

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Community Financial Corporation, Inc.		2 Issuer's employer identification number (EIN) 54-1532044	
3 Name of contact for additional information David L. Bumgarner		4 Telephone No. of contact 304-769-1100	5 Email address of contact david.bumgarner@cityholding.com
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 25 Gateway Road		7 City, town, or post office, state, and Zip code of contact Cross Lanes, WV 25313	
8 Date of action January 10, 2013		9 Classification and description Common stock	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol CFFC	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **On January 10, 2013, Community Financial Corporation, Inc. ("Community Financial") merged with and into City Holding Company ("CHC"), with CHC surviving. For U.S. federal income tax purposes, the parties treated the merger as a reorganization described in Internal Revenue Code Section 368(a). Immediately prior to the merger, Community Financial had outstanding shares of common stock. Pursuant to the merger, each Community Financial common share was converted into 0.1753 shares of CHC common stock. No fractional shares of CHC common stock were issued in the merger, rather CHC paid cash in lieu of fractional shares.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **Each Community Financial shareholder's tax basis in the shares of CHC common stock received equals the adjusted tax basis of the shares of the Community Financial stock exchanged thereof, increased by the holder's recognized gain, if any, and decreased by the amount of any cash such holder received in the exchange.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **The calculations are based upon the exchange ratio agreed in the merger agreement, as described in paragraph 14 above.**


Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Sections 302, 354, 356, 358, and 368.

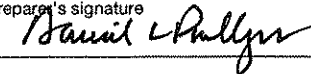
18 Can any resulting loss be recognized? ▶ Loss may be recognized only to the extent of cash received in lieu of a fractional share.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ Reportable year is 2013.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶  Date ▶ 1/23/13

Print your name ▶ David L. Bumgarner Title ▶ SVP, CFO

Paid Preparer Use Only	Print/Type preparer's name <u>David L. Phillips</u>	Preparer's signature 	Date <u>1/16/13</u>	Check <input type="checkbox"/> if self-employed	PTIN <u>P01220686</u>
	Firm's name ▶ <u>ERNST & YOUNG LLP</u>	Firm's EIN ▶ <u>34-6565596</u>		Phone no. <u>304-343-8971</u>	
	Firm's address ▶ <u>900 United Center, 500 Virginia Street East, Charleston, WV 25301</u>				