits	1,062,763	1,077,606
Total Deposits	2,829,517	2,785,133
Short-term borrowings:		
Customer repurchase agreements	121,913	137,798
Long-term debt	16,495	16,495
Other liabilities	36,061	41,189
Total Liabilities	3,003,986	2,980,615
Shareholders' Equity	—	—

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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, 2014 and December 31, 2013, less 46,249 46,249
2,779,586 and 2,748,922 shares in treasury, respectively

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Capital surplus	106,743	107,596	
Retained earnings	341,486	333,970	
Cost of common stock in treasury	(96,514) (95,202)
Accumulated other comprehensive income (loss):			
Unrealized loss on securities available-for-sale	(1,334) (2,110)
Underfunded pension liability	(2,880) (2,880)
Total Accumulated Other Comprehensive Loss	(4,214) (4,990)
Total Shareholders' Equity	393,750	387,623	
Total Liabilities and Shareholders' Equity	\$3,397,736	\$3,368,238	

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,	
	2014	2013
Interest Income		
Interest and fees on loans	\$29,734	\$29,939
Interest and dividends on investment securities:		
Taxable	3,003	2,750
Tax-exempt	281	324
Interest on federal funds sold	—	13
Total Interest Income	33,018	