

CITY HOLDING CO
Form 10-Q
November 08, 2010

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 September 30, 2010

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,

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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

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 – 15,498,219 shares as of November 8, 2010.

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 may experience increases in the default rates on previously securitized loans that would result in impairment losses or lower the yield on such loans; (4) the Company may not continue to benefit from strong recovery efforts on previously securitized loans resulting in improved yields on these assets; (5) the Company could have adverse legal actions of a material nature; (6) the Company may face competitive loss of customers; (7) the Company may be unable to manage its expense levels; (8) the Company may have difficulty retaining key employees; (9) 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; (10) changes in general economic conditions and increased competition could adversely affect the Company's operating results; (11) 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; (12) the Company may experience difficulties growing loan and deposit balances; (13) the current economic environment poses significant challenges for us and could adversely affect our financial condition and results of operations; (14) 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; (15) the effects of the Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") recently adopted by the United States Congress. 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)

	September 30 2010 (Unaudited)	December 31 2009 (Note A)
Assets		
Cash and due from banks	\$ 44,746	\$ 59,116
Interest-bearing deposits in depository institutions	3,924	3,519
Federal funds sold	34,100	-
Cash and Cash Equivalents	82,770	62,635
Investment securities available for sale, at fair value	427,190	485,767
Investment securities held-to-maturity, at amortized cost (approximate fair value at September 30, 2010 and December 31, 2009 - \$24,726 and \$25,010, respectively)	24,381	28,164
Total Investment Securities	451,571	513,931
Gross loans	1,825,838	1,792,434
Allowance for loan losses	(18,364)	(18,541)
Net Loans	1,807,474	1,773,893
Bank owned life insurance	75,479	73,388
Premises and equipment	64,991	64,193
Accrued interest receivable	8,298	7,969
Net deferred tax asset	25,774	29,480
Intangible assets	56,682	57,010
Other assets	54,094	40,121
Total Assets	\$ 2,627,133	\$ 2,622,620
Liabilities		
Deposits:		
Noninterest-bearing	\$ 317,221	\$ 328,440
Interest-bearing:		
Demand deposits	478,947	457,293
Savings deposits	389,497	379,893
Time deposits	973,085	998,096
Total Deposits	2,158,750	2,163,722
Short-term borrowings	110,634	118,329
Long-term debt	16,892	16,959
Other liabilities	26,016	14,708
Total Liabilities	2,312,292	2,313,718
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 September 30, 2010 and	46,249	46,249

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December 31, 2009, less 3,001,063 and 2,616,161 shares in treasury, respectively		
Capital surplus	102,867	102,917
Retained earnings	266,266	253,167
Cost of common stock in treasury	(103,039)	(90,877)
Accumulated other comprehensive income (loss):		
Unrealized gain (loss) on securities available-for-sale	5,449	(1,880)
Unrealized gain on derivative instruments	786	3,063
Underfunded pension liability	(3,737)	(3,737)
Total Accumulated Other Comprehensive Income (Loss)	2,498	(2,554)
Total Shareholders' Equity	314,841	308,902
Total Liabilities and Shareholders' Equity	\$ 2,627,133	\$ 2,622,620

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		Nine Months Ended	
September 30		September 30	
2010	2009	2010	2009