

CITY HOLDING CO
Form 10-Q
August 10, 2009

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 June 30, 2009

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 (I.R.S. Employer Identification
incorporation or organization) No.)

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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

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 – 15,962,719 shares as of August 10, 2009.

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; and (15) the Company may incur further expenses due to additional special assessments from the Federal Deposit Insurance Corporation ("FDIC") or increases in FDIC insurance premiums. 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.

Index
City Holding Company and Subsidiaries

<u>PART I</u>	Financial Information	Pages
Item 1.	<u>Financial Statements (Unaudited).</u> <u>Consolidated Balance Sheets – June 30, 2009 and December 31, 2008.</u> <u>Consolidated Statements of Income – Three months ended June 30, 2009 and 2008 and Six months ended June 30, 2009 and 2008.</u> <u>Consolidated Statements of Changes in Shareholders’ Equity – Six months ended June 30, 2009 and 2008.</u> <u>Consolidated Statements of Cash Flows – Six months ended June 30, 2009 and 2008.</u> <u>Notes to Consolidated Financial Statements – June 30, 2009.</u>	4-25
Item 2.	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations.</u>	26-45
Item 3.	<u>Quantitative and Qualitative Disclosures about Market Risk.</u>	46
Item 4.	<u>Controls and Procedures.</u>	46
<u>PART II</u>	Other Information	
Item 1.	<u>Legal Proceedings.</u>	47
Item 1A.	<u>Risk Factors.</u>	47
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds.</u>	47
Item 3.	<u>Defaults Upon Senior Securities.</u>	47
Item 4.	<u>Submission of Matters to a Vote of Security Holders.</u>	47
Item 5.	<u>Other Information.</u>	47
Item 6.	<u>Exhibits.</u>	47
<u>Signatures</u>		48

Table of Contents

PART I, ITEM 1 – FINANCIAL STATEMENTS

Consolidated Balance Sheets

City Holding Company and Subsidiaries

(in thousands)

	June 30 2009 (Unaudited)	December 31 2008 (Note A)
Assets		
Cash and due from banks	\$ 48,058	\$ 55,511
Interest-bearing deposits in depository institutions	4,912	4,118
Cash and Cash Equivalents	52,970	59,629
Investment securities available for sale, at fair value	502,286	424,214
Investment securities held-to-maturity, at amortized cost (approximate fair value at June 30, 2009 and December 31, 2008 - \$22,533 and \$22,050, respectively)	29,029	29,067
Total Investment Securities	531,315	453,281
Gross loans	1,786,335	1,812,344
Allowance for loan losses	(20,975)	(22,254)
Net Loans	1,765,360	1,790,090
Bank owned life insurance	71,874	70,400
Premises and equipment	63,425	60,138
Accrued interest receivable	8,936	9,024
Net deferred tax asset	45,694	48,462
Intangible assets	57,244	57,479
Other assets	29,499	33,943
Total Assets	\$ 2,626,317	\$ 2,582,446
Liabilities		
Deposits:		
Noninterest-bearing	\$ 315,278	\$ 298,530
Interest-bearing:		
Demand deposits	430,113	420,554
Savings deposits	379,848	354,956
Time deposits	1,018,594	967,090
Total Deposits	2,143,833	2,041,130
Short-term borrowings	136,421	194,463
Long-term debt	18,002	19,047
Other liabilities	36,879	47,377
Total Liabilities	2,335,135	2,302,017
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 June 30, 2009 and December 31, 2008, less 2,536,563 and 2,548,538 shares in	46,249	46,249

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treasury, respectively

Capital surplus	101,658	102,895
Retained earnings	240,847	230,613
Cost of common stock in treasury	(88,357)	(88,729)
Accumulated other comprehensive (loss):		
Unrealized loss on securities available-for-sale	(10,676)	(15,628)
Unrealized gain on derivative instruments	5,719	9,287