

City Holding Company



City Holding
Company

Davidson
22nd Annual Financial
Institutions Conference
May 6, 2020

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, 2018 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.

City was very proud to recently announce that for the 3rd consecutive year, we were awarded the highest ranking in customer satisfaction in the North Central District by JD Power (IN, OH, KY, MI, WV).



2018



2019



2020



Overview

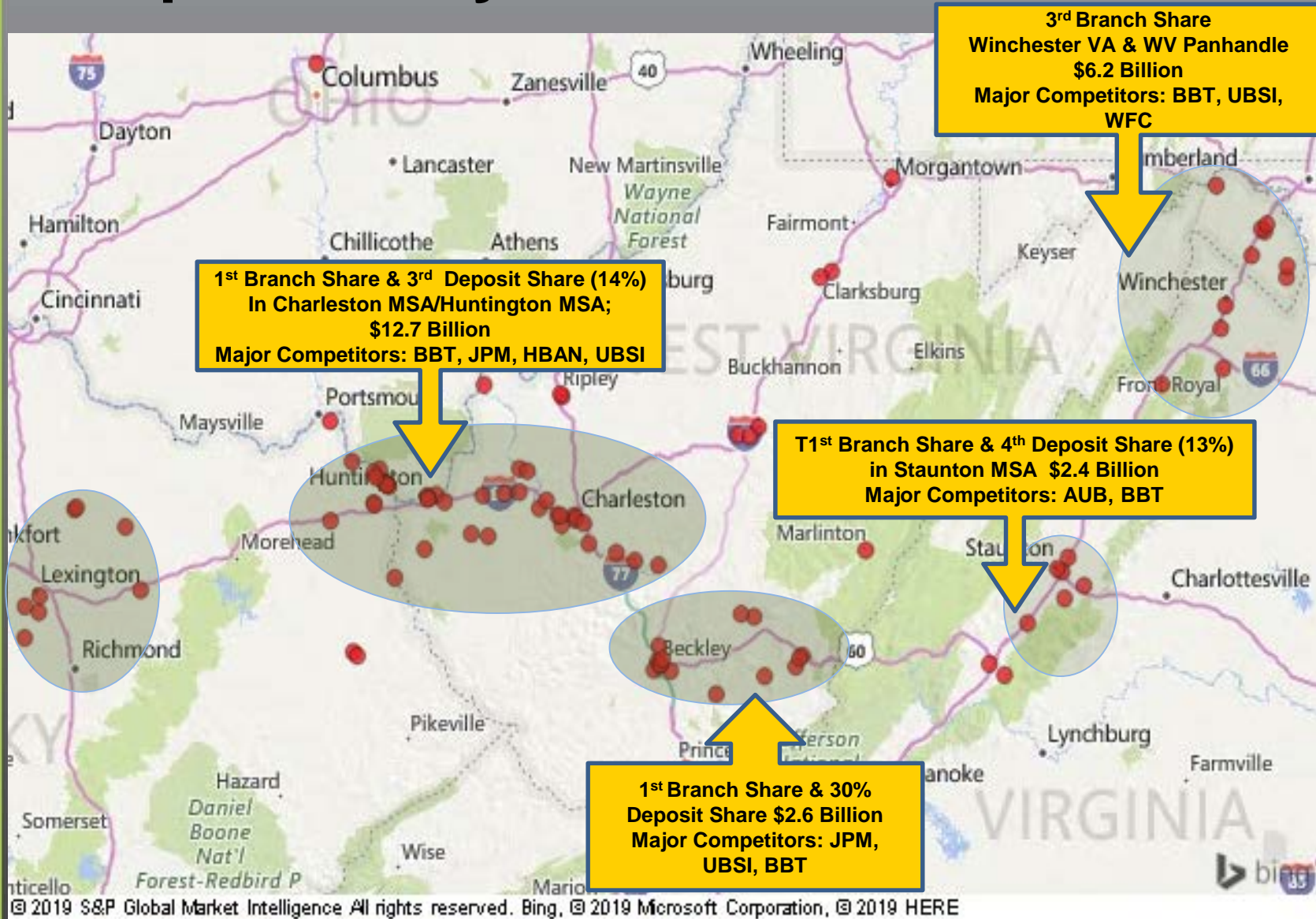
Skip Hageboeck
CEO & President

David Bumgarner
EVP & CFO

- Total Assets \$5.1 billion
 - Branches 95
 - FTE 921
 - Market Cap \$1.0 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

Date: May 1, 2020

Snapshot: City National Markets



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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 | \$1,729 | 14% | 36 | 20% | 1 |
| Beckley/Lewisburg WV | 162,000 | 783 | 30% | 16 | 25% | 1 |
| Winchester/Martinsburg | 397,000 | 424 | 7% | 11 | 10% | 3 |
| Valley Region | 160,000 | 270 | 11% | 8 | 15% | 1 (tie) |
| Lexington KY Region | 430,000 | 259 | 3% | 7 | 4% | 9 |

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 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

Deposits mostly in WV and E. KY

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



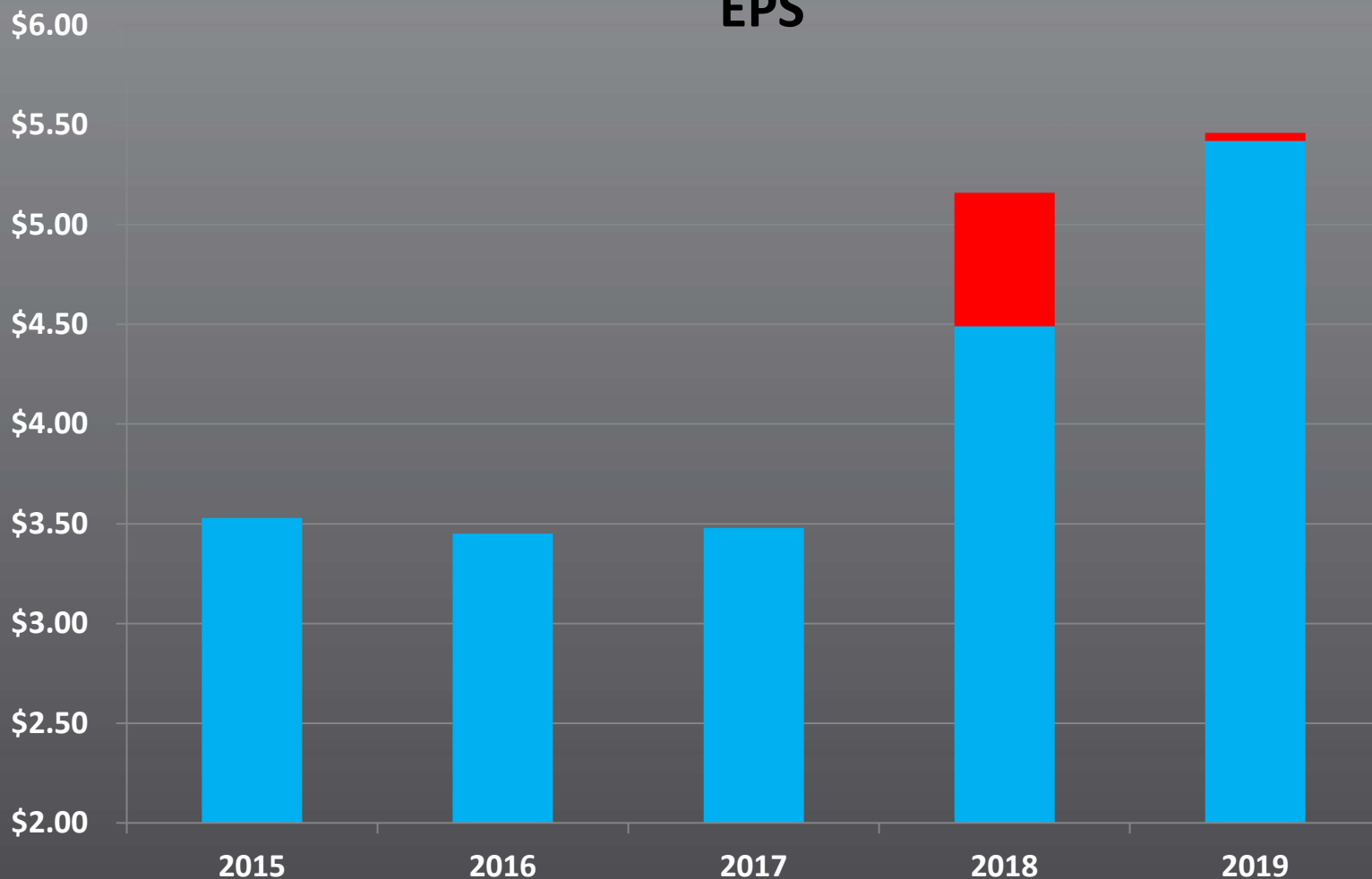
Diversified Commercial Loan Portfolio

| 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> | 15% |
| Charlotte LPO – <i>de novo 2006</i> | 10% |
| Lexington, KY – <i>acquired 2015</i> | 17% |
| Columbus, OH & Pittsburgh PA | 12% |

CHCO: A perennial high-performing bank



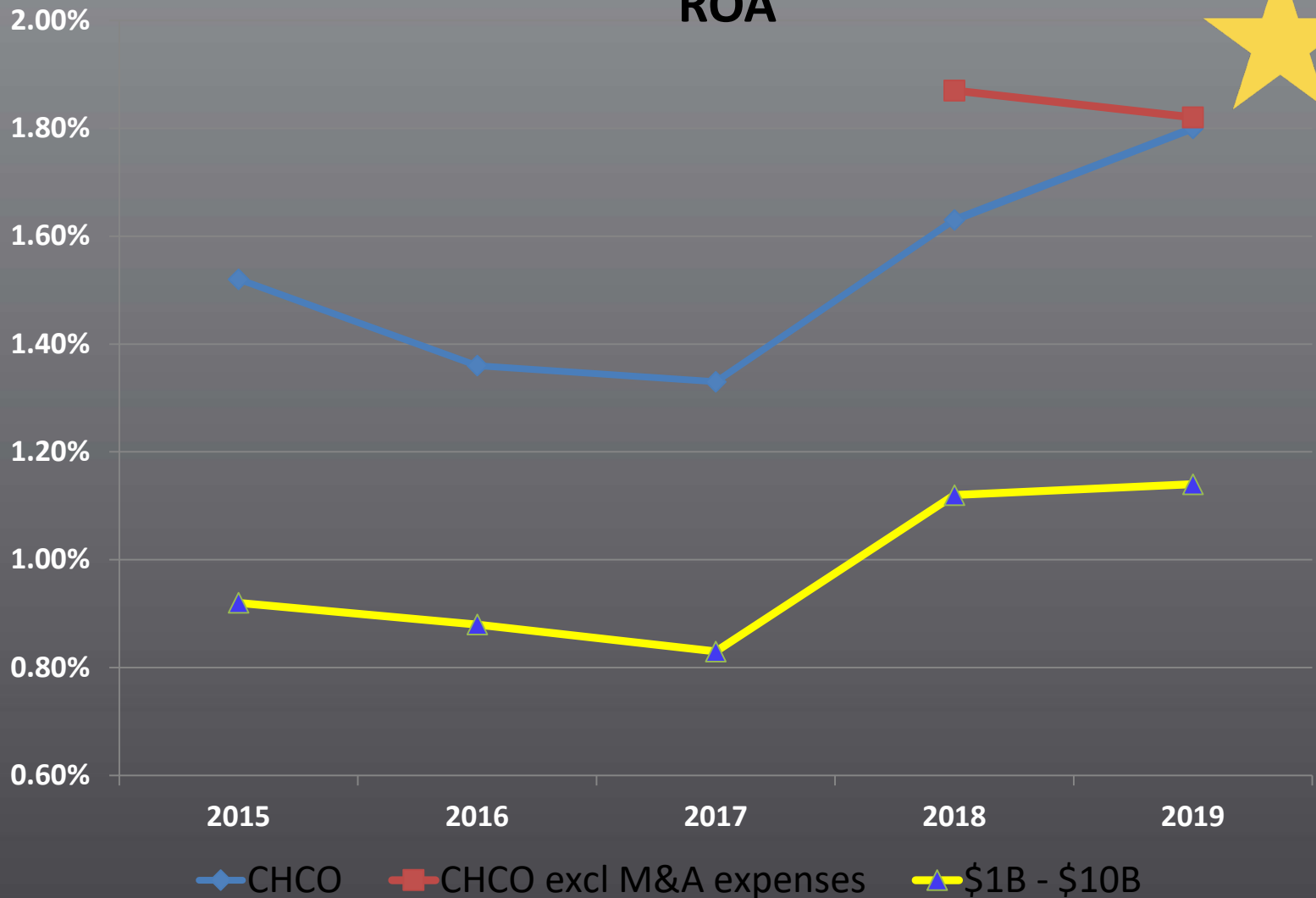
EPS



■ CHCO ■ CHCO excl M&A expenses

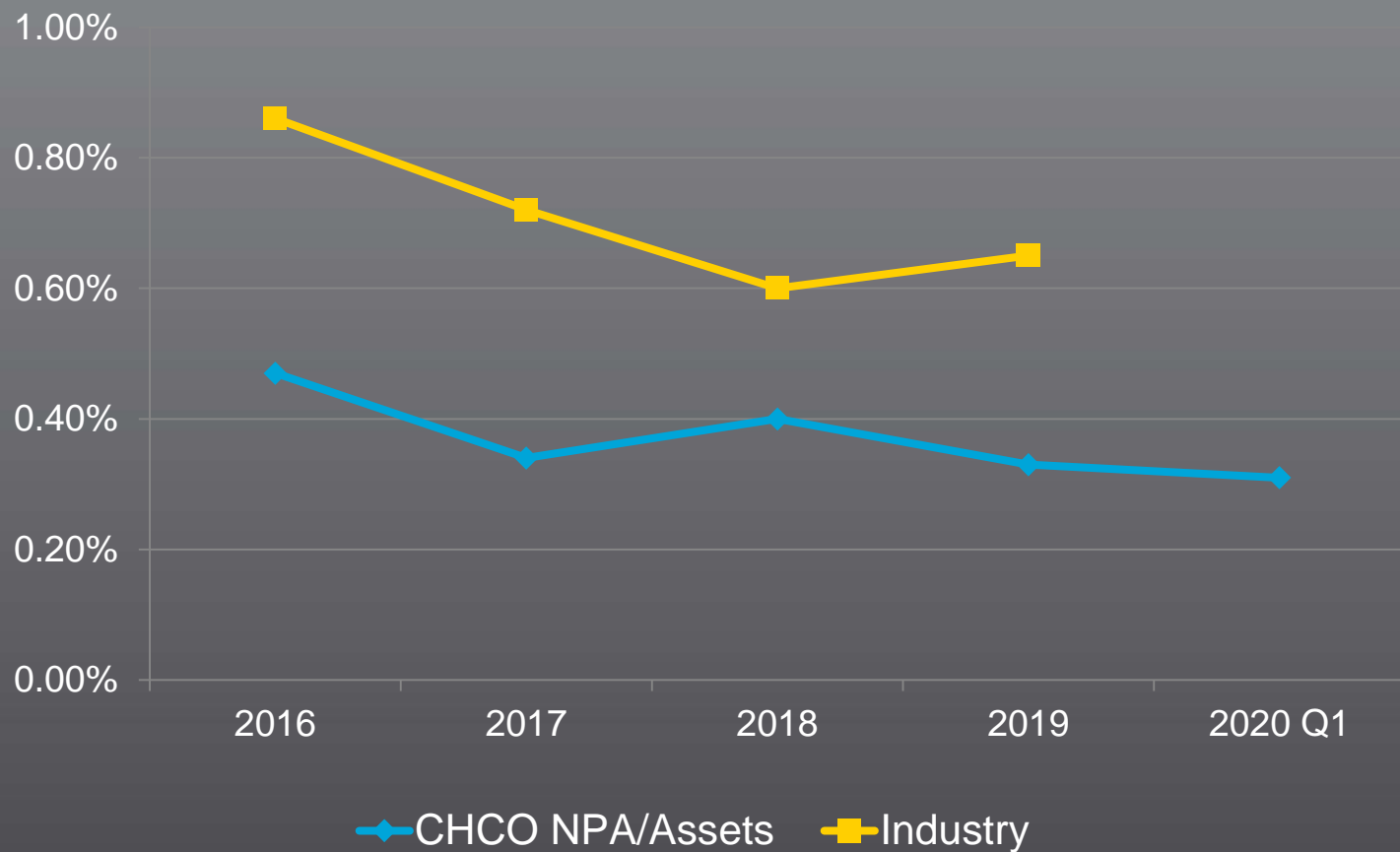
CHCO: A perennial high-performing bank

ROA



Source - S&P Global MI.

A long history of strong asset quality at CHCO



Source: FDIC, All Insured Depository Institutions
Peer data as of December 31, 2019

Efficiency Ratio

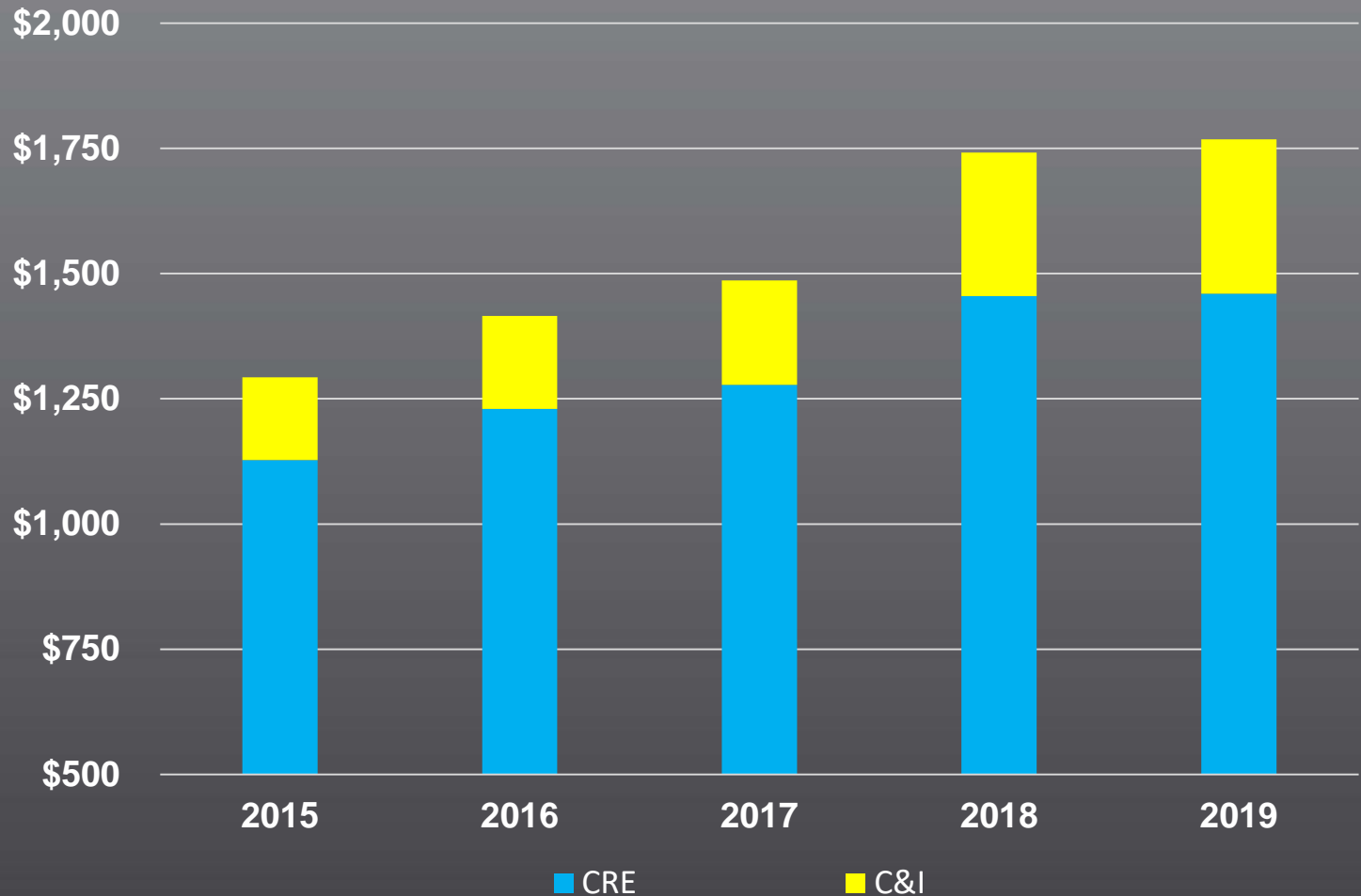
low despite a large number of small branches



•Data as calculated using S&P Global MI definition.

Commercial loan growth:

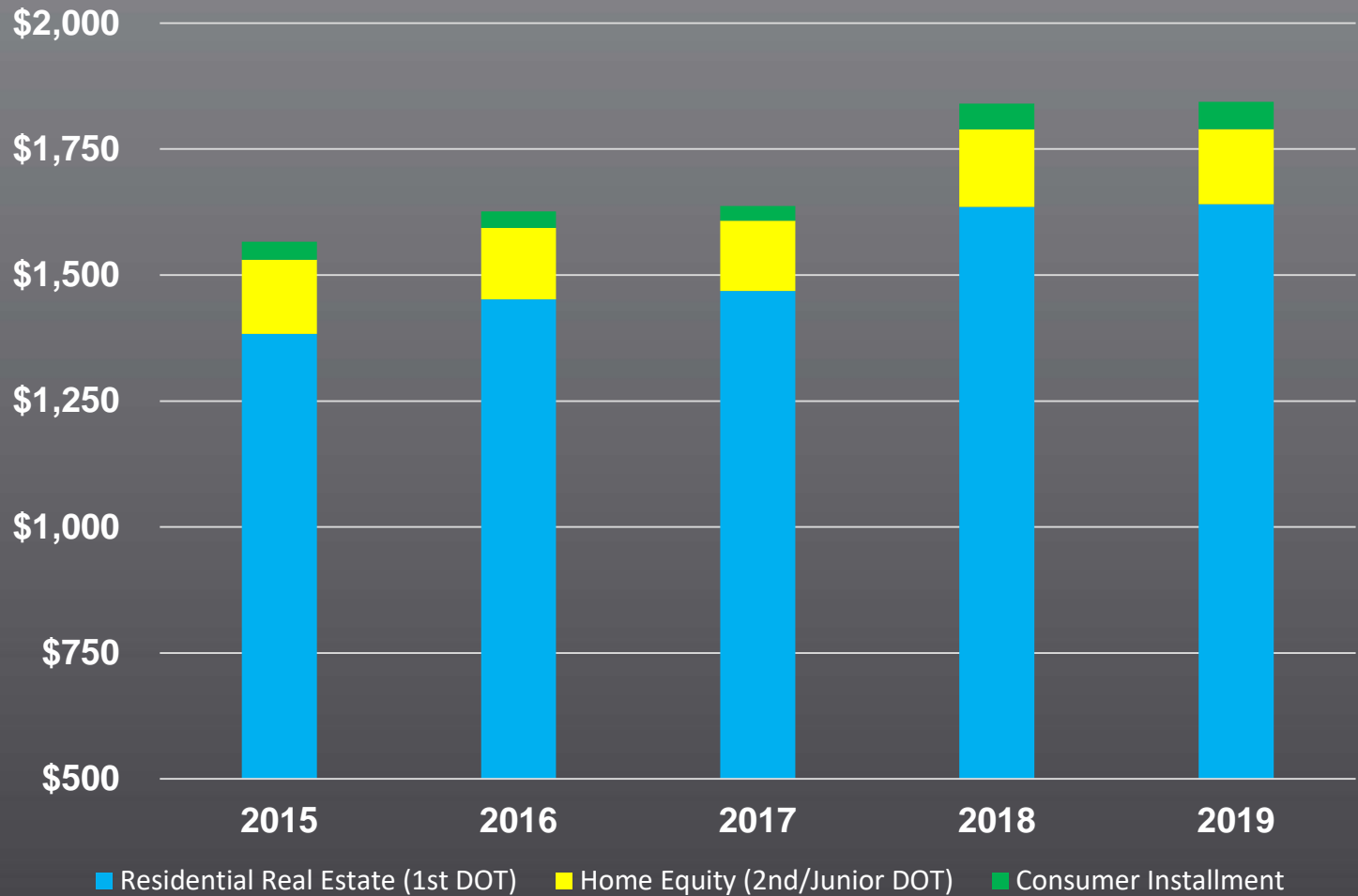
Success achieved due to community bank orientation, strong team, strong underwriting, and exposure to new higher growth markets.



Retail loans



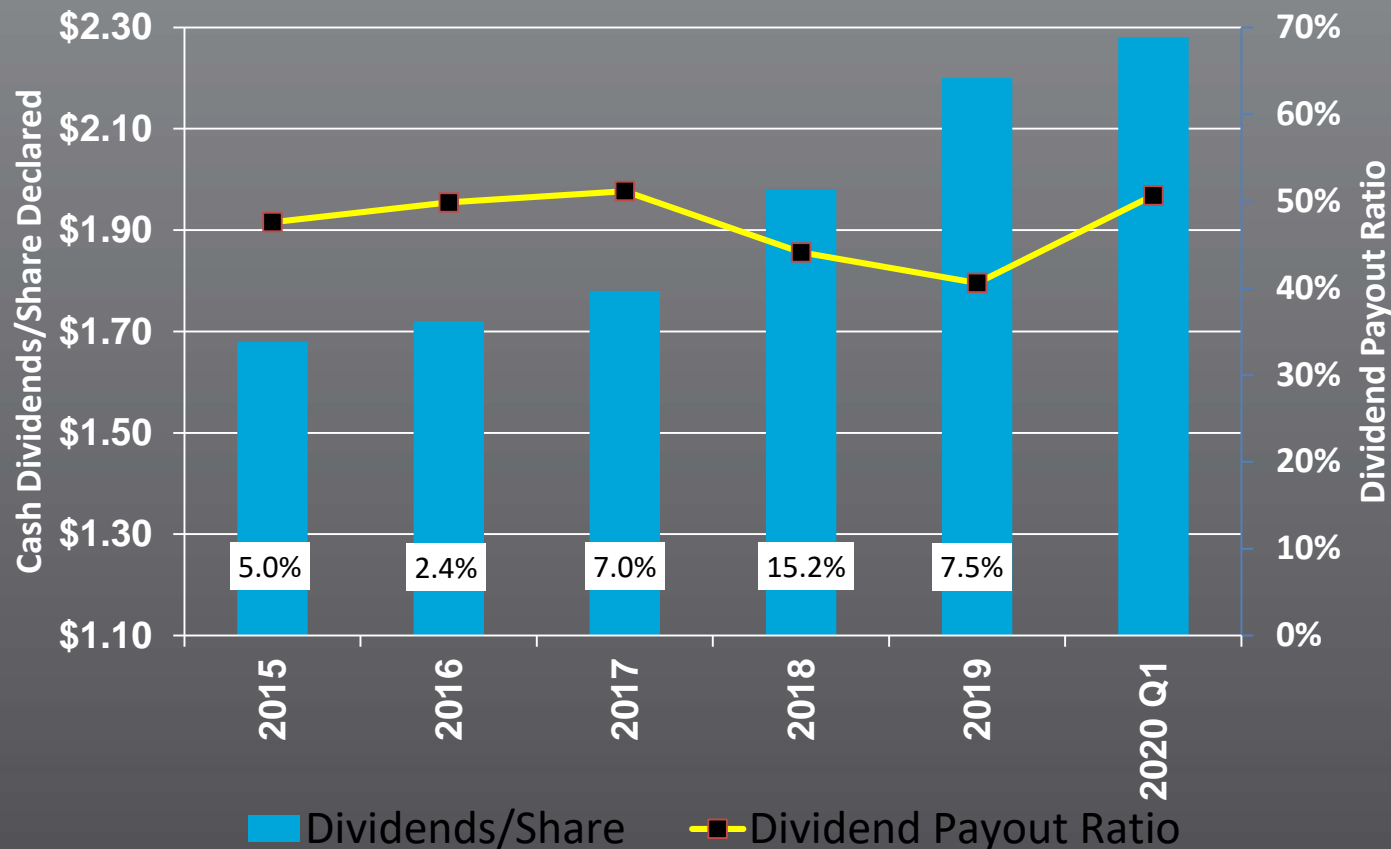
Primarily residential related – demonstrates long-term steady and predictable growth; Recent challenges due to flat yield curve



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

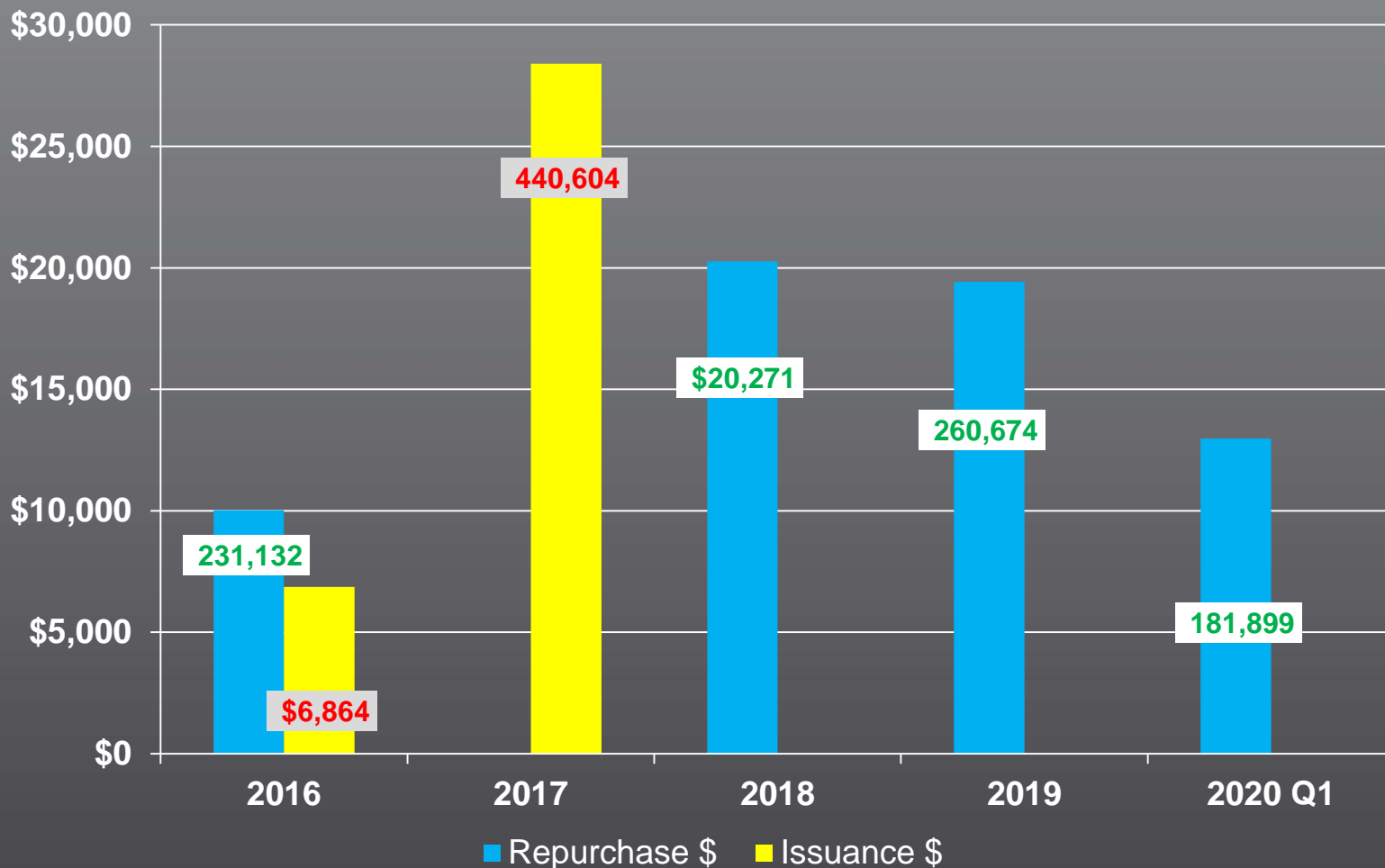


2020 projected dividend payout ratio (51%) is based on average of 5 analysts covering CHCO estimate of \$4.50 for 2020 (as of 5/1/2020). City is neither adopting nor endorsing earnings estimate, but merely utilizing it for comparative purposes.

Percentages are indicative of year over year quarterly cash dividend increase.

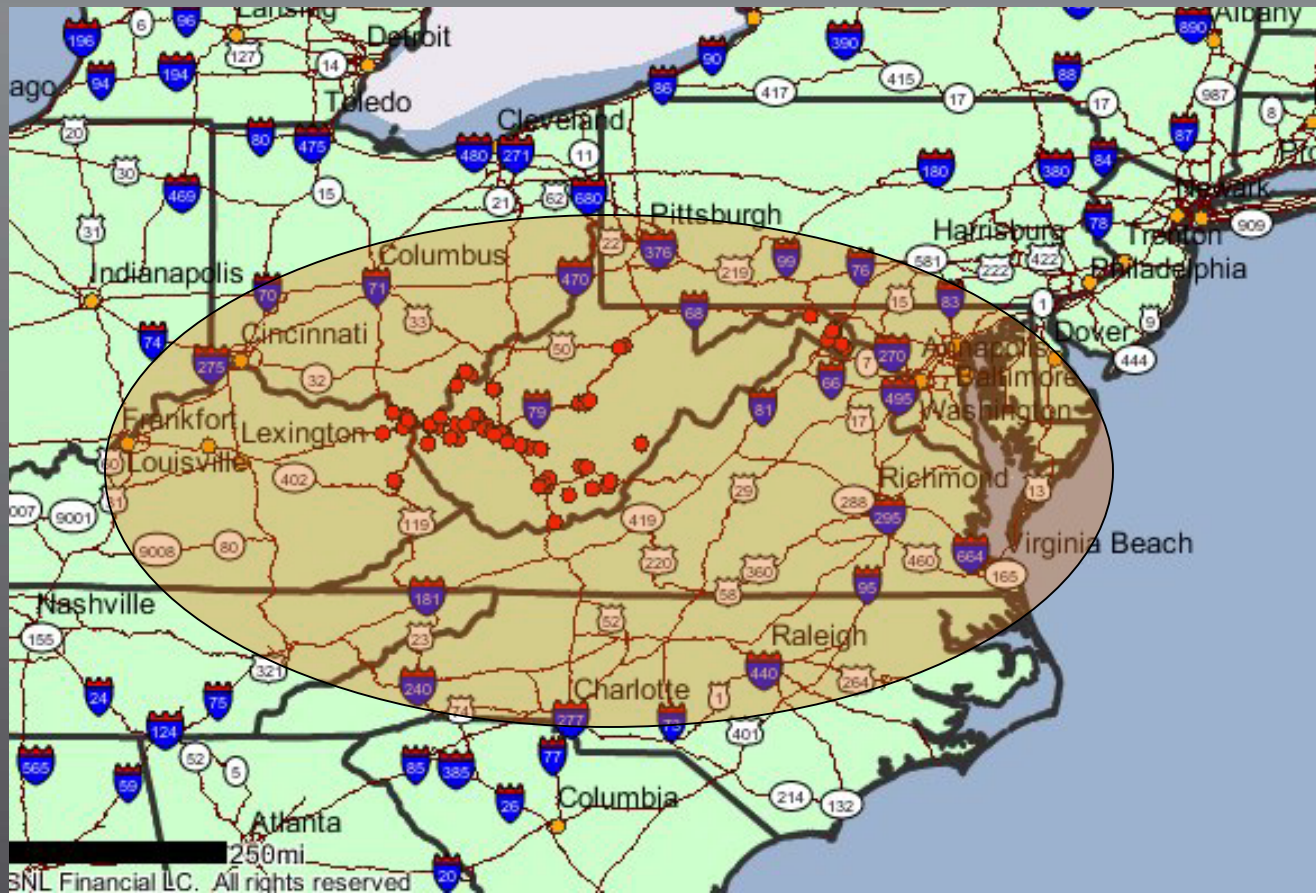
Share Activity:

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



Labels represent shares repurchased or issued.

Acquisition territory:



Acquisition philosophy:

- **Actively looking for strong franchises**
- Generally \$100MM to \$1B
- **Most likely in WV, VA, KY**
- Less acquisitive than peers because City:
 - **Insists that combinations be accretive**
 - Have compatible cultures
 - **Have a strategic rationale**

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

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



Highly Profitable



**Allows Strong Dividends & Accretive Share
Repurchases**

CHCO represents excellent value and stability

- **Pricing Metrics***:
 - Price to Book 152%
 - Price to Tangible Book 185%
 - Price to 2020 Projected Earnings** 14.4x
- Dividend Yield 3.37%
- Div Payout Ratio** 52%
- Tangible Capital/Tangible Assets *** 11.4%
- Institutional Ownership 67%
- Average Daily Volume \$5.1 mil

* Based on Price of \$64.71 (5/1/20)

** Based on average of 5 analysts covering CHCO estimate of \$4.50 for 2020 (as of 5/1/2020). City is neither adopting nor endorsing earnings estimate, but merely utilizing it for comparative purposes.

*** March 31, 2020



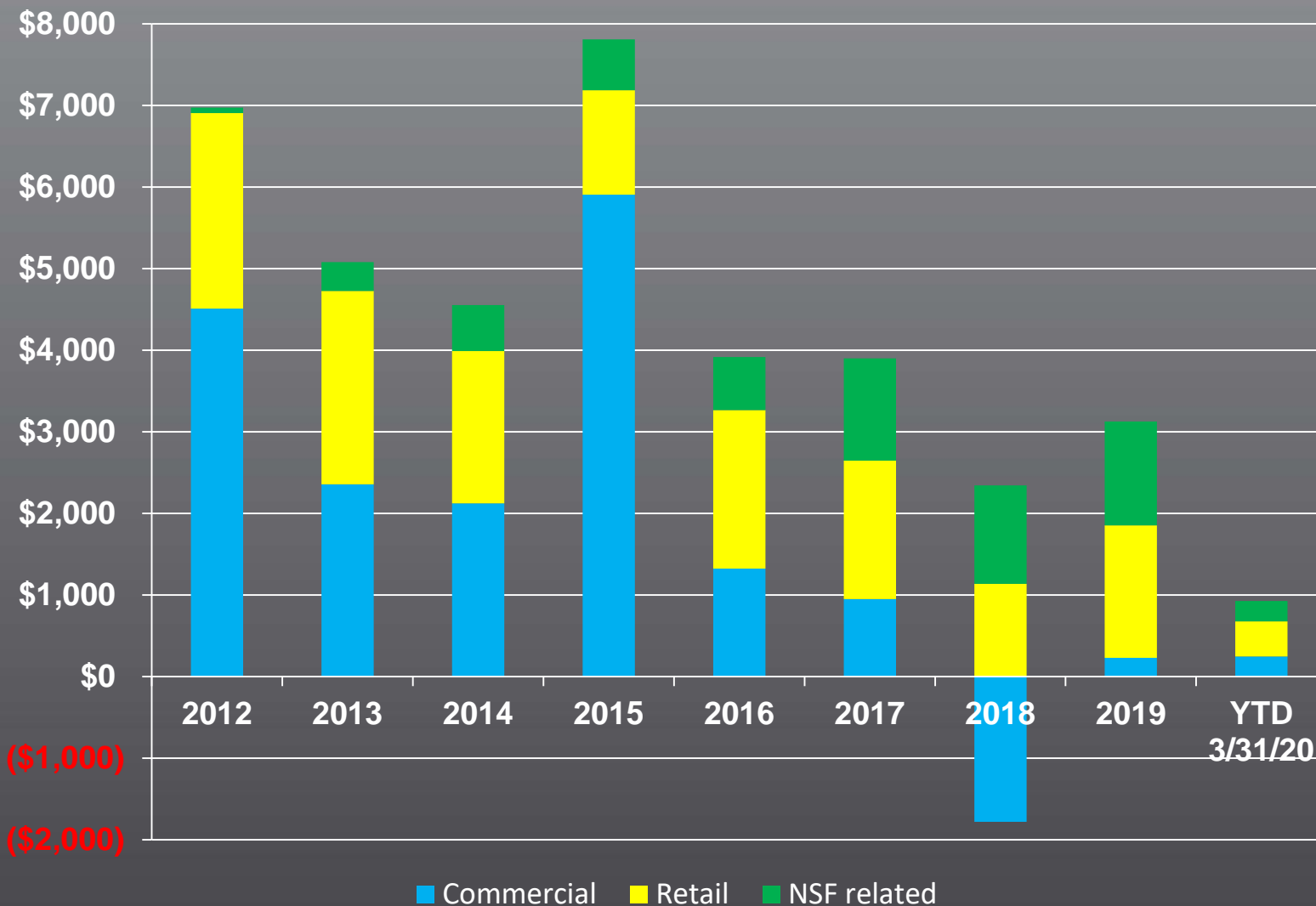
Asset Quality

Tim Whittaker
Chief Credit Officer
Senior Vice President

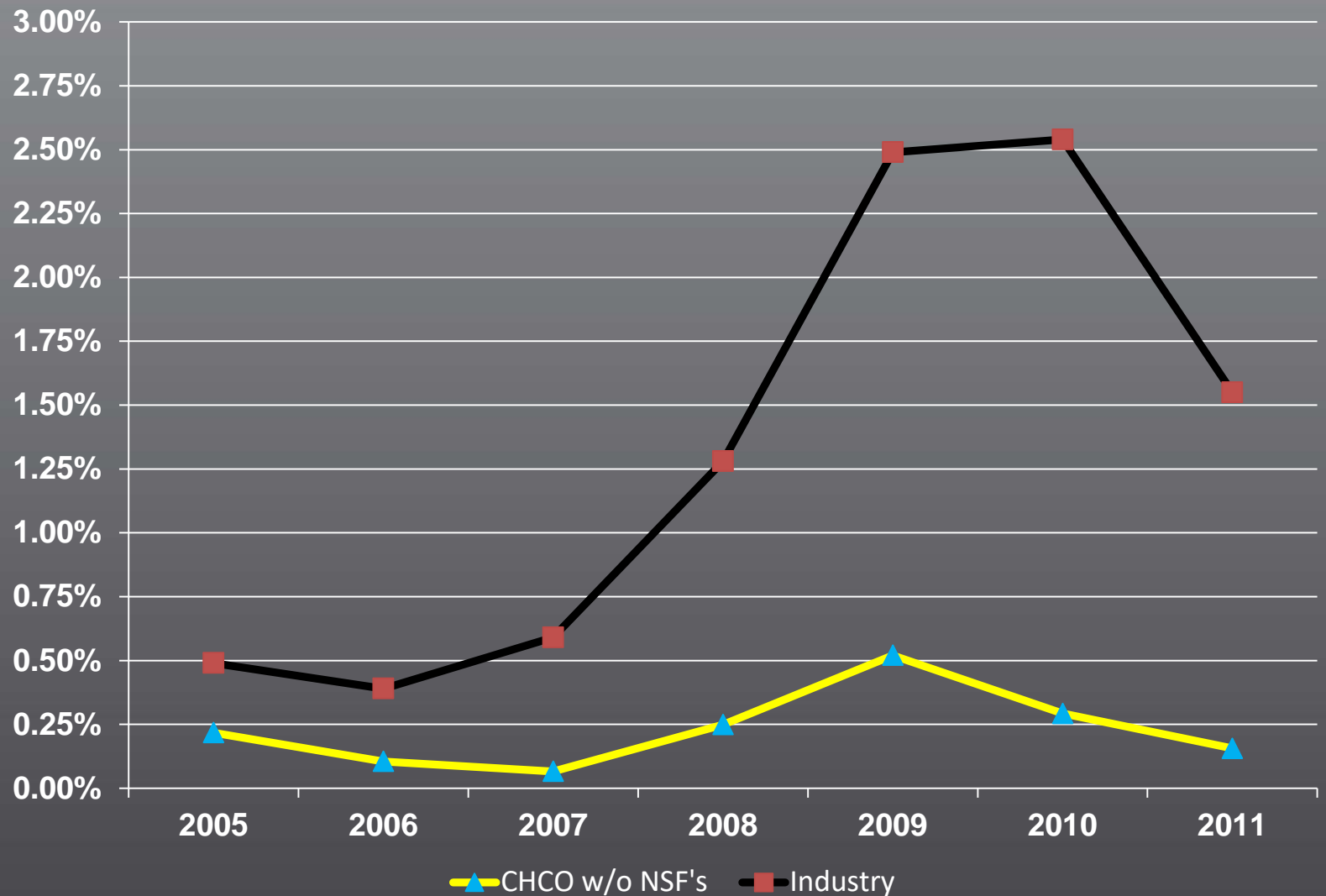
CECL: Allowance Allocation & Progression

| | 12/31/19 | CECL Adj. | Provision | Charge- Offs | Recoveries | 3/31/20 | % of Loans O/S |
|------------------------------------|----------|--------------|-----------|-----------------|------------|----------|-------------------|
| Commercial & Industrial | \$2,059 | \$1,715 | \$2,149 | \$(77) | \$9 | \$5,855 | 1.90% |
| Commercial Real Estate | 2,606 | 3,254 | 3,709 | (383) | 203 | 9,389 | 0.64% |
| Residential Real Estate | 3,448 | 2,139 | 1,759 | (483) | 95 | 6,958 | 0.43% |
| Home Equity | 1,187 | (598) | 111 | (45) | 47 | 702 | 0.48% |
| Consumer | 975 | (810) | 110 | (55) | 13 | 233 | 0.43% |
| DDA Overdrafts | 1,314 | 60 | 134 | (703) | 451 | 1,256 | 39.58% |
| Total ACL | \$11,589 | \$5,760 | \$7,972 | \$(1,746) | \$818 | \$24,393 | 0.68% |

Net Charge-off Details: 2012-2020Q1



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



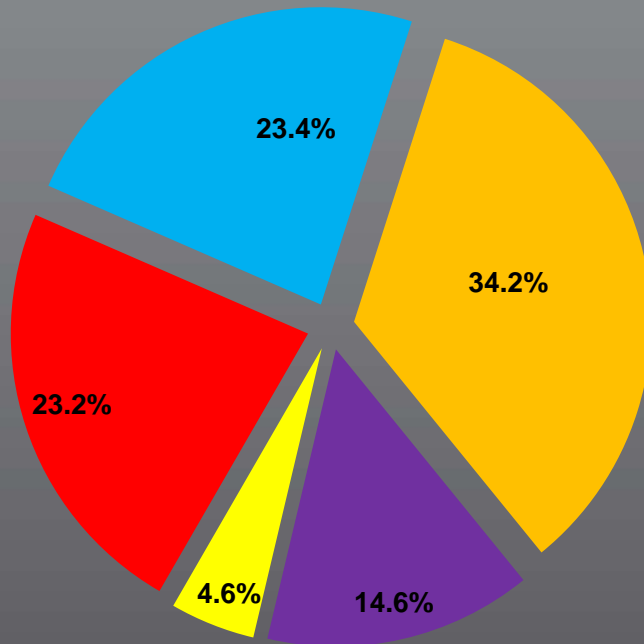
Source: FDIC, All Insured Depository Institutions

Exposure to Commercial Sectors Most Impacted by COVID-19

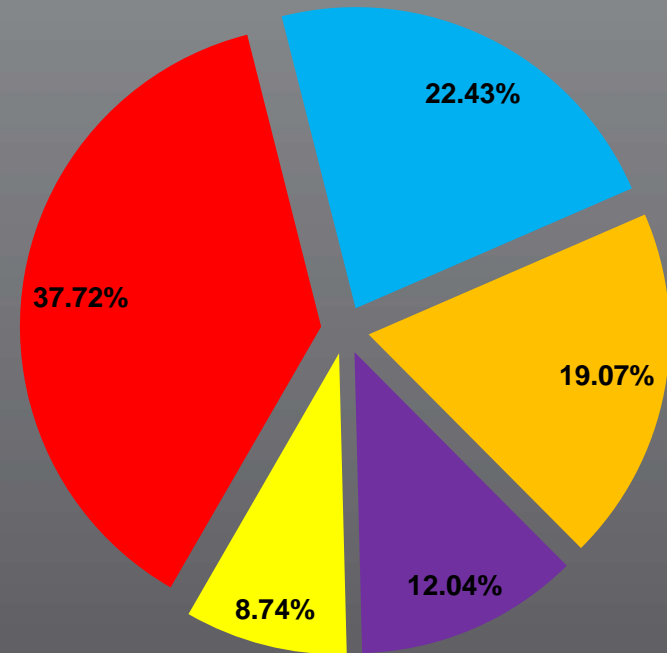
| | March 31, 2020 | | | | April 30, 2020 | March 31, 2020 | |
|--|-----------------------|--------|------------|-------|------------------|----------------|-------------|
| | <i>\$ in millions</i> | Pass | Criticized | Total | % of Total Loans | Deferments | Average DSC |
| Nonresidential Properties | \$428.1 | \$7.1 | \$434.2 | 12.0% | \$13.7 | 1.34x | 66% |
| Multi-Family Housing | \$325.6 | \$15.2 | \$340.8 | 9.4% | \$17.1 | 1.70x | 64% |
| Hotels & Motels | \$287.4 | \$7.3 | \$294.7 | 8.2% | \$222.4 | 1.73x | 58% |
| Skilled Nursing Care Facilities | \$58.3 | - | \$58.3 | 1.6% | \$27.8 | 1.75x | 75% |
| Natural Gas Production/Distribution | \$14.5 | - | \$14.5 | 0.4% | \$0.4 | 2.28x | 52% |
| Restaurants | \$12.6 | \$1.8 | \$14.4 | 0.4% | \$9.9 | 2.85x | 60% |
| Entertainment Establishments | \$13.9 | - | \$13.9 | 0.4% | \$13.9 | 2.71x | 70% |

- ~35% of Nonresidential Properties are Retail oriented w/1.36 DSC
- ~75% of Restaurants are fast food properties

Hotel Exposure



■ WV ■ KY ■ OH ■ VA ■ Other



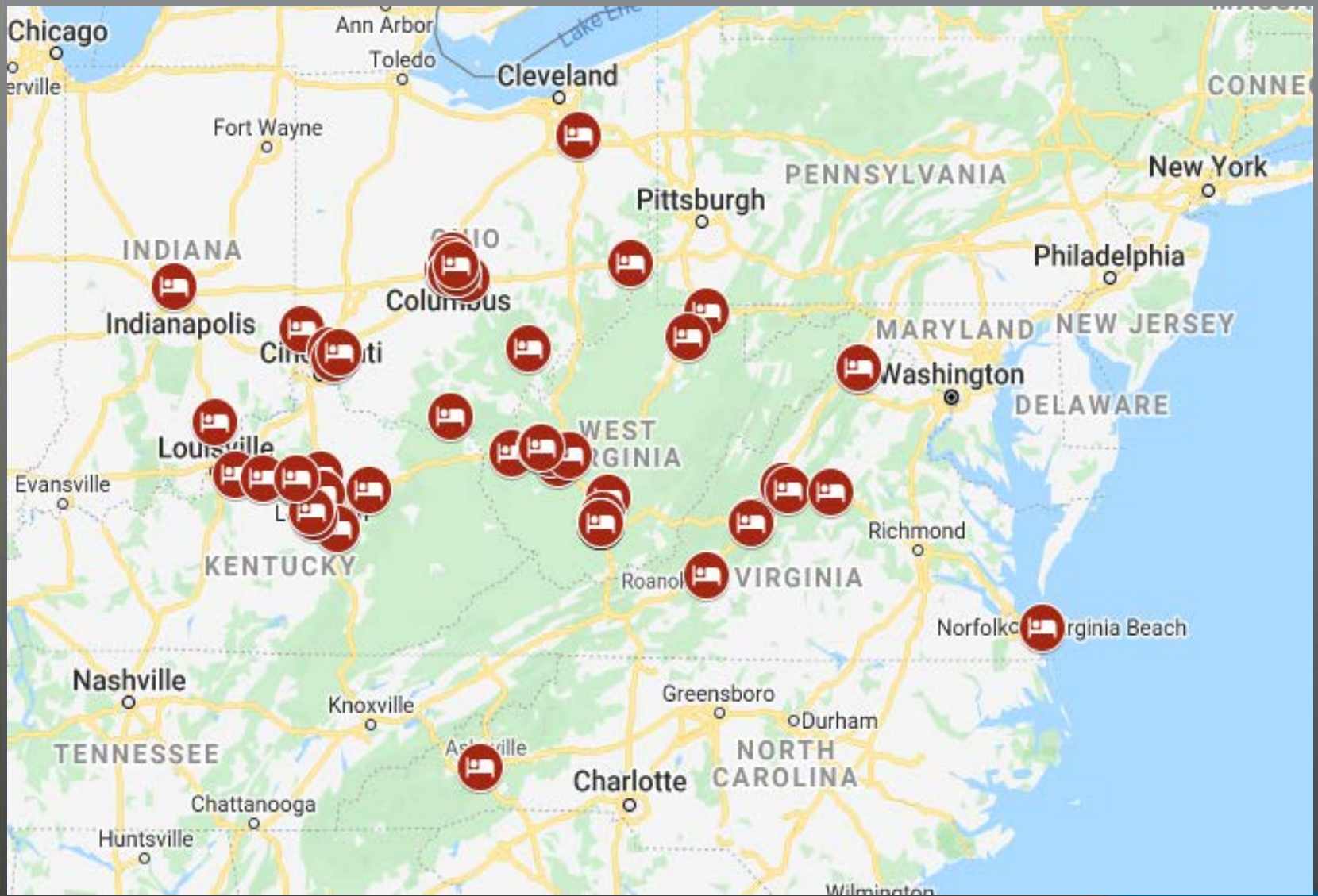
■ Hilton ■ Marriott
 ■ InterContinental ■ Choice Hotels
 ■ Other

- The average hotel loan balance is \$5.1 million.
- None of our hotel loans are “conference centers”.

Data is as of March 31, 2020

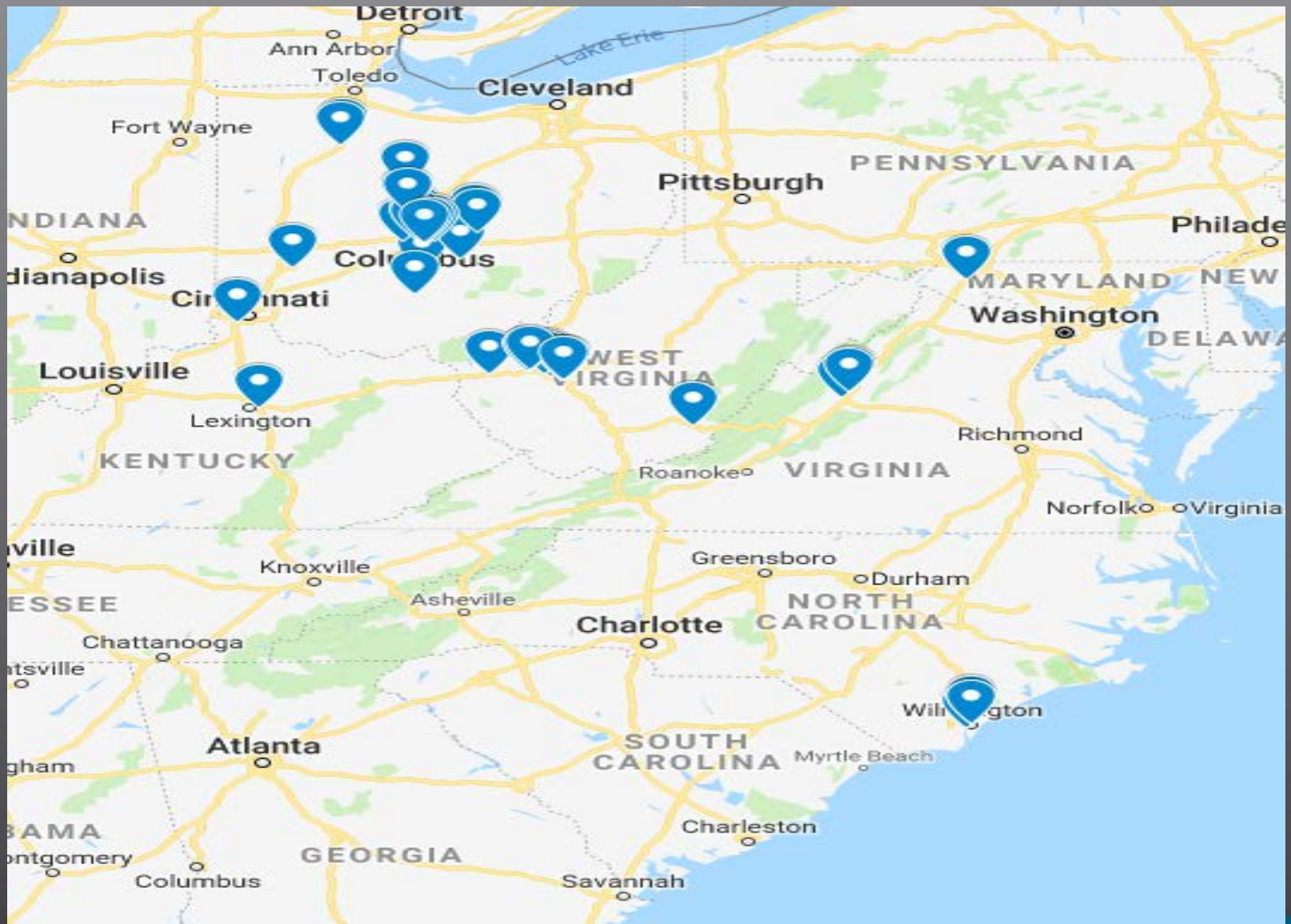
Hotel Exposure

Location Map



Multi-Family Housing Exposure

Location map





Retail Franchise Strength

Tim Quinlan
Senior Vice President
Branch Banking

COVID-19 Response

- Majority of in-person transactions being conducted at our drive-thrus, including opening new deposit accounts and loans
- Increased reliance on electronic customer delivery channels:
 - Interactive-teller machines (ITMs)
 - Automated-teller machines (ATMs)
 - Mobile banking platform
 - On-line banking platform
 - Interactive voice response system
- Approximately 50% of operations & administrative personnel working remotely
- Permitted customers or businesses who have been impacted by “stay at home” actions to defer loan payments up to six months
- No adverse reporting to credit bureaus for previously up-to-date customers
- Temporarily suspended foreclosures, evictions & repossessions
- Waived late fees for loan payments for customers who had previously been current
- Temporarily closed 7 of our 95 branches (no drive-thru facility)
- Participated in the SBA’s Payment Protection loan program.

Retail Activity Remains Strong

- **Retail mortgage volume was up over 7% YTD April 2020 compared to YTD April 2019**
- Our 95 branches opened an average of 24 new DDA's monthly in the first 4 months of 2020
- **We have opened 240 more new Commercial DDA accounts through April 30, 2020 compared to the same period for 2019 (over 24% increase)**
- New Retail DDA openings are down 3% for the first 4 months of 2020 compared to the same period in 2019
- **DDA closings are down over 600 as compared to the first 4 months of 2019 (7%)**
- Net new DDA openings saw an increase of 260 accounts compared to the first 4 months of 2019 (14%)

DEPOSIT FRANCHISE

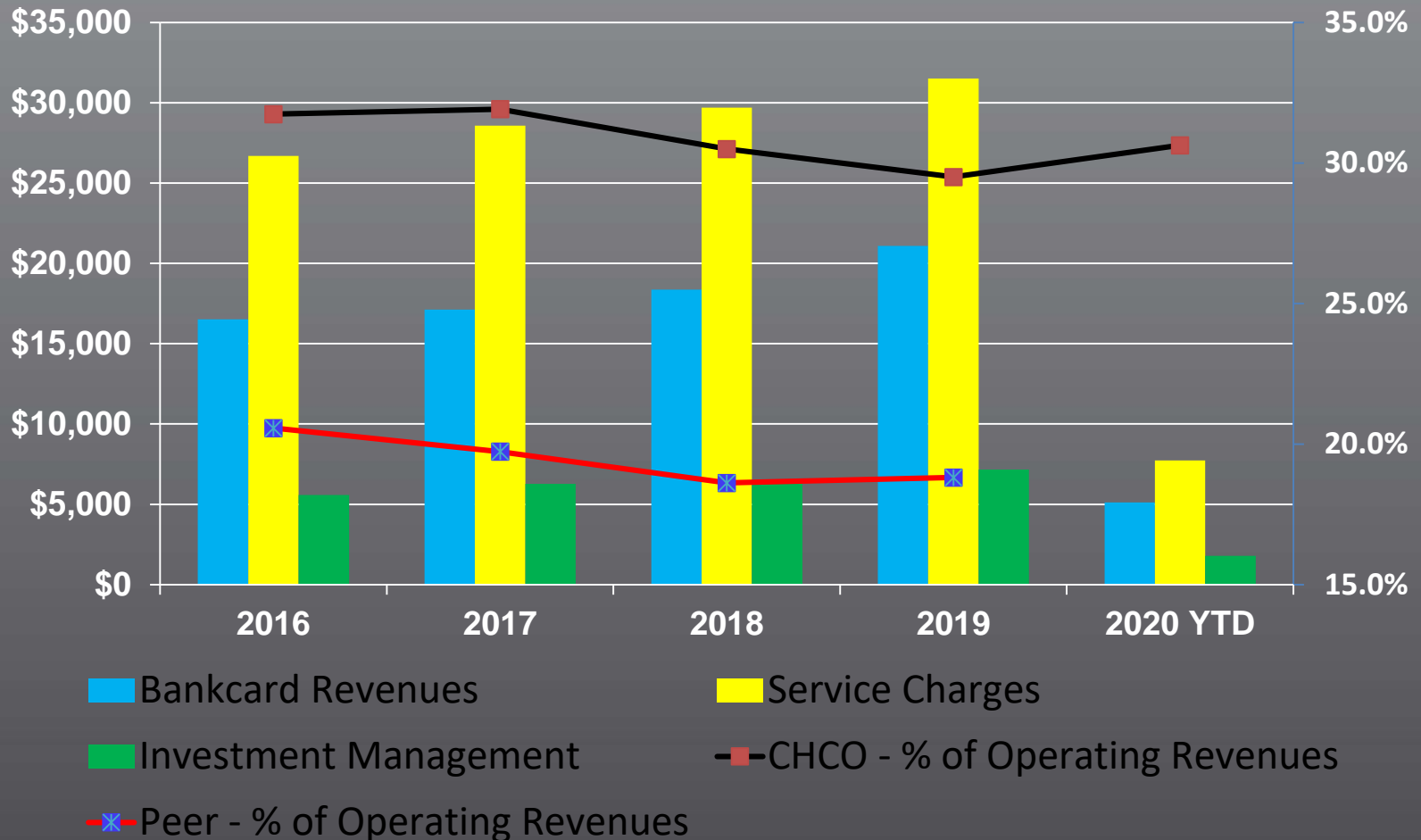


One key to City's enviable success

* - Excludes Lexington-Fayette KY Region

** - National Average of \$11,100 (based upon 2016 Federal Reserve Survey of Consumer Finance inflated 5% to estimate 2019 averages)

Non-interest income is branch driven:



Source - S&P Global MI.

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

Franchise Strength: Debit Cards

| Parent Company | Ticker | Headquarter State | 2019 | | |
|-----------------------------|-------------|-------------------|-----------------|--|----------------------------|
| | | | Average Assets | Bank Card & Credit Card Interchange Fees | Card Revenue/Avg. Deposits |
| City Holding Company | CHCO | WV | \$4.9 B | \$19.3 M | 0.48% |
| First Community Bank | FCBC | VA | \$2.2 B | \$7.9 M | 0.41% |
| Peoples Bank | PEBO | OH | \$4.2 B | \$11.4 M | 0.35% |
| WesBanco Bank, Inc. | WSBC | WV | \$15.7 B | \$18.8 M | 0.21%/0.42% |
| Premier Bank, Inc. | PBFI | WW | \$1.2 B | \$1.7 M | 0.17% |
| Summit Community Bank, Inc. | SMMF | WV | \$2.4 B | \$2.8 M | 0.16% |
| Community Trust Bank, Inc. | CTBI | KY | \$4.3 B | \$1.7 M | 0.05% |
| United Bank | UBSI | VA | \$19.6 B | \$4.8 M | 0.03%/0.06% |

- Caveat: Banks over \$10 B shown in red with pre- and post-Durbin impact
- Median for all banks – 0.17%
- Source - S&P Global MI.

City's Exceptional Retail Strength Depends on Branch Distribution

| Market | Deposits (\$mm) | Deposit Share | Branches | Branch Share | House-Hold Share |
|-----------------|-----------------|---------------|----------|--------------|------------------|
| Charleston, WV | \$706 | 12.8% | 13 | 27.7% | 38.7% |
| Huntington, WV | 432 | 12.7% | 10 | 15.9% | 26.2% |
| Ashland, KY | 550 | 24.9% | 12 | 22.2% | 40.2% |
| Beckley, WV | 493 | 24.8% | 9 | 27.3% | 31.5% |
| Lewisburg, WV | 302 | 39.9% | 7 | 35.0% | 69.2% |
| Staunton, VA | 270 | 11.9% | 8 | 20.5% | 13.1% |
| Martinsburg, WV | 277 | 13.3% | 7 | 20.0% | 22.7% |

Note: Deposit; deposit share; branch share as of 6/30/19.
Other data as of 12/31/19.

Covid:

| | Cases | % of Population | Deaths |
|---------------|-----------|-----------------|--------|
| United States | 1,200,000 | 0.36% | 69,000 |
| East Virginia | 17,731 | 0.20% | 616 |
| Kentucky | 4,879 | 0.11% | 248 |
| West Virginia | 1,184 | 0.07% | 50 |

May 4, 2020