

City Holding Company



City Holding
Company

**KBW Community Bank
Investor Conference**

August 3, 2021

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. Factors that could cause actual results to differ from those discussed in such forward-looking statements include, but are not limited to those set forth in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 under "ITEM 1A Risk Factors" and the following: (1) general economic conditions, especially in the communities and markets in which we conduct our business; (2) the uncertainties on the Company's business, results of operations and financial condition, caused by the COVID-19 pandemic, which will depend on several factors, including the scope and duration of the pandemic, its continued influence on financial markets, the effectiveness of the Company's work from home arrangements and staffing levels in operational facilities, the impact of market participants on which the Company relies and actions taken by governmental authorities and other third parties in response to the pandemic; (3) credit risk, including risk that negative credit quality trends may lead to a deterioration of asset quality, risk that our allowance for loan losses may not be sufficient to absorb actual losses in our loan portfolio, and risk from concentrations in our loan portfolio; (4) changes in the real estate market, including the value of collateral securing portions of our loan portfolio; (5) changes in the interest rate environment; (6) operational risk, including cybersecurity risk and risk of fraud, data processing system failures, and network breaches; (7) changes in technology and increased competition, including competition from non-bank financial institutions; (8) changes in consumer preferences, spending and borrowing habits, demand for our products and services, and customers' performance and creditworthiness; (9) difficulty growing loan and deposit balances; (10) our ability to effectively execute our business plan, including with respect to future acquisitions; (11) changes in regulations, laws, taxes, government policies, monetary policies and accounting policies affecting bank holding companies and their subsidiaries; (12) deterioration in the financial condition of the U.S. banking system may impact the valuations of investments the Company has made in the securities of other financial institutions; (13) regulatory enforcement actions and adverse legal actions; (14) difficulty attracting and retaining key employees; (15) other economic, competitive, technological, operational, governmental, regulatory, and market factors affecting our operations. 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.

- Total Assets \$5.9 billion
- Branches 94
- FTE 912
- Market Cap \$1.18 billion

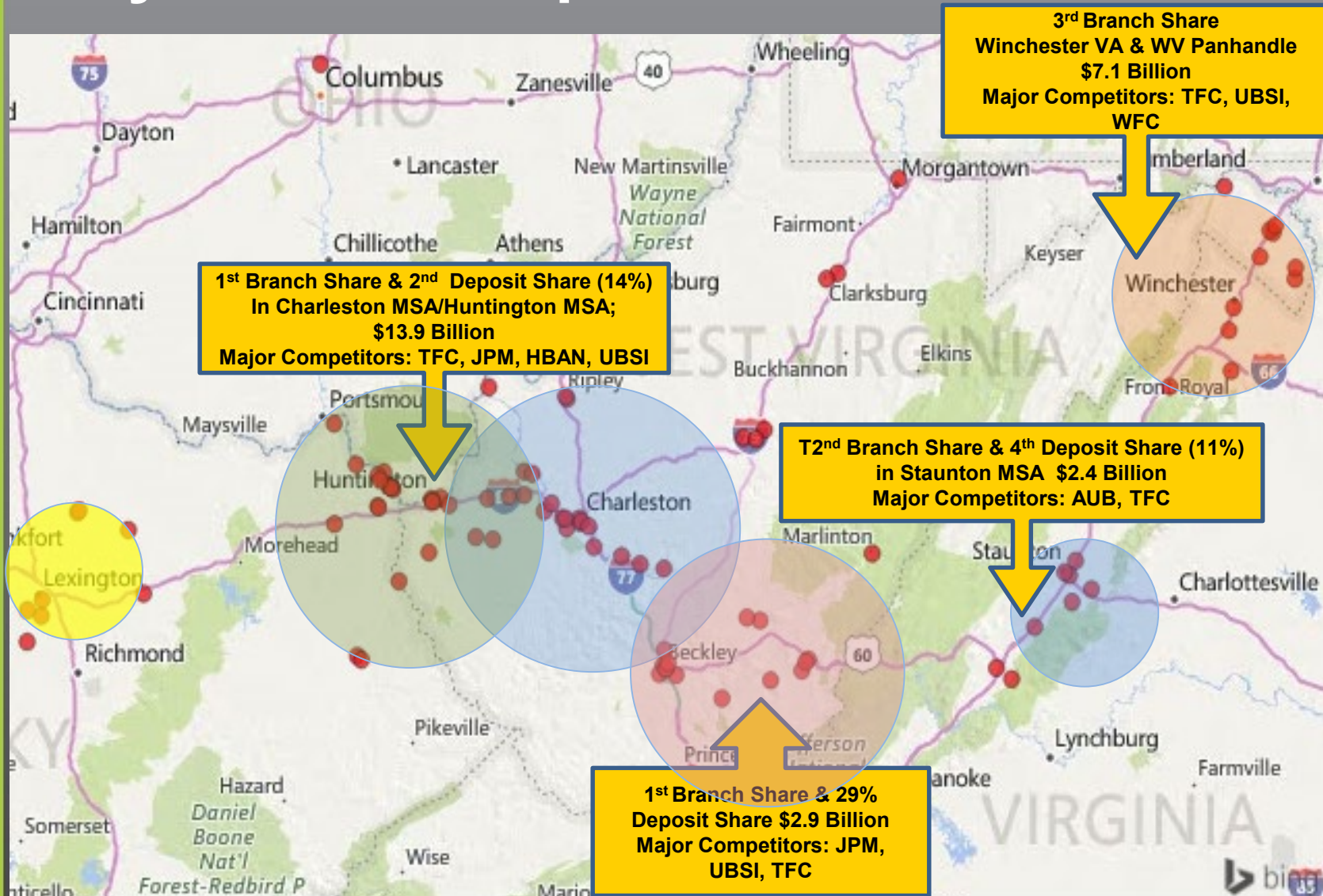
- Markets: Stable, Slow growing, & less competitive
- Business Lines: Retail, Commercial, Investment Management
- Asset Quality: Demonstrated strong track record
- Performance: Long record as a high performer
- Growth: Succeeding in slow-growth markets & expanding into new markets



Deposits mostly in WV and E. KY

Key Deposit Markets	Deposits
West Virginia & E. Kentucky – <i>dating to 1870</i>	76%
New Markets	24%

City National Deposit Markets



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Bubbles represent relative size of City's deposits within the region. (10% of all deposits not in a "bubble")

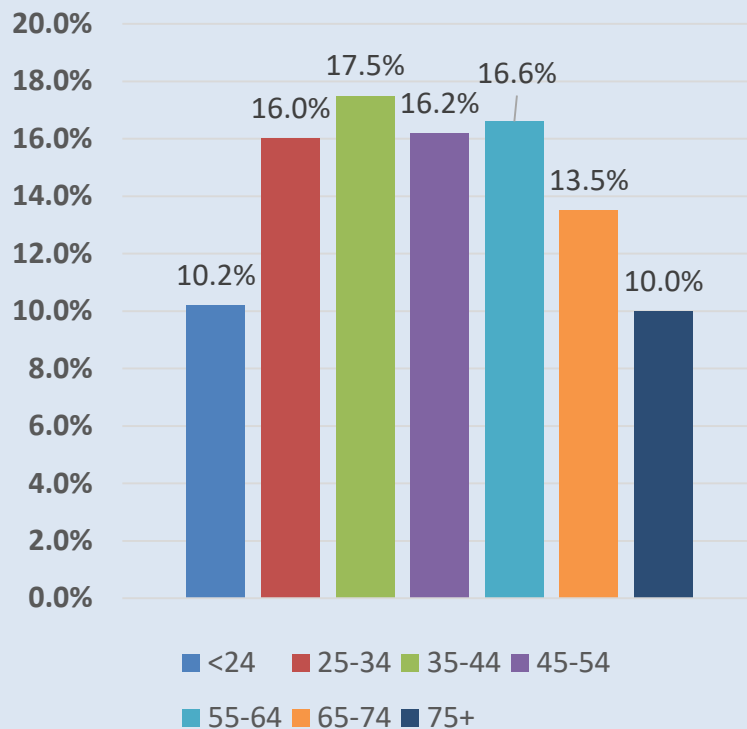
Internal DDA Growth

Year	New DDA Accounts per branch	Net Growth in DDA Accounts
2016	31,680	3,100
2018	33,000	4,700
2020	*30,270	*6,770
2021 YTD	15,890	7,330

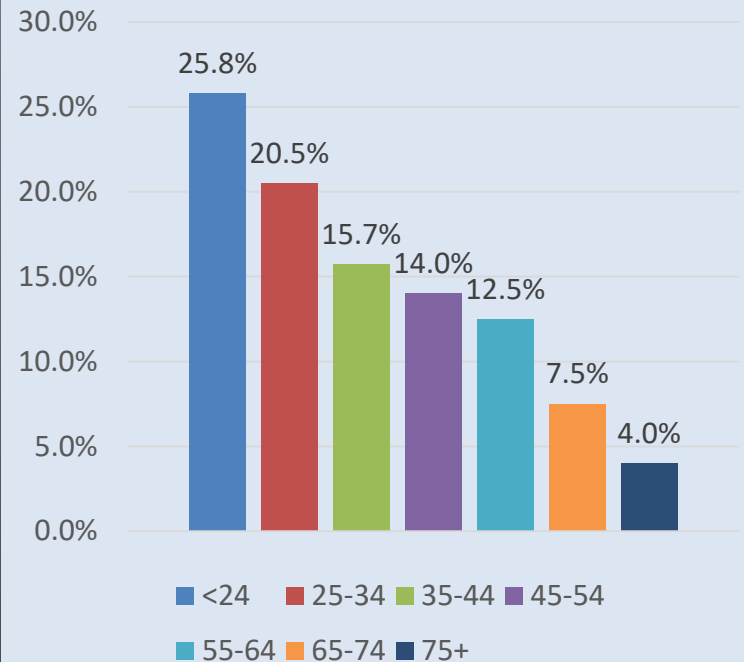
***Note: City's lobbies were open by appointment only for 6 months in 2020 due to COVID-19**

Age Distribution of Customer Base

All City Customers



New City Customers 2020



City is very proud to have been awarded the highest ranking in customer satisfaction in the North Central District by JD Power (IN, OH, KY, MI, WV) from 2018 - 2020.



2018



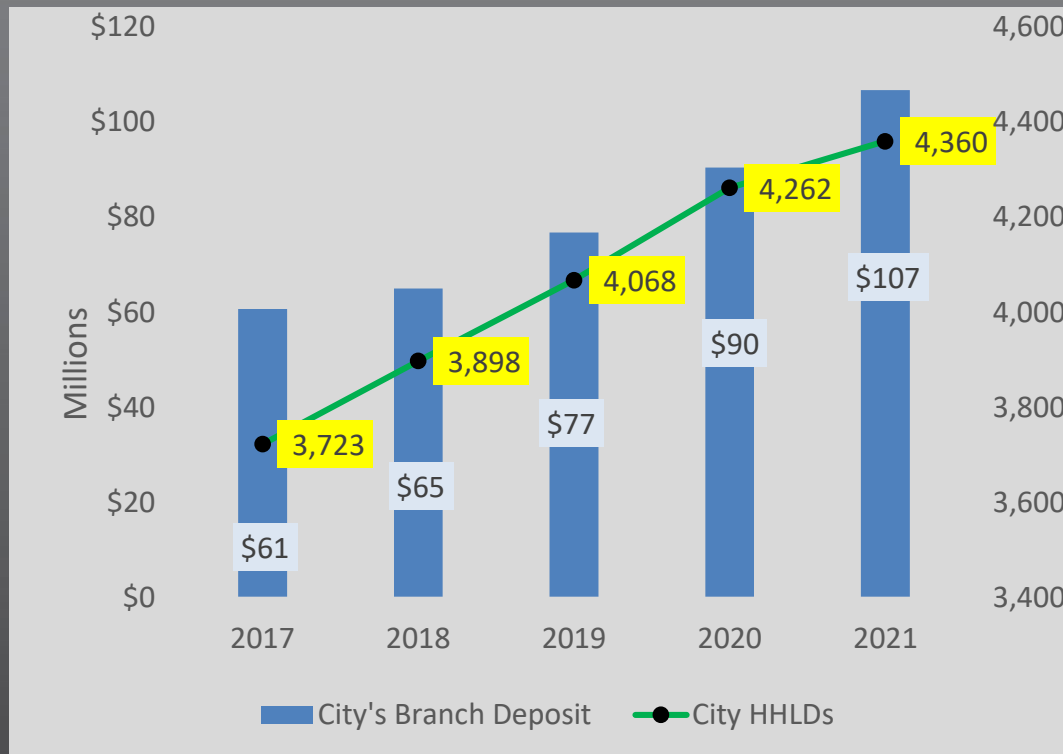
2019



2020

Market Disruptions Provide Strong Growth Opportunities

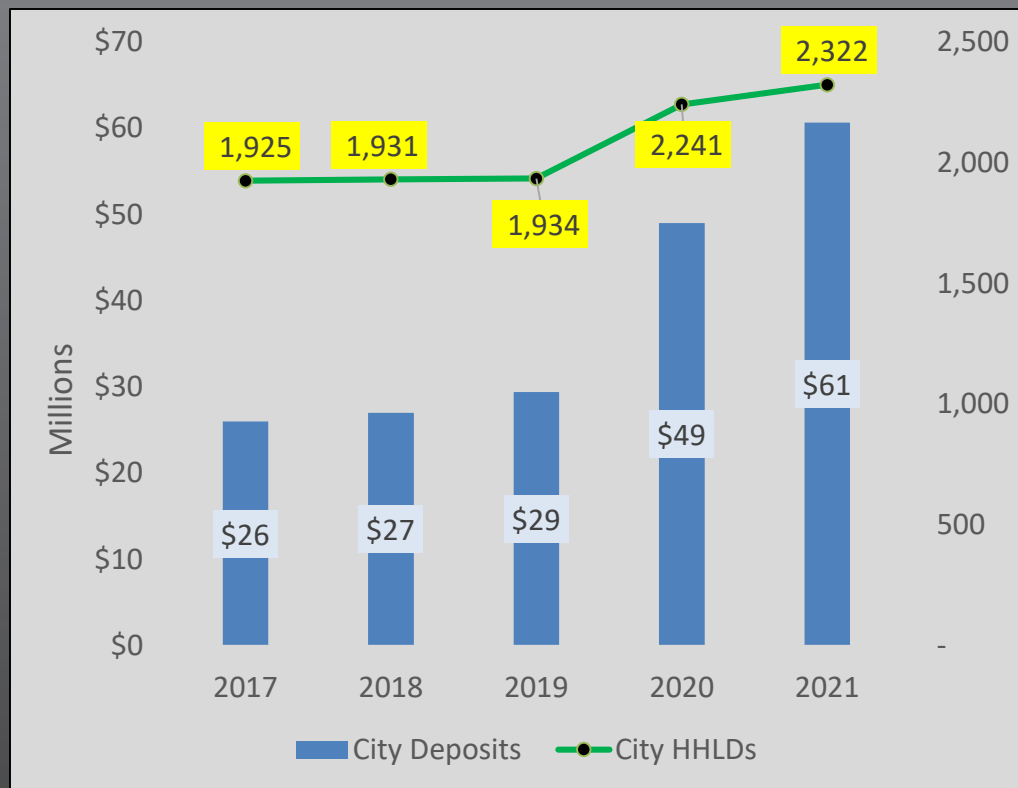
- Market: St. Albans WV



- In 2017, there were 4 banks with branches in this market
- In 2018 one closed
- In 2020 another closed
- City has 42% household share in 2020

Market Disruptions Provide Strong Growth Opportunities

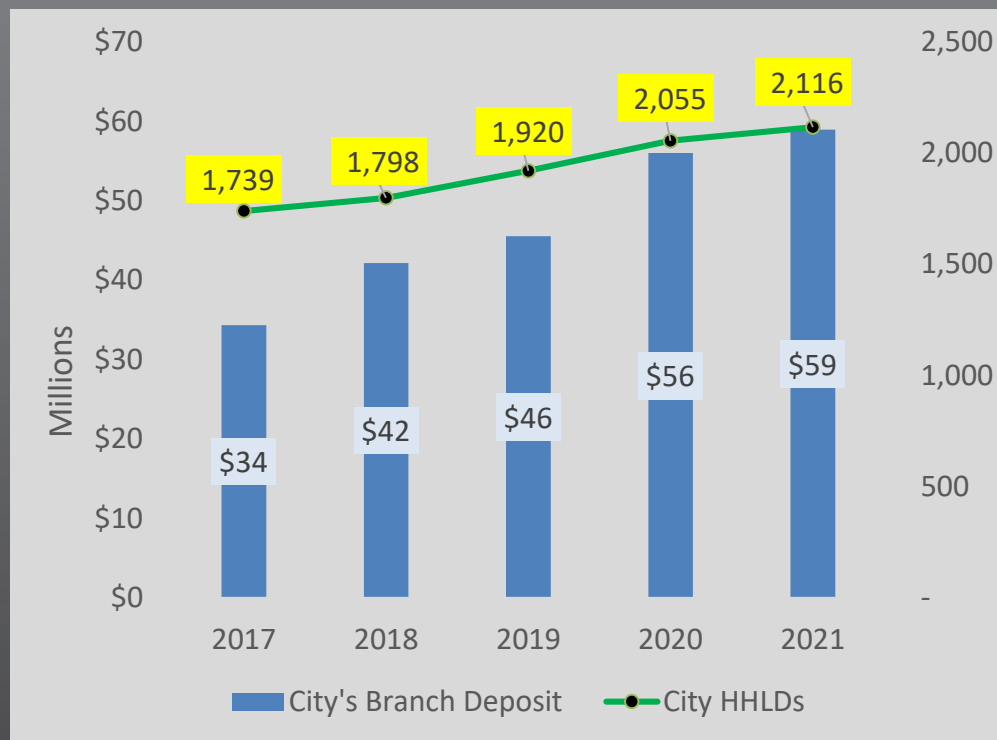
- Market: Wayne Co. WV



- In 2017 thru 2019, there were 2 banks with 2 branches in this market
- In 2020, our competitor bank announced it would close
- Closing (due to COVID) was delayed until 2021

Market Disruptions Provide Strong Growth Opportunities

- Market: Ironton

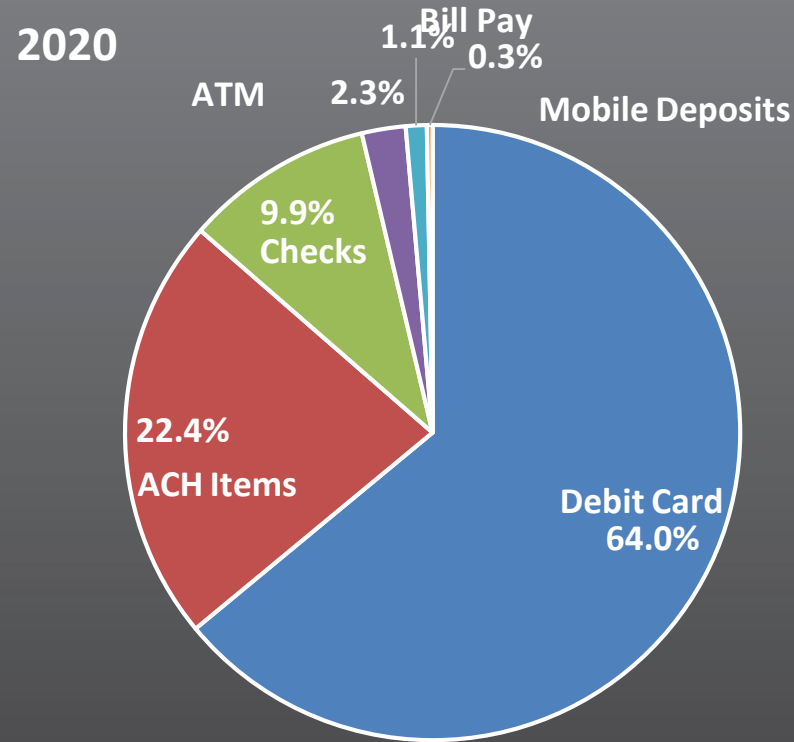
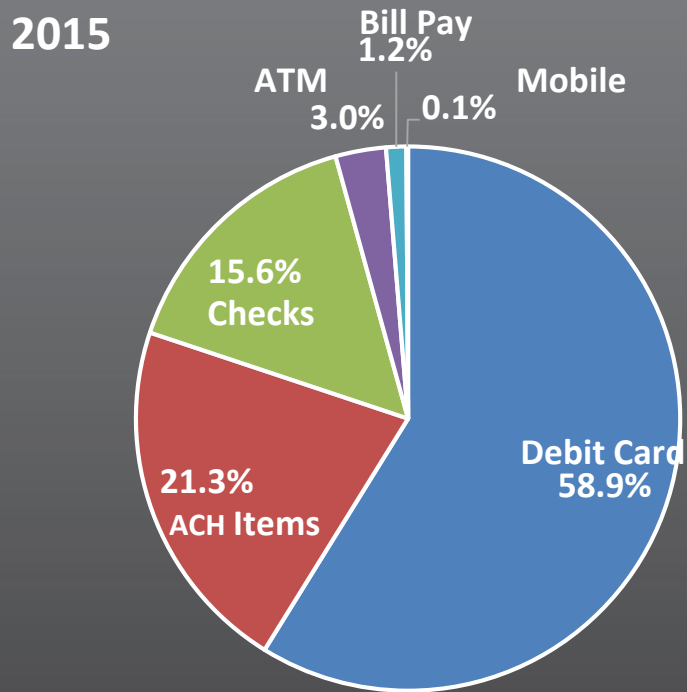


- In 2017, 2018 and 2019, there were 6 banks with 8 branches in this market
- In 2020, there are 6 banks with 7 branches in market

Impact of Technology?

Customer Transactions by Channel

Number of Accounts up by 19.4%
Total Transactions up 24.9%



Change in Transaction Mix: 2015-2020

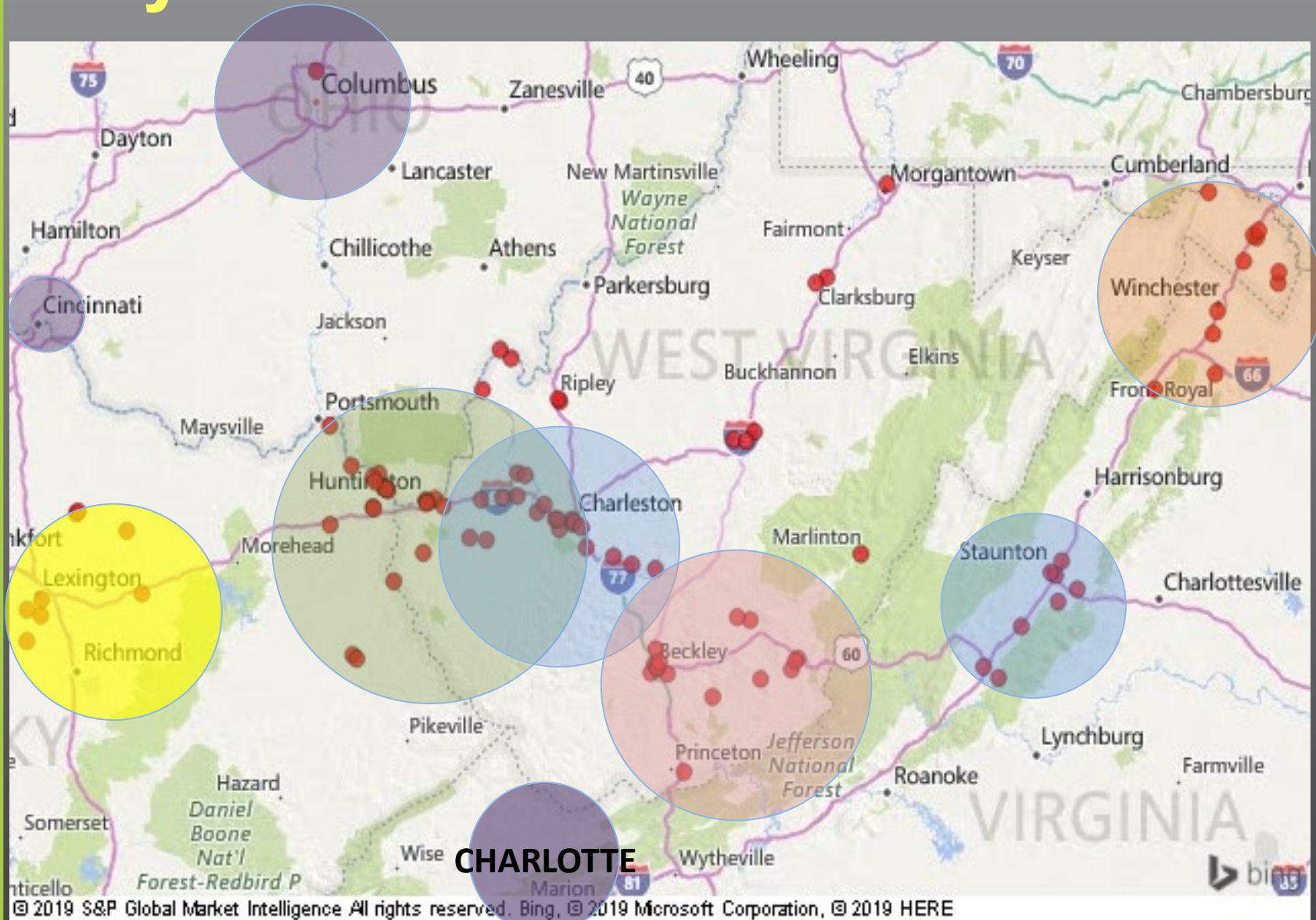
Transaction Type	% Chg 2015-2020	CAGR
Checks	-20.8%	-4.6%
ATM	-2.5%	-0.5%
Bill Pay	16.8%	3.2%
ACH	31.9%	5.7%
Debit Cards	35.7%	6.3%
Mobile	435%	39.8%



Diversified Commercial Loan Portfolio

Key Loan Markets	Percent of Commercial Portfolio
West Virginia & Eastern Kentucky – <i>dating to 1870</i>	46%
Virginia/Eastern Panhandle Markets – <i>acquired 2012/13</i>	16%
Charlotte LPO – <i>de novo 2006</i>	9%
Lexington, KY – <i>acquired 2015</i>	16%
Columbus, OH & Pittsburgh PA	13%

City National Loan Markets



Size of Bubbles are representative of City's loan distribution

Market Position

City's biggest markets have strong distribution, large share, and high profitability

Market	Population	Deposits (\$mm)	Deposit Share	Branches	Branch Share	Branch Rank
Charleston/Huntington /Ashland MSA	611,000	\$1,918	14%	36	19%	1 st
Beckley/Lewisburg WV	162,000	845	29%	16	26%	1 st
Winchester/ Martinsburg	397,000	503	7%	12	11%	3 rd
Valley Region	160,000	292	11%	8	14%	T2 nd
Lexington KY Region	430,000	284	2%	6	4%	10 th

Note: Green highlight indicates market expansion as a result of acquisitions.
Data: S&P Global MI – regions modified slightly to fit City's branch distribution

Market Demographics

Newer markets have high population growth and higher incomes

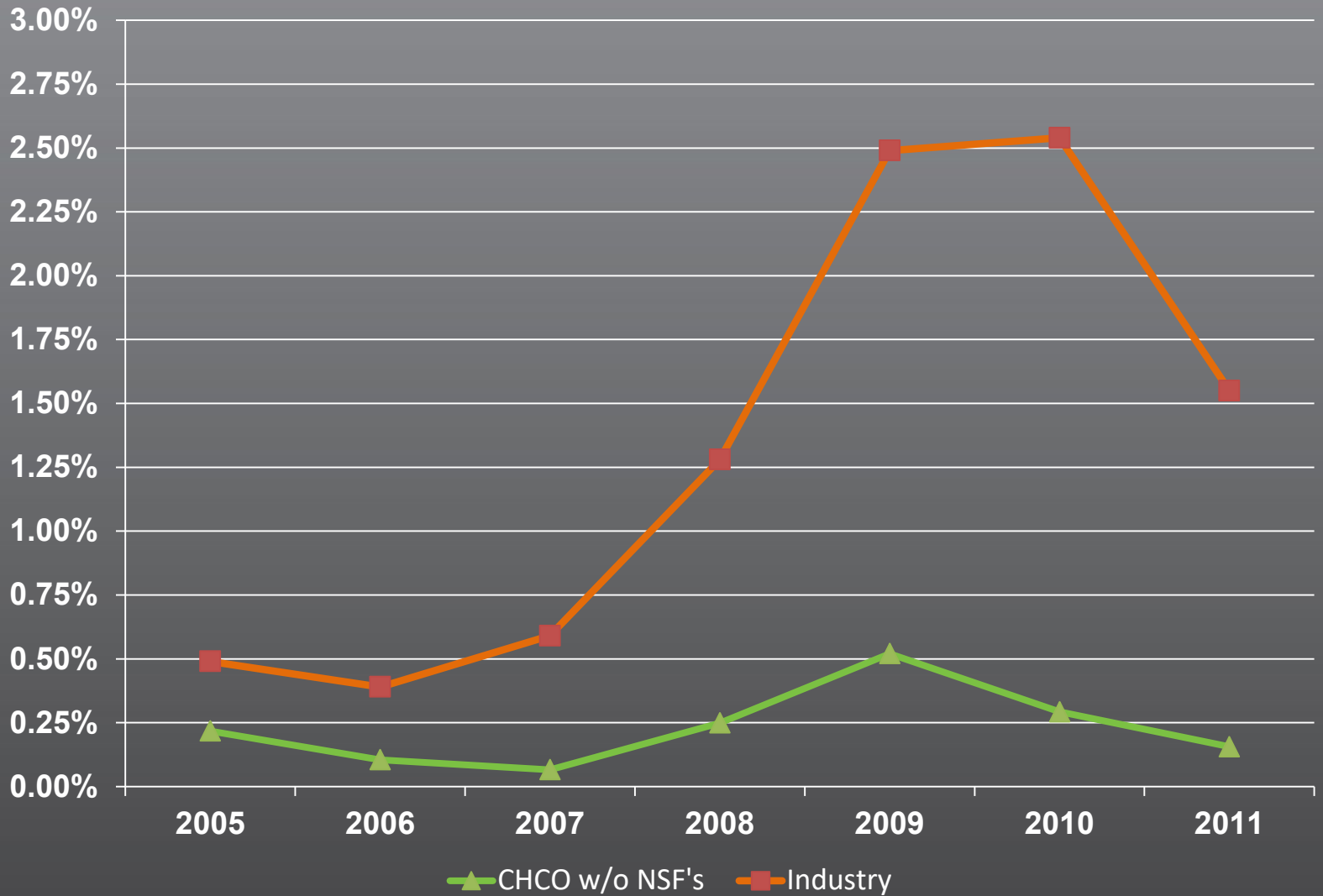
Market	Population	Projected Population Change 2020-2025	Median Household Income	Projected Change in HHLI Income 2020-2025
Charleston/Huntington/Ashland MSA	611,000	(2.3%)	\$46,000	4.5%
Beckley	162,000	(2.9%)	\$42,000	3.8%
Winchester/Martinsburg	397,000	4.1%	\$68,000	8.6%
Staunton-Waynesboro	160,000	2.6%	\$51,000	8.2%
Lexington KY Region	430,000	3.7%	\$55,000	9.4%
National Averages		3.3%	\$66,000	9.9%

Note: Green highlight indicates market expansion as a result of acquisitions.
Data: S&P Global MI

Analyst Expectations

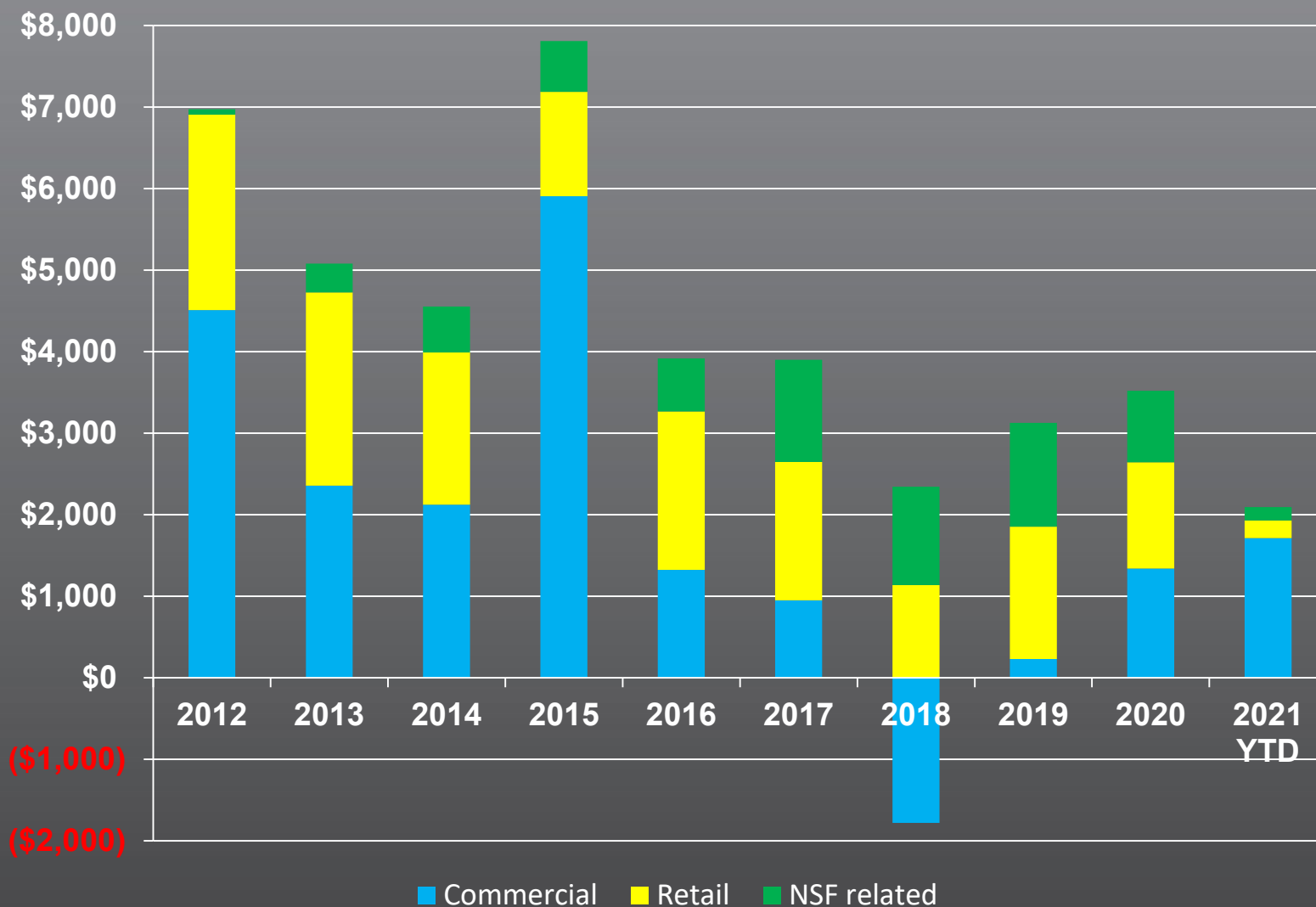
	2019	2020	2021 YTD	2021 Analyst Estimates	2022 Analyst Estimates
Net Int Income	\$161.4 MM	\$154.6 MM	\$75.5 MM	\$150.8 MM	\$151.7 MM
Provision/ (Recovery)	(\$1.3 MM)	\$10.7 MM	\$(2.4) MM	\$6.5 MM	\$8.0 MM
Non-Int Income	\$68.5 MM	\$82.7 MM (\$64.8 MM w/o Visa Sale)	\$34.1 MM	\$68.7 MM	\$72.0 MM
Non-Int Expense	\$117.6 MM	\$115.3 MM	\$59.4 MM	\$120.2 MM	\$123.7 MM
PTPP	\$112.2 MM	\$122.0 MM (\$104.2 w/o Visa)	\$55.0 MM	\$99.3 MM	\$99.9 MM
Tax Rate	21.3%	19.5%	20.2%	21.3%	21.4%
Net Income	\$89.4 MM	\$89.6 MM (\$75.9 w/o Visa)	\$42.0 MM	\$73.0 MM	\$72.3 MM

Charge-offs During Last Recession (w/o DDA Charge-offs)



Source: FDIC, All Insured Depository Institutions

Net Charge-off Details: 2012-2021



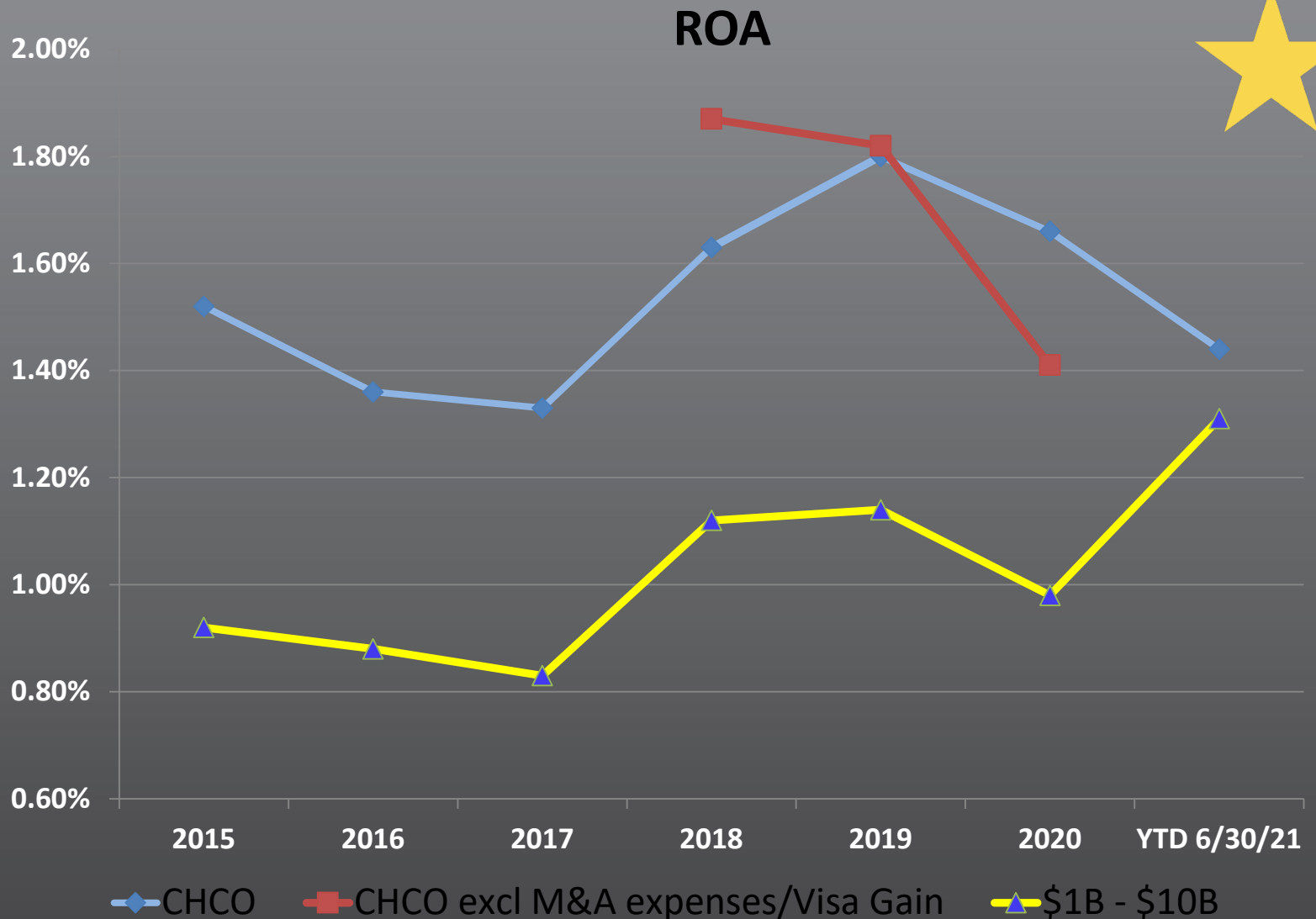
2021 Opportunity: Rising Rates?

Immediate Basis Point Change in Interest Rates	Estimated Increase or Decrease in Net Income between 1-12 months
+400 Bp	+27.5%
+300 Bp	+25.3%
+200 Bp	+20.5%
+100 Bp	+12.1%

Assumes that deposit mix changes as rates rise

Data: March 31, 2021

CHCO: A perennial high-performing bank



Source - S&P Global MI. Peer data as of March 31, 2021.

Why is CHCO Highly Valued?

- **Proven Conservative Lender**
- Exceptionally Strong Retail Franchise
- **Acquisitions are Accretive and Strategic**
- Profits are Strong and Stable
 - In low interest rate environments, **fee income** and **efficiency** matter: **City is exceptional at both**

DEPOSIT FRANCHISE

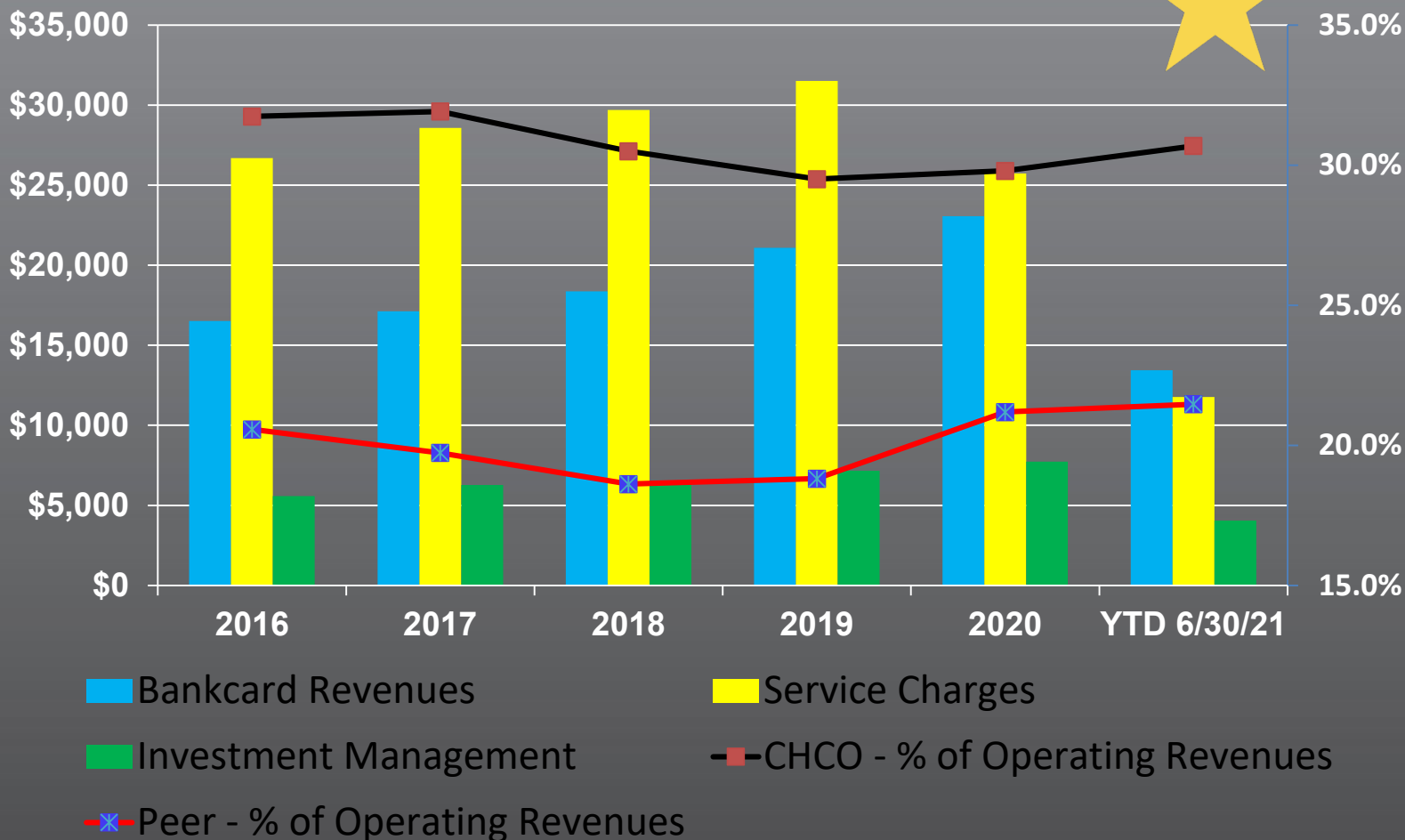


One key to City's enviable success

* - Excludes Lexington-Fayette KY Region

** - National Average of \$12,200 (based upon 2016 Federal Reserve Survey of Consumer Finance inflated 5% to estimate 2021 averages)

Non-interest income is branch driven (and in turn driven by franchise depth):



Source - S&P Global MI.

Peer data as of March 31, 2021.

Sample of reporting publicly traded banks and thrifts with assets between \$1 and \$10 billion for each period, excluding investment gains/(losses).

Debit Card Revenues driven by Franchise Depth:



Parent Company	Ticker	Headquarter State	2020		
			Average Assets	Bank Card & Credit Card Interchange Fees	Card Revenue/Avg. Deposits
City Holding Company	CHCO	WV	\$5.3 B	\$21.2 M	0.49%
First Community Bank	FCBC	VA	\$2.9 B	\$10.4 M	0.43%
Peoples Bank	PEBO	OH	\$4.7 B	\$12.2 M	0.32%
WesBanco Bank, Inc.	WSBC	WV	\$16.4 B	\$14.0 M	0.12%/0.24%
Premier Bank, Inc.	PBFI	WW	\$1.3 B	\$1.8 M	0.16%
Summit Community Bank, Inc.	SMMF	WV	\$2.8 B	\$3.6 M	0.15%
Community Trust Bank, Inc.	CTBI	KY	\$4.8 B	\$2.1 M	0.05%
United Bank	UBSI	VA	\$24.1 B	\$4.1 M	0.02%/0.04%

- Caveat: Banks over \$10 B shown in red with pre- and post-Durbin impact
- Median for all banks – 0.15%
- Source - S&P Global MI.

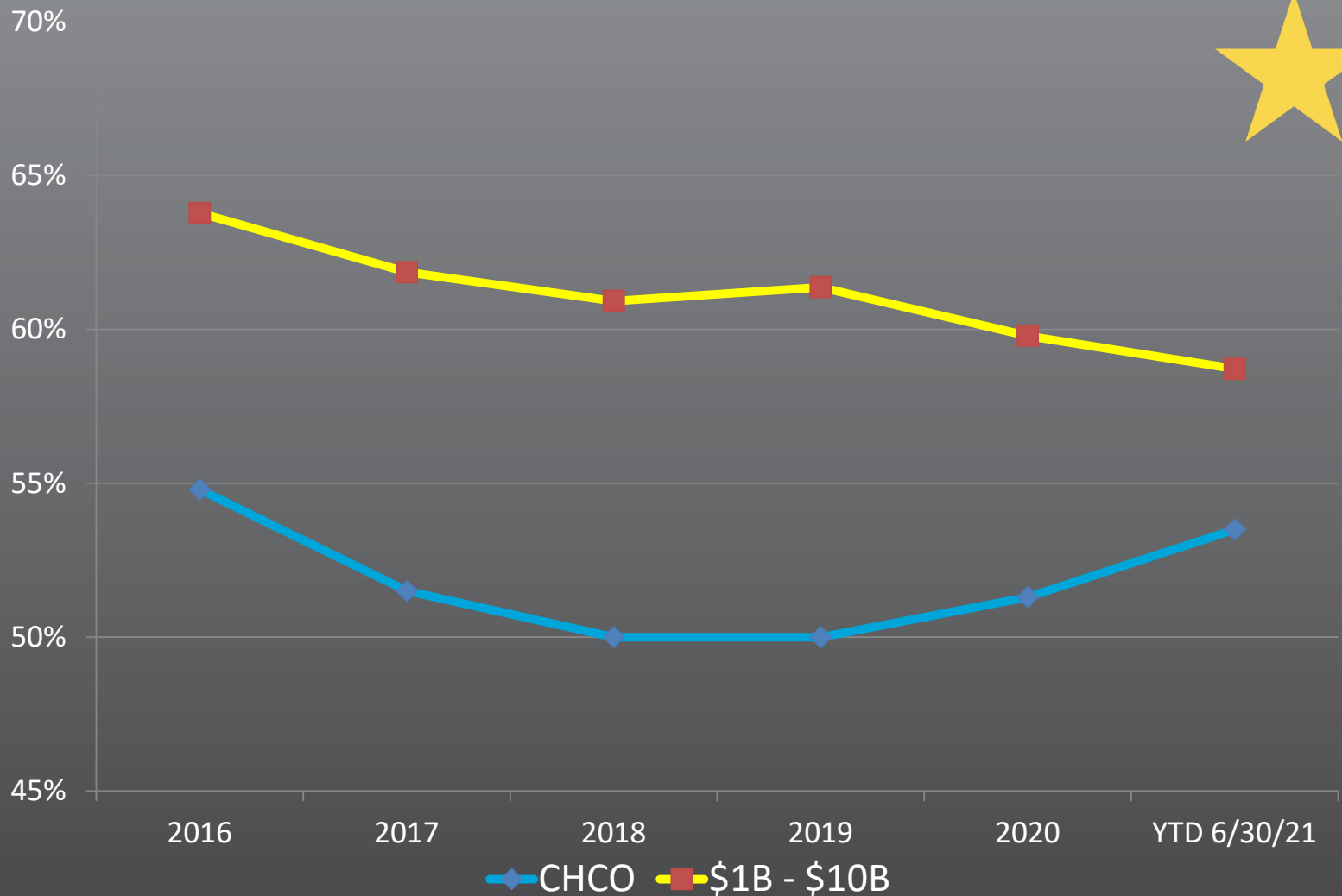
City's Exceptional Retail Strength Depends on Branch Distribution

Market	Deposits (\$mm)	Deposit Share	Branches	Branch Share	Household Share
Charleston, WV	\$807	14.0%	13	28.3%	39.5%
Huntington, WV	499	12.5%	10	16.4%	27.4%
Ashland, KY	566	23.3%	12	22.6%	40.7%
Beckley, WV	530	24.0%	9	28.1%	31.8%
Lewisburg, WV	323	37.8%	7	35.0%	70.3%
Staunton, VA	292	11.6%	8	15.7%	13.0%
Martinsburg, WV	319	12.9%	7	20.6%	23.0%

Note: Household share as of 12/31/20.
Other data as of 6/30/21.

Efficiency Ratio

low despite a large number of small branches

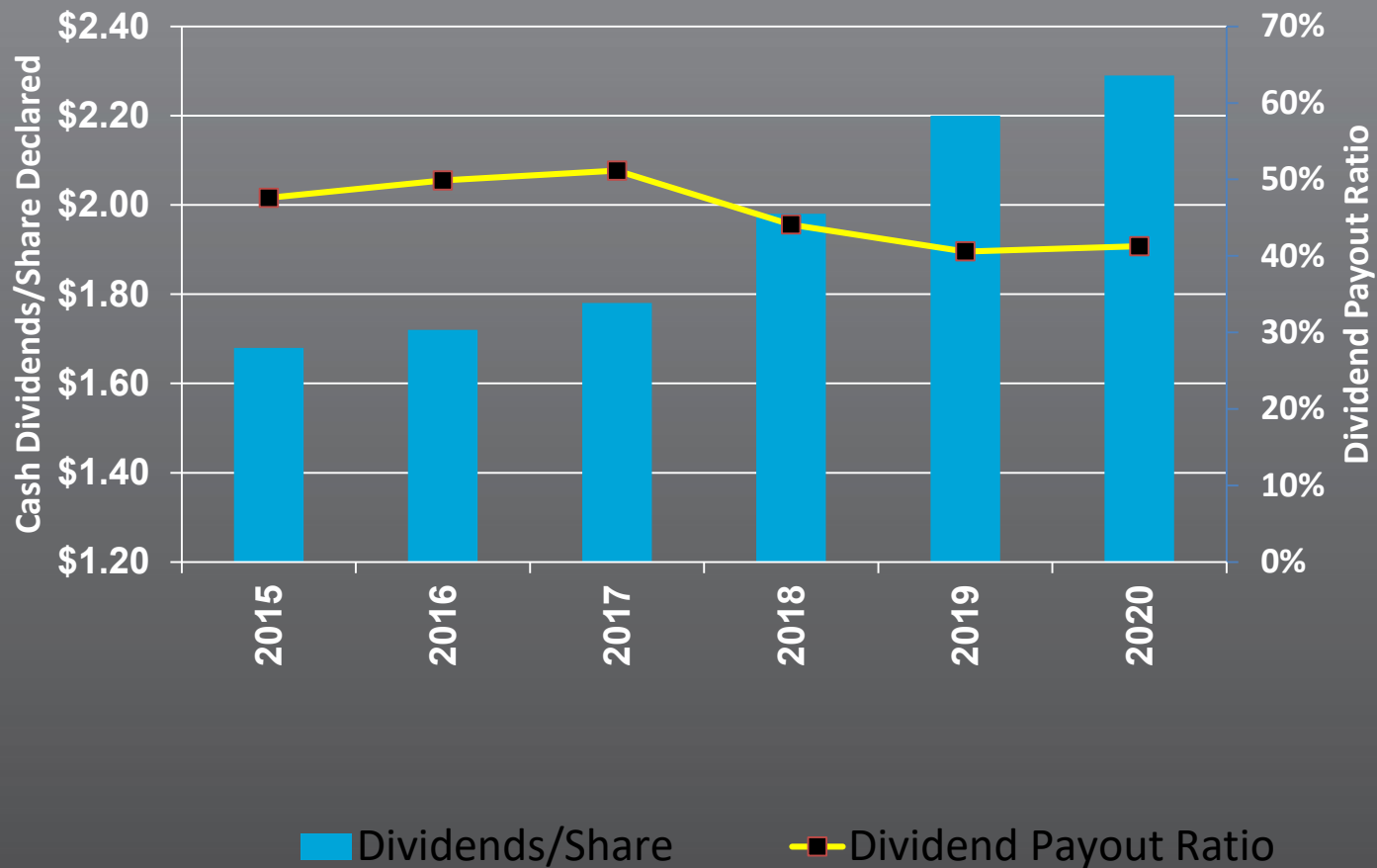


- Data as calculated using S&P Global MI definition.
- Peer data as of March 31, 2021.

Capital Management: A Long-term Core Competency

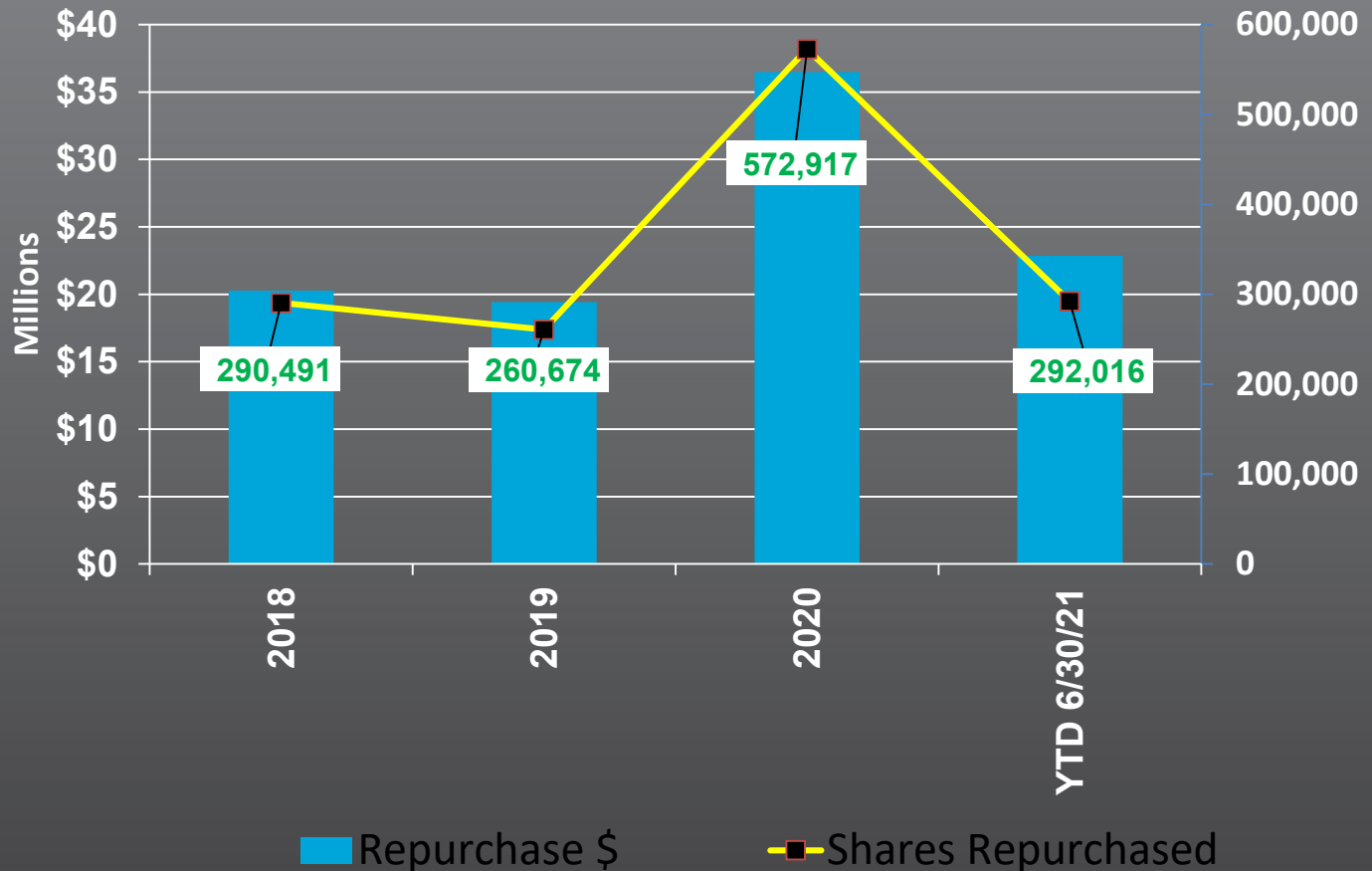
- **CHCO generates more capital than average**
- **Allows CHCO to steadily increase TCE while balancing shareholder value:**
 - **History of increasing cash dividends**
 - **Active share repurchase program**
 - **Cash acquisition ?**

Cash Dividends/Share Declared & Dividend Payout Ratio

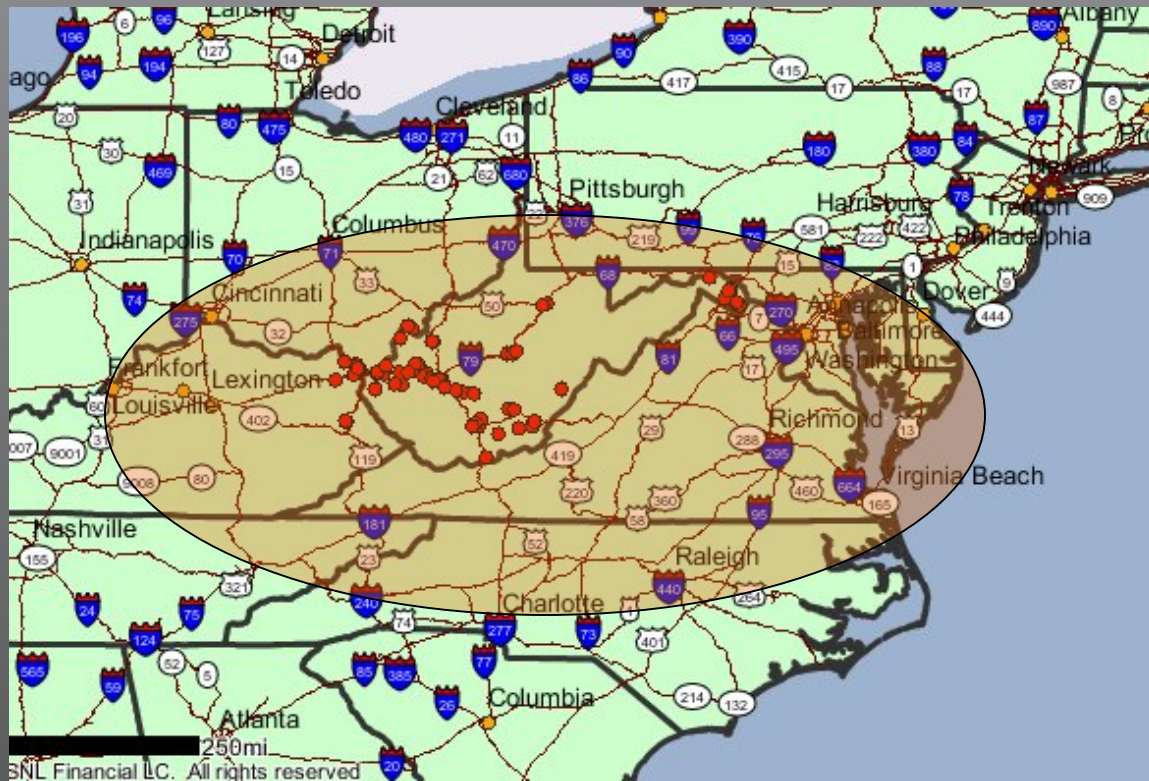


Share Activity:

City's strong capital and high profitability have allowed aggressive share repurchases



Acquisition territory:



Small Community Banks will struggle with lower net interest income, asset quality challenges, lack of scale, and limited liquidity for their stock. Underperforming small banks may be interested in joining a stronger partner rather than to continue to perform poorly. City is well positioned to acquire select franchises.

Bottom Line: **CHCO** is a Simple Model

Incredible Core Banking Franchise
Well Managed (Expenses, Asset Quality, Etc.)
Disciplined Growth Strategy focused on
shareholders, customers and community
service



City Holding
Company



Highly Profitable

Allows Strong Dividends & Accretive Share Repurchases

CHCO represents excellent value and stability

- **Pricing Metrics***:
 - **Price to Book** 168%
 - Price to Tangible Book 203%
 - **Price to 2021 Projected Earnings**** 16.1x
- Dividend Yield 3.10%
- **Div Payout Ratio**** 50%
- Tangible Capital/Tangible Assets *** 10.0%
- **Institutional Ownership** 65%
- Average Daily Volume \$4.8 mil

* Based on Price of \$75.33 (7/28/21)

** Based on average of 5 analysts covering CHCO estimate of \$4.68 for 2021 (as of 7/28/21)

*** June 30, 2021

- Questions?