

CITY HOLDING CO  
Form 10-Q  
May 05, 2016  
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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, 2016

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

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

25 Gatewater Road

Charleston, West Virginia

(Address of principal executive offices)

(304) 769-1100

(Registrant's telephone number, including area code)

25313

(Zip 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.

YesNo

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).

YesNo

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[X]

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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 – 14,992,321 shares as of May 3, 2016.

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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 materially 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) 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") 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; (14) the impact of new minimum capital thresholds established as a part of the implementation of Basel III; and (15) other risk factors relating to the banking industry or the Company as detailed from time to time in the Company's reports filed with the Securities and Exchange Commission, including those risk factors included in the disclosures under the heading "ITEM 1A Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015. 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)

	(Unaudited)	
	March 31, 2016	December 31, 2015
Assets		
Cash and due from banks	\$ 165,134	\$ 58,829
Interest-bearing deposits in depository institutions	10,031	11,284
Cash and Cash Equivalents	175,165	70,113
Investment securities available for sale, at fair value	362,282	369,466
Investment securities held-to-maturity, at amortized cost (approximate fair value at March 31, 2016 and December 31, 2015 - \$89,600 and \$90,810, respectively)	86,518	88,937
Other securities	9,960	12,915
Total Investment Securities	458,760	471,318
Gross loans	2,877,117	2,862,534
Allowance for loan losses	(19,315 )	(19,251 )
Net Loans	2,857,802	2,843,283
Bank owned life insurance	98,679	97,919
Premises and equipment, net	75,965	77,271
Accrued interest receivable	8,517	7,432
Net deferred tax asset	27,541	29,974
Goodwill and other intangible assets, net	79,581	79,792
Other assets	47,656	36,957
Total Assets	\$3,829,666	\$ 3,714,059
Liabilities		
Deposits:		
Noninterest-bearing	\$ 666,523	\$ 621,073
Interest-bearing:		
Demand deposits	711,366	679,735
Savings deposits	780,982	765,611
Time deposits	1,028,400	1,017,556
Total Deposits	3,187,271	3,083,975
Short term borrowings:		
Federal funds purchased	—	13,000
Customer repurchase agreements	156,714	141,869
Long-term debt	16,495	16,495
Other liabilities	51,068	39,448
Total Liabilities	3,411,548	3,294,787



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## 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, 2016 and December 31, 2015, less 3,528,111 and 3,319,067 shares in treasury, respectively	46,249	46,249
Capital surplus	106,137	106,269
Retained earnings	395,963	390,690
Cost of common stock in treasury	(129,142	) (120,104 )
Accumulated other comprehensive income (loss):		
Unrealized gain on securities available-for-sale	3,670	927
Underfunded pension liability	(4,759	) (4,759 )
Total Accumulated Other Comprehensive Loss	(1,089	) (3,832 )
Total Shareholders' Equity	418,118	419,272
Total Liabilities and Shareholders' Equity	\$3,829,666	\$3,714,059

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,	
	2016	2015
Interest Income		
Interest and fees on loans	\$28,927	\$29,388
Interest and dividends on investment securities: Taxable		