



City Holding
Company



city Holding
Company

**RBC Conference – Martha's Vineyard
September 2004**

Forward Looking Statements

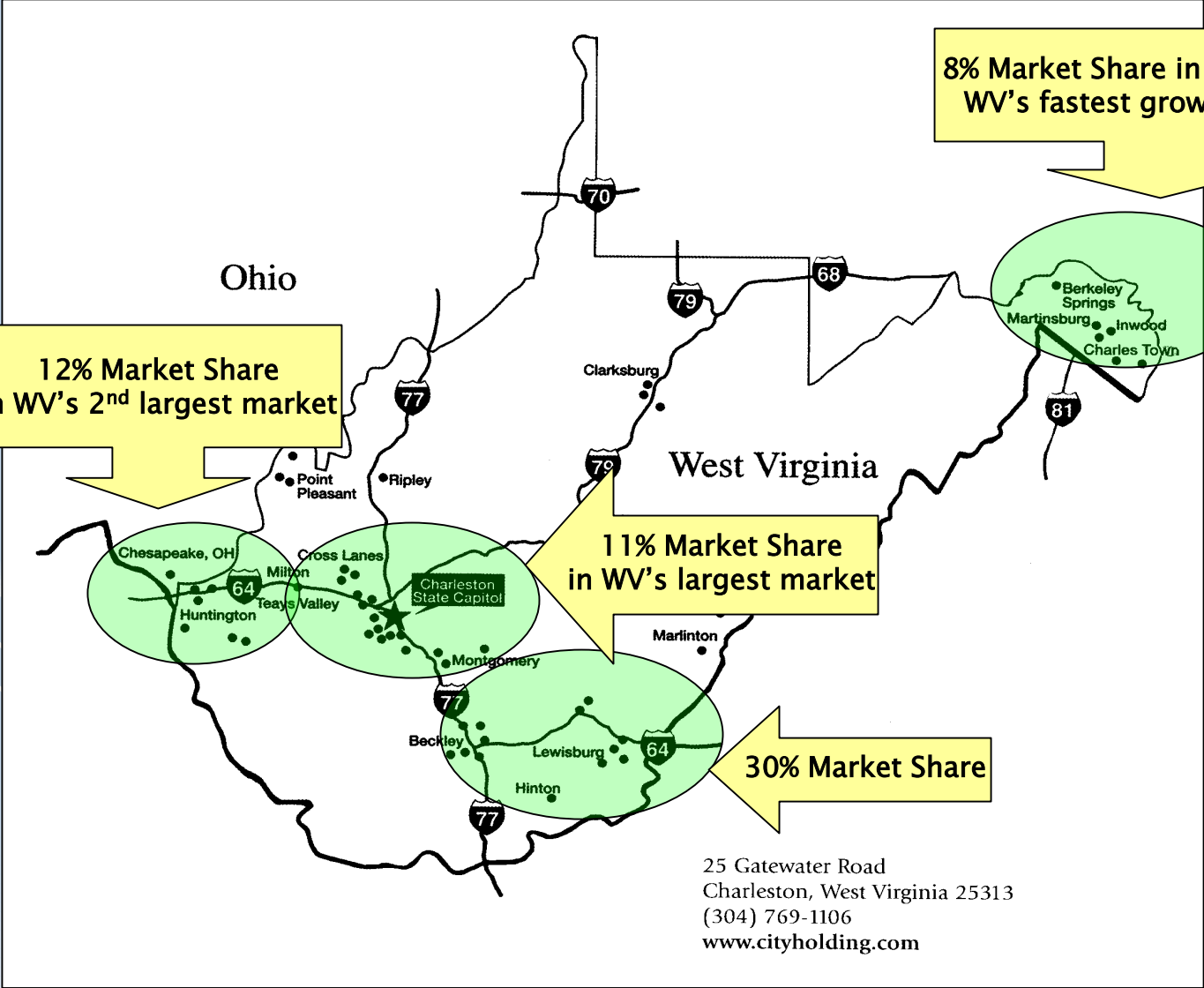
This news release contains certain forward-looking statements that are included pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such information involves risks and uncertainties that could result in the Company's actual results differing from those projected 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 previously securitized loans causing the yields on these assets to decline; (4) the Company could have adverse legal actions of a material nature; (5) the Company may face competitive loss of customers; (6) the Company may be unable to manage its expense levels; (7) 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; (8) changes in general economic conditions and increased competition could adversely affect the Company's operating results; (9) 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; (10) 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.



- **\$2.2 Billion Commercial Bank** headquartered in Charleston, WV
- **56 Banking Offices**
- **150,000 households**
- **\$535 million market capitalization***

*As of 9/21/04

Key Markets



Why Own This Stock?

- ✚ 1. CHCO is highly profitable



2003 Results

- 24% stock appreciation in 2003
- Key performance ratios:

ROE (SNL database)

24.5%

21st Best*

ROA (SNL database)

2.18%

17th Best*

Net Income

\$43.7 Million

EPDS

\$2.58

*Among publicly-traded US banks

2004 Results – 1st half

- Key performance ratios:

ROE (SNL Database)

24.0%

20th Best

ROA (SNL Database)

2.19%

10th Best

Net Income

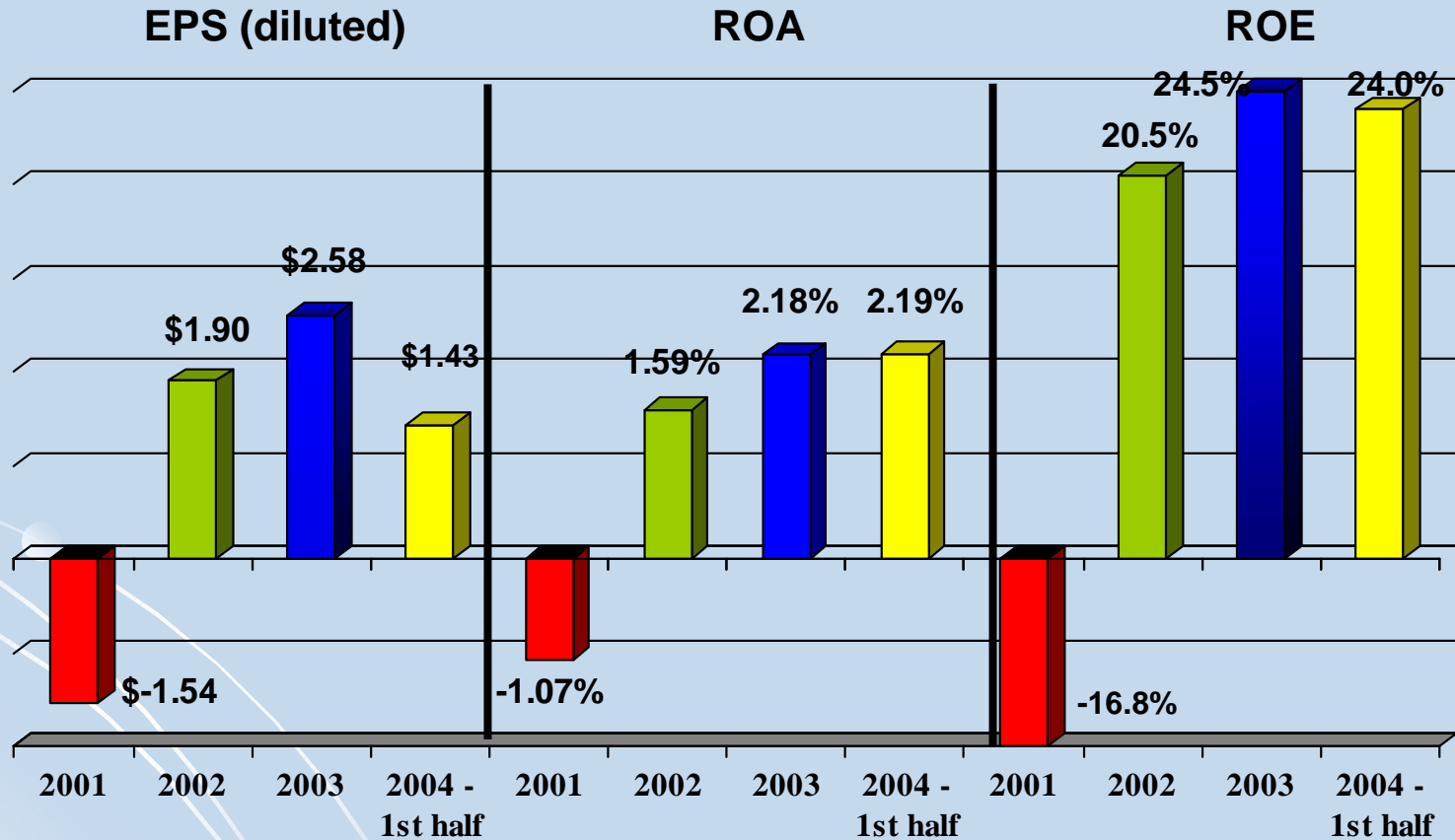
\$24.3 Million

EPDS

\$1.43

*Among publicly-traded US banks

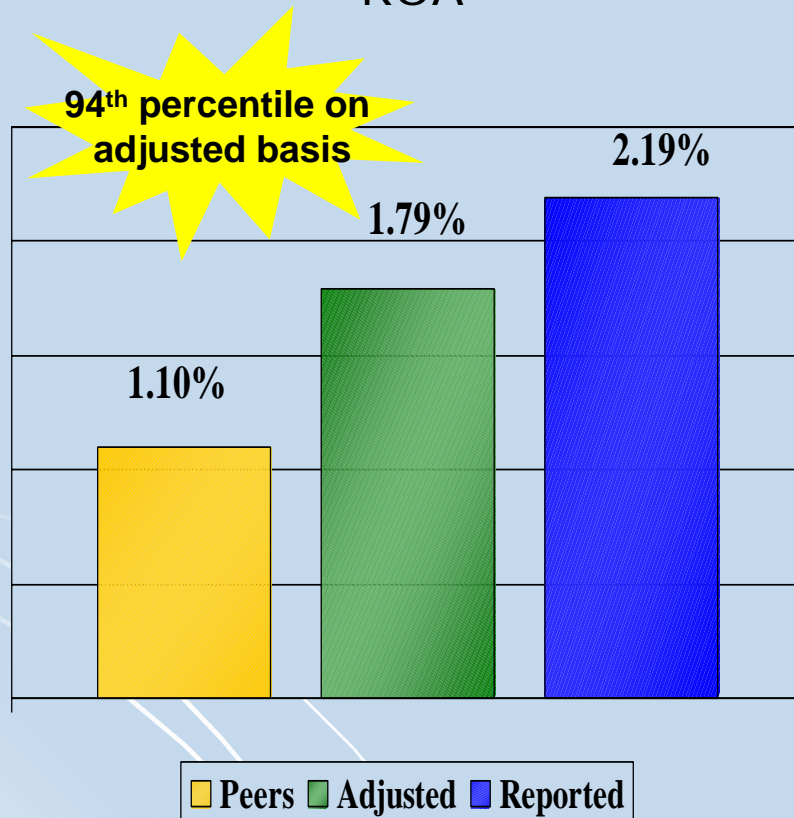
Sustained High Performance



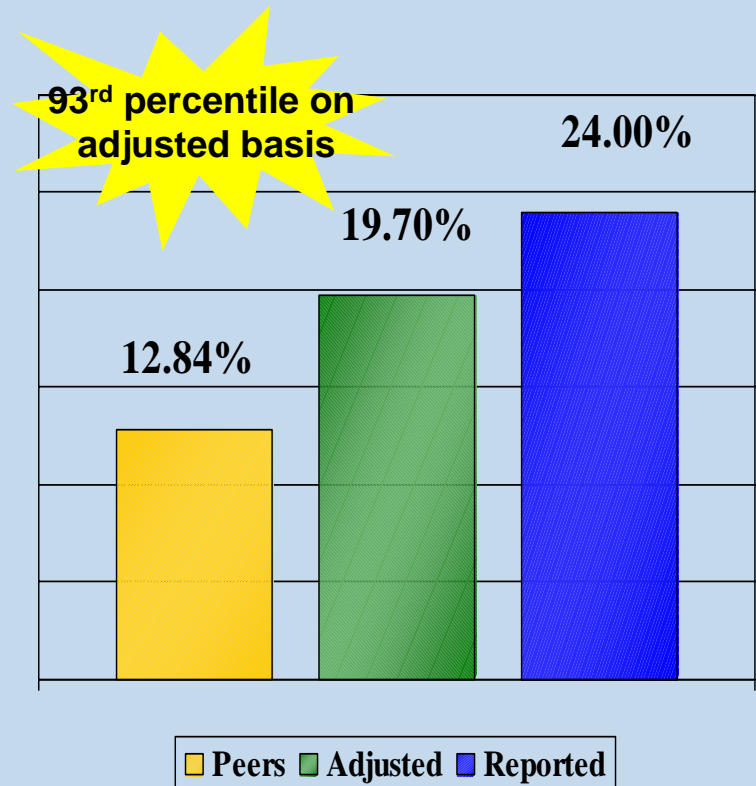
Normalized Profitability

2004 1st half

ROA



ROE



Adjusted 2004 earnings to reflect 25 basis points of Provision Expense and eliminate \$2.8 million net after-tax benefit from legal settlement

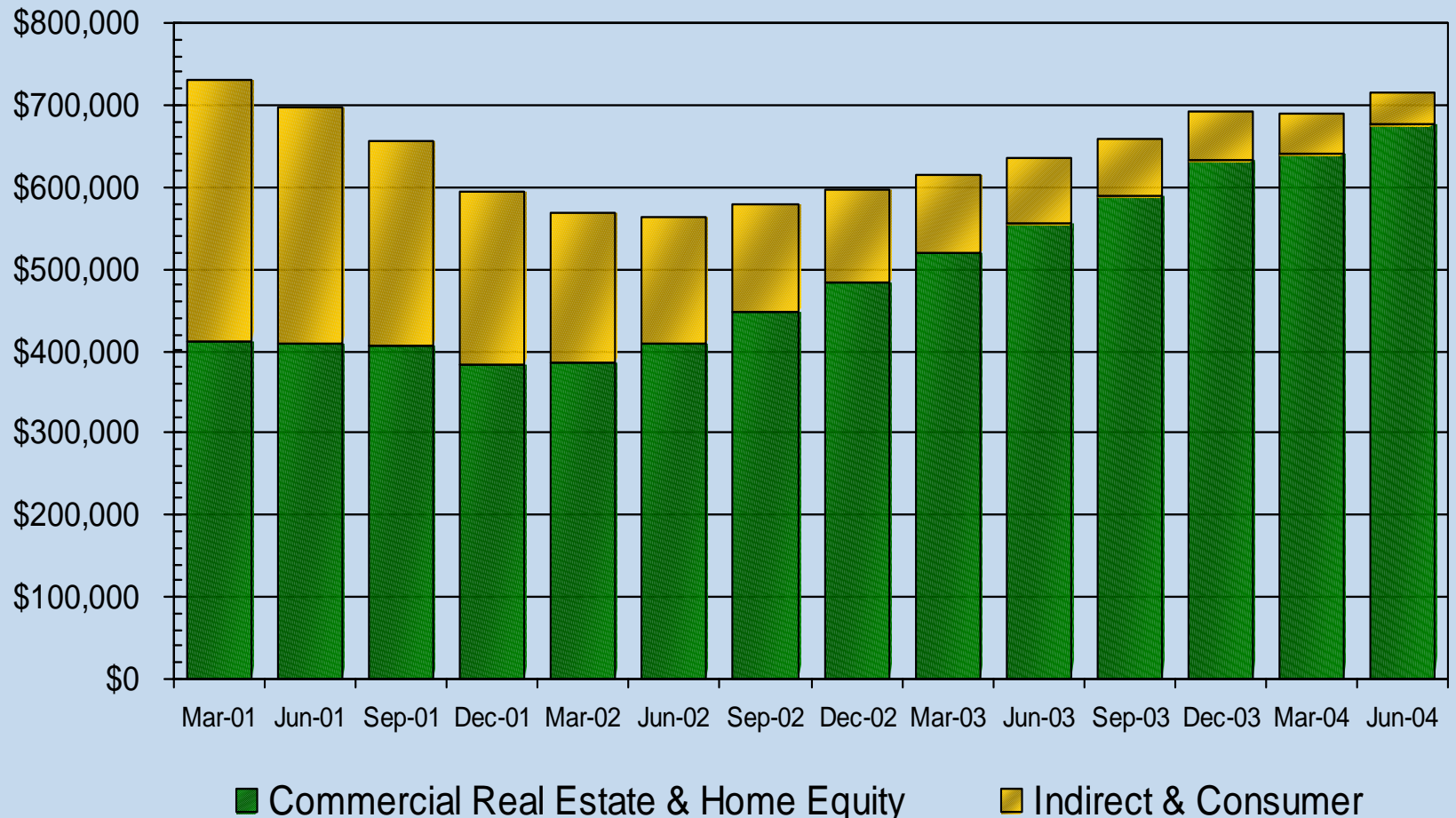
Why Own This Stock?

- ✚ 1. CHCO is highly profitable
- ✚ 2. CHCO is growing share

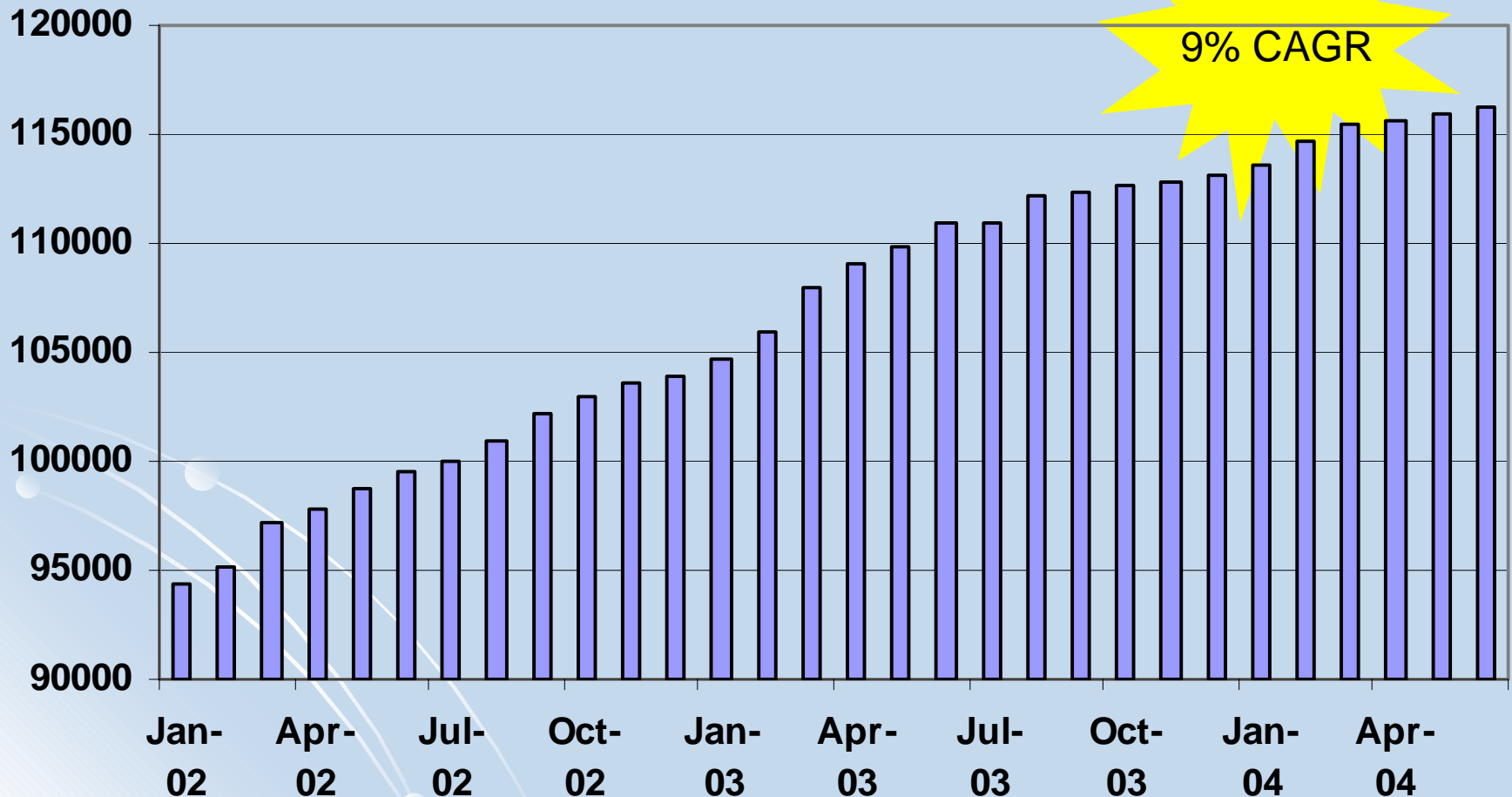


Growth in Targeted Lines of Business - Loans

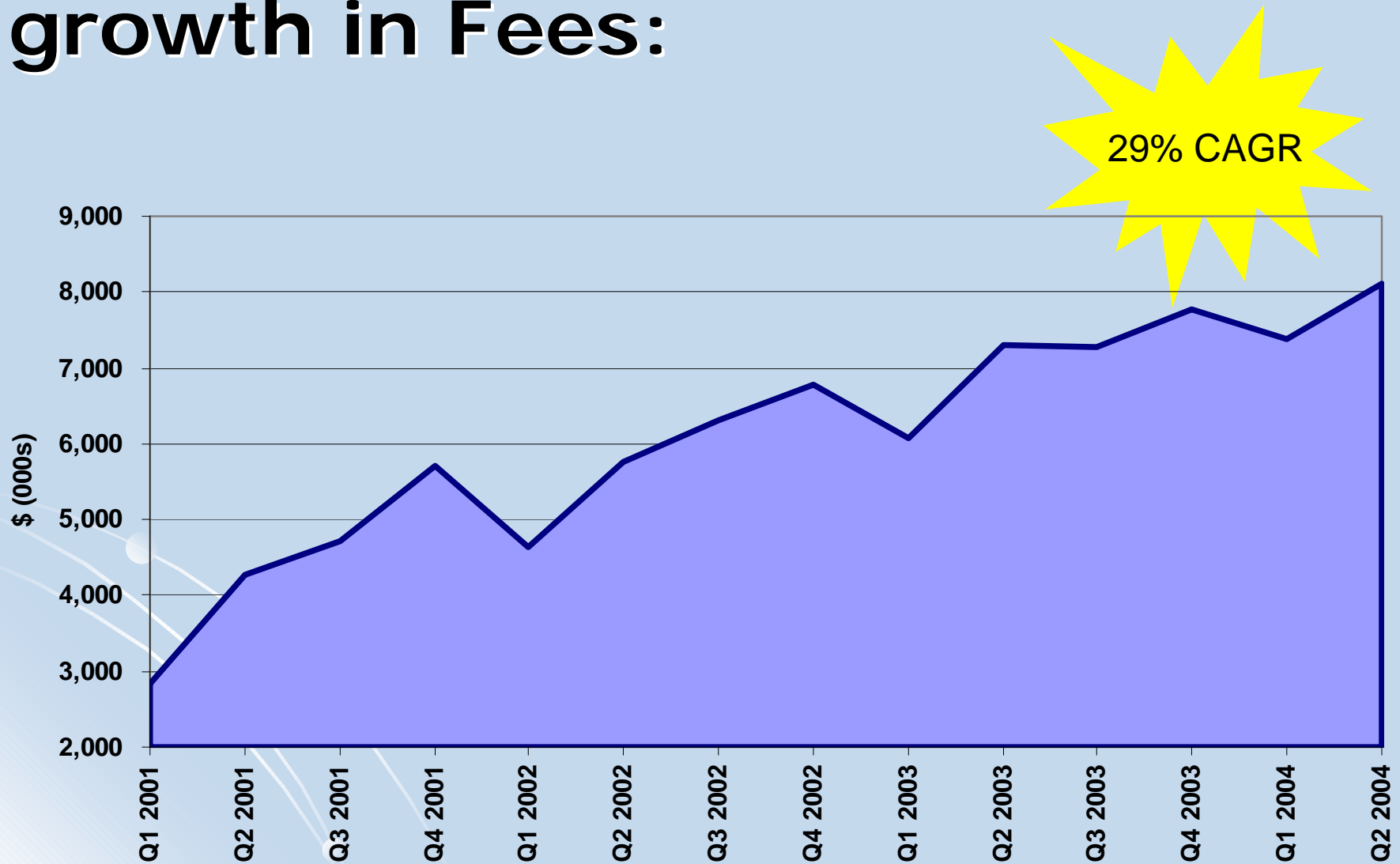
Real Estate Secured Loans up 12.8% between 6/30/03 and 6/30/04



Growth in Deposits: Totally Free Checking Accounts



In addition to dramatic growth in Fees:

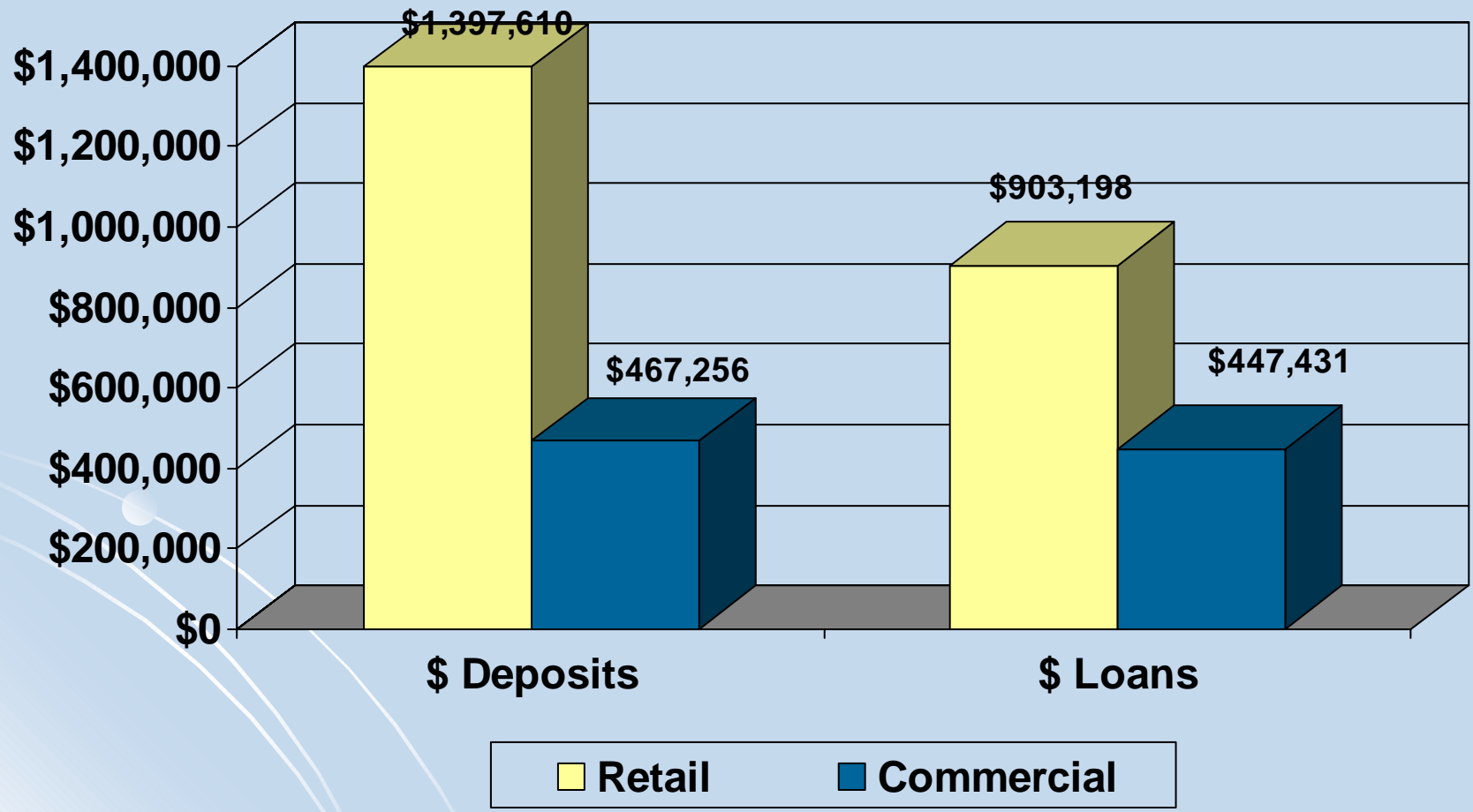


Why Own This Stock?

- + 1. CHCO is highly profitable
- + 2. CHCO is growing share
- + 3. CHCO is well-positioned for the future

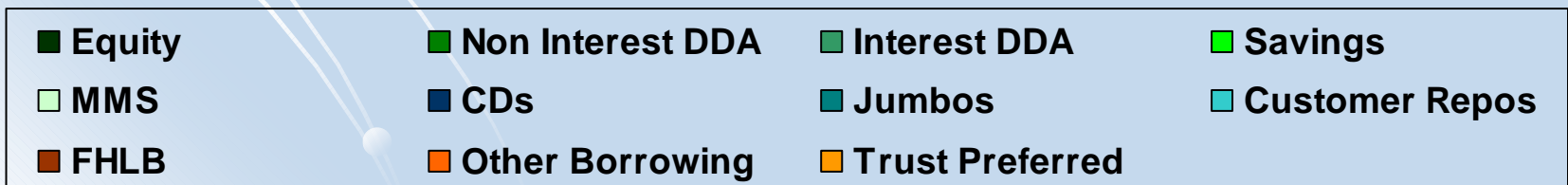
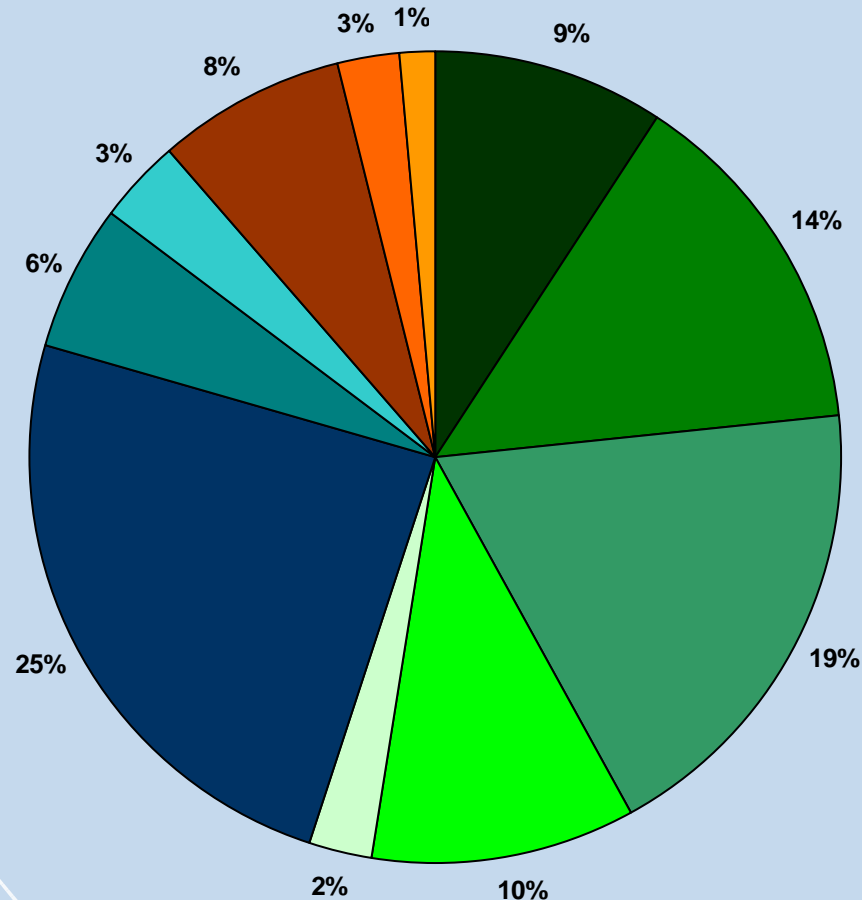


Customer Profile: Retail Focused



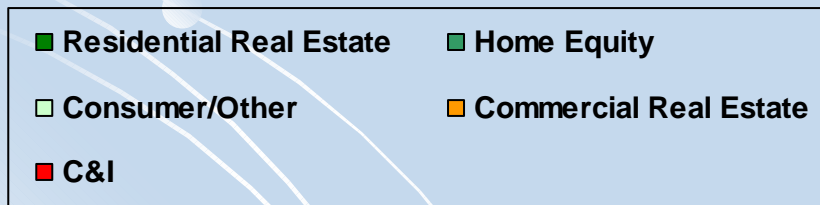
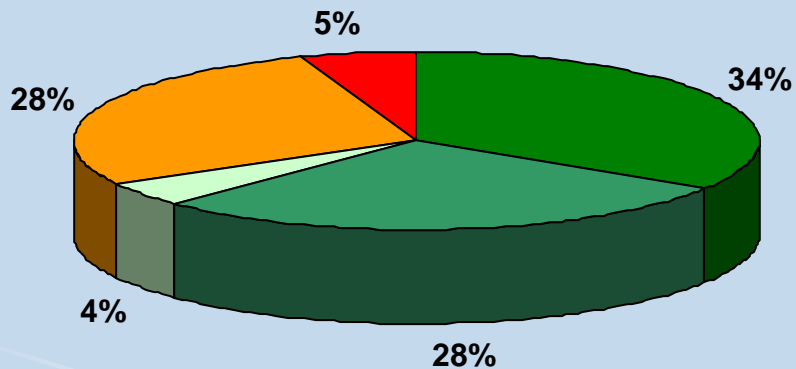
Source: Internal data as of June 30, 2004

Deposits: Low Cost and Stable



Conservative Loan Portfolio Mix

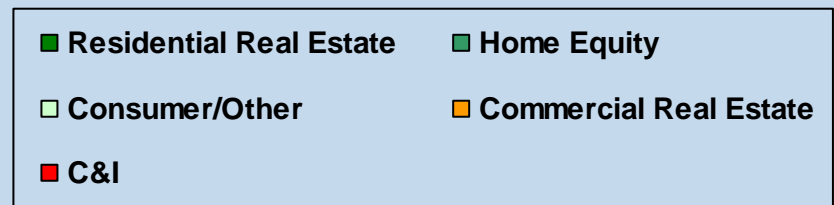
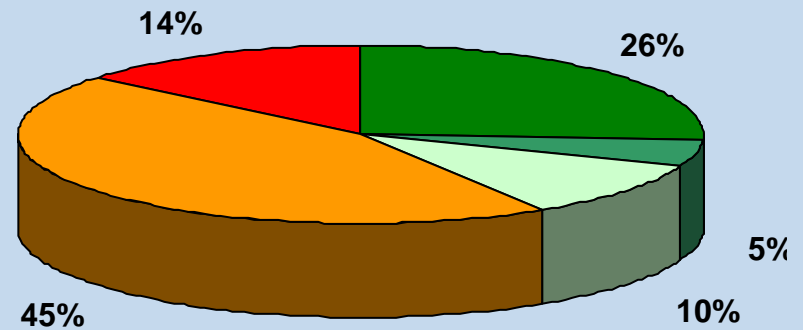
City Holding Company



Loan to Deposits 81.5%

As of June 30, 2004

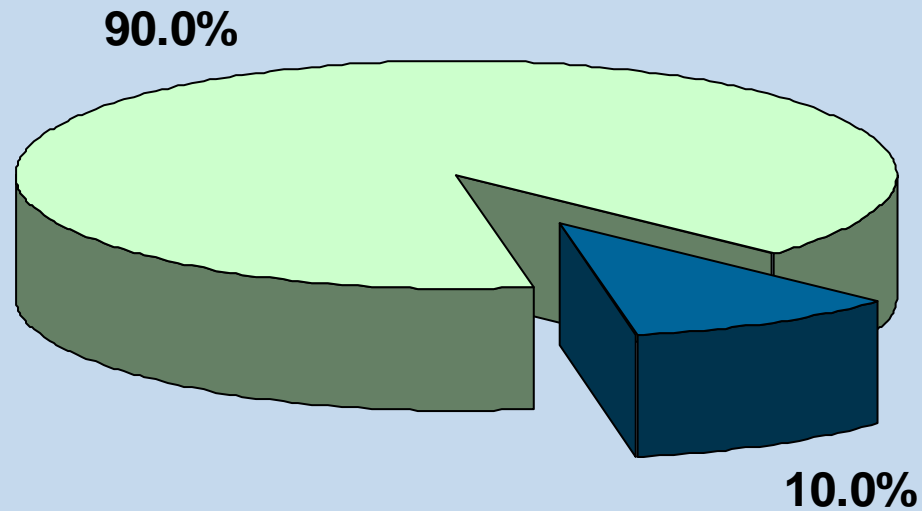
Peer Group



Loan to Deposits 91.2%

\$1-\$5 billion publicly traded banks and thrifts

Real Estate Based Lending Focus



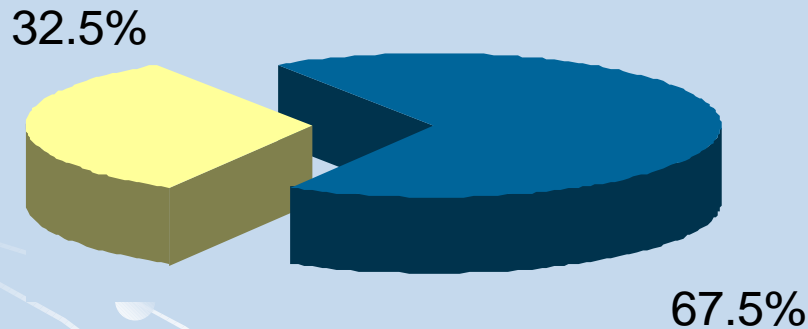
Real Estate Secured Loans

Other Loans

As of June 30, 2004

Favorable Revenue Profile

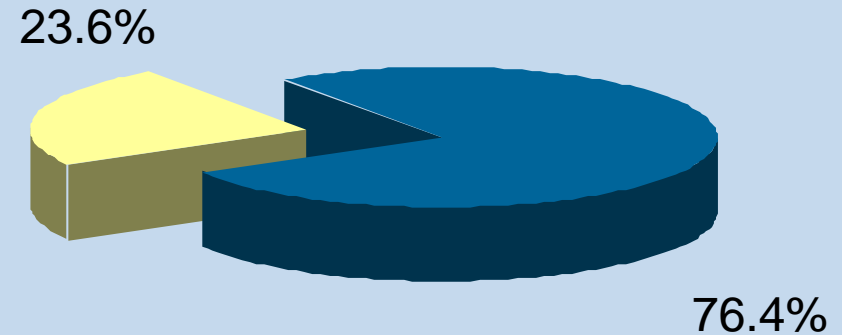
City Holding Company*



■ Non Interest Income
■ Net Interest Income

*As of June 30, 2004. Non-interest income excludes security gains and revenues from legal settlements

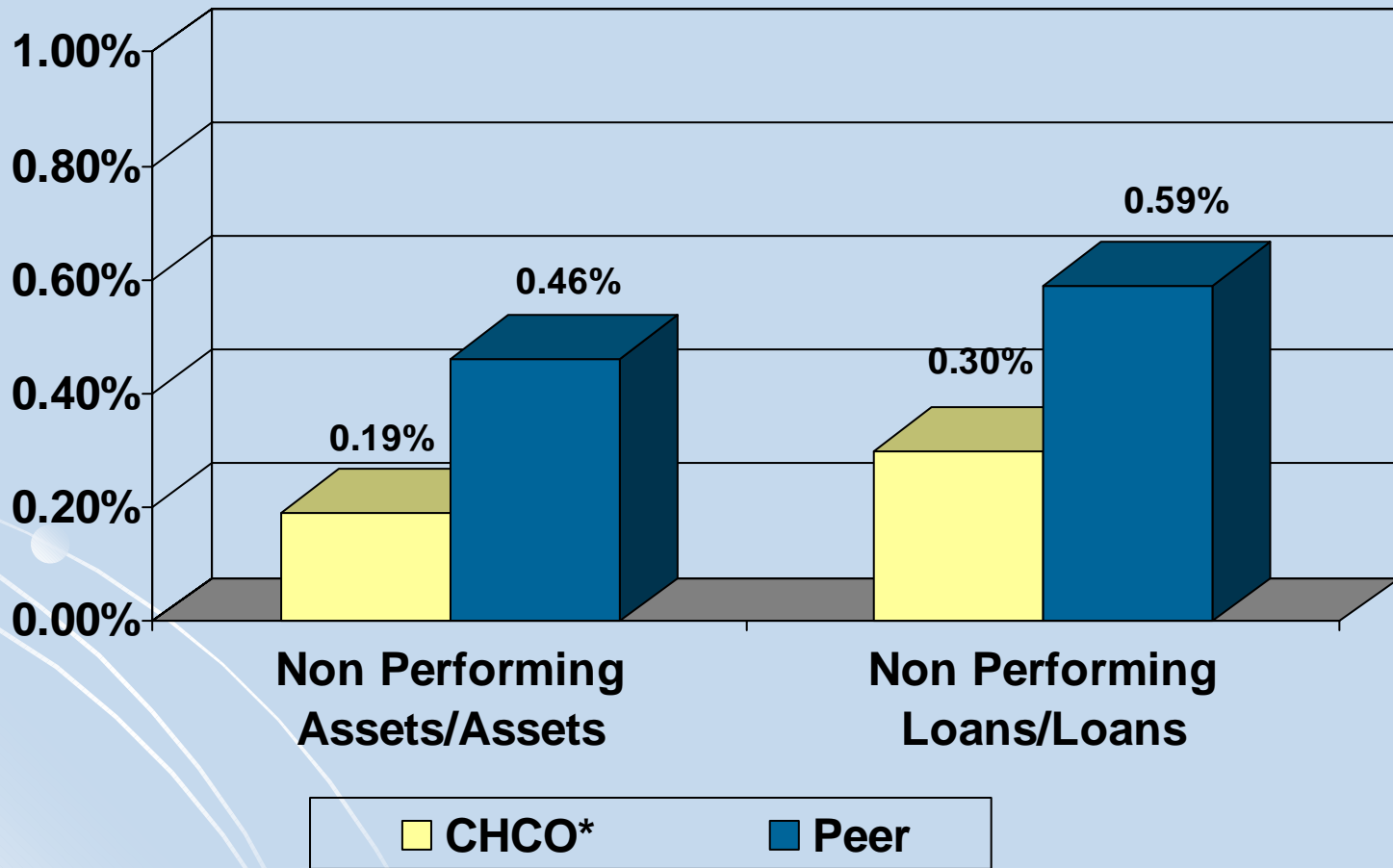
Peer Group



■ Non Interest Income
■ Net Interest Income

Sample of 185 publicly traded banks and thrifts with assets between \$1 and \$5 billion

Strong Loan Quality

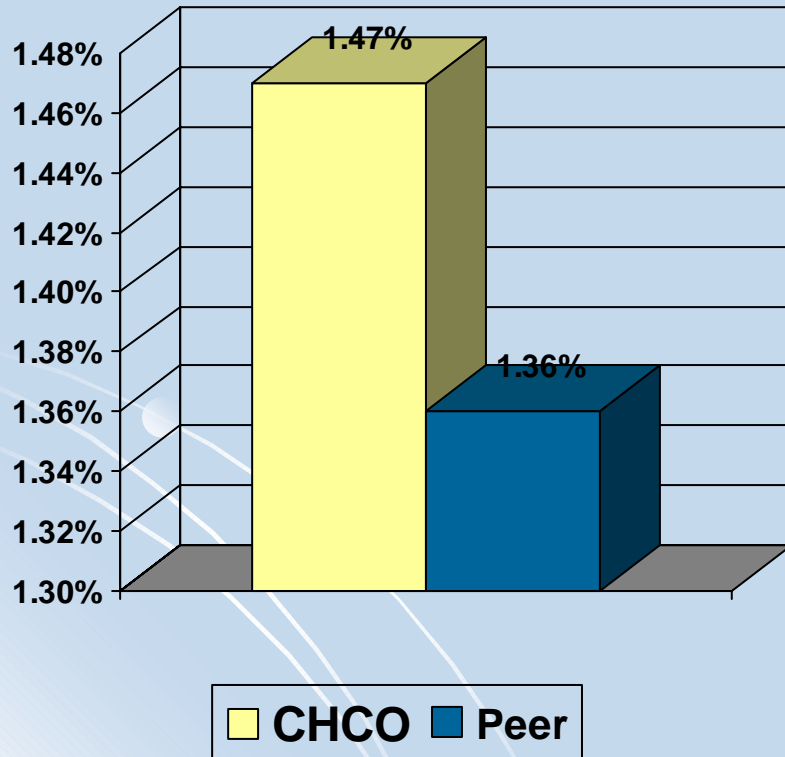


*As of June 30, 2004

Sample of 185 publicly traded banks and thrifts with assets between \$1 and \$5 billion

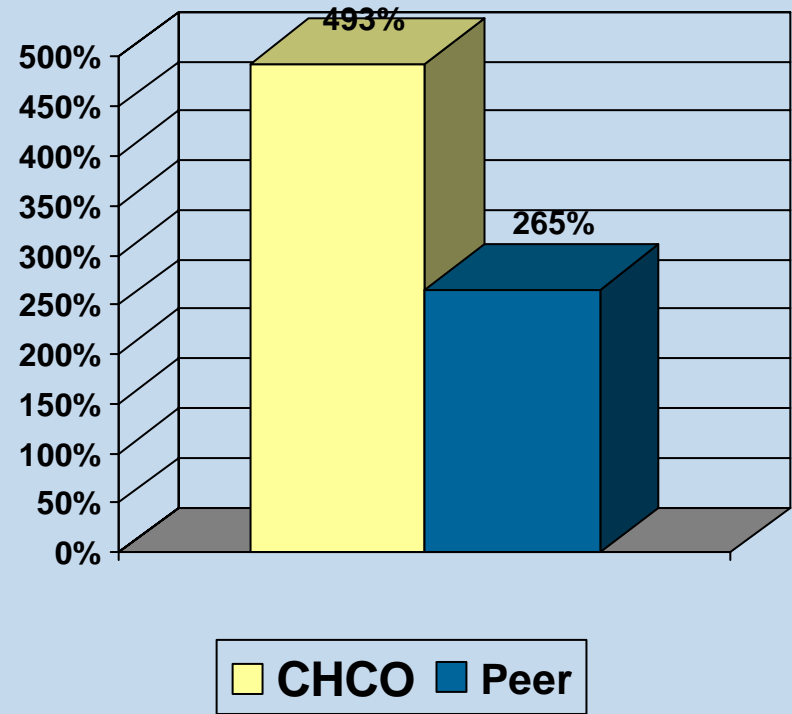
Strong Loan Loss Reserve

Loan Loss Reserve/Total Loans



*As of June 30, 2004

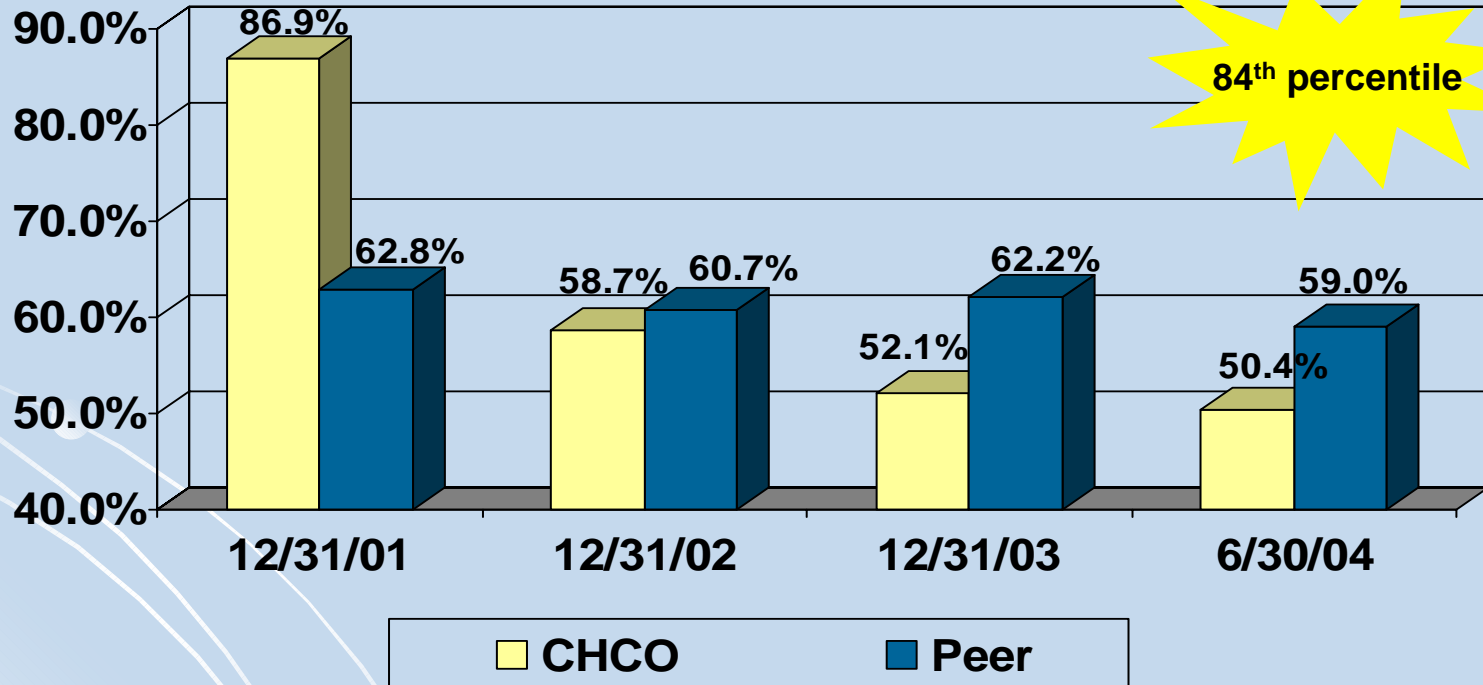
Loan Loss Reserve/Non Performing Loans



Sample of 185 publicly traded banks and thrifts with assets between \$1 and \$5 billion

City is Highly Efficient

Efficiency Ratio



2004 Efficiency Ratio adjusted to eliminate \$5.5 million in revenue from Legal Settlement and associated expenses of \$900M

CHCO is positioned to benefit from rising rates

Immediate Basis Point Change in Interest Rates

+300 Bp
+100 Bp
- 50 Bp

Estimated Increase or Decrease in Net Income between 1-12 months

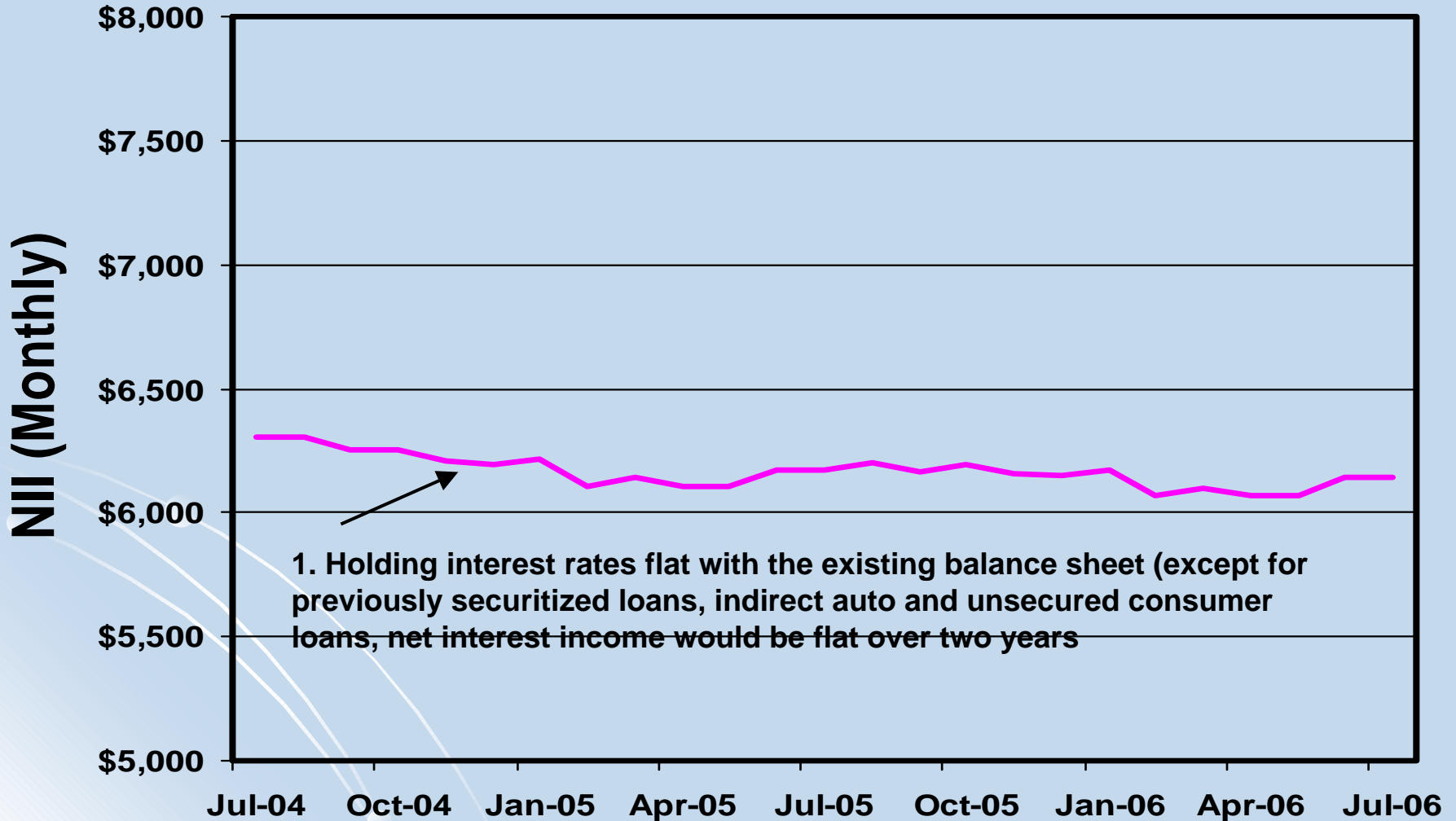
+11%
+ 5%
- 3%

Estimated Increase or Decrease in Net Income between 13-24 months

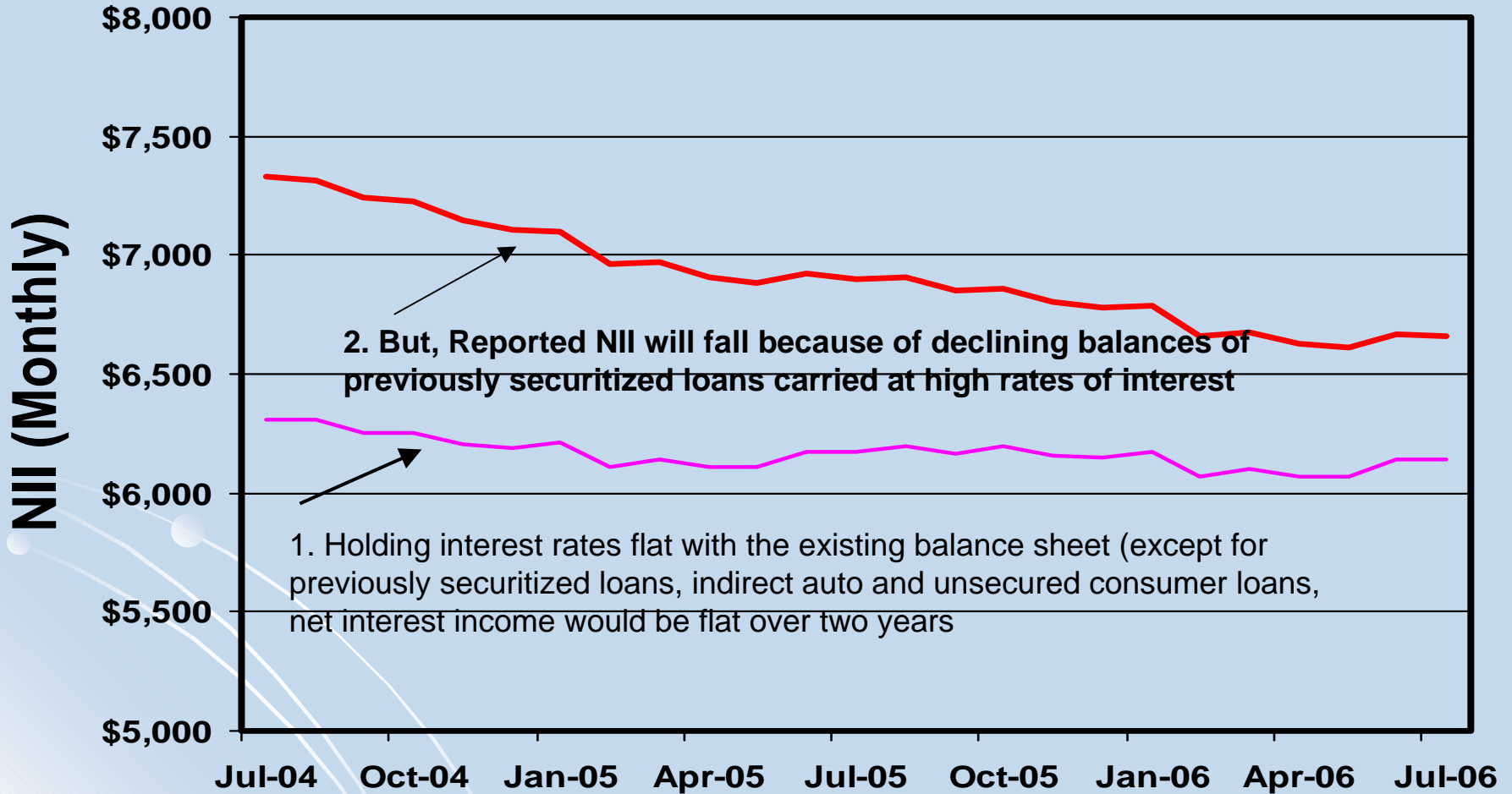
+19%
+ 8%
- 5%

As of 6/30/04. Reflects change in Net income as compared to what is expected if rates remain constant.

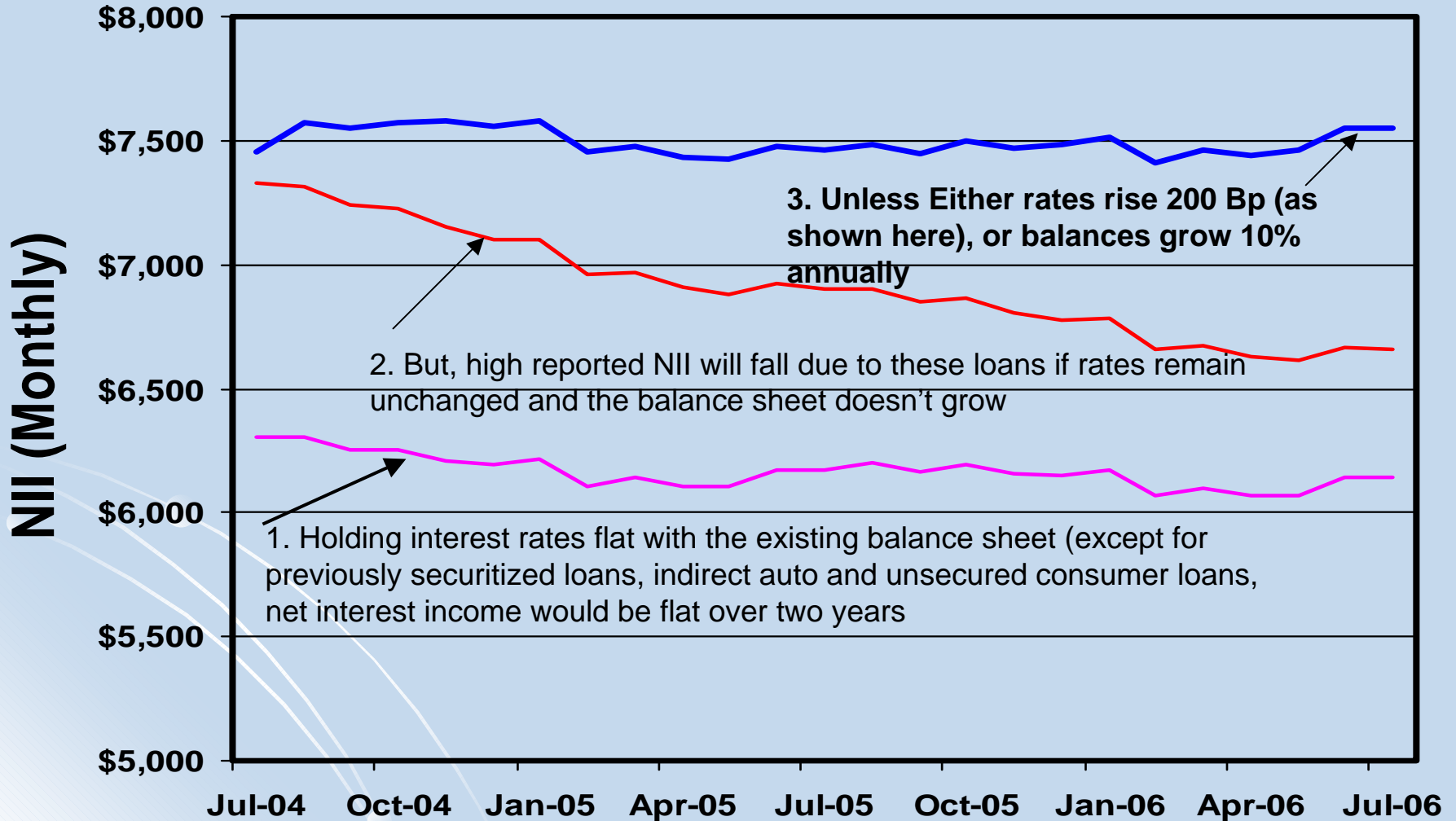
Interest Rate Risk Dynamics



Interest Rate Risk Dynamics



Interest Rate Risk Dynamics



Why Own This Stock?

- # 1. CHCO is highly profitable
- # 2. CHCO is growing share
- # 3. CHCO is well positioned for the future
 - Retail focus
 - Strong core deposit base
 - Strong non-interest income
 - Conservative loan portfolio
 - Loans predominately real estate secured
 - Loan quality is extremely strong
 - Well reserved for problem loans
 - Positioned to benefit from rising rates

Performance Objectives

Measure	Goals	2003 Results	2004 1 st Half Results
Earnings Per Share Growth	10% +	35.8%	12.6%
ROE	20%	24.5%	24.0%
ROA	1.50%	2.18%	2.19%
Capital	Maintain well-capitalized status	Total Risk-based capital of 13.2%	Total Risk-based capital of 15.7%

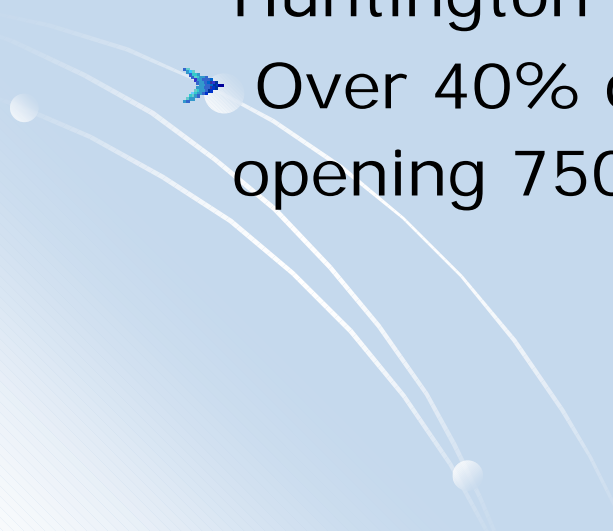
Strategic Opportunities

Results of Retail Delivery System Study:

- City's distribution is sub-optimal
 - In WV's 10 densest markets, City has no presence in 50%
 - In WV's 60 densest markets, City is in only 33%
- 5 year Plan to improve distribution
 - Consolidate 10% of distribution network
 - Build 3-5 branches
 - Add 3-5 in-store locations

Strategic Opportunities

Moving out to restructure the retail network:


- 2 new Wal-Mart Branches opened Sept 2004
 - High-density retail areas in Charleston & Huntington
 - Over 40% of the way to profitability after opening 750 new accounts
- 

Strategic Opportunities

Capital Flexibility – Tier II Capital @ 15.7%

- Dividends – Increased 10% in April 2004
- Share Repurchases – have repurchased over 1% of outstanding shares since the 2nd Q
- Acquisitions are possible

Acquisition Parameters

- \$100MM to \$500MM in assets
 - Markets in or adjacent to CHCO footprint
 - Retail Deposit Franchise
 - Accretive to EPS in first full year
- 

Acquisition Territory

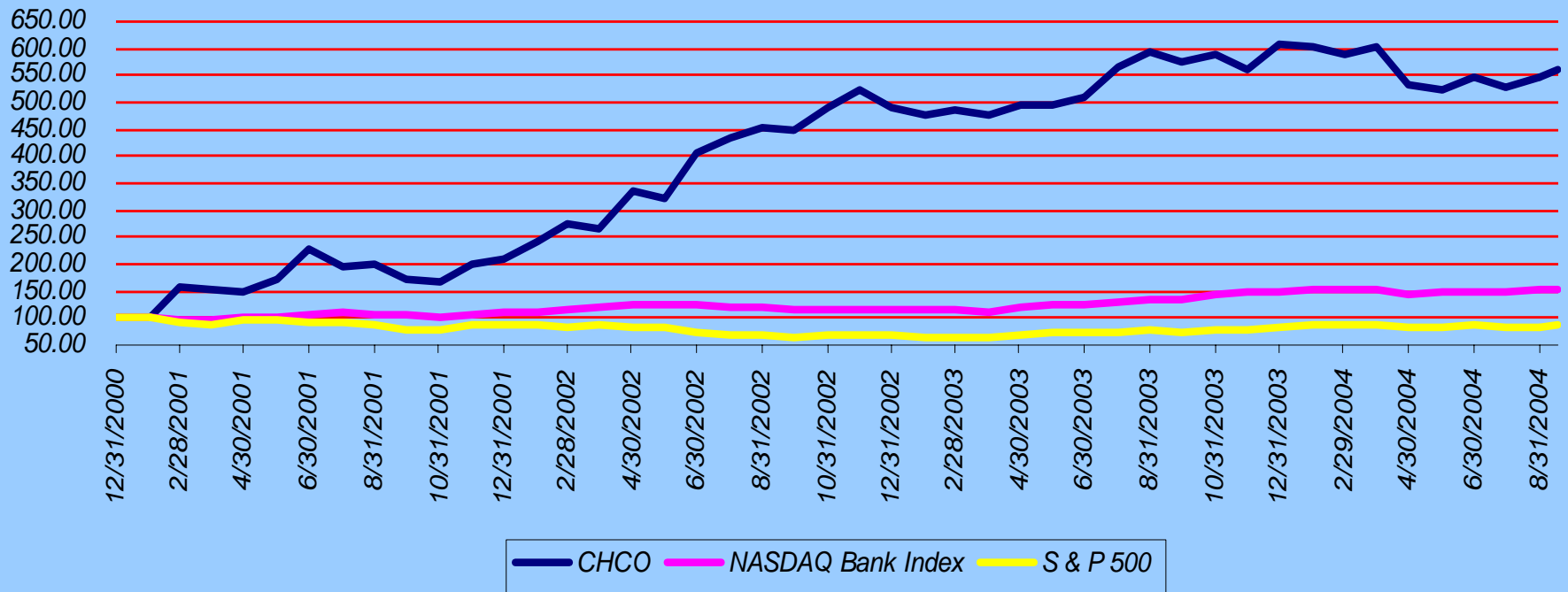


Why Own This Stock

- Highly Profitable Franchise
- Strong fee-income
- Strong asset quality
- Liquid
- Core-funded
- Loans are real-estate and retail
- Strongly capitalized
- Moving ahead to re-position the retail franchise
- And yet, priced lower than peers

CHCO Stock Performance

CHCO Stock Performance
Relative Stock Price Performance Versus Major Indices
December 2000 - September 2004



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Questions?