
EDGAR Submission Header Summary

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| Filer CIK | 0000726854 |
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| Emails | vikki.faw@cityholding.com |

Documents

| | |
|---------|---|
| 8-K | form8-k.htm |
| | Form 8-K, CHCO 3Q2013 Earnings |
| GRAPHIC | chcologo.jpg |
| | CHCO logo |
| EX-99.1 | ex99-1.htm |
| | Exhibit 99.1, CHCO 3Q2013 Earnings Press Release & Tables |
| 8-K | submissionpdf.pdf |
| | Printable copy, Form 8-K CHCO 3Q2013 Earnings & Press Release |

Module and Segment References

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C., 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported)
October 23, 2013



CITY HOLDING COMPANY
(Exact Name of Registrant as Specified in its Charter)

Commission File Number: **0-11733**

West Virginia
(State or Other Jurisdiction of
Incorporation or Organization)

55-0619957
(I.R.S. Employer
Identification No.)

25 Gatewater Road, Cross Lanes, WV 25313
(Address of Principal Executive Offices, Including Zip Code)

304-769-1100
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12(b) under the Exchange Act (17 CFR 240.14a-12(b))
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17CFR240.13e-4(c))

Section 2 - Financial Information

Item 2.02 Results of Operations and Financial Condition.

On October 23, 2013, City Holding Company ("the Company") issued a news release, attached as Exhibit 99.1, announcing the Company's earnings results for the third quarter ended September 30, 2013. Furnished as Exhibit 99.1 and incorporated herein by reference is the news release issued by the Company.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

99.1

News Release issued October 23, 2013

Signatures

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the Undersigned hereunto duly authorized.

Dated: October 29, 2013

City Holding Company

By: /s/ David L. Bumgarner
David L. Bumgarner
Chief Financial Officer

NEWS RELEASE

For Immediate Release
October 23, 2013

For Further Information Contact:
Charles R. Hageboeck, Chief Executive Officer and President
(304) 769-1102

City Holding Company Announces Record Quarterly Earnings

Charleston, West Virginia – City Holding Company, “the Company” (NASDAQ:CHCO), a \$3.4 billion bank holding company headquartered in Charleston, today announced third quarter net income per diluted share of \$0.88 and net income of \$14.0 million. Compared to the third quarter of 2012, earnings per share increased 23.6% while net income increased 31.8%. For the third quarter of 2013, the Company achieved a return on assets of 1.65%, a return on tangible equity of 18.5%, a net interest margin of 4.47%, and an efficiency ratio of 52.1%.

The Company’s earnings increased in the third quarter of 2013 primarily due to the acquisitions of Virginia Savings Bank in the second quarter of 2012 and the acquisition of Community Financial Corporation (“Community Bank”) in the first quarter of 2013. Net interest income increased \$1.1 million from the second quarter of 2013 due to accelerated accretion income from acquired loans paying down and paying off more quickly than initially expected. Accretion income included \$2.4 million related to certain credit impaired loans that paid off during the third quarter of 2013 unexpectedly. The Company’s net interest margin improved from 4.35% for the second quarter of 2013 to 4.47% for the third quarter of 2013 as a result of the additional accretion income.

City’s CEO Charles Hageboeck stated that “We continue to be very pleased with the results from our acquisitions of Virginia Savings Bank and Community Bank, especially with our success in resolving problem loans associated with these acquisitions. Primarily as a result of our efforts to effectively workout a number of these problem loans, our past due loans and other asset quality indicators continue to show improvement. While there is still work to be done in regards to credit-impaired loans, particularly those associated with Community Bank, we are pleased with our progress in resolving these acquired loans.”

“City’s net interest margin continues to be a source of strength, with a reported net interest margin of 4.47% for the third quarter of 2013. After adjustment for the positive benefits of accretion relating to our acquisitions, our net interest margin would have been 3.78% for the third quarter of 2013 compared to 3.80% for the third quarter of 2012. We are very pleased to report this increase in spite of the loss of over \$50 million of high yielding trust preferred securities and the continuation of historic low interest rates. In addition, we anticipate solid commercial loan growth in the fourth quarter of 2013.”

"As a result of these successes and many others during the quarter, the Company's quarterly earnings per diluted share of \$0.88 represent a new record for City. In addition, our capital levels continue to increase with our tangible capital growing to 9.1% at September 30, 2013" Hageboeck concluded.

Net Interest Income

The Company's tax equivalent net interest income increased \$1.1 million, or 3.4%, from \$31.5 million during the second quarter of 2013 to \$32.5 million during the third quarter of 2013. This increase is due to an increase in the accretion related to the acquisitions of Virginia Savings and Community Bank. The Company's reported net interest margin increased from 4.35% for the second quarter of 2013 to 4.47% for the third quarter of 2013. Excluding the favorable impact of the accretion from the fair value adjustments (\$5.0 million for the quarter ended September 30, 2013 and \$3.5 million for the quarter ended June 30, 2013), the net interest margin would have been 3.78% for the quarter ended September 30, 2013 and 3.86% for the quarter ended June 30, 2013.

Credit Quality

The Company's ratio of nonperforming assets to total loans and other real estate owned decreased from 1.33% at June 30, 2013 to 1.15% at September 30, 2013. Excluded from this ratio are purchased credit-impaired loans in which the Company estimated cash flows and estimated a credit mark. These loans are considered performing loans provided that the loan is performing in accordance with the estimated expectations. Such loans would be considered nonperforming loans if the loan's performance deteriorates below the initial expectations. Total past due loans decreased from \$22.6 million, or 0.89% of total loans outstanding, at June 30, 2013 to \$18.4 million, or 0.72% of total loans outstanding, at September 30, 2013. Acquired past due loans represent approximately 61% of total past due loans and have declined \$0.9 million, or 7.8%, since June 30, 2013. In accordance with regulatory guidance issued in the third quarter of 2012, the Company classifies loans in which the borrower has filed Chapter 7 bankruptcy with the debt discharged by the bankruptcy court and the loan not reaffirmed by the borrower to be troubled debt restructured loans ("TDR's"). Since the time of this change, TDR's have increased from \$21.5 million at September 30, 2012 to \$24.8 million at September 30, 2013. More than 90% of these loans are current with interest and principal payments.

As a result of the Company's quarterly analysis of the adequacy of the Allowance for Loan Losses ("ALLL"), the Company recorded a provision for loan losses of \$1.2 million in the third quarter of 2013, compared to \$1.0 for the comparable period in 2012 and \$2.0 million for the second quarter of 2013. During the third quarter of 2013, the Company recovered \$0.5 million from loans that had previously been charged-off, which had a positive impact on the allowance for loan losses at September 30, 2013. Changes in the amount of the allowance for loan losses and the related provision are based on the Company's detailed systematic methodology and are directionally consistent with changes in the composition and quality of the Company's loan portfolio. The Company believes its methodology for determining the adequacy of its ALLL adequately provides for probable losses inherent in the loan portfolio and produces a provision and allowance for loan losses that is directionally consistent with changes in asset quality and loss experience.

Non-interest Income

Excluding investment security transactions, non-interest income increased \$0.9 million to \$14.5 million in the third quarter of 2013 as compared to \$13.6 million in the third quarter of 2012. Service charges increased \$0.4 million, or 6.2%, to \$7.2 million while bankcard revenues increased \$0.4 million, or 11.5%, to \$3.5 million. These increases were primarily due to the acquisition of Community Bank.

Non-interest Expenses

Non-interest expenses increased \$2.8 million, from \$21.8 million in the third quarter of 2012 to \$24.7 million in the third quarter of 2013. This increase was primarily related to higher salaries and employee benefits (\$1.6 million) and repossessed asset losses (\$0.5 million). Salaries and employee benefits increased due to the acquisition of Community Bank (\$1.0 million) and higher incentive compensation accruals (\$0.2 million). Repossessed asset losses were based on updated appraisals. The Company continually re-evaluates the estimated fair value of properties that have been repossessed by obtaining updated appraisals on at least an annual basis. In addition, occupancy and equipment expense increased \$0.3 million and depreciation increased \$0.3 million. These increases were also primarily attributable to the acquisition of Community Bank. Overall expense increases associated with the acquisitions of Virginia Savings and Community Bank have continued to be in line with the Company's expectations.

Balance Sheet Trends

Loans increased \$31.1 million (1.2%) from June 30, 2013 to \$2.56 billion at September 30, 2013. Residential real estate loans increased \$18.7 million (1.6%), commercial and industrial ("C&I") loans increased \$12.9 million (9.3%) and home equity loans increased \$2.5 million (1.8%). These increases were partially offset by a decrease in consumer loans (\$3.5 million, or 6.4%). The Company strategically decided to reduce consumer loans due to the acquisition of a portfolio of indirect auto loans with unsatisfactory credit quality metrics associated with Community Bank.

Total average depository balances declined \$16.6 million, or 0.6%, from the quarter ended June 30, 2013 to the quarter ended September 30, 2013. Time deposits decreased \$10.0 million and interest-bearing deposits decreased \$7.7 million.

Income Tax Expense

The Company's effective income tax rate for the third quarter of 2013 was 33.6% compared to 34.3% for the year ended December 31, 2012, and 34.3% for the quarter ended September 30, 2012. The effective rate is based upon the Company's expected tax rate for the year ending December 31, 2013.

Capitalization and Liquidity

The Company's loan to deposit ratio was 91.1% and the loan to asset ratio was 75.3% at September 30, 2013. The Company maintained investment securities totaling 10.2% of assets as of this date. The Company's deposit mix is weighted heavily toward checking and saving accounts that fund 50.3% of assets at September 30, 2013. Time deposits fund 32.3% of assets at September 30, 2013, but very few of these deposits are in accounts that have balances of more than \$250,000, reflecting the core retail orientation of the Company.

The Company is strongly capitalized. The Company's tangible equity ratio was 9.1% at September 30, 2013 compared to 9.4% at December 31, 2012 despite the acquisition of Community Bank which lowered this ratio to 8.61% at March 31, 2013. At September 30, 2013, City National Bank's Leverage Ratio is 9.09%, its Tier I Capital ratio is 12.21%, and its Total Risk-Based Capital ratio is 13.06%. These regulatory capital ratios are significantly above levels required to be considered "well capitalized," which is the highest possible regulatory designation.

On September 25, 2013, the Board approved a quarterly cash dividend of \$0.37 cents per share payable October 31, 2013, to shareholders of record as of October 15, 2013.

City Holding Company is the parent company of City National Bank of West Virginia. City National operates 83 branches across West Virginia, Virginia, Kentucky and Ohio.

Forward-Looking Information

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; (2) the Company may incur increased charge-offs in the future; (3) the Company could have adverse legal actions of a material nature; (4) the Company may face competitive loss of customers; (5) the Company may be unable to manage its expense levels; (6) the Company may have difficulty retaining key employees; (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; (11) the current economic environment poses significant challenges for us and could adversely affect our financial condition and results of operations; (12) continued 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 resulting in either actual losses or other than temporary impairments on such investments; (13) the effects of the Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") recently adopted by the United States Congress and (14) the integration of the operations of City Holding and Community Financial may be more difficult than anticipated. Forward-looking statements made herein reflect management's expectations as of the date such statements are made. 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. Further, the Company is required to evaluate subsequent events through the filing of its September 30, 2013 Form 10-Q. The Company will continue to evaluate the impact of any subsequent events on the preliminary September 30, 2013 results and will adjust the amounts if necessary.

CITY HOLDING COMPANY AND SUBSIDIARIES
Financial Highlights
(Unaudited)

| | Three Months Ended September 30, | | Percent Change |
|---|----------------------------------|-----------|----------------|
| | 2013 | 2012 | |
| Earnings (\$000s, except per share data): | | | |
| Net Interest Income (FTE) | \$ 32,531 | \$ 25,060 | 29.81% |
| Net Income available to common shareholders | 13,975 | 10,607 | 31.75% |
| Earnings per Basic Share | 0.89 | 0.71 | 24.37% |
| Earnings per Diluted Share | 0.88 | 0.71 | 23.63% |

| | | | |
|--|--------|--------|---------|
| Key Ratios (percent): | | | |
| Return on Average Assets | 1.65% | 1.47% | 12.22% |
| Return on Average Tangible Equity | 18.53% | 16.20% | 14.38% |
| Net Interest Margin | 4.47% | 3.95% | 13.13% |
| Efficiency Ratio | 52.09% | 56.40% | (7.64)% |
| Average Shareholders' Equity to Average Assets | 11.14% | 11.32% | (1.65)% |

| | | | |
|---|--------|--------|---------|
| Consolidated Risk Based Capital Ratios (a): | | | |
| Tier I | 12.66% | 12.89% | (1.78)% |
| Total | 13.52% | 13.79% | (1.96)% |

| | | | |
|------------------------------------|-------|-------|---------|
| Tangible Equity to Tangible Assets | 9.08% | 9.29% | (2.18)% |
|------------------------------------|-------|-------|---------|

| | | | |
|-----------------------------------|---------|---------|---------|
| Common Stock Data: | | | |
| Cash Dividends Declared per Share | \$ 0.37 | \$ 0.35 | 5.71% |
| Book Value per Share | 24.03 | 22.14 | 8.55% |
| Tangible Book Value per Share | 19.17 | 17.75 | 8.02% |
| Market Value per Share: | | | |
| High | 46.13 | 36.43 | 26.63% |
| Low | 40.04 | 32.37 | 23.69% |
| End of Period | 43.24 | 35.84 | 20.65% |
| Price/Earnings Ratio (b) | 12.18 | 12.56 | (2.99)% |

| | Nine Months Ended September 30, | | Percent Change |
|---|---------------------------------|-----------|----------------|
| | 2013 | 2012 | |
| Earnings (\$000s, except per share data): | | | |
| Net Interest Income (FTE) | \$ 93,740 | \$ 72,829 | 28.71% |
| Net Income available to common shareholders | 34,969 | 28,049 | 24.67% |
| Earnings per Basic Share | 2.23 | 1.89 | 17.76% |
| Earnings per Diluted Share | 2.21 | 1.88 | 17.15% |

| | | | |
|--|--------|--------|---------|
| Key Ratios (percent): | | | |
| Return on Average Assets | 1.38% | 1.33% | 3.95% |
| Return on Average Tangible Equity | 15.87% | 14.26% | 11.28% |
| Net Interest Margin | 4.33% | 3.95% | 9.78% |
| Efficiency Ratio | 56.71% | 58.59% | (3.21)% |
| Average Shareholders' Equity to Average Assets | 10.94% | 11.45% | (4.41)% |

| | | | |
|-----------------------------------|---------|---------|--------|
| Common Stock Data: | | | |
| Cash Dividends Declared per Share | \$ 1.11 | \$ 1.05 | 5.71% |
| Market Value per Share: | | | |
| High | 46.13 | 37.16 | 24.14% |
| Low | 36.07 | 30.96 | 16.51% |
| Price/Earnings Ratio (b) | 14.55 | 14.20 | 2.45% |

(a) September 30, 2013 risk-based capital ratios are estimated

(b) September 30, 2013 price/earnings ratio computed based on annualized third quarter 2013 earnings

CITY HOLDING COMPANY AND SUBSIDIARIES
Financial Highlights
(Unaudited)

Book Value and Market Price Range per Share

| | Book Value per Share | | | | Market Price Range per Share | |
|------|----------------------|----------|--------------|-------------|------------------------------|----------|
| | March 31 | June 30 | September 30 | December 31 | Low | High |
| 2007 | \$ 17.62 | \$ 17.40 | \$ 17.68 | \$ 18.14 | \$ 31.16 | \$ 41.54 |
| 2008 | 18.92 | 18.72 | 17.61 | 17.58 | 29.08 | 42.88 |
| 2009 | 17.69 | 18.24 | 18.95 | 19.37 | 20.88 | 34.34 |
| 2010 | 19.71 | 20.02 | 20.31 | 20.31 | 26.87 | 38.03 |
| 2011 | 20.39 | 20.58 | 20.86 | 21.05 | 26.06 | 37.22 |
| 2012 | 21.46 | 21.63 | 22.14 | 22.47 | 30.96 | 37.16 |
| 2013 | 23.27 | 23.52 | 24.03 | | 36.07 | 46.13 |

Earnings per Basic Share

| | Quarter Ended | | | | |
|------|---------------|---------|--------------|-------------|--------------|
| | March 31 | June 30 | September 30 | December 31 | Year-to-Date |
| 2007 | \$ 0.76 | \$ 0.72 | \$ 0.76 | \$ 0.78 | \$ 3.02 |
| 2008 | 0.81 | 0.83 | (0.16) | 0.26 | 1.74 |
| 2009 | 0.69 | 0.64 | 0.66 | 0.70 | 2.69 |
| 2010 | 0.59 | 0.68 | 0.58 | 0.64 | 2.48 |
| 2011 | 0.62 | 0.65 | 0.77 | 0.65 | 2.68 |
| 2012 | 0.68 | 0.50 | 0.71 | 0.73 | 2.63 |
| 2013 | 0.51 | 0.83 | 0.89 | | 2.23 |

Earnings per Diluted Share

| | Quarter Ended | | | | |
|------|---------------|---------|--------------|-------------|--------------|
| | March 31 | June 30 | September 30 | December 31 | Year-to-Date |
| 2007 | \$ 0.76 | \$ 0.72 | \$ 0.76 | \$ 0.78 | \$ 3.01 |
| 2008 | 0.80 | 0.83 | (0.16) | 0.26 | 1.74 |
| 2009 | 0.69 | 0.64 | 0.66 | 0.70 | 2.68 |
| 2010 | 0.58 | 0.68 | 0.58 | 0.64 | 2.47 |
| 2011 | 0.62 | 0.64 | 0.76 | 0.65 | 2.67 |
| 2012 | 0.67 | 0.50 | 0.71 | 0.73 | 2.61 |
| 2013 | 0.51 | 0.82 | 0.88 | | 2.21 |

CITY HOLDING COMPANY AND SUBSIDIARIES
Consolidated Statements of Income
(Unaudited) (\$ in 000s, except per share data)

Three Months Ended September 30,
2013 2012

| | 2013 | 2012 |
|--|------------------|------------------|
| Interest Income | | |
| Interest and fees on loans | \$ 32,983 | \$ 24,633 |
| Interest on investment securities: | | |
| Taxable | 2,392 | 3,438 |
| Tax-exempt | 299 | 346 |
| Interest on federal funds sold | - | 15 |
| Total Interest Income | <u>35,674</u> | <u>28,432</u> |
| Interest Expense | | |
| Interest on deposits | 3,068 | 3,312 |
| Interest on short-term borrowings | 82 | 79 |
| Interest on long-term debt | 154 | 166 |
| Total Interest Expense | <u>3,304</u> | <u>3,557</u> |
| Net Interest Income | <u>32,370</u> | <u>24,875</u> |
| Provision for loan losses | 1,154 | 975 |
| Net Interest Income After Provision for Loan Losses | <u>31,216</u> | <u>23,900</u> |
| Non-Interest Income | | |
| Total investment securities impairment losses | - | (272) |
| Noncredit impairment losses recognized in other comprehensive income | - | - |
| Net investment securities impairment losses | - | (272) |
| Gains on sale of investment securities | - | 730 |
| Net investment securities gains | - | 458 |
| Service charges | 7,169 | 6,751 |
| Bankcard revenue | 3,468 | 3,110 |
| Insurance commissions | 1,365 | 1,439 |
| Trust and investment management fee income | 939 | 912 |
| Bank owned life insurance | 805 | 738 |
| Other income | 734 | 671 |
| Total Non-Interest Income | <u>14,480</u> | <u>14,079</u> |
| Non-Interest Expense | | |
| Salaries and employee benefits | 12,930 | 11,295 |
| Occupancy and equipment | 2,409 | 2,126 |
| Depreciation | 1,437 | 1,175 |
| FDIC insurance expense | 500 | 405 |
| Advertising | 712 | 674 |
| Bankcard expenses | 680 | 720 |
| Postage, delivery, and statement mailings | 541 | 529 |
| Office supplies | 416 | 407 |
| Legal and professional fees | 591 | 611 |
| Telecommunications | 721 | 433 |
| Repossessed asset (gains)/losses, net of expenses | 896 | 429 |
| Merger related expenses | (73) | 157 |
| Other expenses | 2,905 | 2,885 |
| Total Non-Interest Expense | <u>24,665</u> | <u>21,846</u> |
| Income Before Income Taxes | <u>21,031</u> | <u>16,133</u> |
| Income tax expense | 7,056 | 5,526 |
| Net Income Available to Common Shareholders | <u>\$ 13,975</u> | <u>\$ 10,607</u> |
| Distributed earnings allocated to common shareholders | \$ 5,767 | \$ 5,150 |
| Undistributed earnings allocated to common shareholders | 8,081 | 5,373 |
| Net earnings allocated to common shareholders | <u>\$ 13,848</u> | <u>\$ 10,523</u> |
| Average common shares outstanding | 15,608 | 14,751 |
| Effect of dilutive securities: | | |
| Employee stock options and warrants | 182 | 83 |
| Shares for diluted earnings per share | <u>15,790</u> | <u>14,834</u> |
| Basic earnings per common share | \$ 0.89 | \$ 0.71 |
| Diluted earnings per common share | \$ 0.88 | \$ 0.71 |
| Dividends declared per common share | \$ 0.37 | \$ 0.35 |
| Comprehensive Income | \$ 13,342 | \$ 12,719 |

CITY HOLDING COMPANY AND SUBSIDIARIES
Consolidated Statements of Income
(Unaudited) (\$ in 000s, except per share data)

| | Nine months ended September 30, | |
|--|---------------------------------|------------------|
| | 2013 | 2012 |
| Interest Income | | |
| Interest and fees on loans | \$ 94,693 | \$ 70,843 |
| Interest on investment securities: | | |
| Taxable | 7,774 | 11,345 |
| Tax-exempt | 935 | 1,101 |
| Interest on federal funds sold | 22 | 38 |
| Total Interest Income | <u>103,424</u> | <u>83,327</u> |
| Interest Expense | | |
| Interest on deposits | 9,490 | 10,363 |
| Interest on short-term borrowings | 232 | 229 |
| Interest on long-term debt | 464 | 499 |
| Total Interest Expense | <u>10,186</u> | <u>11,091</u> |
| Net Interest Income | <u>93,238</u> | <u>72,236</u> |
| Provision for loan losses | 4,903 | 4,600 |
| Net Interest Income After Provision for Loan Losses | <u>88,335</u> | <u>67,636</u> |
| Non-Interest Income | | |
| Total investment securities impairment losses | - | (878) |
| Noncredit impairment losses recognized in other comprehensive income | - | 302 |
| Net investment securities impairment losses | - | (576) |
| Gains on sale of investment securities | 93 | 1,530 |
| Net investment securities gains | 93 | 954 |
| Service charges | 20,601 | 19,296 |
| Bankcard revenue | 10,117 | 9,305 |
| Insurance commissions | 4,563 | 4,782 |
| Trust and investment management fee income | 2,893 | 2,662 |
| Bank owned life insurance | 2,416 | 2,228 |
| Other income | 2,376 | 1,762 |
| Total Non-Interest Income | <u>43,059</u> | <u>40,989</u> |
| Non-Interest Expense | | |
| Salaries and employee benefits | 38,519 | 32,207 |
| Occupancy and equipment | 7,381 | 6,038 |
| Depreciation | 4,289 | 3,371 |
| FDIC insurance expense | 1,352 | 1,184 |
| Advertising | 2,266 | 1,993 |
| Bankcard expenses | 2,173 | 2,035 |
| Postage, delivery, and statement mailings | 1,698 | 1,565 |
| Office supplies | 1,320 | 1,258 |
| Legal and professional fees | 1,561 | 1,349 |
| Telecommunications | 1,631 | 1,209 |
| Repossessed asset losses, net of expenses | 718 | 1,200 |
| Merger related expenses | 5,455 | 4,335 |
| Other expenses | 9,664 | 8,382 |
| Total Non-Interest Expense | <u>78,027</u> | <u>66,126</u> |
| Income Before Income Taxes | <u>53,367</u> | <u>42,499</u> |
| Income tax expense | 18,398 | 14,450 |
| Net Income Available to Common Shareholders | <u>\$ 34,969</u> | <u>\$ 28,049</u> |
| Distributed earnings allocated to common shareholders | \$ 17,302 | \$ 15,451 |
| Undistributed earnings allocated to common shareholders | 17,349 | 12,375 |
| Net earnings allocated to common shareholders | <u>\$ 34,651</u> | <u>\$ 27,826</u> |
| Average common shares outstanding | 15,545 | 14,700 |
| Effect of dilutive securities: | | |
| Employee stock options and warrants | 168 | 83 |
| Shares for diluted earnings per share | <u>15,713</u> | <u>14,783</u> |
| Basic earnings per common share | \$ 2.23 | \$ 1.89 |
| Diluted earnings per common share | \$ 2.21 | \$ 1.88 |
| Dividends declared per common share | \$ 1.11 | \$ 1.05 |
| Comprehensive Income | <u>\$ 30,218</u> | <u>\$ 31,591</u> |

CITY HOLDING COMPANY AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
(Unaudited) (\$ in 000s)

| | Three Months Ended | |
|---|--------------------|--------------------|
| | September 30, 2013 | September 30, 2012 |
| Balance at July 1 | \$ 368,891 | \$ 320,622 |
| Net income | 13,975 | 10,607 |
| Other comprehensive income: | | |
| Change in unrealized loss on securities available-for-sale | (633) | 2,112 |
| Cash dividends declared (\$0.37/share) and (\$0.35/share), respectively | (5,820) | (5,196) |
| Issuance of stock award shares, net | 260 | 214 |
| Exercise of 44,455 stock options | 1,369 | - |
| Exercise of 2,000 stock options | - | 56 |
| Balance at September 30 | <u>\$ 378,042</u> | <u>\$ 328,415</u> |

| | Nine Months Ended | |
|---|--------------------|--------------------|
| | September 30, 2013 | September 30, 2012 |
| Balance at January 1 | \$ 333,274 | \$ 311,134 |
| Net income | 34,969 | 28,049 |
| Other comprehensive income: | | |
| Change in unrealized gain (loss) on securities available-for-sale | (4,751) | 3,542 |
| Cash dividends declared (\$1.11/share) and (\$1.05/share), respectively | (17,686) | (15,532) |
| Issuance of stock award shares, net | 962 | 870 |
| Acquisition of Community Financial Corporation | 28,508 | - |
| Acquisition of Virginia Savings Bancorp | - | 7,723 |
| Exercise of 107,140 stock options | 2,766 | - |
| Exercise of 18,899 stock options | - | 544 |
| Purchase of 237,535 common shares of treasury | - | (7,915) |
| Balance at September 30 | <u>\$ 378,042</u> | <u>\$ 328,415</u> |

CITY HOLDING COMPANY AND SUBSIDIARIES
Condensed Consolidated Quarterly Statements of Income
(Unaudited) (\$ in 000s, except per share data)

| | September 30 2013 | June 30 2013 | Quarter Ended March 31 2013 | December 31 2012 | September 30 2012 |
|---|----------------------|-----------------|-----------------------------------|---------------------|----------------------|
| Interest income | \$ 35,674 | \$ 34,724 | \$ 33,026 | \$ 28,884 | \$ 28,432 |
| Taxable equivalent adjustment | 161 | 167 | 174 | 183 | 185 |
| Interest income (FTE) | 35,835 | 34,891 | 33,200 | 29,067 | 28,617 |
| Interest expense | 3,304 | 3,427 | 3,455 | 3,360 | 3,557 |
| Net interest income | 32,531 | 31,464 | 29,745 | 25,707 | 25,060 |
| Provision for loan losses | 1,154 | 2,011 | 1,738 | 1,775 | 975 |
| Net interest income after provision for loan losses | 31,377 | 29,453 | 28,007 | 23,932 | 24,085 |
| Noninterest income | 14,480 | 14,252 | 14,326 | 14,266 | 14,079 |
| Noninterest expense | 24,665 | 23,959 | 29,403 | 21,273 | 21,846 |
| Income before income taxes | 21,192 | 19,746 | 12,930 | 16,925 | 16,318 |
| Income tax expense | 7,056 | 6,573 | 4,769 | 5,848 | 5,526 |
| Taxable equivalent adjustment | 161 | 167 | 174 | 183 | 185 |
| Net income available to common shareholders | \$ 13,975 | \$ 13,006 | \$ 7,987 | \$ 10,894 | \$ 10,607 |
| <hr/> | | | | | |
| Distributed earnings allocated to common shareholders | \$ 5,767 | \$ 5,751 | \$ 5,747 | \$ 5,151 | \$ 5,150 |
| Undistributed earnings allocated to common shareholders | 8,081 | 7,139 | 2,175 | 5,658 | 5,373 |
| Net earnings allocated to common shareholders | \$ 13,848 | \$ 12,890 | \$ 7,922 | \$ 10,809 | \$ 10,523 |
| <hr/> | | | | | |
| Average common shares outstanding | 15,608 | 15,582 | 15,473 | 14,755 | 14,751 |
| Effect of dilutive securities: | | | | | |
| Employee stock options | 182 | 170 | 154 | 82 | 83 |
| Shares for diluted earnings per share | 15,790 | 15,752 | 15,627 | 14,837 | 14,834 |
| Basic earnings per common share | \$ 0.89 | \$ 0.83 | \$ 0.51 | \$ 0.73 | \$ 0.71 |
| Diluted earnings per common share | 0.88 | 0.82 | 0.51 | 0.73 | 0.71 |
| Cash dividends declared per share | 0.37 | 0.37 | 0.37 | 0.35 | 0.35 |
| <hr/> | | | | | |
| Net Interest Margin | 4.47% | 4.35% | 4.18% | 3.99% | 3.95% |
| Interest Income from Accretion Related to Fair Value Adjustments Recorded as a Result of Acquisition | \$ 5,046 | \$ 3,517 | \$ 2,181 | \$ 1,658 | \$ 936 |

CITY HOLDING COMPANY AND SUBSIDIARIES
Non-Interest Income and Non-Interest Expense
(Unaudited) (\$ in 000s)

| | September 30 2013 | June 30 2013 | Quarter Ended March 31 2013 | December 31 2012 | September 30 2012 |
|--|----------------------|------------------|-----------------------------------|---------------------|----------------------|
| Non-Interest Income: | | | | | |
| Service charges | \$ 7,169 | \$ 6,897 | \$ 6,535 | \$ 7,113 | \$ 6,750 |
| Bankcard revenue | 3,468 | 3,450 | 3,199 | 3,101 | 3,111 |
| Insurance commissions | 1,365 | 1,358 | 1,840 | 1,289 | 1,439 |
| Trust and investment management fee income | 939 | 964 | 990 | 1,112 | 912 |
| Bank owned life insurance | 805 | 799 | 812 | 754 | 738 |
| Other income | 734 | 775 | 866 | 897 | 671 |
| Subtotal | 14,480 | 14,243 | 14,242 | 14,266 | 13,621 |
| Total investment securities impairment losses | - | - | - | - | (272) |
| Noncredit impairment losses recognized in other comprehensive income | - | - | - | - | - |
| Net investment securities impairment losses | - | - | - | - | (272) |
| Gain (loss) on sale of investment securities | - | 9 | 84 | - | 730 |
| Total Non-Interest Income | \$ 14,480 | \$ 14,252 | \$ 14,326 | \$ 14,266 | \$ 14,079 |
| Non-Interest Expense: | | | | | |
| Salaries and employee benefits | \$ 12,930 | \$ 12,640 | \$ 12,949 | \$ 11,301 | \$ 11,295 |
| Occupancy and equipment | 2,409 | 2,500 | 2,472 | 2,147 | 2,126 |
| Depreciation | 1,437 | 1,453 | 1,399 | 1,234 | 1,175 |
| FDIC insurance expense | 500 | 341 | 511 | 407 | 405 |
| Advertising | 712 | 819 | 735 | 596 | 674 |
| Bankcard expenses | 680 | 766 | 727 | 628 | 720 |
| Postage, delivery and statement mailings | 541 | 552 | 605 | 514 | 529 |
| Office supplies | 416 | 463 | 441 | 412 | 407 |
| Legal and professional fees | 591 | 535 | 435 | 437 | 611 |
| Telecommunications | 721 | 465 | 445 | 405 | 433 |
| Repossessed asset (gains) losses, net of expenses | 896 | (23) | (155) | 146 | 429 |
| Merger related expenses | (73) | 65 | 5,540 | 373 | 157 |
| Other expenses | 2,905 | 3,383 | 3,299 | 2,673 | 2,885 |
| Total Non-Interest Expense | \$ 24,665 | \$ 23,959 | \$ 29,403 | \$ 21,273 | \$ 21,846 |
| <hr/> | | | | | |
| Employees (Full Time Equivalent) | 924 | 931 | 932 | 843 | 836 |
| Branch Locations | 83 | 83 | 83 | 73 | 73 |

CITY HOLDING COMPANY AND SUBSIDIARIES
Consolidated Balance Sheets
(\$ in 000s)

| | September 30 2013 | December 31 2012 |
|---|----------------------|---------------------|
| | <i>(Unaudited)</i> | |
| Assets | | |
| Cash and due from banks | \$ 164,915 | \$ 58,718 |
| Interest-bearing deposits in depository institutions | 14,706 | 16,276 |
| Federal funds sold | - | 10,000 |
| Cash and cash equivalents | 179,621 | 84,994 |
| Investment securities available-for-sale, at fair value | 329,247 | 377,122 |
| Investment securities held-to-maturity, at amortized cost | 3,994 | 13,454 |
| Other securities | 13,344 | 11,463 |
| Total investment securities | 346,585 | 402,039 |
| Gross loans | 2,558,456 | 2,146,369 |
| Allowance for loan losses | (20,606) | (18,809) |
| Net loans | 2,537,850 | 2,127,560 |
| Bank owned life insurance | 91,249 | 81,901 |
| Premises and equipment, net | 82,194 | 72,728 |
| Accrued interest receivable | 8,108 | 6,692 |
| Net deferred tax assets | 45,183 | 32,737 |
| Intangible assets | 76,420 | 65,057 |
| Other assets | 29,477 | 43,758 |
| Total Assets | \$ 3,396,687 | \$ 2,917,466 |
| Liabilities | | |
| Deposits: | | |
| Noninterest-bearing | \$ 498,245 | \$ 429,969 |
| Interest-bearing: | | |
| Demand deposits | 604,047 | 553,132 |
| Savings deposits | 606,513 | 506,869 |
| Time deposits | 1,098,730 | 919,346 |
| Total deposits | 2,807,535 | 2,409,316 |
| Short-term borrowings | | |
| Customer repurchase agreements | 150,943 | 114,646 |
| Long-term debt | 16,495 | 16,495 |
| Other liabilities | 43,672 | 43,735 |
| Total Liabilities | 3,018,645 | 2,584,192 |
| Stockholders' Equity | | |
| Preferred stock, par value \$25 per share: 500,000 shares authorized; none issued | - | - |
| Common stock, par value \$2.50 per share: 50,000,000 shares authorized; 18,499,282 shares issued at September 30, 2013 and December 31, 2012 | | |
| less 2,769,192 and 3,665,999 shares in treasury, respectively | 46,249 | 46,249 |
| Capital surplus | 107,274 | 103,524 |
| Retained earnings | 326,553 | 309,270 |
| Cost of common stock in treasury | (95,861) | (124,347) |
| Accumulated other comprehensive loss: | | |
| Unrealized gain on securities available-for-sale | (1,178) | 3,573 |
| Underfunded pension liability | (4,995) | (4,995) |
| Total Accumulated Other Comprehensive Loss | (6,173) | (1,422) |
| Total Stockholders' Equity | 378,042 | 333,274 |
| Total Liabilities and Stockholders' Equity | \$ 3,396,687 | \$ 2,917,466 |

CITY HOLDING COMPANY AND SUBSIDIARIES
Investment Portfolio
(Unaudited) (\$ in 000s)

| | <u>Original Cost</u> | <u>Credit-Related Net Investment Impairment Losses through September 30, 2013</u> | <u>Unrealized Gains (Losses)</u> | <u>Carrying Value</u> |
|---|----------------------|---|--------------------------------------|-----------------------|
| US Government Agencies | \$ 2,510 | \$ - | \$ 61 | \$ 2,571 |
| Mortgage Backed Securities | 258,271 | - | (1,232) | 257,039 |
| Municipal Bonds | 41,110 | - | 740 | 41,850 |
| Pooled Bank Trust Preferreds | 24,360 | (20,171) | (1,853) | 2,336 |
| Single Issuer Bank Trust Preferreds, Subdebt of Financial Institutions, and Bank Holding Company Preferred Stocks | 25,137 | (1,015) | (1,140) | 22,982 |
| Money Markets and Mutual Funds | 1,525 | - | (18) | 1,507 |
| Federal Reserve Bank and FHLB stock | 13,344 | - | - | 13,344 |
| Community Bank Equity Positions | 8,194 | (4,813) | 1,575 | 4,956 |
| Total Investments | <u>\$ 374,451</u> | <u>\$ (25,999)</u> | <u>\$ (1,867)</u> | <u>\$ 346,585</u> |

CITY HOLDING COMPANY AND SUBSIDIARIES

Loan Portfolio

(Unaudited) (\$ in 000s)

| | September 30 2013 | June 30 2013 | March 31 2013 | December 31 2012 | September 30 2012 |
|--|----------------------|---------------------|---------------------|---------------------|----------------------|
| Residential real estate ⁽¹⁾ | \$ 1,188,841 | \$ 1,170,123 | \$ 1,149,411 | \$ 1,031,435 | \$ 1,008,305 |
| Home equity - junior liens | 140,887 | 138,367 | 138,333 | 143,110 | 143,058 |
| Commercial and industrial | 151,185 | 138,299 | 149,677 | 108,739 | 105,027 |
| Commercial real estate ⁽²⁾ | 1,022,278 | 1,023,311 | 1,001,453 | 821,970 | 787,887 |
| Consumer | 50,757 | 54,242 | 55,274 | 36,564 | 38,285 |
| DDA overdrafts | 4,508 | 3,103 | 2,876 | 4,551 | 2,670 |
| Gross Loans | \$ 2,558,456 | \$ 2,527,445 | \$ 2,497,024 | \$ 2,146,369 | \$ 2,085,232 |

Construction loans included in:

| | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|
| ⁽¹⁾ - Residential real estate loans | \$ 14,808 | \$ 15,889 | \$ 16,884 | \$ 15,408 | \$ 12,787 |
| ⁽²⁾ - Commercial real estate loans | \$ 17,391 | \$ 24,726 | \$ 26,163 | \$ 15,352 | \$ 17,072 |

CITY HOLDING COMPANY AND SUBSIDIARIES

Acquisition Activity - Accretion

(Unaudited) (\$ in millions)

The following table presents the actual and forecasted accretion related to the fair value adjustments on net interest income recorded as a result of the Virginia Savings Bancorp (VSB) and Community Financial Corporation (Community) acquisitions.

| Year Ended: | VSB | | Community | | Total |
|----------------|----------------------------------|---|----------------------------------|---|----------|
| | Loan Accretion ^(a) | Certificates of Deposit ^(a) | Loan Accretion ^(a) | Certificates of Deposit ^(a) | |
| 1Q 2013 | \$ 985 | \$ 178 | \$ 858 | \$ 160 | \$ 2,181 |
| 2Q 2013 | 1,334 | 122 | 1,887 | 174 | 3,517 |
| 3Q 2013 | 632 | 121 | 4,119 | 174 | 5,046 |
| Remainder 2013 | 268 | 120 | 1,111 | 131 | 1,630 |
| 2014 | 777 | 537 | 3,277 | 294 | 4,885 |
| 2015 | 541 | 518 | 1,848 | 160 | 3,067 |
| Thereafter | 1,839 | 497 | 8,514 | 47 | 10,897 |

a - 3Q 2013 amounts are based on actual results. Remainder 2013, 2014, 2015, and Thereafter amounts are based on estimated amounts.

Note: The amounts reflected in the table above require management to make significant assumptions based on estimated estimated future default, prepayment, and discount rates. Actual performance could be significantly different from that assumed, which could result in the actual results being materially different from the amounts estimated above.

CITY HOLDING COMPANY AND SUBSIDIARIES
Consolidated Average Balance Sheets, Yields, and Rates
(Unaudited) (\$ in 000s)

| | Three Months Ended September 30, | | | | | |
|---|----------------------------------|------------------|----------------|---------------------|------------------|----------------|
| | 2013 | | | 2012 | | |
| | Average Balance | Interest | Yield/ Rate | Average Balance | Interest | Yield/ Rate |
| Assets: | | | | | | |
| Loan portfolio ⁽¹⁾ : | | | | | | |
| Residential real estate ⁽²⁾ | \$ 1,315,848 | \$ 13,931 | 4.20% | \$ 1,140,910 | \$ 13,000 | 4.53% |
| Commercial, financial, and agriculture ⁽³⁾ | 1,157,285 | 16,910 | 5.80% | 880,243 | 10,069 | 4.55% |
| Installment loans to individuals ^{(4),(5)} | 63,409 | 1,538 | 9.62% | 49,111 | 782 | 6.33% |
| Previously securitized loans ⁽⁶⁾ | *** | 604 | *** | *** | 781 | *** |
| Total loans | 2,536,542 | 32,983 | 5.16% | 2,070,264 | 24,632 | 4.73% |
| Securities: | | | | | | |
| Taxable | 312,786 | 2,392 | 3.03% | 372,877 | 3,438 | 3.67% |
| Tax-exempt ⁽⁷⁾ | 29,396 | 460 | 6.21% | 36,761 | 532 | 5.76% |
| Total securities | 342,182 | 2,852 | 3.31% | 409,638 | 3,970 | 3.86% |
| Deposits in depository institutions | 7,798 | - | - | 7,063 | - | - |
| Federal funds sold | - | - | 0.00% | 35,487 | 15 | 0.17% |
| Total interest-earning assets | 2,886,522 | 35,835 | 4.93% | 2,522,452 | 28,617 | 4.51% |
| Cash and due from banks | 191,116 | | | 80,335 | | |
| Bank premises and equipment | 82,708 | | | 72,640 | | |
| Other assets | 251,353 | | | 232,793 | | |
| Less: Allowance for loan losses | (20,519) | | | (19,889) | | |
| Total assets | \$ 3,391,180 | | | \$ 2,888,331 | | |
| Liabilities: | | | | | | |
| Interest-bearing demand deposits | 603,592 | 179 | 0.12% | 539,189 | 180 | 0.13% |
| Savings deposits | 602,827 | 216 | 0.14% | 497,208 | 204 | 0.16% |
| Time deposits ⁽⁸⁾ | 1,106,352 | 2,673 | 0.96% | 931,369 | 2,928 | 1.25% |
| Short-term borrowings | 127,263 | 82 | 0.26% | 122,955 | 79 | 0.26% |
| Long-term debt | 16,495 | 154 | 3.70% | 16,495 | 166 | 4.00% |
| Total interest-bearing liabilities | 2,456,529 | 3,304 | 0.53% | 2,107,216 | 3,557 | 0.67% |
| Noninterest-bearing demand deposits | 521,114 | | | 418,584 | | |
| Other liabilities | 35,854 | | | 35,461 | | |
| Stockholders' equity | 377,683 | | | 327,070 | | |
| Total liabilities and stockholders' equity | \$ 3,391,180 | | | \$ 2,888,331 | | |
| Net interest income | | \$ 32,531 | | | \$ 25,060 | |
| Net yield on earning assets | | | 4.47% | | | 3.95% |

(1) For purposes of this table, non-accruing loans have been included in average balances and loan fees, which are immaterial, have been included in interest income.

(2) - For 2013, interest income on residential real estate loans includes \$0.3 million and \$0.3 million of accretion related to the fair value adjustments due to the acquisitions of Virginia Savings Bancorp, Inc. and Community Financial Corporation, respectively. For 2012, interest income on residential real estate loans includes \$0.6 million of accretion related to the fair value adjustments due to the acquisition of Virginia Savings Bancorp, Inc.

(3) - For 2013, interest income on commercial, financial, and agriculture loans includes \$0.3 million and \$3.5 million of accretion related to the fair value adjustments due to the acquisitions of Virginia Savings Bancorp, Inc. and Community Financial Corporation, respectively. For 2012, interest income on commercial, financial and agricultural loans includes \$0.3 million of accretion related to the fair value adjustments due to the acquisition of Virginia Savings Bancorp, Inc.

(4) - For 2013, interest income on installment loans to individuals includes \$0.1 million and \$0.4 million of accretion related to the fair value adjustments due to the acquisitions of Virginia Savings Bancorp, Inc. and Community Financial Corporation, respectively. For 2012, interest income on installment loans to individuals includes less than \$0.1 million of accretion related to the fair value adjustments due to the acquisition of Virginia Savings Bancorp, Inc.

(5) Includes the Company's consumer and DDA overdrafts loan categories.

(6) Effective January 1, 2012, the carrying value of the Company's previously securitized loans was reduced to \$0.

(7) Computed on a fully federal tax-equivalent basis assuming a tax rate of approximately 35%.

(8) - For 2013, interest expense on time deposits includes \$0.1 million and \$0.2 million in accretion of the fair value adjustments related to the acquisitions of Virginia Savings Bancorp, Inc. and Community Financial Corporation, respectively. For 2012, interest expense on time deposits includes \$0.1 million in accretion of the fair value adjustments related to the acquisition of Virginia Savings Bancorp, Inc.

CITY HOLDING COMPANY AND SUBSIDIARIES
Consolidated Average Balance Sheets, Yields, and Rates
(Unaudited) (\$ in 000s)

| | Nine Months Ended September 30, | | | | | |
|---|---------------------------------|------------------|----------------|---------------------|------------------|----------------|
| | 2013 | | | 2012 | | |
| | Average Balance | Interest | Yield/ Rate | Average Balance | Interest | Yield/ Rate |
| Assets: | | | | | | |
| Loan portfolio ⁽¹⁾ : | | | | | | |
| Residential real estate ⁽²⁾ | \$ 1,294,671 | \$ 41,215 | 4.26% | \$ 1,101,805 | \$ 36,731 | 4.45% |
| Commercial, financial, and agriculture ⁽³⁾ | 1,145,286 | 46,755 | 5.46% | 873,295 | 29,395 | 4.50% |
| Installment loans to individuals ^{(4),(5)} | 65,557 | 4,755 | 9.70% | 45,756 | 2,303 | 6.72% |
| Previously securitized loans ⁽⁶⁾ | *** | 1,968 | *** | *** | 2,414 | *** |
| Total loans | 2,505,514 | 94,693 | 5.05% | 2,020,856 | 70,843 | 4.68% |
| Securities: | | | | | | |
| Taxable | 329,918 | 7,774 | 3.15% | 367,800 | 11,345 | 4.12% |
| Tax-exempt ⁽⁷⁾ | 31,378 | 1,437 | 6.12% | 39,176 | 1,694 | 5.78% |
| Total securities | 361,296 | 9,211 | 3.41% | 406,976 | 13,039 | 4.28% |
| Deposits in depository institutions | 8,090 | - | - | 7,200 | - | - |
| Federal funds sold | 17,450 | 22 | 0.17% | 29,712 | 38 | 0.17% |
| Total interest-earning assets | 2,892,350 | 103,926 | 4.80% | 2,464,744 | 83,920 | 4.55% |
| Cash and due from banks | 159,942 | | | 75,576 | | |
| Bank premises and equipment | 81,976 | | | 68,788 | | |
| Other assets | 257,384 | | | 221,661 | | |
| Less: Allowance for loan losses | (20,030) | | | (19,599) | | |
| Total assets | \$ 3,371,622 | | | \$ 2,811,170 | | |
| Liabilities: | | | | | | |
| Interest-bearing demand deposits | 606,076 | 537 | 0.12% | 532,231 | 531 | 0.13% |
| Savings deposits | 596,895 | 645 | 0.14% | 473,626 | 576 | 0.16% |
| Time deposits ⁽⁸⁾ | 1,109,895 | 8,308 | 1.00% | 905,561 | 9,256 | 1.37% |
| Short-term borrowings | 121,677 | 232 | 0.25% | 119,454 | 229 | 0.26% |
| Long-term debt | 16,495 | 464 | 3.76% | 16,495 | 499 | 4.04% |
| Total interest-bearing liabilities | 2,451,038 | 10,186 | 0.56% | 2,047,367 | 11,091 | 0.72% |
| Noninterest-bearing demand deposits | 512,993 | | | 408,435 | | |
| Other liabilities | 38,698 | | | 33,612 | | |
| Stockholders' equity | 368,893 | | | 321,756 | | |
| Total liabilities and stockholders' equity | \$ 3,371,622 | | | \$ 2,811,170 | | |
| Net interest income | | \$ 93,740 | | | \$ 72,829 | |
| Net yield on earning assets | | | 4.33% | | | 3.95% |

(1) For purposes of this table, non-accruing loans have been included in average balances and loan fees, which are immaterial, have been included in interest income.

(2) - For 2013, interest income on residential real estate loans includes \$0.8 million and \$0.5 million of accretion related to the fair value adjustments due to the acquisitions of Virginia Savings Bancorp, Inc. and Community Financial Corporation, respectively. For 2012, interest income on residential real estate loans includes \$0.6 million of accretion related to the fair value adjustments due to the acquisition of Virginia Savings Bancorp, Inc.

(3) - For 2013, interest income on commercial, financial, and agriculture loans includes \$2.0 million and \$5.4 million of accretion related to the fair value adjustments due to the acquisitions of Virginia Savings Bancorp, Inc. and Community Financial Corporation, respectively. For 2012, interest income on commercial, financial and agricultural loans includes \$0.3 million of accretion related to the fair value adjustments due to the acquisition of Virginia Savings Bancorp, Inc.

(4) Includes the Company's consumer and DDA overdrafts loan categories.

(5) - For 2013, interest income on installment loans to individuals includes \$0.1 million and \$1.0 million of accretion related to the fair value adjustments due to the acquisitions of Virginia Savings Bancorp, Inc. and Community Financial Corporation, respectively. For 2012, interest income on installment loans to individuals includes less than \$0.1 million of accretion related to the fair value adjustments due to the acquisition of Virginia Savings Bancorp, Inc.

(6) Effective January 1, 2012, the carrying value of the Company's previously securitized loans was reduced to \$0.

(7) Computed on a fully federal tax-equivalent basis assuming a tax rate of approximately 35%.

(8) - For 2013, interest expense on time deposits includes \$0.4 million and \$0.5 million in accretion of the fair value adjustments related to the acquisitions of Virginia Savings Bancorp, Inc. and Community Financial Corporation, respectively. For 2012, interest expense on time deposits includes \$0.1 million in accretion of the fair value adjustments related to the acquisition of Virginia Savings Bancorp, Inc.

CITY HOLDING COMPANY AND SUBSIDIARIES
Analysis of Risk-Based Capital
(Unaudited) (\$ in 000s)

| | September 30 2013 (a) | June 30 2013 | March 31 2013 | December 31 2012 | September 30 2012 |
|--|--------------------------|---------------------|---------------------|---------------------|----------------------|
| Tier I Capital: | | | | | |
| Stockholders' equity | \$ 378,042 | \$ 368,891 | \$ 365,848 | \$ 333,274 | \$ 328,415 |
| Goodwill and other intangibles | (76,233) | (74,455) | (75,563) | (64,866) | (64,912) |
| Accumulated other comprehensive loss | 6,173 | 5,540 | 1,332 | 1,422 | 365 |
| Qualifying trust preferred stock | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 |
| Unrealized loss on AFS securities | (18) | (11) | - | - | - |
| Excess deferred tax assets | (12,495) | (13,572) | (17,737) | (6,577) | (7,472) |
| Total tier I capital | \$ 311,470 | \$ 302,394 | \$ 289,880 | \$ 279,254 | \$ 272,397 |
| Total Risk-Based Capital: | | | | | |
| Tier I capital | \$ 311,470 | \$ 302,394 | \$ 289,880 | \$ 279,254 | \$ 272,397 |
| Qualifying allowance for loan losses | 20,606 | 20,069 | 19,721 | 18,809 | 18,986 |
| Unrealized gain on securities | 722 | 686 | 696 | - | - |
| Total risk-based capital | \$ 332,798 | \$ 323,149 | \$ 310,297 | \$ 298,063 | \$ 291,383 |
| Net risk-weighted assets | \$ 2,460,895 | \$ 2,450,010 | \$ 2,436,022 | \$ 2,152,622 | \$ 2,112,581 |
| Ratios: | | | | | |
| Average stockholders' equity to average assets | 11.14% | 10.94% | 10.74% | 11.49% | 11.32% |
| Tangible capital ratio | 9.08% | 8.90% | 8.61% | 9.40% | 9.29% |
| Risk-based capital ratios: | | | | | |
| Tier I capital | 12.66% | 12.34% | 11.90% | 12.97% | 12.89% |
| Total risk-based capital | 13.52% | 13.19% | 12.74% | 13.85% | 13.79% |
| Leverage capital | 9.43% | 9.12% | 8.98% | 9.82% | 9.67% |

(a) September 30, 2013 risk-based capital ratios are estimated

CITY HOLDING COMPANY AND SUBSIDIARIES
Intangibles
(Unaudited) (\$ in 000s)

| | As of and for the Quarter Ended | | | | |
|----------------------------------|---------------------------------|-----------------|------------------|---------------------|----------------------|
| | September 30 2013 | June 30 2013 | March 31 2013 | December 31 2012 | September 30 2012 |
| Intangibles, net | \$ 76,420 | \$ 74,642 | \$ 75,750 | \$ 65,057 | \$ 65,103 |
| Intangibles amortization expense | 260 | 260 | 260 | 135 | 135 |

CITY HOLDING COMPANY AND SUBSIDIARIES
Summary of Loan Loss Experience
(Unaudited) (\$ in 000s)

| | September 30 2013 | June 30 2013 | Quarter Ended March 31 2013 | December 31 2012 | September 30 2012 |
|---|----------------------|------------------|-----------------------------------|---------------------|----------------------|
| Balance at beginning of period | \$ 20,069 | \$ 19,721 | \$ 18,809 | \$ 18,986 | \$ 19,452 |
| Charge-offs: | | | | | |
| Commercial and industrial | 380 | 330 | 62 | 100 | 9 |
| Commercial real estate | 181 | 419 | 203 | 1,744 | 845 |
| Residential real estate | 487 | 520 | 591 | 284 | 252 |
| Home equity | 8 | 154 | 116 | 366 | 133 |
| Consumer | 102 | 221 | 3 | 42 | 53 |
| DDA overdrafts | 415 | 348 | 339 | 394 | 418 |
| Total charge-offs | 1,573 | 1,992 | 1,314 | 2,930 | 1,710 |
| Recoveries: | | | | | |
| Commercial and industrial | 30 | 20 | 1 | 19 | 10 |
| Commercial real estate | 635 | 16 | 18 | 190 | 3 |
| Residential real estate | 69 | 20 | 48 | 7 | 8 |
| Home equity | - | - | - | 6 | 1 |
| Consumer | 25 | 70 | 147 | 45 | 26 |
| DDA overdrafts | 197 | 203 | 274 | 711 | 221 |
| Total recoveries | 956 | 329 | 488 | 978 | 269 |
| Net charge-offs | 617 | 1,663 | 826 | 1,952 | 1,441 |
| Provision for loan losses | 1,241 | 1,834 | 1,738 | 1,775 | 975 |
| (Recovery of) provision for acquired loans | (87) | 177 | - | - | - |
| Balance at end of period | \$ 20,606 | \$ 20,069 | \$ 19,721 | \$ 18,809 | \$ 18,986 |
| Loans outstanding | \$ 2,558,456 | \$ 2,527,445 | \$ 2,497,023 | \$ 2,146,369 | \$ 2,085,232 |
| Average loans outstanding | 2,536,542 | 2,513,883 | 2,465,336 | 2,104,483 | 2,070,264 |
| Allowance as a percent of loans outstanding | 0.81% | 0.79% | 0.79% | 0.88% | 0.91% |
| Allowance as a percent of non-performing loans | 93.86% | 87.14% | 82.18% | 96.59% | 82.61% |
| Net charge-offs (annualized) as a percent of average loans outstanding | 0.10% | 0.26% | 0.13% | 0.37% | 0.28% |
| Net charge-offs, excluding overdraft deposit accounts, (annualized) as a percent of average loans outstanding | 0.06% | 0.24% | 0.12% | 0.43% | 0.24% |

CITY HOLDING COMPANY AND SUBSIDIARIES
Summary of Non-Performing Assets
(Unaudited) (\$ in 000s)

| | September 30 2013 | June 30 2013 | March 31 2013 | December 31 2012 | September 30 2012 |
|---|----------------------|------------------|------------------|---------------------|----------------------|
| Nonaccrual loans | \$ 21,535 | \$ 21,847 | \$ 23,198 | \$ 19,194 | \$ 22,586 |
| Accruing loans past due 90 days or more | 418 | 1,185 | 799 | 280 | 397 |
| Total non-performing loans | 21,953 | 23,032 | 23,997 | 19,474 | 22,983 |
| Other real estate owned | 7,518 | 10,837 | 10,508 | 8,162 | 9,017 |
| Total non-performing assets | \$ 29,471 | \$ 33,869 | \$ 34,505 | \$ 27,636 | \$ 32,000 |
| Non-performing assets as a percent of loans and other real estate owned | 1.15% | 1.33% | 1.38% | 1.28% | 1.53% |

CITY HOLDING COMPANY AND SUBSIDIARIES
Summary of Total Past Due Loans
(Unaudited) (\$ in 000s)

| | Originated | | | | |
|--|----------------------|------------------|------------------|---------------------|----------------------|
| | September 30 2013 | June 30 2013 | March 31 2013 | December 31 2012 | September 30 2012 |
| Residential real estate | \$ 5,414 | \$ 6,525 | \$ 5,889 | \$ 5,748 | \$ 4,909 |
| Home equity - junior liens | 732 | 655 | 858 | 2,893 | 2,643 |
| Commercial and industrial | 5 | 234 | 303 | 496 | 25 |
| Commercial real estate | 612 | 2,556 | 1,503 | 633 | 1,271 |
| Consumer | 96 | 103 | 83 | 121 | 136 |
| DDA overdrafts | 280 | 290 | 337 | 281 | 319 |
| Total past due loans | \$ 7,139 | \$ 10,363 | \$ 8,973 | \$ 10,172 | \$ 9,303 |
| | Acquired | | | | |
| | September 30 2013 | June 30 2013 | March 31 2013 | December 31 2012 | September 30 2012 |
| Residential real estate | \$ 1,032 | \$ 951 | \$ 2,037 | \$ - | \$ - |
| Home equity - junior liens | 23 | - | - | - | - |
| Commercial and industrial | 2,166 | 2,534 | 7,783 | 1,004 | - |
| Commercial real estate | 7,324 | 8,019 | 5,770 | 1,793 | - |
| Consumer | 703 | 693 | 864 | - | - |
| DDA overdrafts | - | - | - | - | - |
| Total past due loans | \$ 11,248 | \$ 12,197 | \$ 16,454 | \$ 2,797 | \$ - |
| | Total | | | | |
| | September 30 2013 | June 30 2013 | March 31 2013 | December 31 2012 | September 30 2012 |
| Residential real estate | \$ 6,446 | \$ 7,476 | \$ 7,926 | \$ 5,748 | \$ 4,909 |
| Home equity - junior liens | 755 | 655 | 858 | 2,893 | 2,643 |
| Commercial and industrial | 2,171 | 2,768 | 8,086 | 1,500 | 25 |
| Commercial real estate | 7,936 | 10,575 | 7,273 | 2,426 | 1,271 |
| Consumer | 799 | 796 | 947 | 121 | 136 |
| DDA overdrafts | 280 | 290 | 337 | 281 | 319 |
| Total past due loans | \$ 18,387 | \$ 22,560 | \$ 25,427 | \$ 12,969 | \$ 9,303 |
| Total past due loans as a percent of loans outstanding | 0.72% | 0.89% | 1.02% | 0.60% | 0.45% |

CITY HOLDING COMPANY AND SUBSIDIARIES
Summary of Troubled Debt Restructurings
(Unaudited) (\$ in 000s)

| | September 30 2013 | June 30 2013 | March 31 2013 | December 31 2012 | September 30 2012 |
|----------------------------|----------------------|------------------|------------------|---------------------|----------------------|
| Residential real estate | \$ 20,380 | \$ 21,480 | \$ 20,136 | \$ 18,988 | \$ 17,979 |
| Home equity - junior liens | 2,772 | 2,963 | 3,025 | 3,743 | 3,126 |
| Commercial and industrial | 91 | 95 | 101 | 101 | - |
| Commercial real estate | 1,567 | 1,791 | 1,805 | 734 | 227 |
| Consumer | - | - | 142 | 142 | 144 |
| Total | \$ 24,810 | \$ 26,329 | \$ 25,209 | \$ 23,708 | \$ 21,476 |

At September 30, 2012, the Company reclassified \$21.1 million of loans as TDRs in accordance with recent regulatory guidance. The regulatory guidance requires loans to be accounted for as collateral-dependent loans when borrowers have filed Chapter 7 bankruptcy, the debt has been discharged by the bankruptcy court and the borrower has not reaffirmed the debt.

CITY HOLDING COMPANY AND SUBSIDIARIES
Summary of Commercial Loans by Credit Quality Indicator
(Unaudited) (\$ in 000s)

| | Commercial and Industrial | | | | |
|-----------------|---------------------------|-------------------|-------------------|---------------------|----------------------|
| | September 30 2013 | June 30 2013 | March 31 2013 | December 31 2012 | September 30 2012 |
| Pass | \$ 140,999 | \$ 123,406 | \$ 136,926 | \$ 105,690 | \$ 101,798 |
| Special mention | 693 | 3,252 | 4,866 | 878 | 1,066 |
| Substandard | 9,057 | 11,202 | 7,330 | 2,171 | 2,163 |
| Doubtful | 436 | 439 | 555 | - | - |
| Total | \$ 151,185 | \$ 138,299 | \$ 149,677 | \$ 108,739 | \$ 105,027 |

| | Commercial Real Estate | | | | |
|-----------------|------------------------|---------------------|---------------------|---------------------|----------------------|
| | September 30 2013 | June 30 2013 | March 31 2013 | December 31 2012 | September 30 2012 |
| Pass | \$ 939,942 | \$ 933,365 | \$ 911,280 | \$ 771,617 | \$ 734,134 |
| Special mention | 23,123 | 30,769 | 34,554 | 15,015 | 15,831 |
| Substandard | 58,720 | 58,661 | 53,295 | 35,338 | 37,922 |
| Doubtful | 493 | 516 | 2,324 | - | - |
| Total | \$ 1,022,278 | \$ 1,023,311 | \$ 1,001,453 | \$ 821,970 | \$ 787,887 |

| | Total | | | | |
|-----------------|----------------------|---------------------|---------------------|---------------------|----------------------|
| | September 30 2013 | June 30 2013 | March 31 2013 | December 31 2012 | September 30 2012 |
| Pass | \$ 1,080,941 | \$ 1,056,771 | \$ 1,048,206 | \$ 877,307 | \$ 835,932 |
| Special mention | 23,816 | 34,021 | 39,420 | 15,893 | 16,897 |
| Substandard | 67,777 | 69,863 | 60,625 | 37,509 | 40,085 |
| Doubtful | 929 | 955 | 2,879 | - | - |
| Total | \$ 1,173,463 | \$ 1,161,610 | \$ 1,151,130 | \$ 930,709 | \$ 892,914 |

CITY HOLDING COMPANY AND SUBSIDIARIES
Summary of Non-Commercial Loans by Payment Performance
(Unaudited) (\$ in 000s)

| | Performing | | | | |
|----------------------------|----------------------|---------------------|---------------------|---------------------|----------------------|
| | September 30 2013 | June 30 2013 | March 31 2013 | December 31 2012 | September 30 2012 |
| Residential real estate | \$ 1,185,616 | \$ 1,167,003 | \$ 1,144,952 | \$ 1,029,142 | \$ 1,005,522 |
| Home equity - junior liens | 140,769 | 138,339 | 138,275 | 141,961 | 141,950 |
| Consumer | 50,710 | 54,210 | 55,201 | 36,564 | 38,274 |
| DDA overdrafts | 4,506 | 3,101 | 2,874 | 4,548 | 2,666 |
| Total | \$ 1,381,601 | \$ 1,362,653 | \$ 1,341,302 | \$ 1,212,215 | \$ 1,188,412 |

| | Non-Performing | | | | |
|----------------------------|----------------------|-----------------|------------------|---------------------|----------------------|
| | September 30 2013 | June 30 2013 | March 31 2013 | December 31 2012 | September 30 2012 |
| Residential real estate | \$ 3,225 | \$ 3,120 | \$ 4,459 | \$ 2,293 | \$ 2,783 |
| Home equity - junior liens | 118 | 28 | 58 | 1,149 | 1,108 |
| Consumer | 47 | 32 | 73 | - | 11 |
| DDA overdrafts | 2 | 2 | 1 | 3 | 4 |
| Total | \$ 3,392 | \$ 3,182 | \$ 4,591 | \$ 3,445 | \$ 3,906 |

| | Total | | | | |
|----------------------------|----------------------|---------------------|---------------------|---------------------|----------------------|
| | September 30 2013 | June 30 2013 | March 31 2013 | December 31 2012 | September 30 2012 |
| Residential real estate | \$ 1,188,841 | \$ 1,170,123 | \$ 1,149,411 | \$ 1,031,435 | \$ 1,008,305 |
| Home equity - junior liens | 140,887 | 138,367 | 138,333 | 143,110 | 143,058 |
| Consumer | 50,757 | 54,242 | 55,274 | 36,564 | 38,285 |
| DDA overdrafts | 4,508 | 3,103 | 2,875 | 4,551 | 2,670 |
| Total | \$ 1,384,993 | \$ 1,365,835 | \$ 1,345,893 | \$ 1,215,660 | \$ 1,192,318 |