

CONSOLIDATED STATEMENTS OF INCOME

CITY HOLDING COMPANY AND SUBSIDIARIES
(in thousands, except earnings per share data)

	Six Months Ended September 30	
	2004	2003
	<i>(Unaudited)</i>	
Interest Income		
Interest Income		
Interest and fees on loans	\$ 64,588	\$ 59,965
Interest on investment securities:		
Taxable	22,331	15,507
Tax-exempt	1,372	1,633
Interest on retained interest	808	10,465
Interest on deposits in depository institutions	36	103
Interest on federal funds sold	-	36
Total Interest Income	89,135	87,709
Interest Expense		
Interest on deposits	17,274	16,884
Interest on short-term borrowings	658	659
Interest on long-term debt	5,826	6,745
Total Interest Expense	23,758	24,288
Net Interest Income	65,377	63,421
Provision for (recovery of) loan losses	-	(5,200)
Net Interest Income After Provision for Loan Losses	65,377	68,621
Non-Interest Income		
Investment securities gains	1,140	(435)
Service charges	23,931	20,660
Insurance commissions	1,979	1,957
Trust fee income	1,561	1,196
Bank owned life insurance	1,747	727
Mortgage banking income	212	457
Net proceeds from litigation settlement	5,453	-
Other income	2,144	3,975
Total Non-Interest Income	38,167	28,537
Non-Interest Expense		
Salaries and employee benefits	24,667	23,154
Occupancy and equipment	4,425	4,465
Depreciation	2,951	3,355
Professional fees and litigation expense	2,694	2,337
Postage, delivery, and statement mailings	1,885	2,062
Advertising	1,766	1,762
Telecommunications	1,417	1,408
Insurance and regulatory	993	969
Office supplies	838	1,150
Repossessed asset (gains) losses and expenses	(45)	(710)
Loss on early extinguishment of debt	263	142
Other expenses	7,349	6,537
Total Non-Interest Expense	49,203	46,631
Income before income taxes	54,341	50,527
Income tax expense	19,084	17,505
Net income	35,257	\$ 33,022
<i>Per share data:</i>		
Basic earnings per common share:	\$2.12	\$1.99
Diluted earnings per common share:	\$2.09	\$1.95
Average common shares outstanding		
Basic	16,653	16,632
Diluted	16,907	16,942

CONSOLIDATED STATEMENTS OF INCOME

CITY HOLDING COMPANY AND SUBSIDIARIES
(in thousands, except earnings per share data)

	Three Months Ended September 30	
	2004	2003
	<i>(Unaudited)</i>	
Interest Income		
Interest and fees on loans	\$ 21,481	\$ 20,086
Interest on investment securities:		
Taxable	7,733	4,631
Tax-exempt	438	503
Interest on retained interest	-	3,100
Interest on deposits in depository institutions	15	21
Interest on federal funds sold	-	-
Total Interest Income	29,667	28,341
Interest Expense		
Interest on deposits	5,867	5,519
Interest on short-term borrowings	297	93
Interest on long-term debt	1,871	2,200
Total Interest Expense	8,035	7,812
Net Interest Income	21,632	20,529
Provision for (recovery of) loan losses	-	(1,900)
Net Interest Income After Provision for Loan Losses	21,632	22,429
Non-Interest Income		
Investment securities gains	4	(810)
Service charges	8,440	7,285
Insurance commissions	600	604
Trust fee income	446	493
Bank owned life insurance	575	414
Mortgage banking income	72	109
Net proceeds from litigation settlement	-	-
Other income	719	2,251
Total Non-Interest Income	10,856	10,346
Non-Interest Expense		
Salaries and employee benefits	8,150	7,787
Occupancy and equipment	1,472	1,431
Depreciation	972	1,055
Professional fees and litigation expense	668	519
Postage, delivery, and statement mailings	601	538
Advertising	459	555
Telecommunications	488	485
Insurance and regulatory	342	318
Office supplies	252	310
Repossessed asset (gains) losses and expenses	(5)	(28)
Loss on early extinguishment of debt	-	-
Other expenses	2,374	2,086
Total Non-Interest Expense	15,783	15,112
Income before income taxes	16,705	17,663
Income tax expense	5,749	6,130
Net income	\$ 10,956	\$ 11,533
<i>Per share data:</i>		
Basic earnings per common share:	\$0.66	\$0.69
Diluted earnings per common share:	\$0.65	\$0.68
Average common shares outstanding		
Basic	16,584	16,636
Diluted	16,812	16,953

SELECTED FINANCIAL SUMMARY

CITY HOLDING COMPANY AND SUBSIDIARIES
(in thousands, except earnings per share data)

	September 30	
	2004	2003
<i>For the Nine Months Ended:</i>		
<i>Selected Ratios:</i>		
Return on Average Assets	2.12%	2.21%
Return on Average Equity	23.12	25.11
Average Equity to Average Assets	9.18	8.81
Net Interest Margin	4.30	4.63
<i>For the Three Months Ended:</i>		
<i>Selected Ratios:</i>		
Return on Average Assets	1.98%	2.31%
Return on Average Equity	21.41	25.04
Average Equity to Average Assets	9.26	9.23
Net Interest Margin	4.27	4.50
<i>At Period End:</i>		
Net Loans	\$ 1,325,360	\$ 1,218,761
Securities	702,772	519,419
Deposits	1,652,059	1,592,150
Stockholders' Equity	210,285	183,463
Total Assets	2,213,649	1,997,548
Book value per common share	12.70	11.03
Net charge-offs (recoveries), Year-to-Date	2,889	(132)
Non-performing assets	3,867	4,731
Allowance for loan losses to outstanding loans	1.38%	1.89%

TWO YEAR SUMMARY OF COMMON STOCK PRICES AND DIVIDENDS CITY HOLDING COMPANY AND SUBSIDIARIES

	Cash Dividends per Share	Market Value	
		Low	High
2004			
Third Quarter	\$0.22	\$28.69	\$33.05
Second Quarter	0.22	27.30	35.71
First Quarter	0.22	32.35	36.18
2003			
Fourth Quarter	\$0.20	\$31.50	\$37.15
Third Quarter	0.20	28.91	36.00
Second Quarter	0.20	27.30	30.00
First Quarter	0.20	25.50	28.99
2002			
Fourth Quarter	\$0.15	\$21.75	\$30.20

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.



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

2004
Third
Quarter
Report

City

City Holding Company

Dear Shareholder

On October 18, 2004 City Holding Company announced net income for the third quarter of \$11.0 million, or diluted earnings per share of \$0.65 compared to \$11.5 million, or \$0.68 per diluted share in the third quarter of 2003. For the quarter, the Company achieved a return on assets of 1.98%, a return on equity of 21.4%, a net interest margin of 4.27%, and an efficiency ratio of 48.4%, placing the Company among the most profitable banks for the quarter. At September 30, 2004 the book value of the Company's common stock was \$12.70 per share compared to a book value of \$11.03 per share at September 30, 2003, representing a 15.1% increase.

During the third quarter of 2003, the Company recorded negative provision for loan losses of \$1.9 million, which had the effect of increasing after-tax net income by \$0.07 per diluted share. Also during the third quarter of 2003, the Company recognized \$1.6 million pre-tax in non-interest income resulting from a legal settlement with the FDIC, which had the effect of adding \$0.06 per diluted share, after-tax, to operating results in the third quarter of 2003. These were partially offset by losses on the sale of low-yielding securities of \$0.8 million in the third quarter of 2003. Cumulatively, these three events added \$0.10 to diluted earnings per share during the third quarter of 2003.

The Company enjoyed strong performance in its core businesses during the third quarter of 2004. As compared to September 30, 2003, loans have increased \$101.7 million. Specifically, home equity loan balances increased by \$32.8 million and commercial real estate loan balances grew by \$60.2 million. Additionally, the carrying value of Previously Securitized Loans increased \$33.6 million from September 30, 2003 to September 30, 2004. This increase was due to the Company's early redemption of the outstanding obligations pursuant to each of its six securitization trusts, resulting in the Company becoming the beneficial owner of the remaining mortgage loans held by those trusts. Offsetting the targeted loan growth, were decreases in loan portfolios that the Company has de-emphasized, including decreases in indirect loans of \$16.1 million and decreases in unsecured consumer loans of \$19.2 million. The Company also experienced strong and steady increases in average depository balances, which were 4.4% higher in the third quarter of 2004 as compared to the third quarter of 2003, increasing from \$1.595 billion to \$1.665 billion. This growth occurred in

average non-interest bearing deposits, which were up 4.8%; interest-bearing demand deposits, which were up 6.2%; and time deposits, which were up 6.5%.

Tax equivalent net interest income in the third quarter of 2004 increased by \$1.1 million or 5.1%, as compared to the third quarter of 2003. This increase can primarily be attributed to growth in interest earning assets. In addition to the increase in loans discussed above, investment security balances increased by over \$140 million between the third quarter of 2003 and the third quarter of 2004 offset by increased borrowings effected through the Federal Home Loan Bank of Pittsburgh. Also, during the fourth quarter of 2003, the Company reduced its funding costs through the redemption of \$57.5 million in 9.125% trust preferred securities.

The Company continues to demonstrate strong credit quality. At September 30, 2004, the ALLL was \$18.5 million or 1.38% of total loans outstanding and 515% of non-performing loans. Adjusting for \$71 million in previously securitized loans, where losses are not expected to flow through the allowance for loan losses but instead are reflected in the yield on these assets, the ALLL represents 1.46% of loans net of previously securitized loans. The Company believes that its methodology for determining its ALLL adequately provides for probable losses inherent in the loan portfolio at September 30. The Company recorded no provision for loan losses in the third quarter of 2004. During the third quarter of 2004, the Company had gross charge-offs of \$2.957 million. These charge-offs were offset by \$1.661 million in recoveries, resulting in net charge-offs of \$1.296 million.

Non-interest income in the third quarter of 2004 was \$10.856 million as compared to \$10.346 million in the third quarter of 2003. During the third quarter of 2003, the Company recorded income of \$1.6 million associated with a legal settlement and investment security losses of \$0.810 million. Net of these two events, non-interest income would have been \$9.556 million reflecting growth in the third quarter of 2004 as compared to the year-ago quarter of 13.6%. The largest source of non-interest income is fee income from depository accounts, which increased from \$7.3 million during the third quarter of 2003 to \$8.4 million during the third quarter of 2004, or 15.9%, reflecting growth in new customers and services provided to the Company's depository customers.

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 81.3% and the loan to asset ratio was 60.7% at September 30, 2004. The Company maintained investment securities totaling 31.8% of assets as of this date. Further, the Company's deposit mix is weighted heavily toward checking and saving accounts that fund 44.8% of assets at September 30, 2004. The Company is also strongly capitalized. Capitalization (as measured by average equity to average assets) was 9.50% at September 30, 2004 as a result of the Company's strong earnings. The Company's tangible equity ratio was 9.24% at September 30, 2004. With respect to regulatory capital, at September 30, 2004, the Company's Leverage Ratio is 10.47%, the Tier I Capital ratio is 15.21%, and the Total Risk-Based Capital ratio is 16.44%. The Company's regulatory capital ratios are significantly above levels required to be considered "well capitalized," which is the highest possible regulatory designation.

During the third quarter of 2004, the Company repurchased 87,740 common shares at a weighted average price of \$29.96 as part of a 1 million share repurchase plan authorized by the Board of Directors in June of 2002. Under this authorization, as of September 30, 2004, the Company may repurchase an additional 382,260 shares from time to time depending upon market conditions.

In September, City National Bank opened new banking offices in Wal-Mart Supercenters located in Barboursville and Charleston, West Virginia. These two new locations provide City customers with convenient access to their financial needs in two of the state's most popular shopping areas. In October, the Company announced plans to provide banking services in two new Wal-Mart Supercenters currently under construction in Beckley, West Virginia and in Ashland, Kentucky. Both branches are expected to open in the second quarter of 2005. We are very pleased with the initial success of our first two Wal-Mart branches and we will continue to look for opportunities to build on this successful partnership.



Jerry Francis
Chairman, President & CEO

CONSOLIDATED BALANCE SHEETS

CITY HOLDING COMPANY AND SUBSIDIARIES

(in thousands)

	September 30 2004	December 31 2003	September 30 2003
	<i>(Unaudited)</i>		<i>(Unaudited)</i>
Assets			
Cash and due from banks	\$ 44,745	\$ 58,216	\$ 52,932
Interest-bearing deposits in depository institutions	3,855	5,122	7,265
Cash and Cash Equivalents	48,600	63,338	60,197
Securities available for sale, at fair value	641,577	645,663	457,119
Securities held-to-maturity, at amortized cost	61,195	59,298	62,300
Total Securities	702,772	704,961	519,419
Loans:			
Residential real estate	468,372	446,134	448,455
Home equity	304,934	282,481	272,091
Commercial real estate	377,742	351,284	317,549
Other commercial	70,745	76,167	79,090
Installment	20,221	33,651	39,466
Indirect	13,020	24,707	29,074
Credit card	17,893	18,979	19,133
Previously securitized loans	70,970	58,788	37,339
Gross loans	1,343,897	1,292,191	1,242,197
Allowance for loan losses	(18,537)	(21,426)	(23,436)
Net Loans	1,325,360	1,270,765	1,218,761
Retained interests	-	34,320	53,588
Bank owned life insurance	50,961	49,214	48,621
Premises and equipment	34,705	35,338	35,996
Accrued interest receivable	10,088	10,216	10,651
Net deferred tax assets	22,740	29,339	31,319
Other assets	18,423	16,939	18,996
Total Assets	\$2,213,649	\$2,214,430	\$1,997,548
Liabilities			
Deposits:			
Noninterest-bearing	\$ 299,293	\$ 309,706	\$ 289,454
Interest-bearing			
Demand deposits	413,525	393,443	382,649
Savings deposits	278,928	278,117	285,643
Time deposits	660,313	655,496	634,404
Total Deposits	1,652,059	1,636,762	1,592,150
Short-term borrowings	133,480	168,403	93,839
Long-term debt	193,836	190,836	102,500
Other liabilities	23,989	27,739	25,596
Total Liabilities	2,003,364	2,023,740	1,814,085

CONSOLIDATED BALANCE SHEETS

(continued)

	September 30 2004	December 31 2003	September 30 2003
	<i>(Unaudited)</i>		<i>(Unaudited)</i>
Stockholders' Equity			
Preferred stock, par value \$25 per share: authorized - 500,000 shares: none issued	-	-	-
Common stock, par value \$2.50 per share: 50,000,000 shares authorized; 16,919,248 shares issued and outstanding at September 30, 2004, December 31, 2003, and September 30, 2003, including 357,518, 274,881, and 279,881 shares in treasury at September 30, 2004, December 31, 2003, and September 30, 2003, respectively	42,298	42,298	42,298
Capital surplus	55,652	57,364	57,319
Retained earnings	120,738	96,460	89,116
Cost of common stock in treasury	(9,548)	(6,803)	(6,943)
Accumulated other comprehensive (loss) income			
Unrealized (loss) gain on securities available-for-sale	3,536	3,762	3,217
Underfunded pension liability	(2,391)	(2,391)	(1,544)
Total Accumulated Other Comprehensive (Loss) Income	1,145	1,371	1,673
Total Stockholders' Equity	210,285	190,690	183,463
Total Liabilities and Stockholders' Equity			
	\$2,213,649	\$2,214,430	\$1,997,548