CONSOLIDATED STATEMENTS OF INCOME

CITY HOLDING COMPANY AND SUBSIDIARIES
(Unaudited)($ 000s, except per share data)

	Three Months Ended September 30 2006	2005
Interest Income		
Interest and fees on loans	**$ 31,774**	$ 28,083
Interest on investment securities:		
Taxable	**6,870**	7,288
Tax-exempt	**437**	508
Interest on loans held for sale	**122**	-
Interest on deposits in depository institutions	**452**	31
Interest on federal funds sold	**92**	-
Total Interest Income	**39,747**	35,910
Interest Expense		
Interest on deposits	**11,782**	7,763
Interest on short-term borrowings	**1,343**	956
Interest on long-term debt	**1,108**	1,571
Total Interest Expense	**14,233**	10,290
Net Interest Income	**25,514**	25,620
Provision for loan losses	**1,225**	600
Net Interest Income After Provision for Loan Losses	**24,289**	25,020
Non-Interest Income		
Investment securities (losses) gains	**(2,067)**	5
Service charges	**10,833**	10,433
Insurance commissions	**526**	595
Trust and investment management fee income	**572**	468
Bank owned life insurance	**561**	552
Gain on sale of credit card portfolio	**3,563**	-
Other income	**778**	959
Total Non-Interest Income	**14,766**	13,012
Non-Interest Expense		
Salaries and employee benefits	**8,733**	8,739
Occupancy and equipment	**1,602**	1,687
Depreciation	**1,061**	1,096
Professional fees and litigation expense	**379**	456
Postage, delivery, and statement mailings	**765**	670
Advertising	**810**	764
Telecommunications	**498**	702
Bankcard expense	**485**	512
Insurance and regulatory	**384**	385
Office supplies	**417**	327
Repossessed asset losses (gains), net of expenses	**20**	(35)
Loss on early extinguishment of debt	**379**	-
Other expenses	**2,600**	2,619
Total Non-Interest Expense	**18,133**	17,922
Income before income taxes	**20,922**	20,110
Income tax expense	**7,302**	6,938
Net income	**$ 13,620**	$ 13,172
Basic earnings per share	**$ 0.78**	$ 0.73
Diluted earnings per share	**$ 0.77**	$ 0.72
Average Common Shares Outstanding:		
Basic	**17,557**	18,052
Diluted	**17,619**	18,238

CONSOLIDATED STATEMENTS OF INCOME

CITY HOLDING COMPANY AND SUBSIDIARIES
(Unaudited)($ 000s, except per share data)

	Nine Months Ended September 30 2006	2005
Interest Income		
Interest and fees on loans	**$91,788**	$74,796
Interest on investment securities:		
Taxable	**21,618**	22,616
Tax-exempt	**1,359**	1,390
Interest on loans held for sale	**322**	-
Interest on deposits in depository institutions	**1,018**	73
Interest on federal funds sold	**92**	4
Total Interest Income	**116,197**	98,879
Interest Expense		
Interest on deposits	**31,503**	20,236
Interest on short-term borrowings	**3,795**	2,320
Interest on long-term debt	**3,607**	4,818
Total Interest Expense	**38,905**	27,374
Net Interest Income	**77,292**	71,505
Provision for loan losses	**2,900**	600
Net Interest Income After Provision for Loan Losses	**74,392**	70,905
Non-Interest Income		
Investment securities (losses) gains	**(2,067)**	26
Service charges	**31,597**	28,561
Insurance commissions	**1,661**	1,732
Trust & investment management fee income	**1,642**	1,521
Bank owned life insurance	**1,776**	2,088
Gain on sale of credit card portfolio	**3,563**	-
Other income	**2,445**	2,626
Total Non-Interest Income	**40,617**	36,554
Non-Interest Expense		
Salaries and employee benefits	**26,129**	25,063
Occupancy and equipment	**4,825**	4,726
Depreciation	**3,182**	3,034
Professional fees and litigation expense	**1,345**	1,535
Postage, delivery, and statement mailings	**2,098**	1,938
Advertising	**2,339**	2,231
Telecommunications	**1,499**	1,688
Bankcard expenses	**1,486**	1,597
Insurance and regulatory	**1,153**	1,116
Office supplies	**1,171**	805
Repossessed asset (gains), net of expenses	**(105)**	(50)
Loss on early extinguishment of dept	**661**	-
Other expenses	**7,402**	7,091
Total Non-Interest Expense	**53,185**	50,774
Income Before Income Taxes	**61,824**	56,685
Income tax expense	**21,577**	19,486
Net Income	**$40,247**	$37,199
Basic earnings per share	**$2.27**	$2.15
Diluted earnings per share	**$2.26**	$2.12
Average Common Shares Outstanding:		
Basic	**17,759**	17,314
Diluted	**17,817**	17,514

SELECTED FINANCIAL SUMMARY

CITY HOLDING COMPANY AND SUBSIDIARIES
(Unaudited)($ 000s, except per share data)

	September 30 2006	2005
For the Nine Months Ended:		
Per share data:		
Basic earnings per common share	**$2.27**	$2.15
Diluted earnings per common share	**$2.26**	$2.12
Selected Ratios:		
Return on Average Assets	**2.13%**	2.09%
Return on Average Equity	**18.25%**	19.50%
Average Stockholders Equity to Average Assets	**11.68%**	10.73%
Net Interest Margin	**4.60%**	4.46%
For the Three Months Ended:		
Per share data:		
Basic earnings per common share	**$0.78**	$0.73
Diluted earnings per common share	**$0.77**	$0.72
Selected Ratios:		
Return on Average Assets	**2.17%**	2.09%
Return on Average Equity	**18.56%**	18.23%
Average Stockholders Equity to Average Assets	**11.67%**	11.47%
Net Interest Margin	**4.51%**	4.51%
At Period End:		
Net Loans	**$1,681,644**	$1,604,942
Securities	**519,543**	657,921
Deposits	**1,979,825**	1,897,009
Stockholders' Equity	**298,327**	290,432
Total Assets	**2,527,556**	2,533,920
Book value per common share	**16.99**	15.98
Net charge-offs	**936**	1,130
Non-performing assets	**4,328**	3,762
Allowance for loan losses to outstanding loans	**0.92%**	1.09%

TWO YEAR SUMMARY OF COMMON STOCK PRICES AND DIVIDENDS

	Cash Dividends per Share	Market Value Low	High
2006			
Third Quarter	**$0.28**	**$35.42**	**$40.19**
Second Quarter	0.28	34.53	37.31
First Quarter	0.28	35.26	37.64
2005			
Fourth Quarter	$0.25	$32.68	$37.62
Third Quarter	0.25	34.69	39.21
Second Quarter	0.25	27.57	37.00
First Quarter	0.25	29.01	36.61
2004			
Fourth Quarter	$0.22	$31.85	$37.58

City Holding Company's common stock trades on The Nasdaq Stock Market under the symbol CHCO. The table above sets forth the cash dividends declared per share and information regarding the market prices per share of the Company's common stock for the periods indicated. The price ranges are based on transactions as reported on The Nasdaq Stock Market.

City Holding Company

25 Gatewater Road
Cross Lanes, WV 25313
www.cityholding.com

2006 Third Quarter Report

City

City Holding Company

City Holding Company

2006 Third Quarter Report

Dear Shareholder:

On October 18, 2006, City Holding Company announced net income for the third quarter of $13.6 million, or diluted earnings per share of $0.77 compared to $13.2 million, or $0.72 per diluted share in the third quarter of 2005, a 6.9% increase. For the quarter, the Company achieved a return on assets of 2.17%, a return on equity of 18.6%, a net interest margin of 4.51%, and an efficiency ratio of 42.4%. This compares with a return on assets of 2.09%, a return on equity of 18.2%, net interest margin of 4.51%, and an efficiency ratio of 45.9% for the comparable period of 2005. For the nine months ended September 30, 2006, City's net income grew 8.2% to $40.2 million compared to $37.2 million in the first nine months of 2005. Diluted earnings per share grew 6.6% to $2.26 per share for the nine months as compared to $2.12 per share in the prior year. The Company's common stock (NASDAQ: CHCO) closed at a price of $39.87 at the end of September 2006 as compared to a price of $35.73 at the end of September 2005, representing an increase of 11.6%. The dividend for the 3rd quarter of 2006 was $0.28 as compared to $0.25 during the 3rd quarter of 2005, representing an increase of 12.0%.

The Company continues to be one of the best performing banks in the industry based on profitability, the net interest margin, efficiency ratio, and asset quality. We were able to increase earnings per share in the third quarter of 2006 as compared to the third quarter of 2005 despite the impact of a $0.6 million increase in the provision for loan losses and a decrease of over $700,000 in interest income associated with previously securitized loans (whose balances decreased 47%) – both trends which had been anticipated. During the third quarter of 2006, a gain of $3.6 million from the Company's sale of its credit card portfolio was partially offset by $2.1 million of realized investment losses. The sale of the credit card portfolio allowed us to immediately create shareholder value and continue to focus on our strategic businesses, which leverage our ability to build strong customer relationships across all of our product lines. The realized securities losses reflect the implementation of a strategy to reposition the balance sheet by selling approximately $55 million of investment securities that were replaced with higher yielding investment securities in response to the decline in interest income as a result of the sale of the credit card portfolio. As compared to the prior year quarter ended September 30, 2005, profitability, as measured by our return on assets, was higher and our efficiency ratio was better. Loans and deposits both grew meaningfully in an economic environment that has been challenging for banks. Asset quality, as measured by non-performing assets, remained stable and at favorable levels as compared to many of our peers, and our level of net charge-offs was low. The bank is extremely well capitalized and highly liquid. In summary, the Company is performing well against all measures.

As compared to December 31, 2005, loans have increased $84.4 million at September 30, 2006 with increases in commercial loans of $84.3 million, home equity loans of $16.9 million and residential real estate loans of $12.3 million. These increases were partially offset by decreases in previously securitized loans of $11.7 million and installment loans of $17.4 million, due primarily to the sale of the Company's retail credit card portfolio. While commercial loan growth has been strong for the first nine months of 2006, the Company expects declines during the fourth quarter due to the expected loss of its largest commercial relationship. Between 2002 and 2006, the Company's outstanding balances with this customer increased from $4 million to over $30 million as the customer's business has grown. Due to the growing demands of the customer's business, and the Company's legal lending limitations, the Company has determined that it can no longer satisfactorily meet all of the customer's needs. The Company has no other customers with outstanding loan balances exceeding $15 million.

Total average depository balances increased $68.8 million, or 14.4% on an annualized basis, from the quarter ended December 31, 2005 to the quarter ended September 30, 2006. This growth was primarily in time deposits, which have increased $88.3 million from the quarter ended December 31, 2005.

The Company's tax equivalent net interest income was essentially flat from the third quarter of 2005 to the third quarter of 2006 as increased yields on interest earning assets were offset by increases in the rates paid on interest-bearing liabilities. Net of investment securities losses and the gain from the sale of the Company's retail credit card portfolio, non-interest income increased $0.3 million, or 2.0%, to $13.3 million in the third quarter of 2006 as compared to $13.0 million in the third quarter of 2005. The largest source of non-interest income is service charges from depository accounts, which increased $0.4 million, or 3.8%, from $10.4 million during the third quarter of 2005 to $10.8 million during the third quarter of 2006 due to an increase in the utilization of services by the Company's expanding customer base. On a year-to-date basis, non-interest income increased $2.6 million, or 7.1%, exclusive of securities gains/losses and the gain from the retail credit card portfolio sale, primarily due to increases in service charges revenues.

The Company held non-interest expenses relatively constant at $18.1 million in the third quarter of 2006, up from $17.9 million in the third quarter of 2005. For the nine months ended September 30, 2006, the increase in non-interest expenses of $2.4 million is primarily attributable to increased compensation expenses and other miscellaneous non-interest expenses related to the Company's acquisition of Classic Bancshares, Inc. during the second quarter of 2005. The Company's efficiency ratio improved from 45.9% for the quarter ended September 30, 2005 to 42.4% for the quarter ended September 30, 2006, reflecting ongoing strength in managing expenses while increasing revenues. For the nine months ended September 30, 2006, the efficiency ratio improved to 43.9% from 46.7% for the nine months ended September 30, 2005.

At September 30, 2006, the Allowance for Loan Losses ("ALLL") was $15.6 million or 0.92% of total loans outstanding and 408% of non-performing loans compared to $17.8 million or 1.09% of loans outstanding and 487% of non-performing loans at September 30, 2005. The ratio of the allowance to loans outstanding and non-performing loans was improved by the sale of the Company's credit card portfolio in the third quarter of 2006 impacted. As a result of the Company's quarterly analysis of the adequacy of the ALLL, the Company recorded a provision for loan losses of $1.2 million in the third quarter of 2006 versus $0.6 million in the third quarter of 2005.

One of the Company's strengths is that it is highly profitable while maintaining strong liquidity and capital. With respect to liquidity, the Company's loan to deposit ratio was 85.7% and the loan to asset ratio was 67.1% at September 30, 2006. Further, the Company's deposit mix is weighted heavily toward checking and saving accounts that fund 42.4% of assets at September 30, 2006. The Company's tangible equity ratio was 9.7% at September 30, 2006 compared with a tangible equity ratio of 9.5% at December 31, 2005 and 9.3% at September 30, 2005. With respect to regulatory capital, at September 30, 2006, the Company's Leverage Ratio was 10.81%, the Tier I Capital ratio was 14.99%, and the Total Risk-Based Capital ratio was 15.87%. These regulatory capital ratios are significantly above levels required to be considered "well capitalized," the highest possible regulatory designation.

During the nine months ended September 30, 2006, the Company had repurchased 590,053 common shares at a weighted average price of $36.07 as part of a one million share repurchase plan authorized by the Board of Directors in June 2005. The Company has 204,847 shares remaining for repurchase under the same repurchase plan.

On October 23, the Company opened its new Potomac Marketplace office in Ranson, West Virginia; a fast growing area in the state's Eastern Panhandle. We are also breaking ground for construction of our new branch in Martinsburg which will serve as headquarters for our Eastern Panhandle operations.

We are pleased to enclose your fourth quarter 2006 cash dividend of 28 cents per share payable October 31, 2006 to shareholders of record as of October 15th. On behalf of the officers and directors, I'd like to thank you for your continuing support.

Charles R Hageboeck

Charles R. (Skip) Hageboeck
President & CEO

CONSOLIDATED BALANCE SHEETS

CITY HOLDING COMPANY AND SUBSIDIARIES

($ 000s)

	September 30, 2006 *(Unaudited)*	December 31, 2005	September 30, 2005 *(Unaudited)*
Assets			
Cash and due from banks	**$ 51,460**	$ 81,822	$ 54,903
Interest-bearing deposits in depository institutions	**35,800**	4,451	4,124
Federal funds sold	**15,000**	-	-
Cash and cash equivalents	**102,260**	86,273	59,027
Investment securities available-for-sale, at fair value	**465,752**	549,966	601,466
Investment securities held-to-maturity, at amortized cost	**53,791**	55,397	56,455
Total investment securities	**519,543**	605,363	657,921
Gross loans	**1,697,201**	1,612,827	1,622,710
Allowance for loan losses	**(15,557)**	(16,790)	(17,768)
Net loans	**1,681,644**	1,596,037	1,604,942
Bank owned life insurance	**54,619**	52,969	52,477
Premises and equipment	**43,545**	42,542	42,547
Accrued interest receivable	**12,934**	13,134	12,838
Net deferred tax assets	**26,308**	27,929	25,234
Intangible assets	**59,038**	59,559	59,742
Other assets	**27,665**	18,791	19,192
Total Assets	**$2,527,556**	$2,502,597	$2,533,920
Liabilities			
deposits:			
Noninterest-bearing	**$ 335,887**	$ 376,076	$ 350,903
Interest-bearing			
Demand deposits	**420,613**	437,639	439,314
Savings deposits	**316,300**	302,571	305,550
Time deposits	**907,025**	812,134	801,242
Total Deposits	**1,979,825**	1,928,420	1,897,009
Short-term borrowings	**135,960**	152,255	186,918
Long-term debt	**76,669**	98,425	129,301
Other liabilities	**36,775**	31,356	30,260
Total Liabilities	**2,229,229**	2,210,456	2,243,488
Stockholders' 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 and outstanding at September 30, 2006, December 31, 2005, and September 30, 2005 less 938,883; 395,465; and 329,931 shares in treasury, respectively	**46,249**	46,249	46,249
Capital surplus	**104,082**	104,435	104,997
Retained earnings	**186,171**	160,747	152,180
Cost of common stock in treasury	**(30,893)**	(11,278)	(8,888)
Accumulated other comprehensive (loss) income			
Unrealized (loss) on securities available-for-sale	**(4,562)**	(4,839)	(1,138)
Unrealized gain (loss) on derivative instruments	**453**	-	(543)
Underfunded pension liability	**(3,173)**	(3,173)	(2,425)
Total Accumulated Other Comprehensive (Loss) Income	**(7,282)**	(8,012)	(4,106)
Total Stockholders' Equity	**298,327**	292,141	290,432
Total Liabilities and Stockholders' Equity	**$2,527,556**	$2,502,597	$2,533,920