

**City** Holding  
Company

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RBC Capital Markets  
Financial Institutions Conference  
September 19, 2003

# 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, or conversely, the Company may incur less, or even negative, loan loss provision due to positive credit quality trends in the future; (2) the Company may not continue to experience significant recoveries of previously charged-off loans and the Company may incur increased charge-offs in the future; (3) the Company may experience increases in the default rates on its retained interests in securitized mortgages causing it to take impairment charges to earnings; (4) the Company may not realize the expected cash payments that it is presently accruing from its retained interests in securitized mortgages; (5) the Company may experience either faster or slower rates of amortization of its retained interests and loans previously securitized; (6) the Company could have adverse legal actions of a material nature; (7) the Company may face competitive loss of customers associated with its efforts to increase fee-based revenues; (8) the Company may be unable to maintain or improve upon current levels of expense associated with managing its business; (9) rulings affecting, among other things, the Company's and its banking subsidiaries' regulatory capital and required loan loss allocations may change, resulting in the need for increased capital levels; (10) 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; (11) changes in general economic conditions and increased competition could adversely affect the Company's operating results; (12) 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; (13) the planned purchase of Trust I and Trust II Capital Securities and the common stock may not occur or may not have the effects anticipated; and (14) 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*

- \$2.0 Billion Commercial Bank headquartered in Charleston WV
- 55 Banking Offices
- 150,000 households; 275,000 accounts
- 16,636,000 common shares outstanding
- \$580 million market capitalization\*

\*As of 9/11/03

# Prior History

- Net loss of \$54.4 million or \$3.81 per share for 2000 & 2001
- Formal Agreements with OCC and Federal Reserve
- \$130 million in “problem loans”
- Stock trading at \$5.125 per share from a high of \$45 per share
- Discontinued common share cash dividends and deferred trust preferred dividends

# Turnaround

## 2002

- Net income \$32.5 million or \$1.90 per share with ROA of 1.59% and ROE of 20.54%
- Terminated Formal Agreements with OCC and Federal Reserve
- Fully restored common dividends to their historic high and resumed Trust Preferred dividends

## 2003 (1<sup>st</sup> half)

- Net income \$21.5 million or \$1.27 per share with ROA of 2.16% and ROE of 25.16%

# High Performance

- 7<sup>th</sup> best performing, publicly traded stock of 2002 by the Bloomberg 100 annual index
- 1<sup>st</sup> of all USA banks and 4<sup>th</sup> best of all US publicly traded companies over the prior two years with appreciation of 391%
- 37% improvement in share value since last year's RBC conference

\*The "Bloomberg 100" lists the top 100 companies by total return for the period of November 2, 2001, to November 1, 2002. Companies with share prices under \$5 and market capitalization below \$100 million were excluded.

# CHCO's Value Proposition

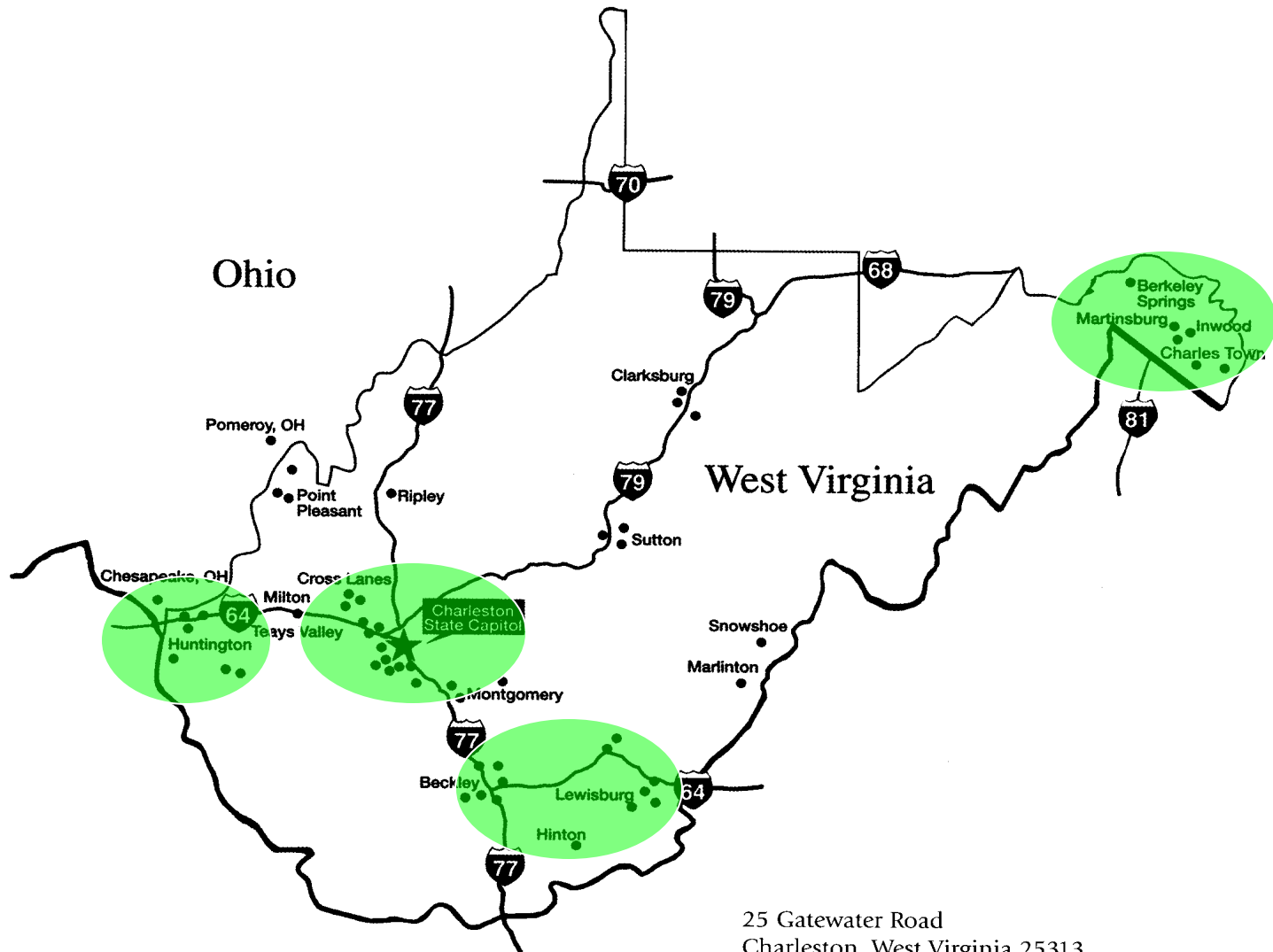
- Proven management team focused on delivering shareholder value
- Low risk/High returns
- Highly visible near-term opportunities

# CHCO's Business Model

- We are a **retail bank**
- We focus on **core deposit** gathering

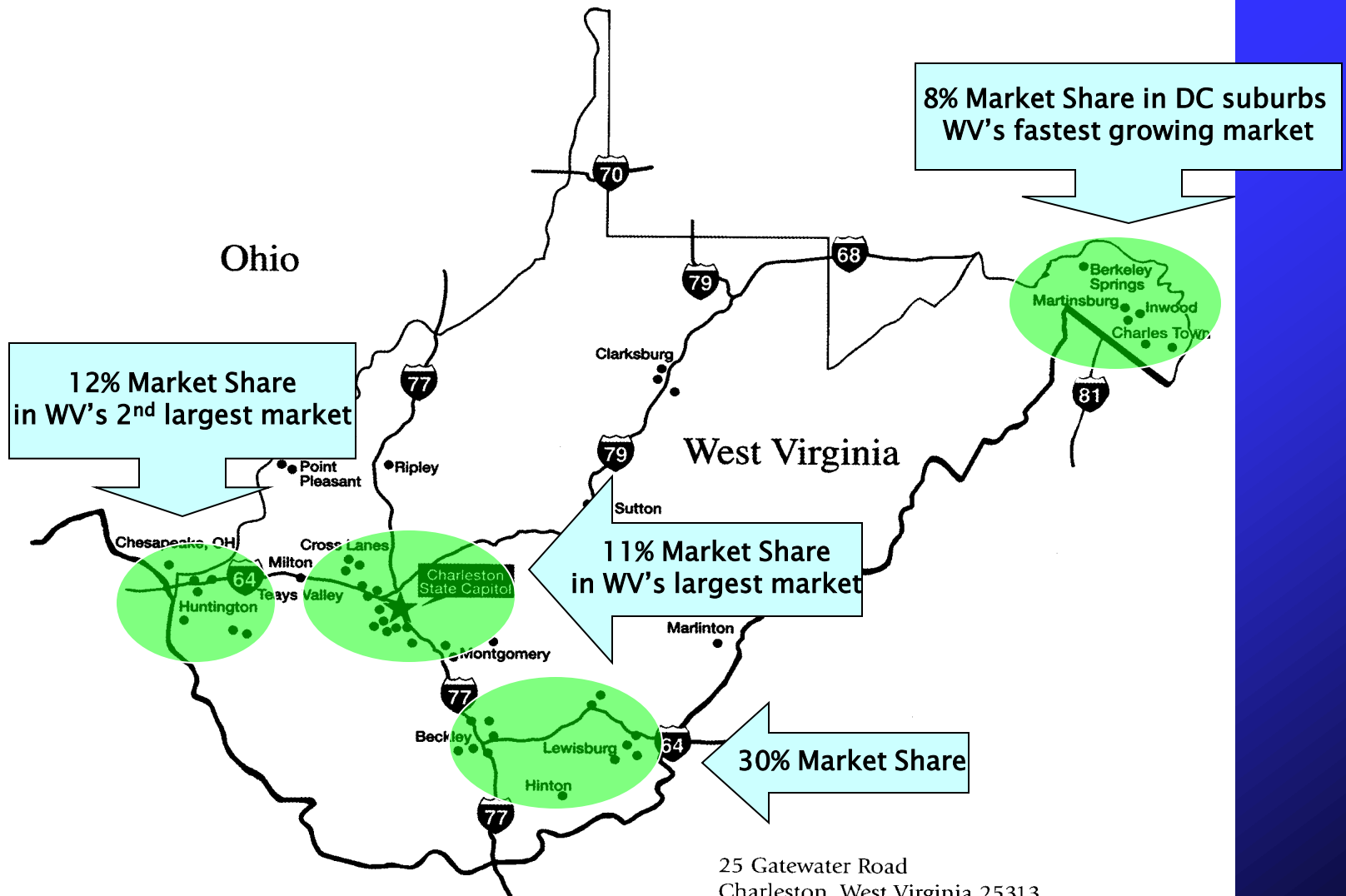


# Key Markets



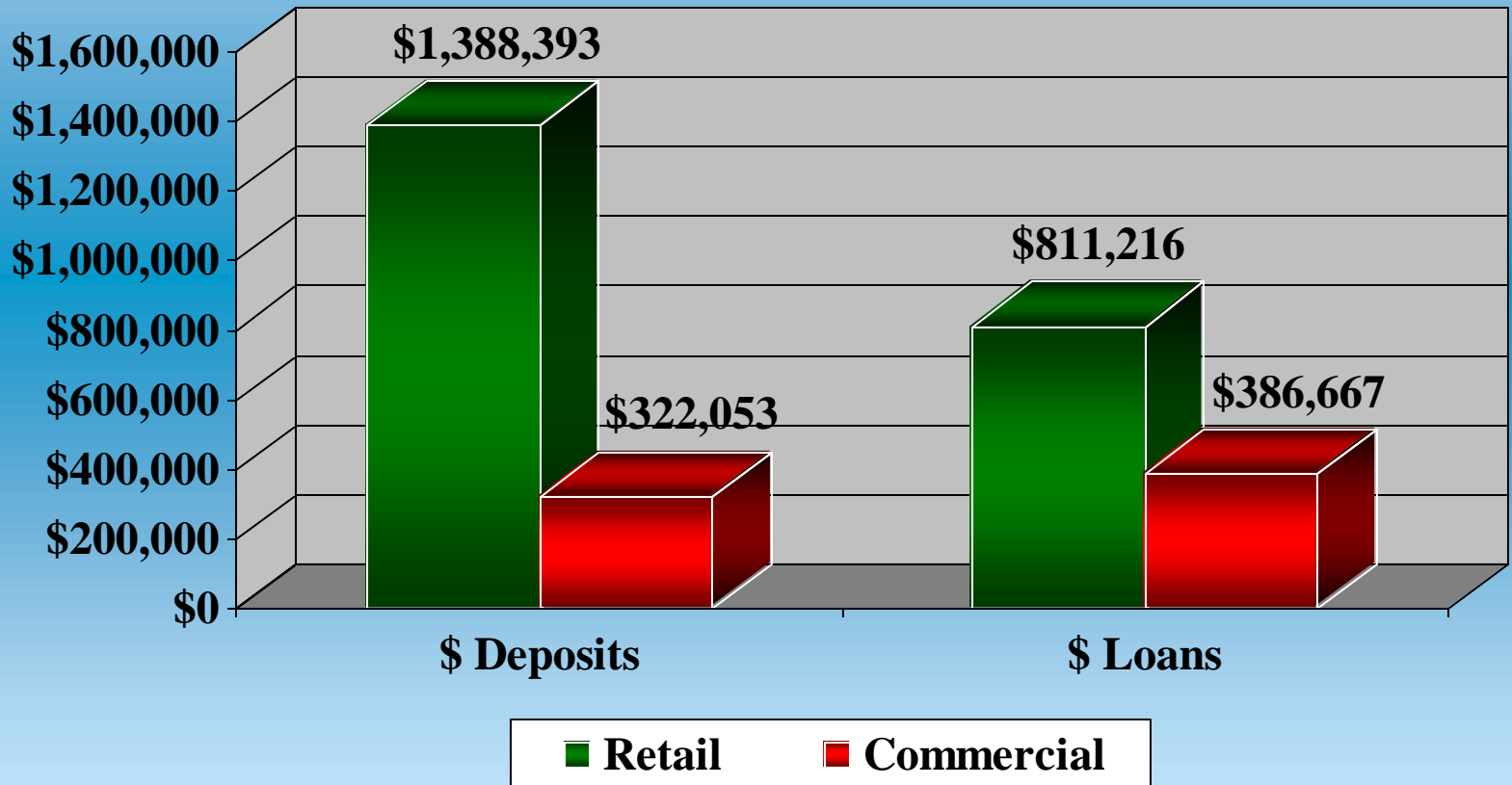
25 Gateway Road  
Charleston, West Virginia 25313  
(304) 769-1106  
[www.cityholding.com](http://www.cityholding.com)

# Key Markets

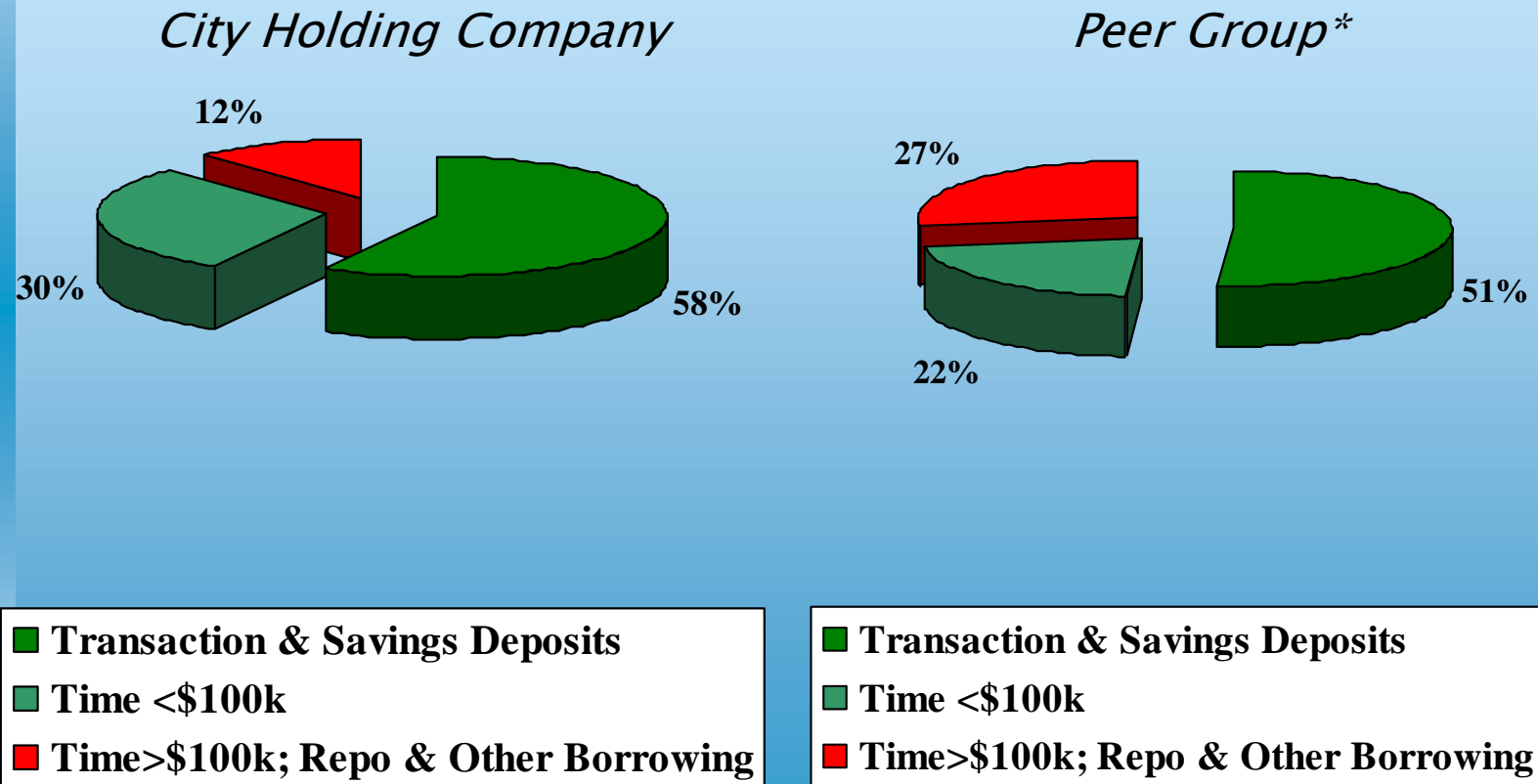


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# City National Bank Customer Profile



# High Quality and Stable Funding Source

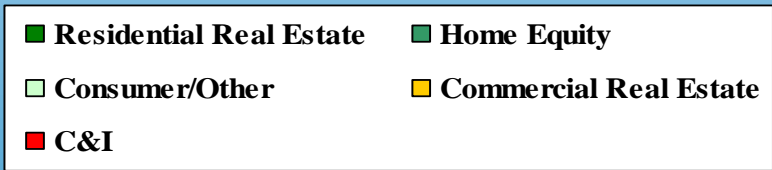
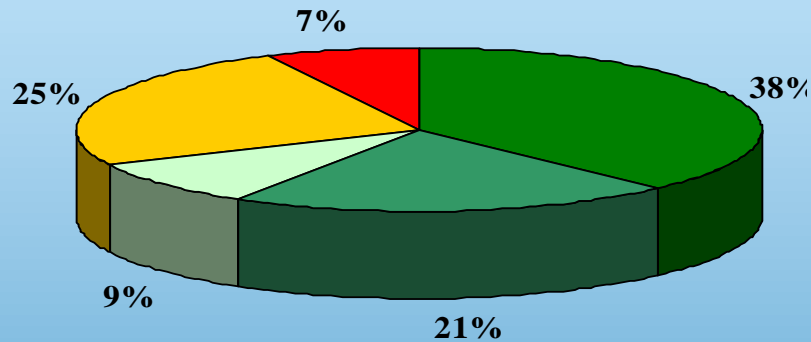


As of June 30, 2003

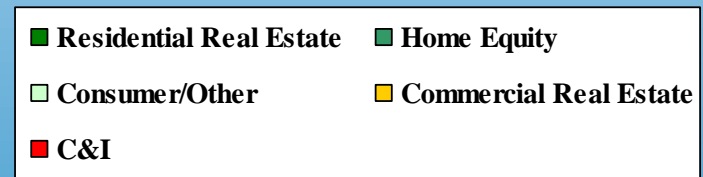
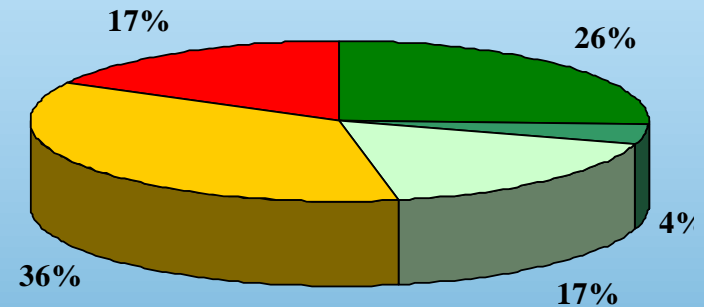
\*\$1-3 billion peer group as compiled by the FFIEC in their Uniform Bank Performance Reports

# Conservative Loan Portfolio Mix

*City Holding Company*



*Peer Group\**



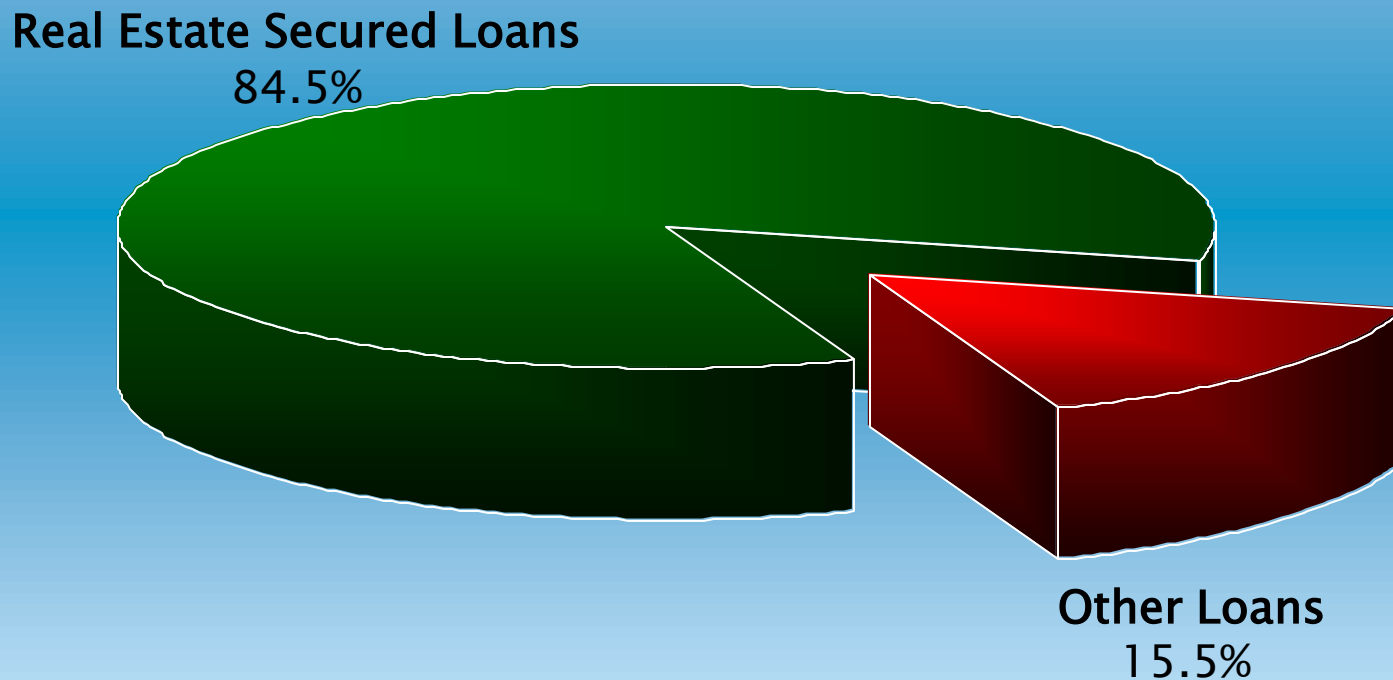
Loan to Core Deposits 78.7%

Loan to Core Deposits 99.9%

As of June 30, 2003

\*\$1-3 billion peer group as compiled by the FFIEC in their Uniform Bank Performance Reports

# Real Estate Based Lending Focus



As of June 30, 2003

# Strong Liquidity

- The Investment Portfolio represents 28% of the bank's total assets and are predominately unpledged
- The Company is unleveraged:
  - ✓ Only \$15MM in FHLB advances
  - ✓ CD's and Repo's fund 9% of assets, half of which are in accounts less than \$250M

# Limited Interest Rate Risk

## Immediate Basis Point Change in Interest Rates

+300 Bp  
+100 Bp  
- 50 Bp

## Estimated Increase or Decrease in Net Income over 1 year

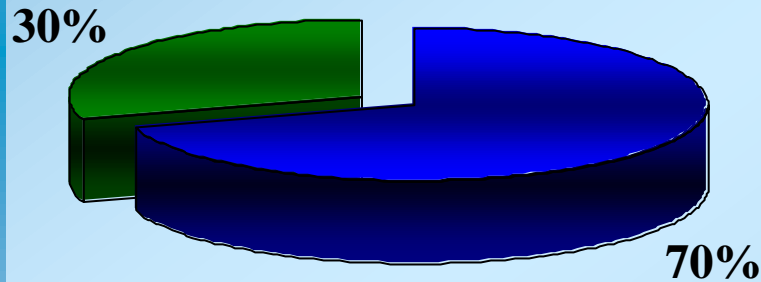
+12%  
+ 6%  
- 2%

As of 6/30/03

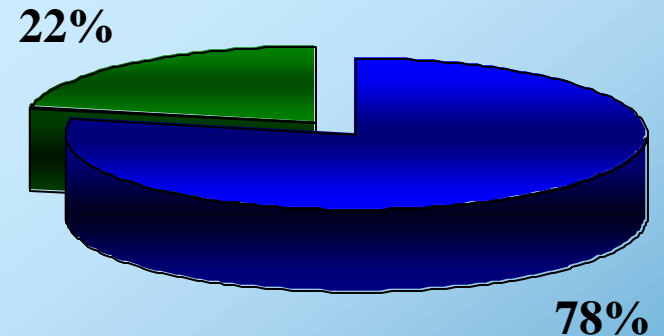


# Favorable Revenue Profile

## City Holding Company



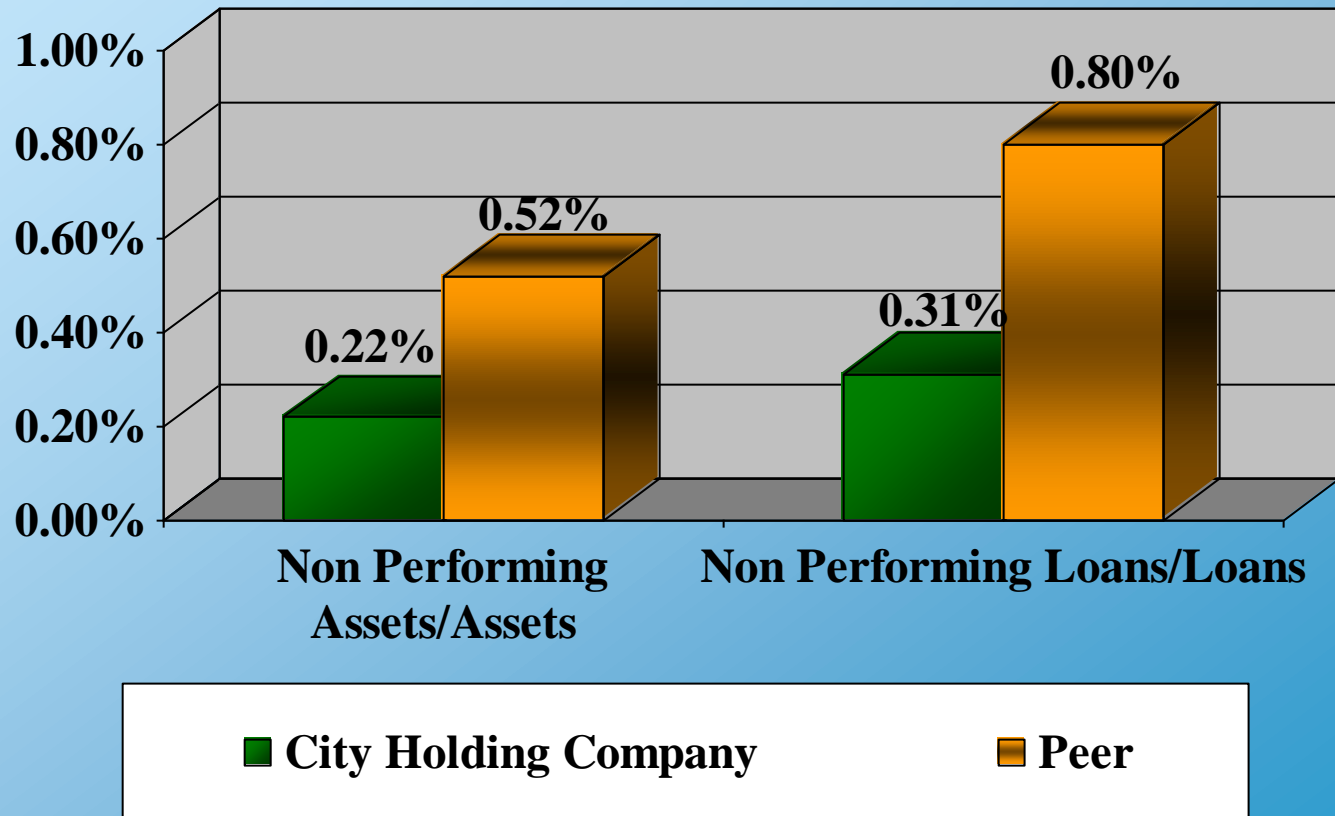
## Peer Group



As of June 30, 2003

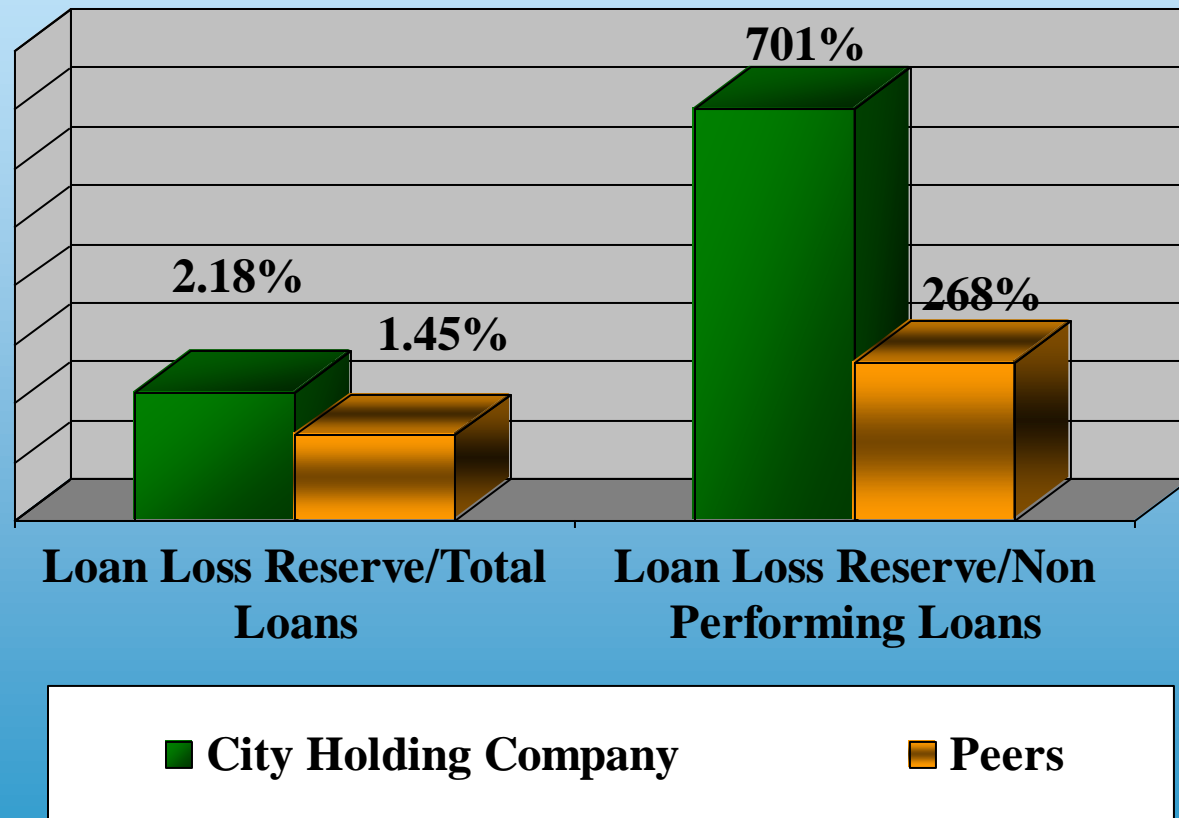
\*\$1-3 billion peer group as compiled by the FFIEC in their Uniform Bank Performance Reports

# Strong Loan Quality



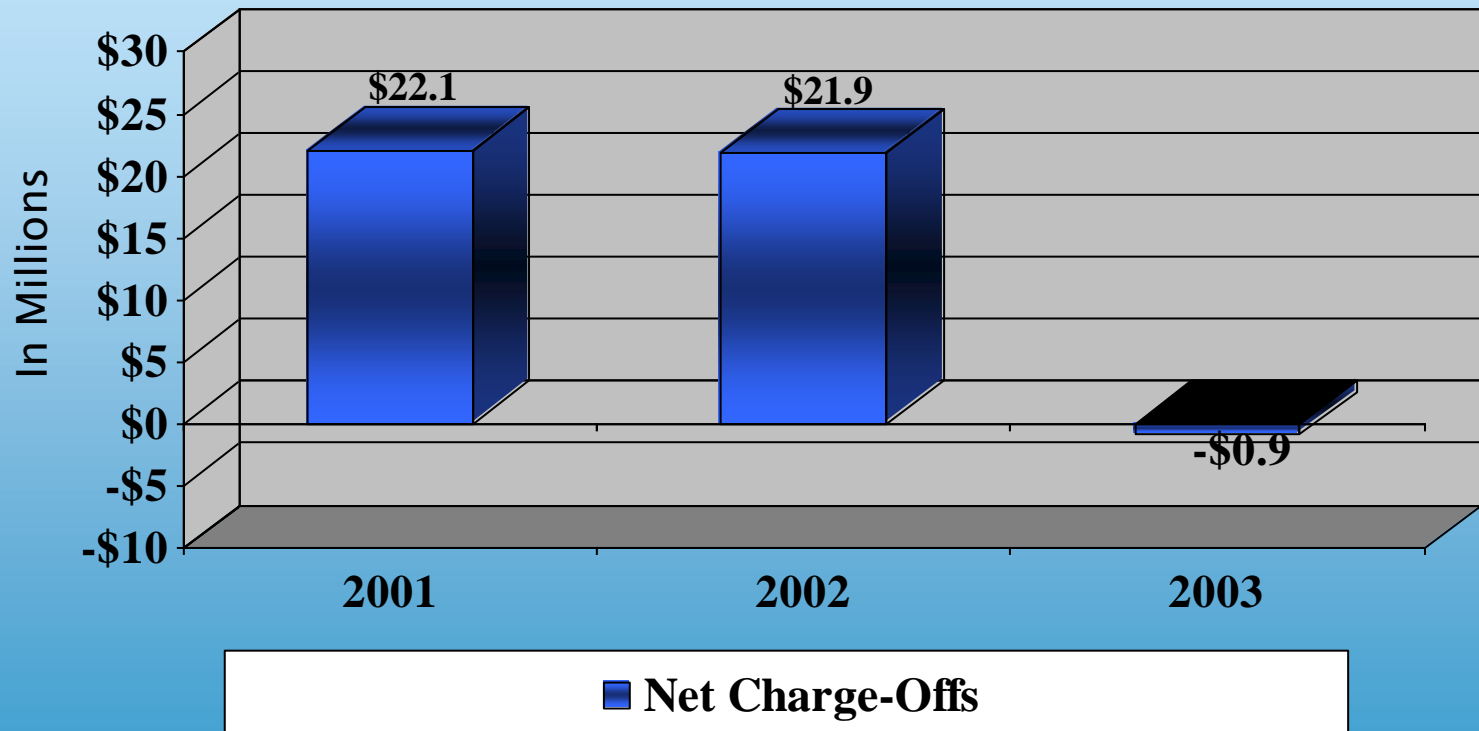
\*\$1-3 billion peer group as compiled by the FFIEC in their Uniform Bank Performance Reports 3/31/03

# Strong Loan Loss Reserve



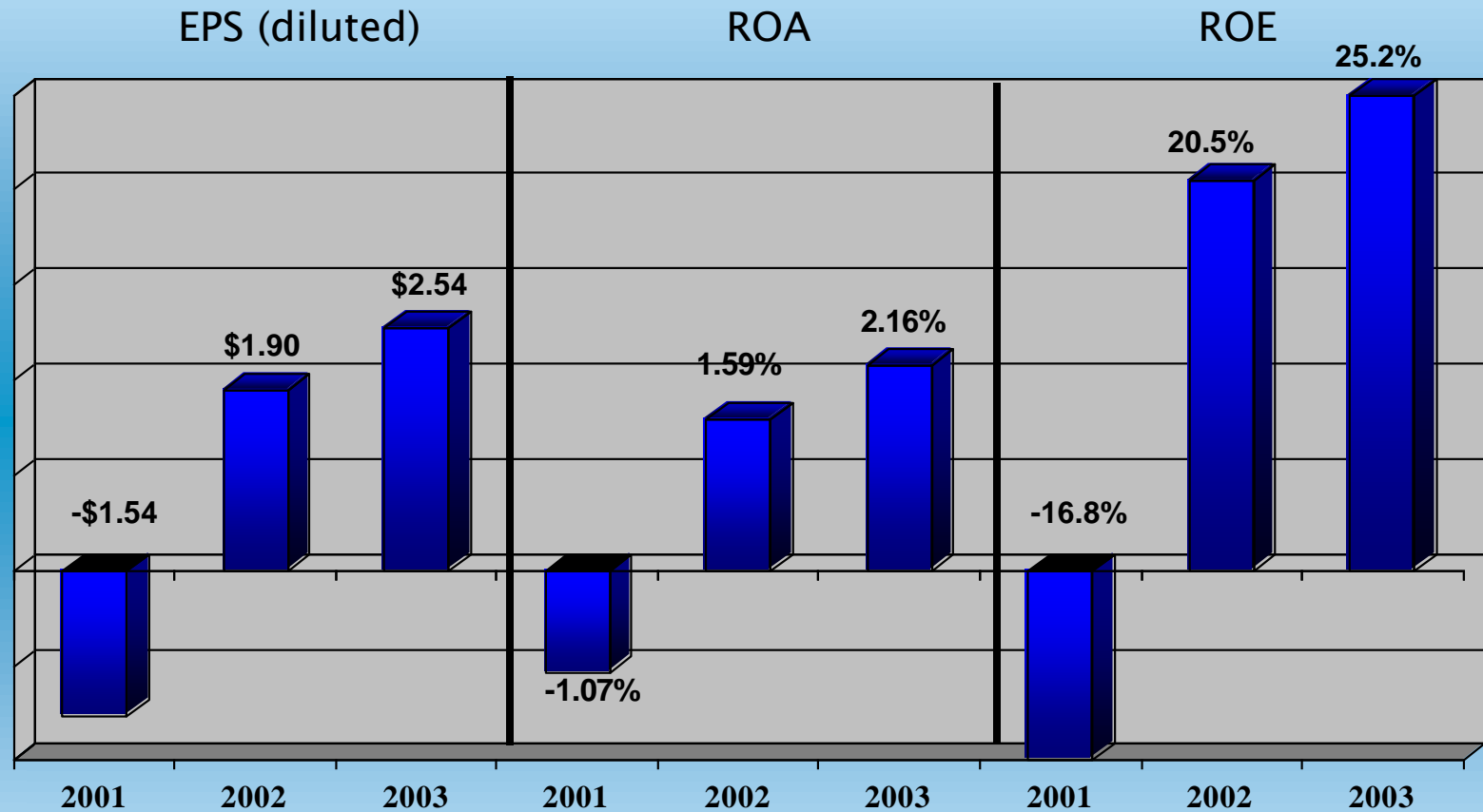
\*\$1-3 billion peer group as compiled by the FFIEC in their Uniform Bank Performance Reports 3/31/03

# Net Charge-Offs/Opportunity?



✚ The Company recorded a negative provision of \$3.3 million in Q2 2003

# Performance Measures



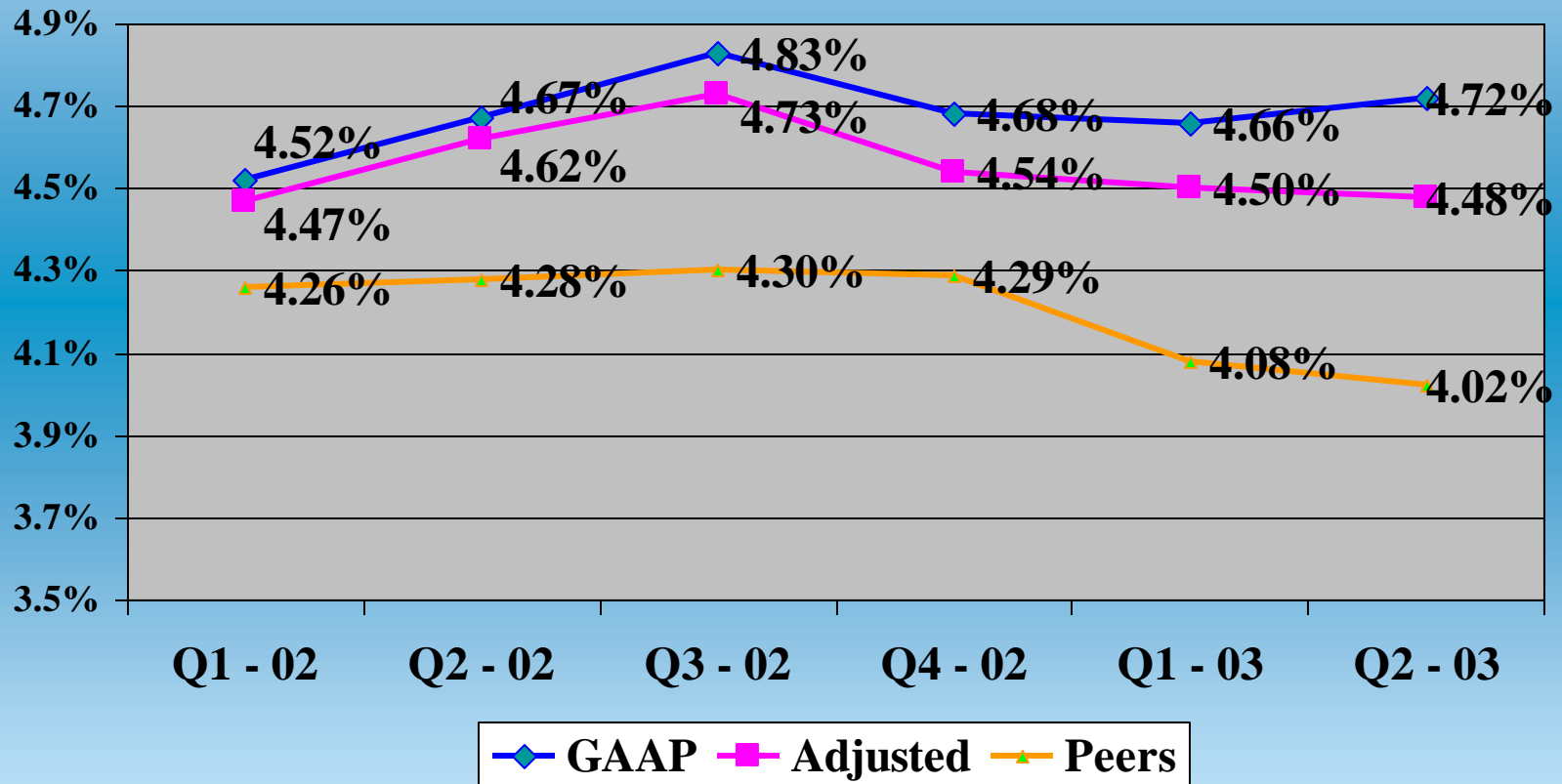
2003 is 6/30/03 YTD annualized.

# Strong Core Performance

While City Holding Company has benefited from low and negative provision expense and from a high accrual rate on its retained interests, in the absence of these factors CHCO would still demonstrate:

- ✚ high and growing profitability
- ✚ strong and stable net interest margins
- ✚ high operational efficiency
- ✚ strong and rapidly growing equity capital

# Adjusted Net Interest Margin



*Net interest margin adjusted by subtracting interest income on Retained Interests and adding interest expense on an equivalent amount of Trust Preferred Debt used to fund the assets.*

# Performance Objectives

Earnings Per Share Growth	10% +
ROE	20%
ROA	1.50%
Capital	Maintain well-capitalized status



# Why Should You Own Our Stock?

- Proven management team focused on delivering shareholder value
  - ◆ Performance-based incentive plans
  - ◆ Value-vested stock options
  - ◆ Improved City's shareholder value by 507% since January 2001

# Why Should You Own Our Stock?

- Low Risk/High Returns
  - ◆ Fortress Balance Sheet
  - ◆ Pristine Loan Quality
  - ◆ High Liquidity
  - ◆ Strongly Capitalized
  - ◆ Retail Core Funded
  - ◆ Not reliant on Mortgage Banking Revenues

# Why Should You Own Our Stock?

- Highly visible near-term opportunities
  - ◆ \$57.5 million of 9.125% Trust Preferred callable on 10/31/2003
  - ◆ Potential low or negative loan loss provision in future periods

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Questions?