

Partnership with Community Financial Corporation

City Holding
Company

City Holding
Company

COMMUNITY
BANK

Our name really does say it all.

August 2, 2012

Forward Looking Statements

This presentation 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. The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements: (1) the business of City and Community may not be combined successfully, or such combination may take longer, be more difficult, time-consuming or costly to accomplish than expected; (2) the expected growth opportunities or cost savings from the Merger may not be fully realized or may take longer to realize than expected; (3) deposit attrition, operating costs, customer losses and business disruption following the Merger, including adverse effects on relationships with employees, may be greater than expected; (4) the regulatory approvals required for the Merger may not be obtained on the proposed terms or on the anticipated schedule; (5) the stockholders of Community may fail to approve the Merger; (6) legislative or regulatory changes, including changes in accounting standards, may adversely affect the businesses in which City and Community are engaged; (7) the interest rate environment may further compress margins and adversely affect net interest income; (8) results may be adversely affected by continued diversification of assets and adverse changes to credit quality; (9) competition from other financial services companies in City's and Community's markets could adversely affect operations; (10) compliance risk involving risk to earnings or capital resulting from violations of or nonconformance with laws, rules, regulations, prescribed practices, or ethical standards; (11) the economic slowdown could continue to adversely affect credit quality and loan originations; and (12) other factors, which could cause actual results to differ materially from future results expressed or implied by such forward looking statements. Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in City's reports (such as its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K) filed with the Securities and Exchange Commission and available on the SEC's Internet site (<http://www.sec.gov>).

Additional Information

In connection with the proposed Merger City will file a registration statement on Form S-4 concerning the transaction with the Securities and Exchange Commission and appropriate state and federal banking authorities as soon as is practical. Community will prepare a proxy statement and other relevant documents concerning the proposed transaction for its shareholders. COMMUNITY SHAREHOLDERS ARE URGED TO READ SUCH PROXY AND REGISTRATION STATEMENTS REGARDING THE PROPOSED TRANSACTION AS THEY BECOME AVAILABLE AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS BECAUSE THESE WILL CONTAIN IMPORTANT INFORMATION. You will be able to obtain all documents filed with the SEC by City free of charge at the SEC's Internet site (<http://www.sec.gov>). In addition, documents filed with the SEC by City will be available free of charge from the Corporate Secretary of City Holding Company, 25 Gatewater Road, Cross Lanes, West Virginia 25301, telephone (304) 769-1100 or from the Corporate Secretary of Community, 38 North Central Avenue, Staunton, Virginia 24401. The proxy statement/prospectus (when it is available) and the other documents may also be obtained for free by accessing City's website at www.bankatcity.com under the tab "Investor Relations" and then under the heading "Documents. You are urged to read the proxy statement/prospectus carefully before making a decision concerning the Merger.

City, Community, and their respective officers may be deemed to be participants in the solicitation of proxies from the shareholders of Community in connection with the Merger. Information about the directors and executive officers of Community and their ownership of Community common stock is set forth in Community's most recent proxy statement and Form 10-K as filed with the SEC, which is available at the SEC's Internet site (<http://www.sec.gov>) and at Community's address in the preceding paragraph. Information about the directors and executive officers of City is set forth in City's most recent proxy statement and Form 10-K filed with the SEC and available at the SEC's Internet site and from City at the address set forth in the preceding paragraph. Additional information regarding the interests of these participants may be obtained by reading the proxy statement/prospectus regarding the proposed transaction when it becomes available.

Overview of Transaction Terms

Acquiror	City Holding Company (NASDAQ: CHCO)
Target	Community Financial Corporation (NASDAQ: CFFC)
Consideration	100% Stock, tax-free exchange
Fixed Exchange Ratio	0.1753 shares of CHCO for each common share of CFFC
Transaction Value ⁽¹⁾	\$25.3 million
Price / Tangible Book Value ⁽²⁾	66.1%
TARP Redemption	CHCO will redeem \$12.6 million of TARP and purchase associated warrants at close
Board Representation	CFFC will receive 1 board seat at CHCO
Management Consistency	Norman C. ("Butch") Smiley III will join CHCO as Market President
Conditions & Approvals	Regulatory approval, CFFC shareholder approval, and customary closing conditions

(1) Based on CHCO's closing price of \$32.66 as of 8/1/12

(2) Based on CFFC's reported tangible book value per share of \$8.66 as of 3/31/12

Transaction Rationale

Strategic Rationale

- Adjacent market acquisition of a Staunton, Virginia based community bank
 - Established client base through acquisition of an 84 year old franchise
 - Natural extension of branch network along the I-81 corridor and provides entry into the Virginia Beach – Norfolk – Newport News, VA-NC MSA
 - Strong market position in the Shenandoah Valley Region
- Higher Growth markets than CHCO's core franchise
- Strong lending franchise balances CHCO's deep deposit franchise

Financially Compelling

- Immediately and meaningfully accretive to EPS
- Excellent utilization of excess capital
 - IRR exceeds internal thresholds
- Maintains our well capitalized position
 - Pro forma tangible common equity ratio greater than 8.0%
- Minimal initial tangible book value dilution and short earn back period

Similar Cultures

- Concerted and similar focus by CHCO and CFFC on community banking
- We both bank in small town markets

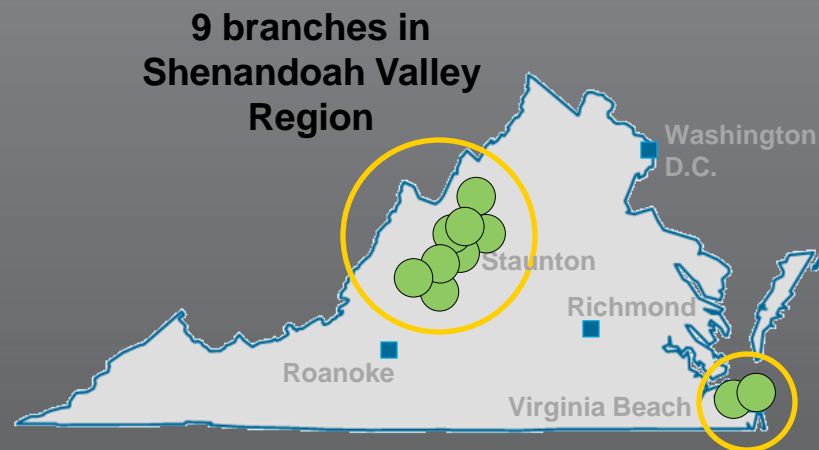
Low Risk

- Integration risk mitigated through conservative cost savings assumptions and no branch overlap
- Disciplined approach to integration

Overview of Community Financial

Community Financial Highlights

- Founded in 1928
- Situated along the 1-81 Corridor in the Shenandoah Valley and in Virginia Beach
- Thrift Charter subject to regulation by the OCC



Headquarters	Staunton, Virginia
Branch Locations	11
Total Assets	\$504 million
Total Loans	\$445 million
Total Deposits	\$372 million
TCE / TA	7.53%

Source: SNL Financial
Financial data as of 3/31/12

Logical Expansion into Strong Markets

- Attractive Virginia markets
- Community Financial's markets represent high-growth regions to bolster City's core markets
- Improvement in demographic position
- Enhances market presence in Virginia

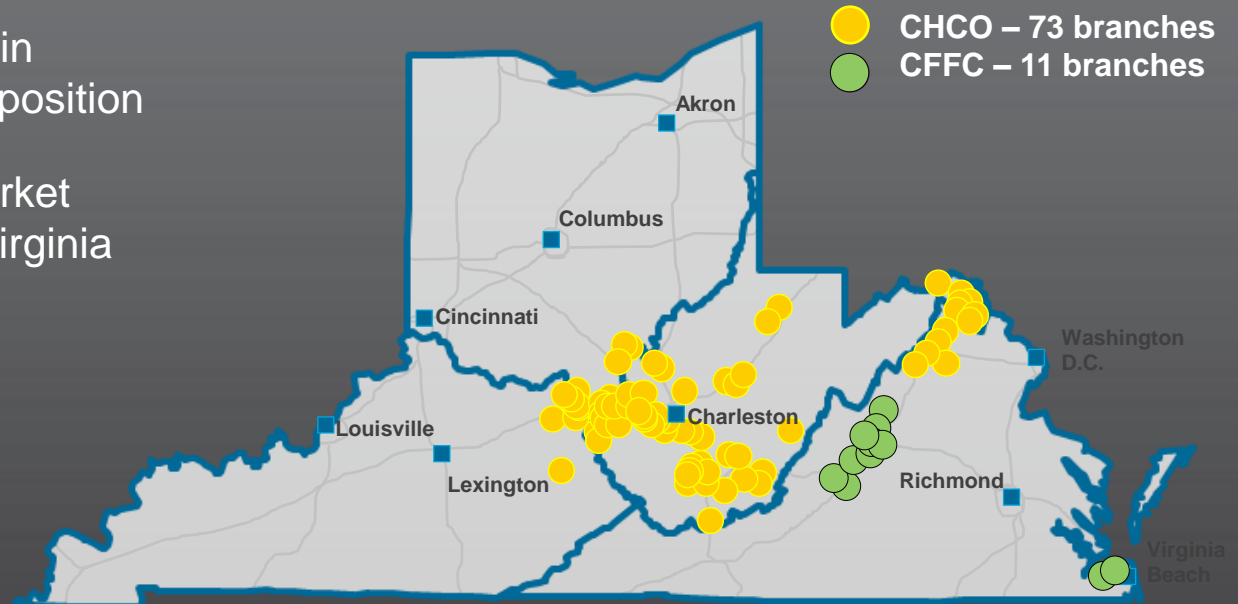
Low Unemployment

City	Unemployment Rate (%)
Staunton	6.0 %
Waynesboro	6.5
Virginia Beach	5.4

Market Drivers

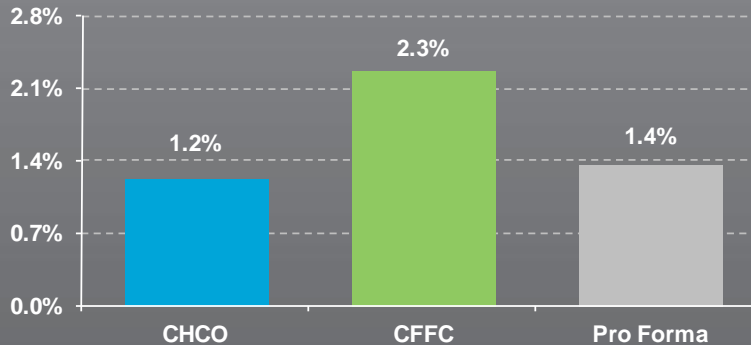


Pro Forma Footprint

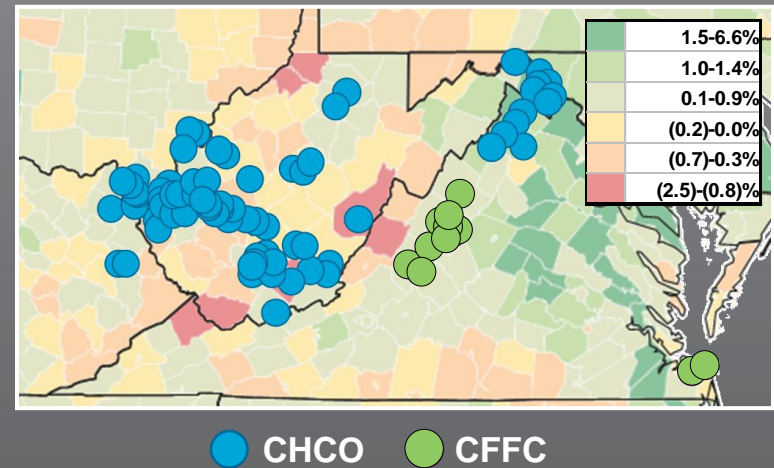


Pro Forma Market Demographics

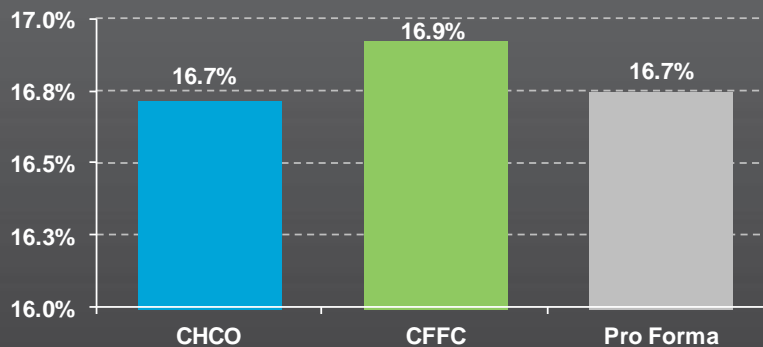
'11-'16 Projected Population Growth (%)



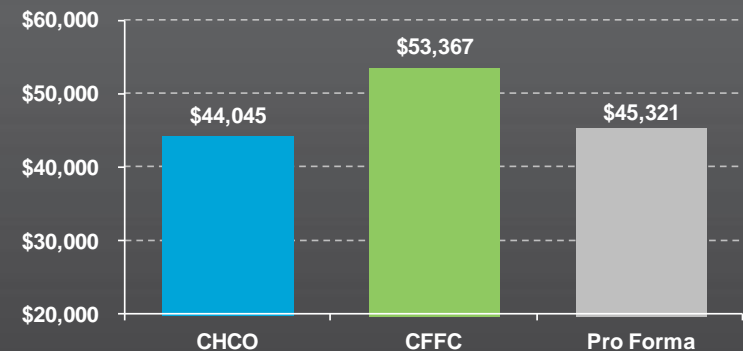
Projected Population Growth



'11-'16 Projected Median HHI Growth (%)



2016 Projected Median HHI (\$)



Source: SNL Financial
 Deposit data as of 6/30/11
 Population and medium household income are deposit weighted by county

Market Position

<u>Market</u>	<u>Population</u>	<u>Deposits (\$mm)</u>	<u>Deposit Share (%)</u>	<u>Branches</u>	<u>Branch Share (%)</u>	<u>Branch Rank</u>
Charleston MSA	305,000	\$575	10 %	17	17 %	1
Huntington / Ashland MSA	285,000	366	9	13	12	1
Beckley	80,000	322	27	7	25	1
Valley Region	205,000	278	14	9	14	3
Lewisburg	35,000	179	25	6	33	1
Eastern Panhandle	165,000	173	9	7	13	2
VSB Region	186,000	120	4	5	6	7
Virginia Beach	436,000	89	2	2	2	11

Note: Grey highlight indicates original market, yellow highlight indicates market expansion as a result of the acquisition of Virginia Savings Bancorp, Inc., and green highlight indicates market expansion as a result of the acquisition of Community Financial Corporation

Branches and Deposit Market Share

Staunton



Staunton



Stuart's
Draft



Verona



Staunton-Waynesboro, VA MSA

Rank	Institution	Deposits (\$mm)	Market Share	Branches
1	StellarOne Corp.	\$335	23.60 %	8
2	Community Financial	246	17.34	5
3	BB&T Corp.	169	11.93	6
4	First Bancorp Inc.	140	9.89	3
5	SunTrust Banks Inc.	125	8.83	4
6	Bank of America Corp.	109	7.71	2
7	United Bankshares Inc.	73	5.14	3
8	Frontier Community Bank	66	4.62	1
9	Carter Bank & Trust	57	4.00	4
10	Wells Fargo & Co.	47	3.31	1

Virginia Beach-Norfolk-Newport News MSA

Rank	Institution	Deposits (\$mm)	Market Share	Branches
1	Wells Fargo & Co.	\$5,057	23.46 %	55
2	SunTrust Banks Inc.	3,340	15.49	42
3	TowneBank	3,018	14.00	24
4	BB&T Corp.	2,817	13.07	54
5	Bank of America Corp.	2,145	9.95	44
6	Southern BancShares (N.C.) Inc.	769	3.57	9
7	Old Point Financial Corp.	681	3.16	23
8	Monarch Financial Holdings Inc.	656	3.04	10
9	Hampton Roads Bankshares Inc.	585	2.71	21
10	Farmers Bank	374	1.74	5
20	Community Financial	89	0.41	2

Financial Impact

Key Transaction Assumptions

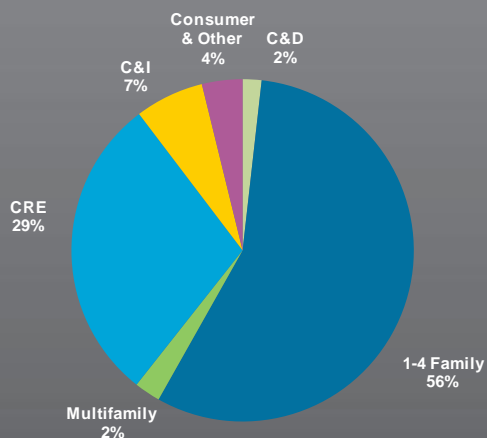
Expense Savings	30%
Credit Mark	\$55 million gross credit mark
Merger Related Expenses	\$5.5 million after-tax
Revenue Synergies	None assumed
Core Deposit Intangible	2% of transaction accounts
Expected Closing	First Quarter 2013

Pro Forma Impact

- Approximately 9% accretive to earnings
- Tangible book value earnback period of approximately 2 years
- No preferred dividend payments
- Leverage Ratio: 8.6%
- TCE / TA: 8.2%

Pro Forma Loan Portfolio

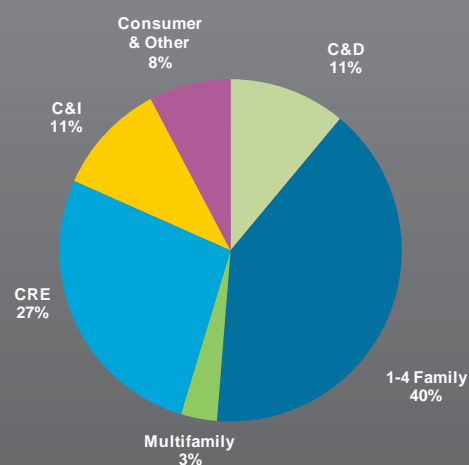
CHCO (1)



Loan Portfolio (\$000)	Amount	% of Total
C&D	\$36,555	1.78 %
1-4 Family	1,159,232	56.39
Multifamily	50,727	2.47
CRE	596,780	29.03
C&I	133,671	6.50
Consumer & Other	78,717	3.83
Gross Loans & Leases	\$2,055,682	100.00 %

Yield on Total Loans: 4.61% ⁽³⁾

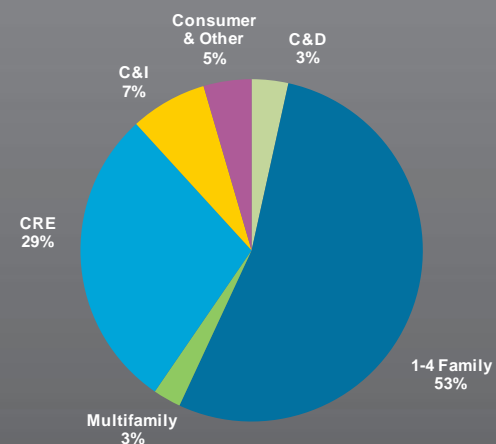
CFFC



Loan Portfolio (\$000)	Amount	% of Total
C&D	\$49,972	11.04 %
1-4 Family	182,061	40.23
Multifamily	15,462	3.42
CRE	121,995	26.96
C&I	48,050	10.62
Consumer & Other	34,957	7.73
Gross Loans & Leases	\$452,497	100.00 %

Yield on Total Loans: 5.46%

Pro Forma (2)



Loan Portfolio (\$000)	Amount	% of Total
C&D	\$86,527	3.45 %
1-4 Family	1,341,293	53.48
Multifamily	66,189	2.64
CRE	718,775	28.66
C&I	181,721	7.25
Consumer & Other	113,674	4.53
Gross Loans & Leases	\$2,508,179	100.00 %

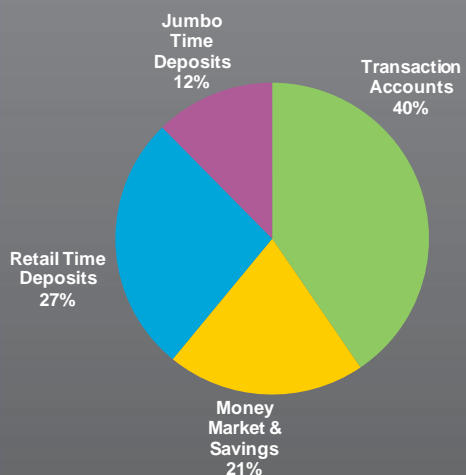
Source: SNL Financial

Data as of or for the three months ended 3/31/12

- (1) Pro forma for acquisition of Virginia Savings Bancorp, Inc.; excludes purchase accounting adjustments
- (2) Excludes purchase accounting adjustments
- (3) Data as of the three months ended 6/30/12

Pro Forma Deposit Composition

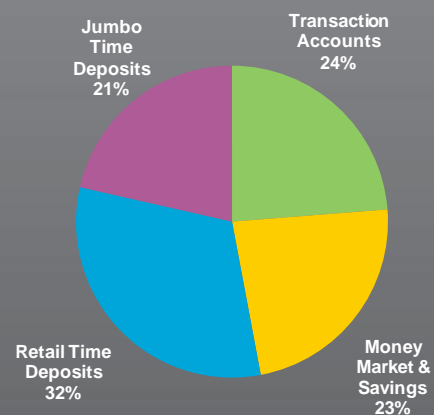
CHCO (1)



Deposit Composition (\$000)	Amount	% of Total
Transaction Accounts	\$978,670	40.44 %
Money Market & Savings	497,192	20.54
Retail Time Deposits	644,196	26.62
Jumbo Time Deposits	300,278	12.41
Total Deposits	\$2,420,336	100.00 %

Cost of Total Deposits: 0.65% (2)

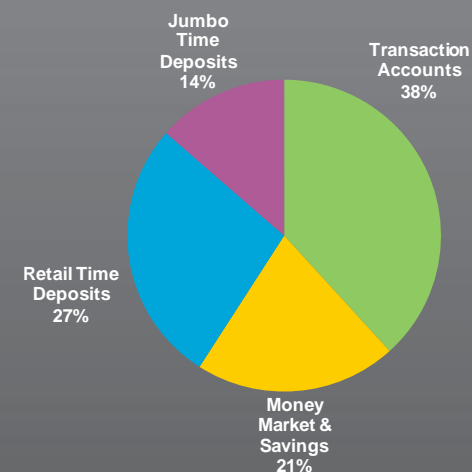
CFFC



Deposit Composition (\$000)	Amount	% of Total
Transaction Accounts	\$88,466	23.75 %
Money Market & Savings	86,746	23.29
Retail Time Deposits	117,320	31.50
Jumbo Time Deposits	79,886	21.45
Total Deposits	\$372,418	100.00 %

Cost of Total Deposits: 0.77%

Pro Forma



Deposit Composition (\$000)	Amount	% of Total
Transaction Accounts	\$1,067,136	38.21 %
Money Market & Savings	583,938	20.91
Retail Time Deposits	761,516	27.27
Jumbo Time Deposits	380,164	13.61
Total Deposits	\$2,792,754	100.00 %

Source: SNL Financial

Data as of or for the three months ended 3/31/12

(1) Pro forma for pending acquisition of Virginia Savings Bancorp, Inc.; excludes purchase accounting adjustments

(2) Data as of the three months ended 6/30/12

Due Diligence Process

Due Diligence Overview

- Due diligence team of 10 people over 5 days
 - Included 2 individuals from a third party loan review team
- Reviewed 100% of lending relationships with at least \$1.0 million in aggregate loans outstanding
- Reviewed nearly all nonaccrual, substandard and special mention loans
- OREO properties thoroughly reviewed and marked 17.3%
- Credit risk is manageable and well understood

CFFC Loan Portfolio: Estimated Credit Mark

	Outstanding (\$mm)	Gross Mark (%)	Gross Mark (\$mm)
Total Loans	\$454.0	(11.8) %	\$53.4
OREO	9.3	(17.3)	1.6
Total Loans & OREO	\$463.3	(11.9) %	\$55.0
Net Charge-Offs Since 12/31/07			\$3.7
Disclosed OREO Costs Since 12/31/07			7.3
Cumulative Losses			\$66.0
12/31/07 Loan Balance			\$432.0
Cumulative Losses as % of 12/31/07 Loans			15.3 %

Benefits to CFFC Stakeholders

Shareholders

- CHCO provides for a better long-term return free of regulatory burden of smaller community banks
- Annual CHCO dividend payout of \$1.1 million versus no dividend today
- Enhanced liquidity
- Expected repayment of TARP stock

Customers

- Both banks have strong cultures as community banks
- Enhanced products & services
- CFFC can return to more active lending and reduce focus on loan workouts
- Enhanced and growing network of locations

Employees

- Similar cultures
- Most employees will remain with the company and enjoy enhanced career opportunities
- CHCO's status as one of the best performing community banks in the US increased career stability for employee

Summary

- Execution of our growth strategy into attractive, neighboring markets
- Financially attractive to all constituents
- Meets our internal return thresholds
- Proven regional banking franchise