

A scenic view of a city skyline across a river with a bridge in the foreground. The city features several tall buildings and is set against a backdrop of green hills. The sky is clear and blue.

# City *Holding Company*

**KBW Regional Bank Conference  
Boston  
February 28, 2008**

# Forward Looking Statements

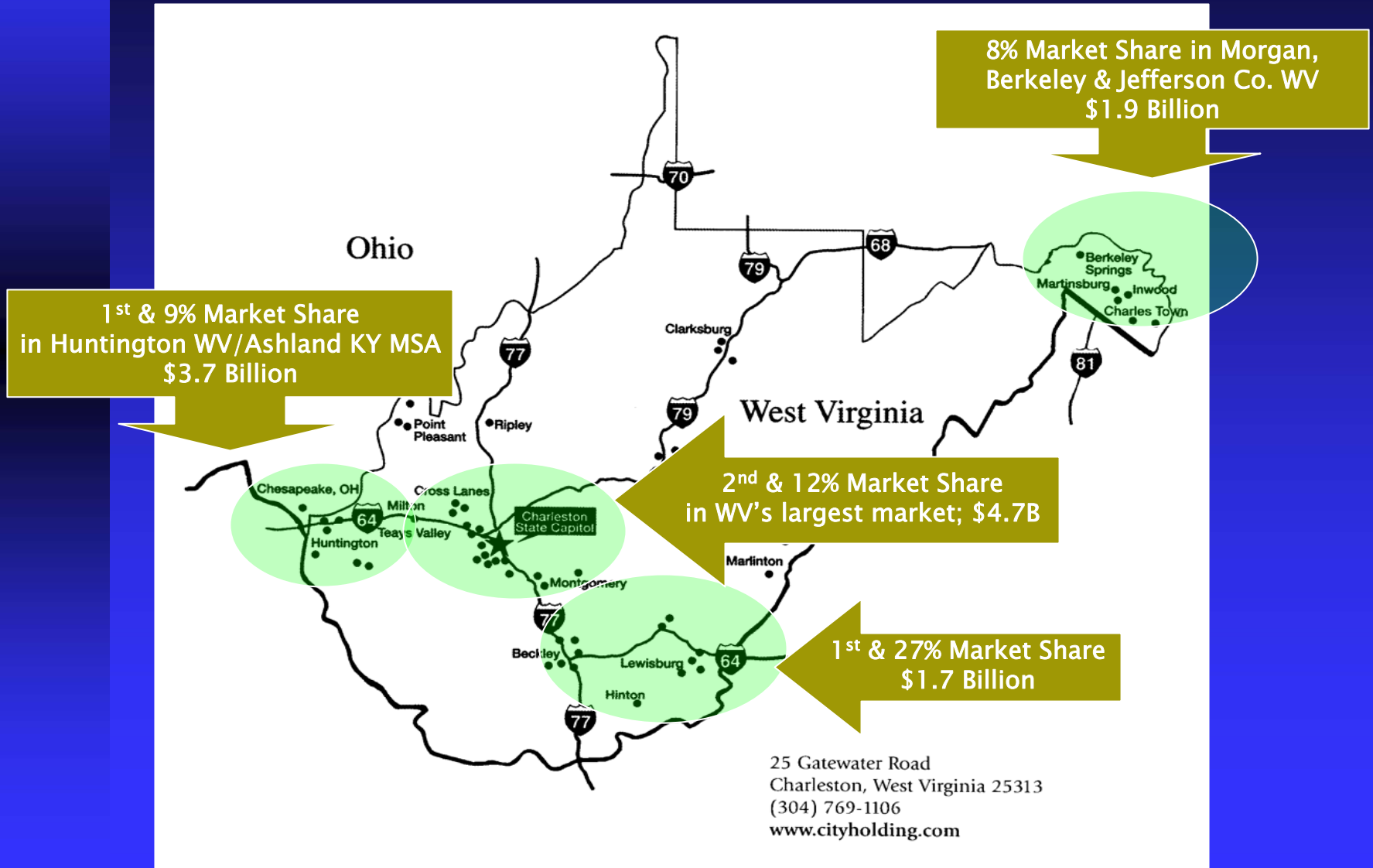
*This news release contains certain forward-looking statements that are included pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such information involves risks and uncertainties that could result in the Company's actual results differing from those projected 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 or decreased prepayments on previously securitized loans that would result in impairment losses or lower the yield on such loans; (4) the Company may continue to benefit from strong recovery efforts on previously securitized loans resulting in improved yields on this 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 in 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; and (12) the Company may experience difficulties growing loan and deposit balances. 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.*

# **City** *Holding Company*



■ <b>Total Assets at Dec 31, 2007</b>	<b>\$2.5 bil</b>
■ <b>Net Income in 2007</b>	<b>\$51 mil</b>
■ <b>Branches</b>	<b>69</b>
■ <b>FTE</b>	<b>811</b>
■ <b>Market Cap</b>	<b>\$625 mil</b>
■ <b>Institutional Ownership</b>	<b>51%</b>
■ <b>Avg Daily Volume</b>	<b>\$3.5 mil</b>

# Key Markets



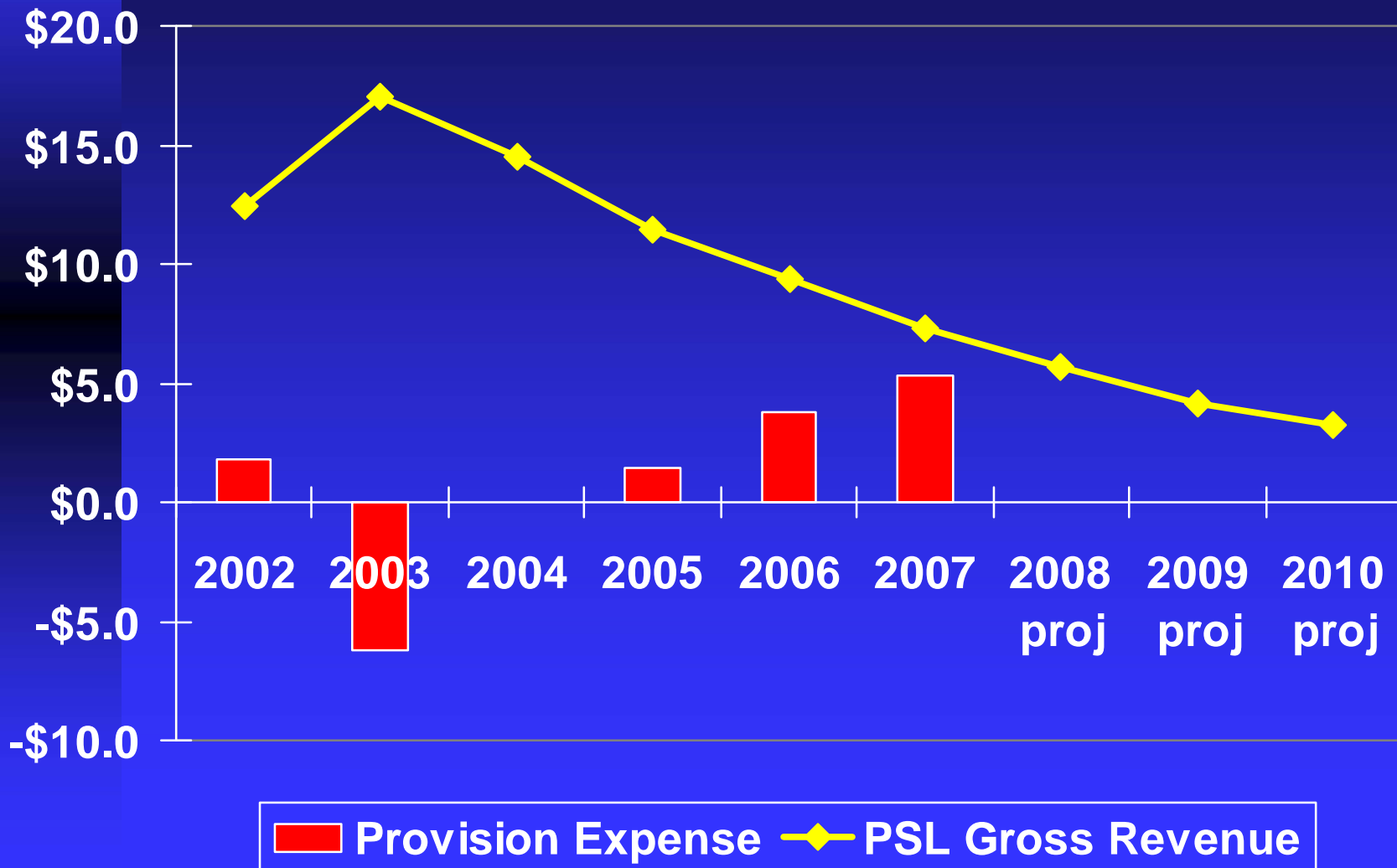
# Today's Themes:

- CHCO: **Consistently** superior results thru challenging times
- CHCO: **Conservative** operating platform
- CHCO: **Growing** and succeeding in slow-growth markets
- CHCO: **Value** in the Banking Sector

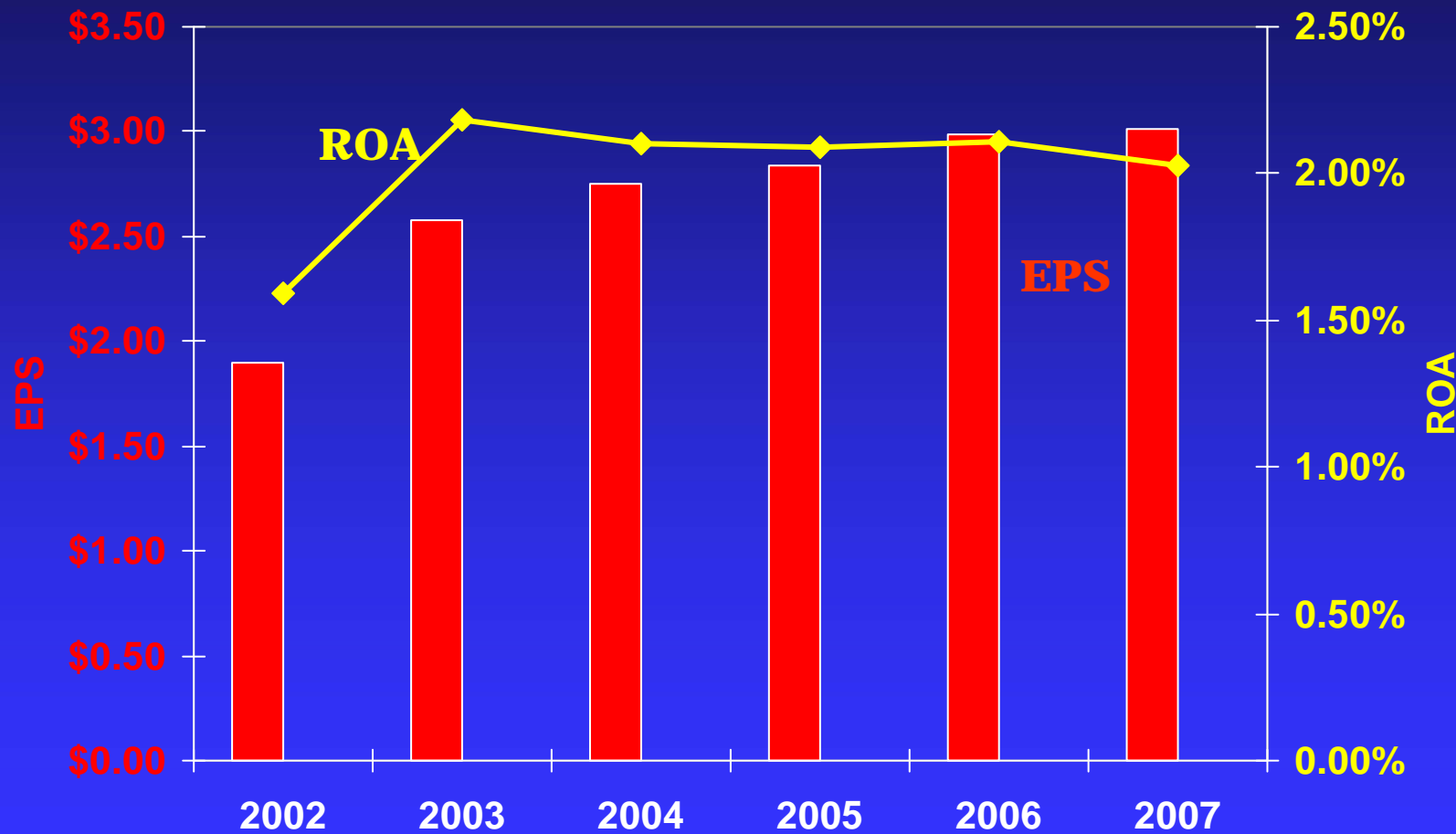
# **CHCO is consistently and extraordinarily profitable:**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Reported ROA	2.10%	2.09%	2.11%	2.03%
ROTE	23.2%	22.3%	22.4%	21.0%
Tangible Equity/TA	9.7%	9.5%	10.1%	9.7%
NIM	4.29%	4.49%	4.56%	4.34%
Efficiency Ratio	48.7%	46.7%	44.5%	45.9%
Non-Int Rev/Total Rev	33%	34%	34%	34%

# Since 2003 CHCO faced “normalization” of provision and loss of PSL revenues:



# Yet, strong bottom line results continue:





# Previously Securitized Loans:

Core growth in revenues in 2003-2007 offset lower earnings from PSL balances

	2004	2005	2006	2007	2008 Projected	2009 Projected
<b>Average Balances</b>	<b>\$83.5 MM</b>	<b>\$42.9 MM</b>	<b>\$22.3 MM</b>	<b>\$10.5 MM</b>	<b>\$6.3 MM</b>	<b>\$4.3 MM</b>
<b>Rate</b>	<b>17.4%</b>	<b>26.6%</b>	<b>42.2%</b>	<b>69.1%</b>	<b>91%</b>	<b>91%</b>
<b>Gross Interest Revenue</b>	<b>\$14.5 MM</b>	<b>\$11.4 MM</b>	<b>\$9.4 MM</b>	<b>\$7.3 MM</b>	<b>\$5.7 MM</b>	<b>\$4.1MM</b>

# Interest Rate Risk:

**CHCO believes that it is well positioned with respect to interest rate risk:**

<b>Immediate Basis Point Change in Interest Rates</b>	<b>Estimated Increase of Decrease in Net Income between 1-12 months</b>
<b>+200 Bp</b>	<b>+3.4%</b>
<b>+100 Bp</b>	<b>+0.9%</b>
<b>-100 Bp</b>	<b>+0.5%</b>
<b>-200 Bp</b>	<b>+1.0%</b>

**Data: December 31, 2007**

# Prime-based Floors:

protect against falling rates

<b>Notional</b>	<b>Prime Rate</b>	<b>Term Date</b>
<b>\$100MM</b>	<b>8%</b>	<b>June 2011</b>
<b>\$100MM</b>	<b>7.75%</b>	<b>May 2011</b>
<b>\$50MM</b>	<b>6.75%</b>	<b>Nov 2009</b>
<b>\$50MM</b>	<b>6.75%</b>	<b>Nov 2008</b>
<b>\$100MM</b>	<b>6%</b>	<b>June 2010</b>
<b>\$100MM</b>	<b>6%</b>	<b>June 2009</b>

# Interest Rate Risk Summary:

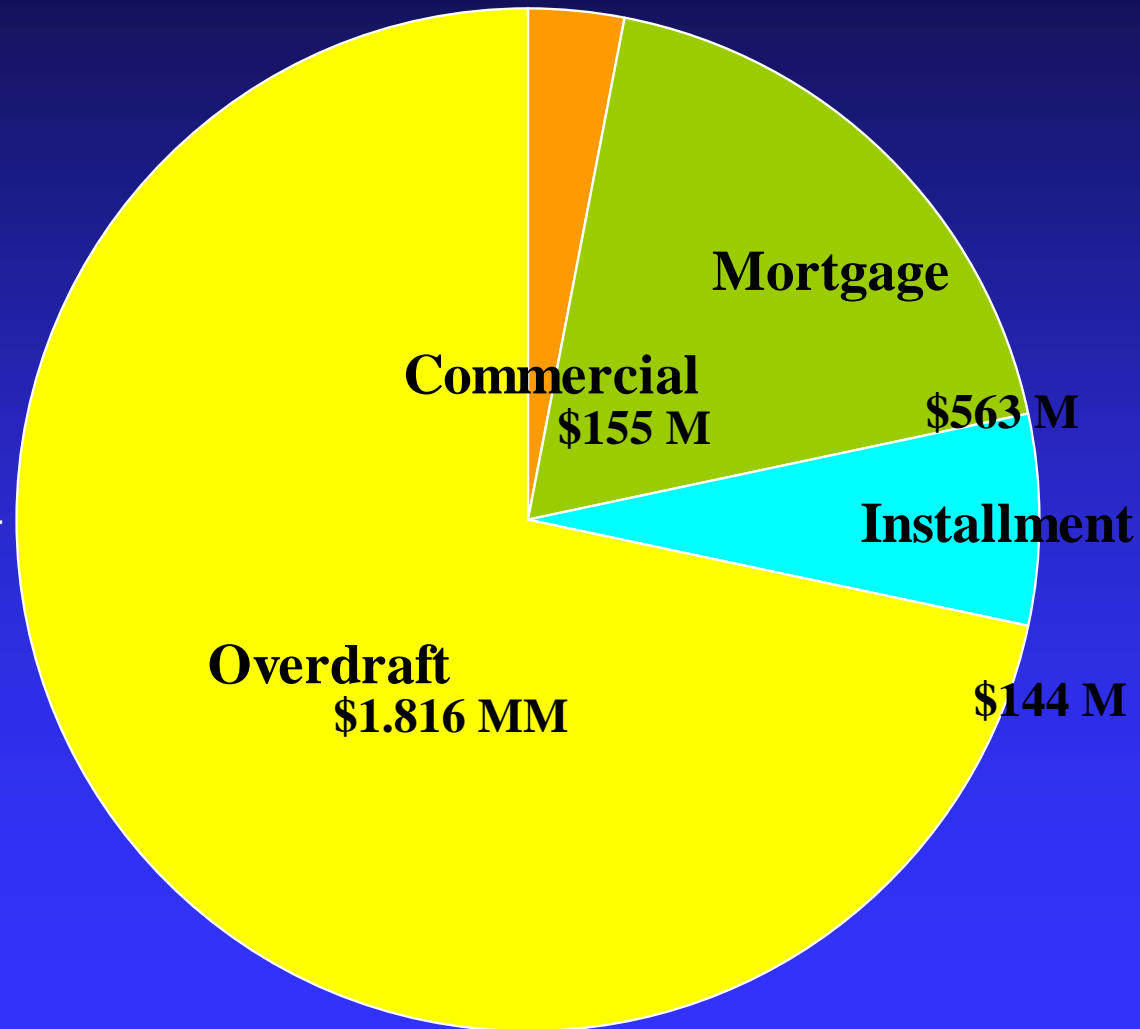
- ◆ **CHCO is less dependent upon NII than its peers**
  - ◆ **Fee income in top 10% of peer group**
- ◆ **CHCO's balance sheet is traditionally asset-sensitive due to strong prime-based portfolio supported by core deposits**
- ◆ **CHCO insured against its risk to falling rates with Prime based floors that hedge its traditional risk to falling rates**
- ◆ **CHCO's NIM has been stable at 4.34% during the last three quarters despite:**
  - ◆ **Decline in Previously Securitized Loans**
  - ◆ **Decline in Prime Rate for 8.25% to 6%**

# **Asset Quality Trends:**

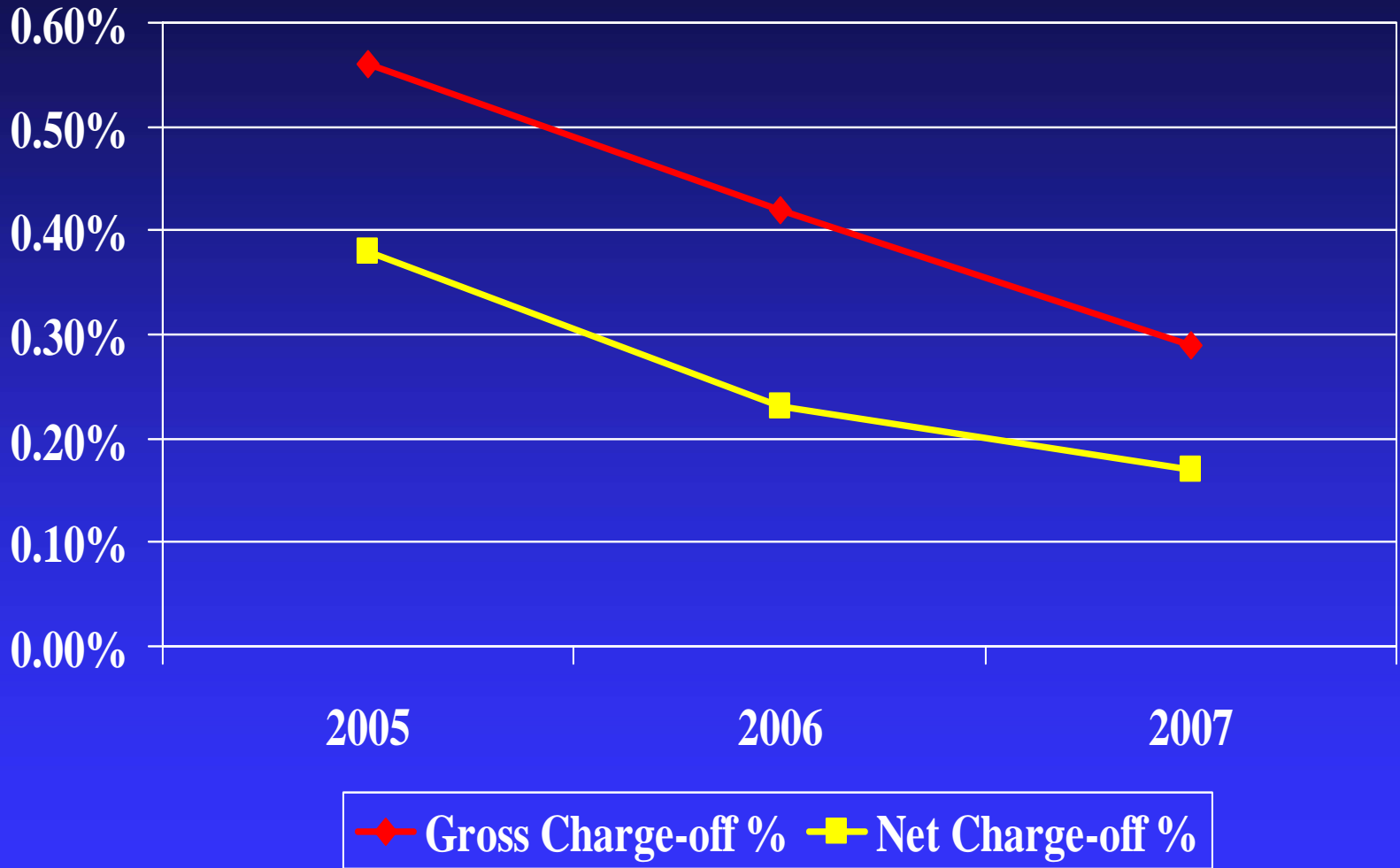
**A second challenge facing  
the banking industry in 2007/8**

# Net Charge-offs 2007

1. Predominantly Overdrafts
2. C/O's are improving
3. C/O's disproportionately associated with pre-turnaround loans



# Charge-off Trends:



# Pre-Turnaround Loans: Large source of Retail Loan Credit Issues

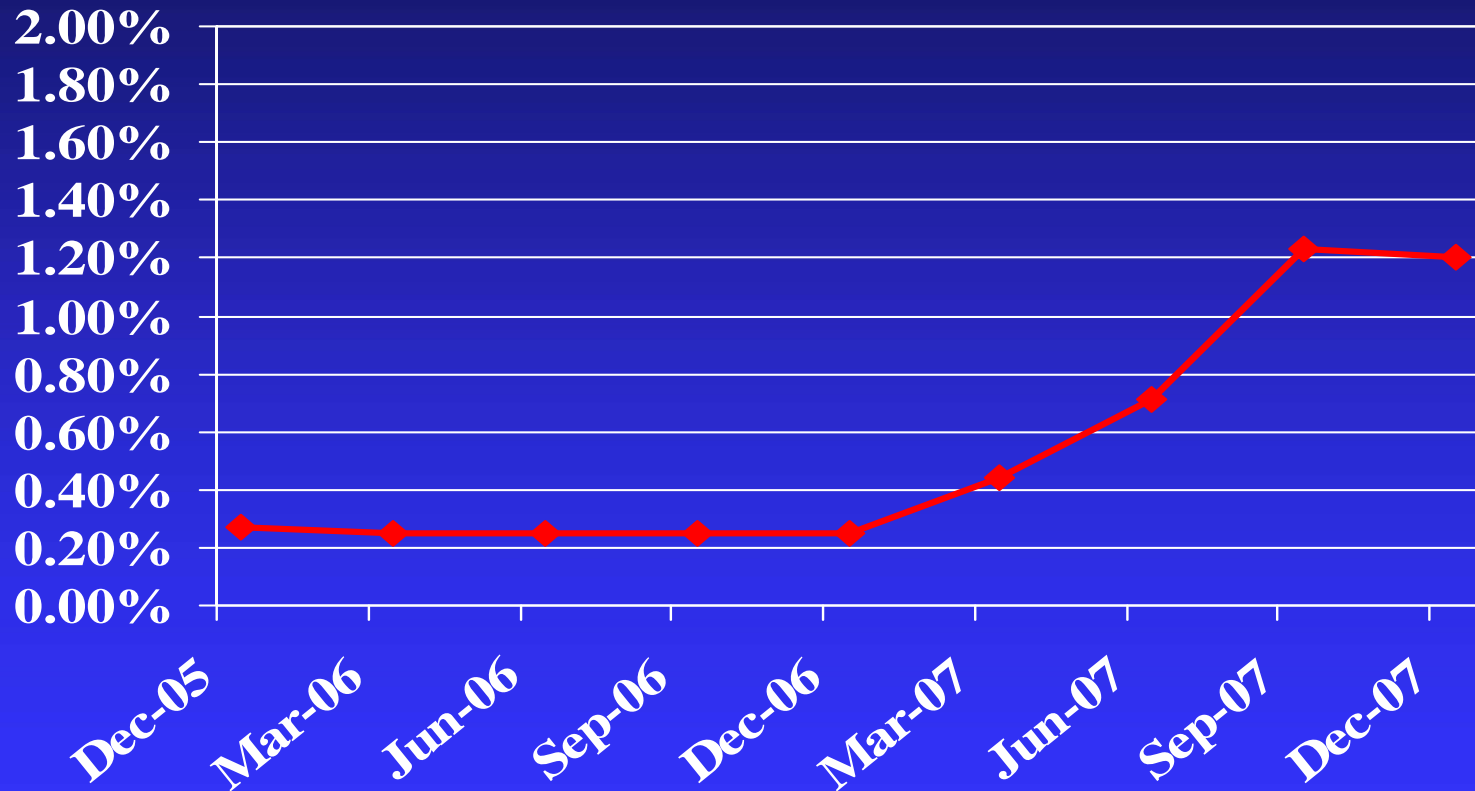
Mortgage Loans Originated Prior to July 2001

FICO	Total Balances 12/31/02	%	Total Balances 12/1/07	%
> 650	\$228.3MM	41%	\$48.7MM	48%
< 649	<b>\$333.7MM</b>	59%	<b>\$52.1MM</b>	52%
Total	\$562.0MM	100%	\$100.8MM	100%



# CHCO experiencing Asset Quality

**Deterioration:** Reflecting two large relationships which were placed on Non-accrual in the 1<sup>st</sup> & 2<sup>nd</sup> quarters



**NPA's to Loans & OREO**

# Largest Non-performing Assets at 12/31/07

- **Loan #1**            **\$9 mil**            **Homes at Greenbrier Resort**  
4 spec homes and 3 lots; Borrower experiencing cash flow problems;  
Collateral & Guarantee dependent.
- **Loan #2**            **\$3.4 mil**            **Home at Greenbrier Resort**  
OREO Property. Home actively marketed.
- **Loan #3**            **\$1.3 mil**            **Commercial R.E.**  
Owner-occupied real-estate. Business going thru Bankruptcy.  
**Full payment expected 2/22/08.**
- **Loan #4**            **\$0.9 mil**            **Rental Res. Real Estate**  
City took properties in lieu of foreclosure. Properties listed for sale.
- **Loan #5**            **\$0.6 mil**            **Rental Real Estate**  
Rental Homes in Charleston;  
**Already resolved in 2008 at small loss.**
- **Loan #6**            **\$0.5 mil**            **Residence in Charleston**  
**Sold & Closing in 2008.**
- **Loan #7**            **\$0.5 mil**            **Residence in Ashland**  
OREO. Listed for sale
- **Loan #8**            **\$0.4 mil**            **Small Apt Complex in Ohio**
- **Loan #9**            **\$0.3 mil**            **Comm'l Real Estate in Ohio**  
80% LTV. 75% SBA Guar.

# Past-Due Loans (30+ days)

Past-due loans show some trends toward deterioration but remain strong compared to peers:

	<b>12/31/05</b>	<b>12/31/06</b>	<b>12/30/07</b>
Residential	1.14%	0.76%	0.91%
Home Equity	0.37%	0.34%	0.63%
Consumer	2.32%	0.99%	0.86%
CMRE	0.11%	0.03%	0.26%
C&I	0.12%	1.47%	0.02%

# Asset Quality Summary:

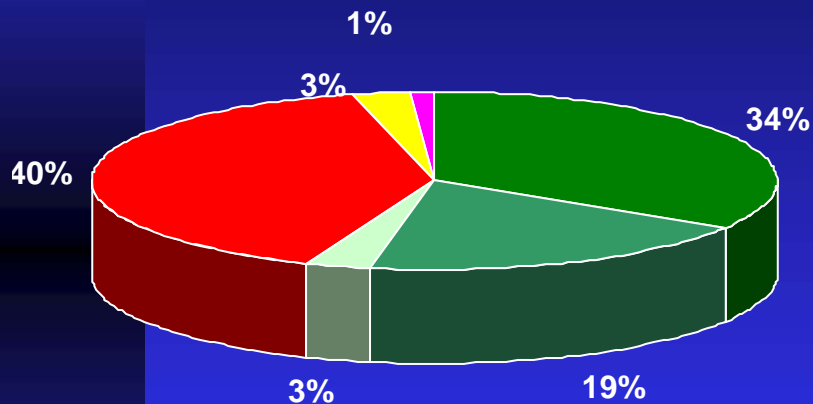
- ◆ **Charge-offs are predominantly depository accounts**
- ◆ **Charge-offs have been decreasing, partly as poor quality loans originated prior to 2001 (former management team) run-off**
- ◆ **Increase in Non-performing Loans tied substantially to (2) loan relationships focused at the Greenbrier Resort**
- ◆ **Past-Due loans relatively low compared to peers**
- ◆ **CHCO has focused on real-estate secured lending – residential, home equity, commercial real-estate**
- ◆ **Most of CHCO's non-accrual assets are residential properties where loss exposures generally have lower bounds due to collateral**
- ◆ **Real estate prices: CHCO markets have been stable**
- ◆ **Mortgage lending: traditional portfolio ARM's**

# **Although highly profitable, CHCO is conservatively positioned:**

- 1. Conservative Loan portfolios**
- 2. Strong Core Deposit Franchise**
- 3. Highly Liquid**
- 4. Strongly Capitalized**
- 5. Strong Fee Income vs. NII**

# Conservative Loan Portfolio Mix

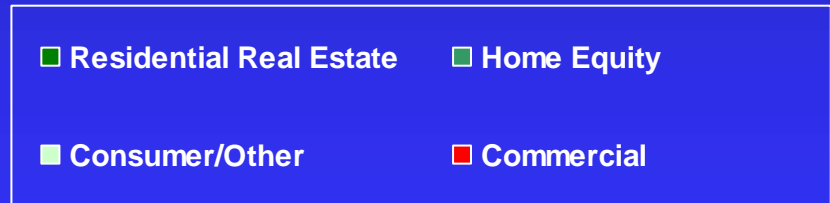
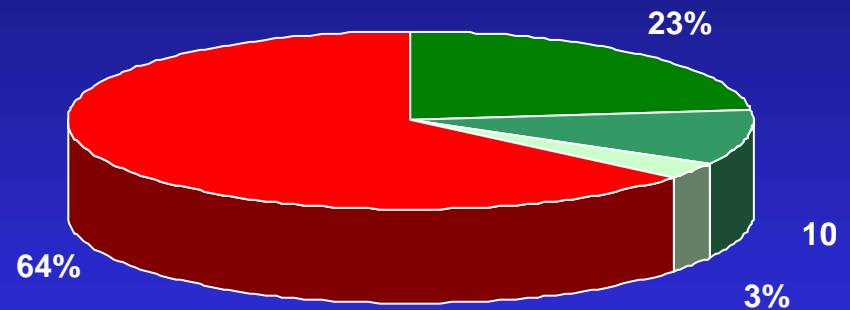
## City Holding Company



**Loan to Deposits 87.9%**

As of December 31, 2007

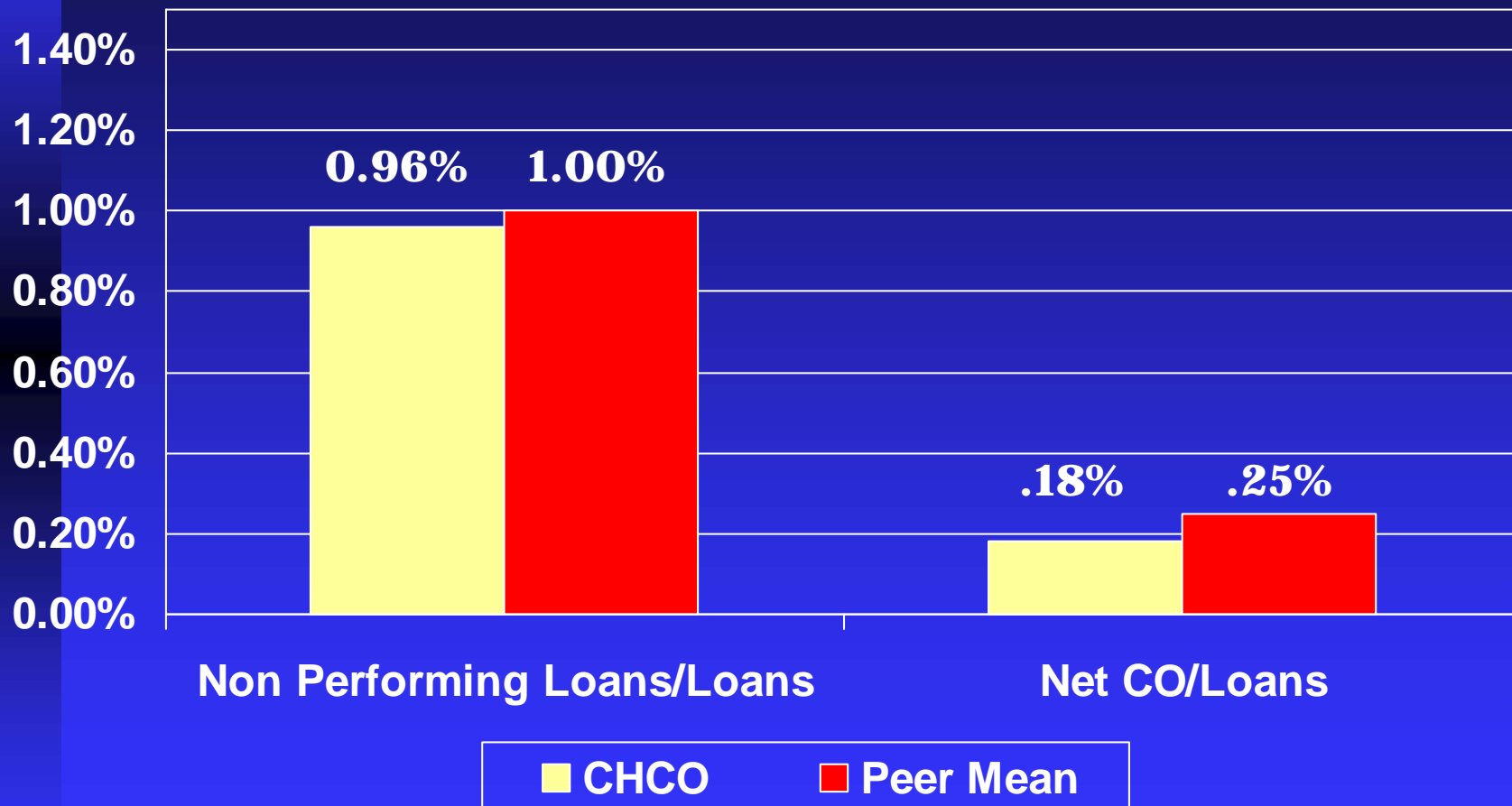
## Peer Group



**Loan to Deposits 94.5%**

Sample of 250 publicly traded banks and thrifts with assets between \$1-\$10 billion as of December 31, 2006

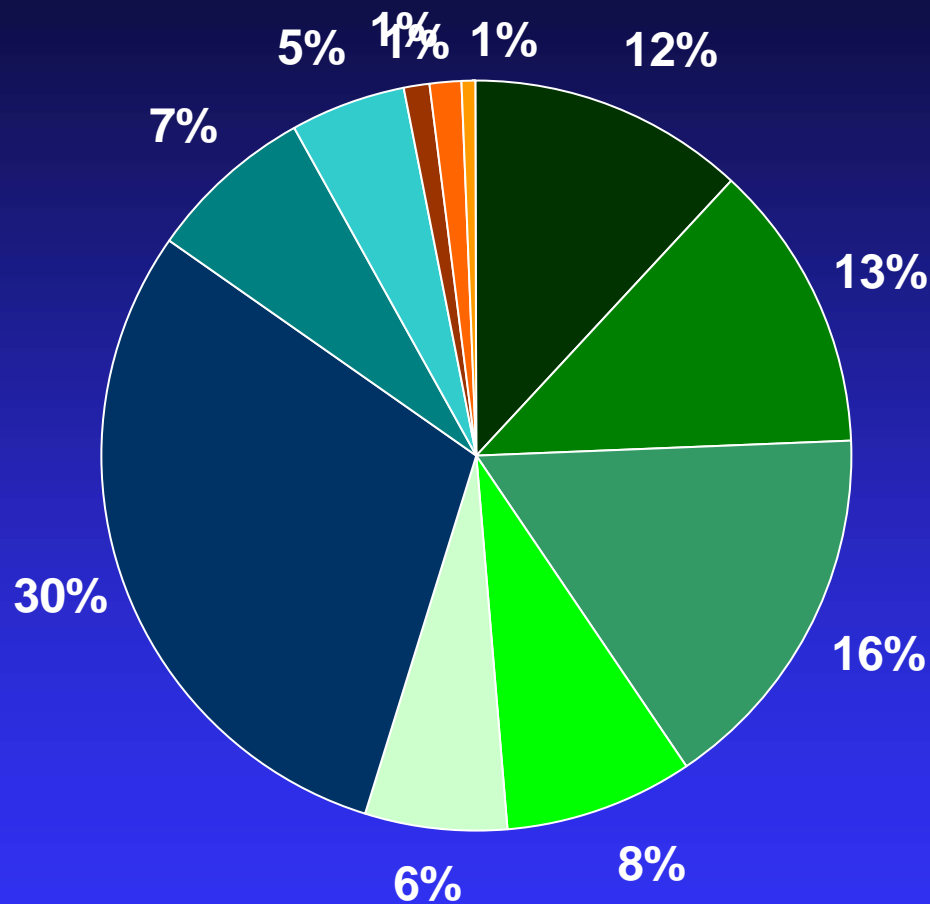
# Solid Loan Quality - 2007



As of December 31, 2007

Sample of 193 and 224 reporting publicly traded banks and thrifts with assets between \$1 and \$10 billion as of December 31, 2007

# Liabilities: Low Cost and Stable Deposits



Equity

Non Interest DDA

Interest DDA

Savings

MMS

CDs

Jumbos

Customer Repos

FHLB

Other

Trust Preferred

Data: December 31, 2007



# CHCO's Cost of Funds Advantage:

	<b>CHCO</b>	<b>Peers</b>	<b>Advantage</b>
<b>CD's</b>	<b>4.48%</b>	<b>4.70%</b>	<b>22 Bps</b>
<b>Interest Bearing Deposits</b>	<b>3.08%</b>	<b>3.77%</b>	<b>75 Bps</b>
<b>Total Deposits</b>	<b>2.60%</b>	<b>3.21%</b>	<b>61 Bps</b>
<b>Interest Bearing Liabilities</b>	<b>3.23%</b>	<b>3.98%</b>	<b>75 Bps</b>



95th percentile

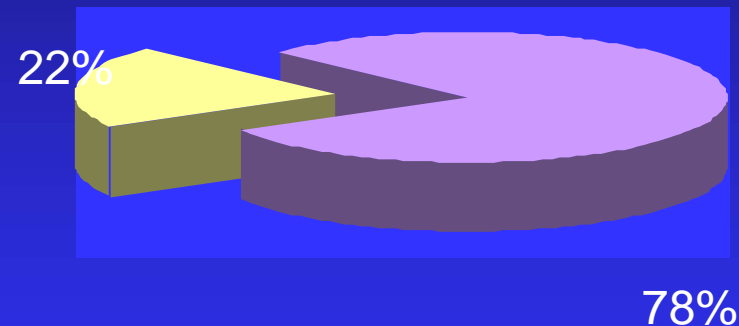
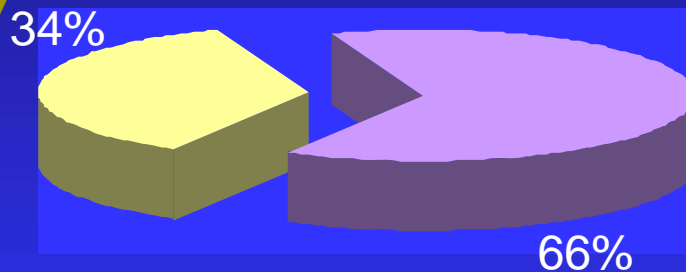
Data: 2007. Peers are 171 reporting publicly traded \$1 to \$10 billion banks

# Favorable Revenue Profile for the current yield curve environment:

## City Holding Company

## Peer Group

91st percentile



■ Non Interest Income  
■ Net Interest Income

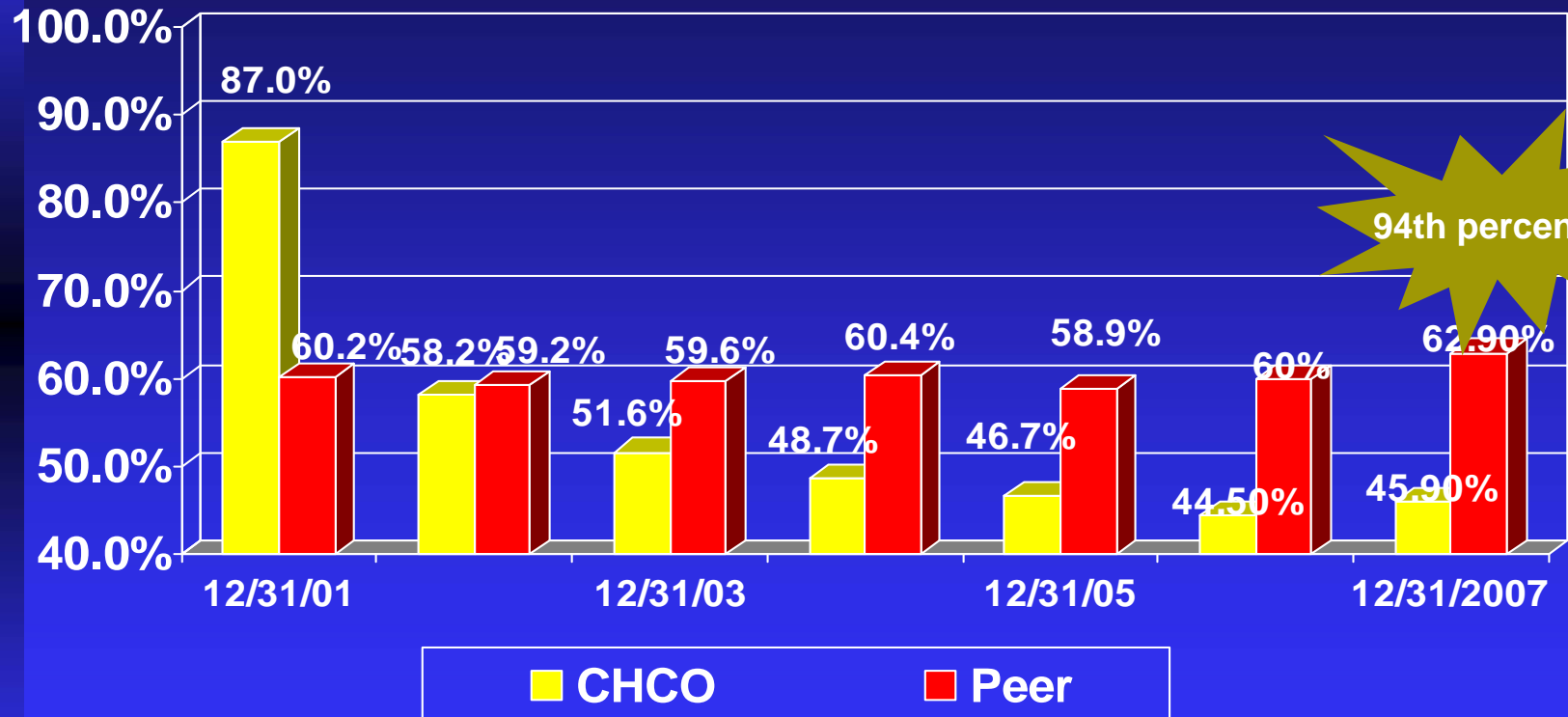
■ Non Interest Income  
■ Net Interest Income

\* As of December 31, 2007. Non-interest income excludes security gains & gain on sale of Merchant Card Portfolio

Sample of 223 reporting publicly traded banks and thrifts with assets between \$1 and \$10 billion as of December 31, 2007

# City is Highly Efficient

## Efficiency Ratio



2004 Efficiency Ratio adjusted to eliminate \$5.5 million in revenue from Legal Settlement and associated legal expenses of \$500M; Peers: Sample of 225 reporting publicly traded banks and thrifts with assets between \$1 to \$10 Billion as of December 31, 2007

# Strong Capital facilitates growth and provides opportunities for 2007:

	CHCO 12/31/07	Peer Median 9/30/07
Equity/Assets	11.8%	9.3%
Tang Equity/Tang Assets	9.7%	7.2%
Leverage Ratio	10.3%	
Tier I Capital Ratio	14.1%	10.6%
Total Risk-based Capital Ratio	15.1%	12.0%

*Note: A yellow starburst graphic points to the 9.7% value for Tang Equity/Tang Assets, labeled "85th percentile".*

**Source: SNL for 205 reporting publicly traded banks with total assets from \$1 to \$10 billion**

# **Growth in slow-growing markets:**

- ◆ **Improvements/Additions to Retail Distribution System**
- ◆ **Commercial Lending/Small Business Banking/Cash Management**
- ◆ **Insurance**
- ◆ **Acquisition**

# Remaking City's Retail Distribution: Wal-Mart Strategy

- Part of a Hub and Spoke distribution strategy
- Openings
  - ◆ Charleston – 2004
  - ◆ Huntington – 2004
  - ◆ Beckley – 2005
  - ◆ Ashland – 2005
  - ◆ Ripley – 2007



# **Consolidations/Renovations/Relocations: Our New Downtown Charleston Office Housing Retail, Trust, Commercial & Private Banking Opened 2006**



# October 2006: Opened Charles Town WV (Eastern Panhandle Location)





**Relocated in July 2007:**

**Martinsburg WV**

**(Eastern Panhandle Location)**



# November 2007: Bluefield WV-VA

## ■ Bluefield WV-VA

- ◆ County Deposits: \$1.7 billion
- ◆ Branches: 50
- ◆ Largest Market Competitors: BBT (27%), FCBC (26%)



# Hurricane, West Virginia: 2008



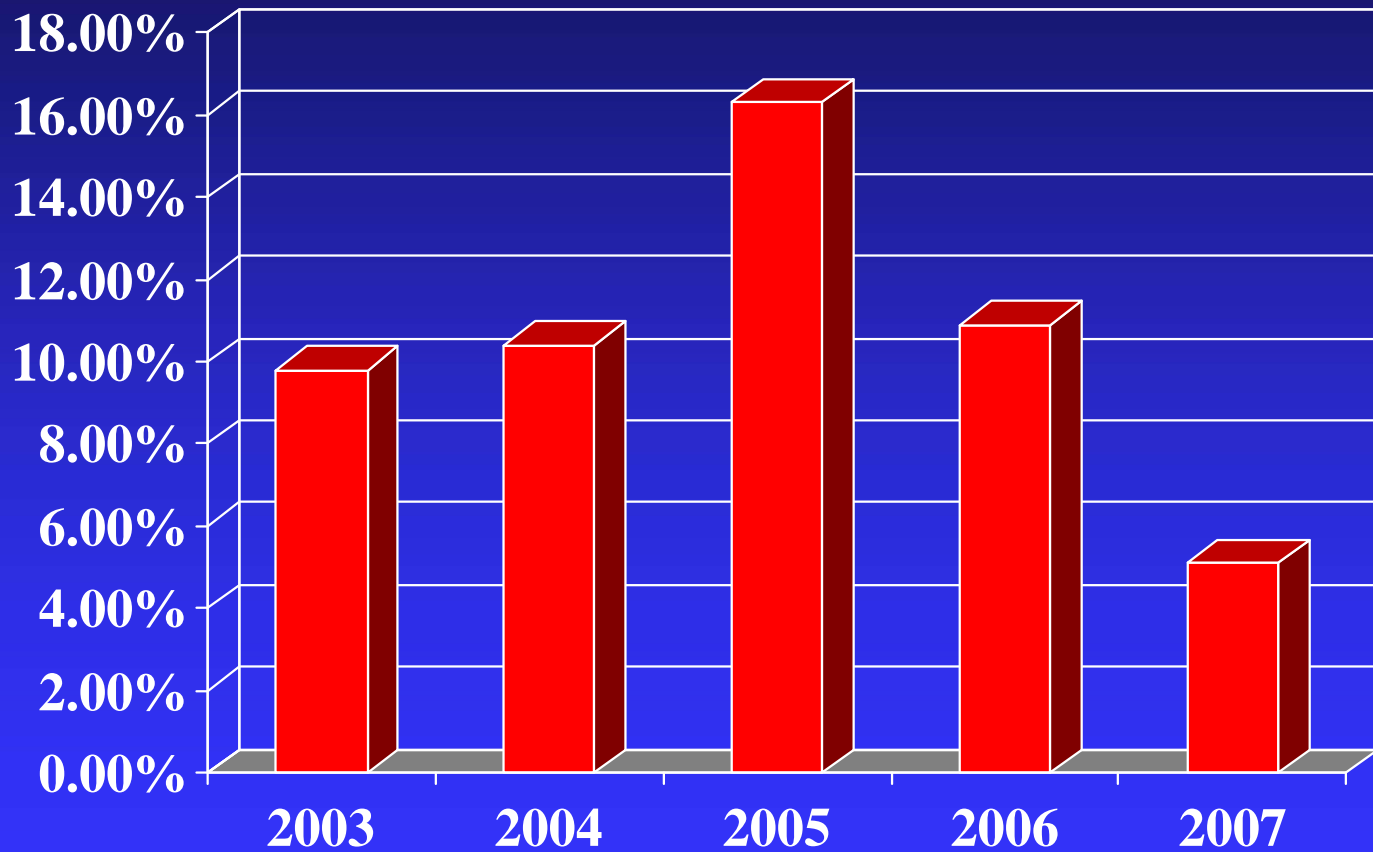
## ■ Putnam Co. WV

- ◆ County Deposits: \$761 MM
- ◆ Branches: 18 CHCO Share: 12%
- ◆ Largest Market Competitors:  
Putnam Co. Bank(50%), BB&T (10%)

# Success in our Retail Banking unit has led to strong growth in retail branch service charges:



# Commercial Loan Growth: Historically 10%+



Growth in 2005 excludes Classic Acquisition

# **Business Lending Opportunity:**

- City's financial strength was built upon its exceptional retail banking platform. As a result, City is under represented (40%) in commercial lending relative to peers (60%).
- City has launched a new small business lending initiative to address borrowing needs of smaller businesses.
- City has launched a new cash management initiative to address depository needs of larger business customers.

# City Insurance Professionals

- 2006 Revenues \$2.3 million
- 2007 \$4.1 million
- **New Strategies in 2007:**
  - ◆ Appointed new leadership
  - ◆ Added Workers Compensation Department – 7 FTE
  - ◆ Added Personal Lines Department – 6 FTE
  - ◆ Opened Beckley WV Office
- **Strategies for 2008 and beyond:**
  - ◆ Continue to Build Personal Lines toward \$3 million line of business
  - ◆ Add offices – Huntington, Lewisburg, Martinsburg, Teays Valley
  - ◆ Hire additional P&C and Health/Life Producers
  - ◆ Acquire agencies in communities served by CHCO

# Acquisitions:

**\$100MM to \$500MM in assets**

**WV, SE Ohio, Eastern KY, I81 Corridor from VA thru MD, SW Pennsylvania**





# CHCO: Value in the Banking Sector

## Capital Flexibility

- **Dividends**

- **Increased 10% in April 2004 to \$0.88**
- **Increased 13.6% in April 2005 to \$1.00**
- **Increased 12% in April 2006 to \$1.12**
- **Increased 10.7% in April 2007 to \$1.24**
- **Payout ratio in 2007: 40%**
- **Announced Increase in April 2008 to \$1.36**
  - **9.7% increase**
  - **Dividend Yield of about 3.5%**

- **Share Repurchases**

- **Tangible Capital @ 10.1% @ 12/31/2006**
- **Purchased 1,314,112 shares in 2007 at average price of \$36.70 (7.5% of outstanding)**
- **Tangible Capital @ 9.7% @ 12/31/07**
- **CHCO's strong profitability allows greater long-term share repurchase activity than peers**

# CHCO: Value in the Banking Sector

## Pricing Metrics\*:

■ Price to Book:	213%
■ Price to Tangible Book:	266%
■ Price to 2008 Projected Earnings**	12.7x
■ Institutional Ownership	51%

•Based on Price of \$38.72(close of business 2/14/08)

\*\* Based on Analyst estimates for 2008 of \$3.06

# CHCO: Consistently Superior Performance

- **Peer Group:** (branches, assets, income, market cap)
  - ◆ CBU, CTBI, FCF, FCBC, FFBC, FPFC, FNB, HNBC, NBTB, PEBO, PRK, PVSA, RBCAA, SASR, STBA, UBSH, UBSI, UVSP, VFGI, WSBC
- **2006 Peer Performance:**
  - ◆ EPS Growth 2005-2007: 3rd
  - ◆ ROA: 1st
  - ◆ Net Interest Margin: 1st
  - ◆ Efficiency Ratio: 2nd
  - ◆ Tangible Equity/Tangible Assets: 1st
- **Still delivered top performance for shareholders:**
  - ◆ 1 Year Stock Performance: Best
  - ◆ 2 Year Stock Performance: Best

**Questions?**

**City** Holding  
Company