

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attachment.

Blank lined area for listing Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ See attachment.

Blank lined area for providing information on loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attachment.

Blank lined area for providing other necessary information.

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 ▶ *David L. Bumgarner* Date ▶ 3/27/23
Print your name ▶ David L. Bumgarner Title ▶ EVR & CFO

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|-------------------------------|----------------------------|----------------------|------|---|--------------|
| Paid Preparer Use Only | Print/Type preparer's name | Preparer's signature | Date | Check <input type="checkbox"/> if self-employed | PTIN |
| | Firm's name ▶ | | | | Firm's EIN ▶ |
| | Firm's address ▶ | | | | Phone no. |

CITIZENS COMMERCE BANCSHARES, INC.
EIN: 61-1330772
Attachment to Form 9937

Part II

Line 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 March 10, 2023, Citizens Commerce Bancshares, Inc. ("CCVS") merged with and into City Holding Company ("City"), with City as the surviving legal entity (the "Merger"). Pursuant to the Merger, each share of CCVS common stock automatically converted into the right to receive 0.1666 shares of City common stock. Any shareholder who would otherwise be entitled to a fractional share of City common stock as a result of the Merger received a cash payment equal to the fraction of a share of City common stock to which such holder would otherwise be entitled to multiplied by the daily volume-weighted average closing sale price of City common stock for the five consecutive full trading days immediately preceding the effective date of the Merger.

Line 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.

The Merger is intended to be treated as a reorganization described in Section 368(a) of the Internal Revenue Code (the "Code"). Except as discussed below in "Cash in Lieu of Fractional Shares of City Common Stock," it is intended that a U.S. shareholder who exchanged all of its shares of CCVS common stock solely for shares of City common stock pursuant to the Merger will not recognize gain or loss in connection with such exchange and that, pursuant to Code Section 358(a), a U.S. shareholder's aggregate tax basis in the City common stock received in the Merger, including any fractional shares deemed received by the U.S. shareholder under the treatment discussed below in "Cash in Lieu of Fractional Shares of City Common Stock," in exchange for its CCVS common stock generally will equal such U.S. shareholder's aggregate tax basis in the CCVS common stock surrendered by such U.S. shareholder in the Merger.

Cash in Lieu of Fractional Shares of City Common Stock

A U.S. shareholder who received cash instead of a fractional share of City common stock will generally be treated as having received the fractional share of City common stock pursuant to the Merger and then as having sold the fractional share of City common stock for cash. In general, this deemed sale will be treated as a sale or exchange and a U.S. shareholder will recognize gain or loss equal to the difference between (i) the amount of cash received by such U.S. shareholder and

(ii) the portion of the basis of the shares of CCVS common stock allocable to such fractional interest.

This Form 8937 does not constitute tax advice. Shareholders are urged to consult their own tax advisors regarding the particular consequences of the Merger, including the applicability and effect of all U.S. federal, state and local, and foreign tax laws.

Line 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 adjusted tax basis of each share of City common stock received in the Merger (including fractional shares deemed received) should be the adjusted tax basis in the shares of CCVS common stock surrendered in the Merger in exchange therefor.

Example – fictional facts for illustrative purposes only: Assume a U.S. shareholder owned 1,000 shares of corporation ABC common stock, 500 of which were acquired on Date 1 (“Block 1”) with an aggregate tax basis of \$12,500 (or \$25 per share), and 500 of which were acquired on Date 2 (“Block 2”) with an aggregate tax basis of \$10,000 (or \$20 per share), for a total aggregate basis of \$22,500 (\$12,500 + \$10,000). Pursuant to the merger of ABC with and into corporation XYZ, such U.S. shareholder received 166.60 shares of XYZ common stock (1,000 shares of ABC common stock x 0.1666), with 83.30 shares being received in exchange for Block 1 and 83.30 shares being received in exchange for Block 2. As a result, the U.S. shareholder would have (i) 83 shares of XYZ common stock (500 shares x 0.1666, less the 0.30 fractional share) with an aggregate tax basis of \$12,454.98 (or \$150.06 per share) that is treated as having been acquired on Date 1; (ii) 83 shares of XYZ common stock (500 shares x 0.1666, less the .30 fractional share) with an aggregate tax basis of \$9,963.99 (or \$120.05 per share) that is treated as having been acquired on Date 2; and (iii) a fractional share (0.60, composed of the .30 fraction from each of Block 1 and Block 2) that is divided into two equal segments to represent the basis of Block 1 and Block 2. Specifically, the fractional share would have one segment with a tax basis of \$45.02 that is treated as having been acquired in Date 1 and a second segment with a tax basis of \$36.01 that is treated as being acquired on Date 2.

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Line 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

The applicable Code sections upon which the tax treatment of the Merger is based are Sections 354, 358, and 368. Note that this Form 8937 does not address the treatment of the cash payments made to shareholders related to fractional shares.

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Line 18. Can any resulting loss be recognized?

No loss should be recognized on the Merger. Note that this Form 8937 does not address the treatment of the cash payments made to shareholders related to fractional shares.

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Line 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The stock basis adjustments are taken into account in the tax year of a shareholder during which the Merger occurred (e.g., 2023 for calendar year taxpayers).

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