Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-6

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, Charles R. Hageboeck
Name of the Holding Company Director and Official

President, CEO & Director
Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Charles R Hageboeck
Signature of Holding Company Director and Official

March 11, 2021
Date of Signature

Date of Report (top-tier holding company's fiscal year-end):

December 31, 2020
Month / Day / Year

N/A
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

City Holding Company
Legal Title of Holding Company

25 Gatewater Road/P.O. Box 7520
(Mailing Address of the Holding Company) Street / P.O. Box

Charleston	WV	25313
City	State	Zip Code

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

David Bumgarner	CFO
Name	Title

304-769-1169
Area Code / Phone Number / Extension

304-769-1111
Area Code / FAX Number

David.Bumgarner@bankatcity.com
E-mail Address

www.bankatcity.com
Address (URL) for the Holding Company's web page

For holding companies not registered with the SEC–
Indicate status of Annual Report to Shareholders:

- ☐ is included with the FR Y-6 report
- ☐ will be sent under separate cover
- ☐ is not prepared

For Federal Reserve Bank Use Only

RSSD ID _____
C.I. _____

Is confidential treatment requested for any portion of this report submission? ..... 0=No 1=Yes: 0

In accordance with the General Instructions for this report (check only one),

1. a letter justifying this request is being provided along with the report ..... ☐
2. a letter justifying this request has been provided separately ... ☐

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.50 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

Form FR Y-6

City Holding Company
Charleston, West Virginia
Fiscal Year Ending December 31, 2020

Report Items

1a: Form 10-K filed with the Securities and Exchange Commission

Please find as Exhibit 1, City Holding Company's Form 10-K Annual Report, dated December 31, 2020, and filed February 24, 2021 with the Securities and Exchange Commission.

1b: Annual Report to Shareholders

City Holding Company is registered with the Securities and Exchange Commission, therefore not required to submit a copy of the annual report distributed to shareholders. Please see Exhibit 1.

2a: Organization Chart and Supplements to the Organization Chart

Please find as Exhibit 2a, City Holding Company's organization chart.

2b: Domestic Branch Listing

Submitted via email on March 11, 2021.

3: Shareholders

To the best of management's knowledge, Exhibit 3 are the only shareholders of record directly or indirectly that owns, controls, or holds with power to vote five percent (5%) or more of any class of voting securities in City Holding Company

4: Director and Officers

Please find as Exhibit 4, a list of directors and executive officers of City Holding Company. City Holding Company is not aware of any *principal shareholders*, as defined in the instructions for Report Item 4.

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

FORM 10-K

(Mark One)

☒Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Fiscal Year Ended December 31, 2020
OR
☐Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Transition Period From _____To_____.

Commission File Number **0-11733**



CITY HOLDING COMPANY
(Exact name of registrant as specified in its charter)

West Virginia	55-0619957
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

25 Gatewater Road

Charleston	West Virginia	25313
(Address of principal executive offices)		(Zip Code)

(304) 769-1100
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class:	Trading Symbol (s)	Name of Each Exchange on Which Registered:
Common Stock, $2.50 par value	CHCO	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act:

Yes [X] No [ ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act:

Yes [ ] No [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes	[X]	No	[ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer","smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes	☐	No	☒

As of June 30, 2020, the last business day of the registrant's most recently completed second quarter, the aggregate market value of the shares of common stock held by non-affiliates, based upon the closing price per share of the registrant's common stock as reported on the Nasdaq Global Select Market, was approximately $1.0 billion. (Registrant has assumed that all of its executive officers and directors are affiliates. Such assumption shall not be deemed to be conclusive for any other purpose.)

As of February 19, 2021, there were 15,734,396 shares of the Company's common stock, $2.50 par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement for the 2021 annual shareholders' meeting to be held on April 28, 2021 are incorporated by reference into Part III, Items 10, 11, 12, 13, and 14.

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains certain forward-looking statements that are included pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements express only management's beliefs regarding future results or events and are subject to inherent uncertainty, risks, and changes in circumstances, many of which are outside of management's control. Uncertainty, risks, changes in circumstances and other factors could cause the Company's actual results to differ materially 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 under "ITEM 1A Risk Factor" 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 credit losses may not be sufficient to absorb actual losses in our loan portfolio, and risk from concentrations within 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; and (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.

PART I

Item 1. Business

City Holding Company (the "Company" or "City Holding" or the "Parent Company") is a financial holding company headquartered in Charleston, West Virginia. The Company conducts its principal activities through its wholly-owned subsidiary, City National Bank of West Virginia ("City National"). City National provides banking, trust and investment management and other financial solutions through its network of 94 bank branches and 926 full-time equivalent associates located in West Virginia, Kentucky, Virginia and southeastern Ohio. The Company's business activities are currently limited to one reportable business segment, which is community banking.

In December 2018, the Company acquired Poage Bankshares, Inc., of Ashland, Kentucky and its principal banking subsidiary, Town Square Bank (collectively, "Poage") and Farmers Deposit Bancorp, Inc., of Cynthiana, Kentucky and its principal banking subsidiary, Farmers Deposit Bank (collectively, "Farmers Deposit").

In July 2019, the Company sold its Virginia Beach, Virginia, branch to Select Bank & Trust Company.

For the third consecutive year, the Company received the highest ranking in customer satisfaction in the north central region in J.D. Power's 2020 U.S. Retail Banking Satisfaction Study.

The principal products produced and services rendered by City National include:

- Commercial Banking - City National offers a full range of commercial banking services to corporations and other business customers. Loans are provided for a variety of business purposes, including financing for commercial and industrial projects, income producing commercial real estate, owner-occupied real estate and construction and land development. City National also provides deposit services for commercial customers, including treasury management, lockbox and other cash management services. City National provides merchant credit card services through an agreement with a third party vendor.

- Consumer Banking - City National provides banking services to consumers, including checking, savings and money market accounts as well as certificates of deposit and individual retirement accounts. In addition, City National provides consumers with installment and real estate loans and lines of credit. City National also offers credit cards through an agreement with a third party vendor.

- Mortgage Banking - City National provides mortgage banking services, including fixed and adjustable-rate mortgages, construction financing, land loans, production of conventional and government insured mortgages, secondary marketing and mortgage servicing.

- Wealth Management and Trust Services - City National offers specialized services and expertise in the areas of wealth management, trust, investment and custodial services for commercial and individual customers. These services include the administration of personal trusts and estates, as well as the management of investment accounts for individuals, employee benefit plans and charitable foundations. City National also provides corporate trust and institutional custody, financial and estate planning and retirement plan services.

City National's customer base is diverse and no single depositor could have a material adverse effect on liquidity, capital, or other elements of financial performance. Although no portion of City National's loan portfolio is concentrated within a single industry or group of related industries in excess of City National's internally designated limit, residential mortgage loans have historically comprised a significant portion of its loan portfolio. At December 31, 2020, approximately 48% of the Company's loan portfolio was categorized as residential mortgage and home equity loans. However, due to the fractured nature of residential mortgage lending, there is no concentration of credits that would be considered materially detrimental to the Company's financial position or operating results.

There are no anticipated material capital expenditures, or any expected material effects on earnings or the Company's competitive position as a result of compliance with federal, state and local provisions enacted or adopted relating to environmental protection.

City National's loan portfolio is comprised of commercial and industrial, commercial real estate, residential real estate, home equity, consumer loans and demand deposit account ("DDA") overdrafts.

City National's commercial and industrial loan portfolio consists of loans to corporate and other legal entity borrowers, primarily small to mid-size industrial and commercial companies. Commercial and industrial loans typically

involve a higher level of risk than other loan types, including industry specific risks such as the pertinent economy, new technology, labor rates and cyclicality, as well as customer specific factors, such as cash flow, financial structure, operating controls and asset quality. Collateral securing these loans includes equipment, machinery, inventory, receivables and vehicles. As of December 31, 2020, City National reported $373 million of loans classified as "Commercial and Industrial," including $55 million of PPP loans.

Commercial real estate loans consist of commercial mortgages, which generally are secured by nonresidential and multi-family residential properties, including hotel/motel and apartment lending. Commercial real estate loans are provided to many of the same customers and carry similar industry and customer specific risks as the commercial and industrial loans, but have different collateral risks. As of December 31, 2020, City National reported $1.47 billion of loans classified as "Commercial Real Estate."

In order to group loans with similar risk characteristics, the portfolio is further segmented by product types:

- Commercial 1-4 Family loans consist of residential single-family, duplex, triplex, and fourplex rental properties and totaled $109.8 million as of December 31, 2020. Risk characteristics are driven by rental housing demand as well as economic and employment conditions. These properties exhibit greater risk than multi-family properties due to fewer income sources.
- The Hotel portfolio is comprised of all lodging establishments and totaled $294.5 million as of December 31, 2020. Risk characteristics relate to the demand for travel.
- Multi-family consists of 5 or more family residential apartment lending. The portfolio totaled $215.7 million as of December 31, 2020. Risk characteristics are driven by rental housing demand as well as economic and employment conditions.
- Non-residential commercial real estate includes properties such as retail, office, warehouse, storage, healthcare, entertainment, religious, and other nonresidential commercial properties. The non-residential product type is further segmented into owner- and non-owner occupied properties. Nonresidential non-owner occupied commercial real estate totaled $641.4 million while nonresidential owner-occupied commercial real estate totaled $213.5 million as of December 31, 2020. Risk characteristics relate to levels of consumer spending and overall economic conditions.

City National diversifies risk within the commercial and industrial and commercial real estate portfolios by closely monitoring industry concentrations (against internally established risk-based capital thresholds) and portfolios to ensure that it does not exceed established lending guidelines. Diversification is intended to limit the risk of loss from any single unexpected economic event or trend. Underwriting standards require a comprehensive credit analysis and independent evaluation of all larger balance commercial loans by the loan committee prior to approval.

City National categorizes commercial loans by industry according to the North American Industry Classification System ("NAICS") to monitor its portfolio for possible concentrations in one or more industries. Management monitors industry concentrations against internally established risk-based capital thresholds. As of December 31, 2020, City National was within its internally designated concentration limits. Further, with the exception of loans to borrowers within the "Lessors of Nonresidential Buildings", no other NAICS industry classification exceeded 10% of total loans at December 31, 2020. Loans to "Lessors of Nonresidential Buildings" were 13% of total loans at December 31, 2020. Management also monitors non-owner occupied commercial real estate as a percent of risk-based capital (based upon regulatory guidance). At December 31, 2020, the Company had $1.3 billion of commercial loans classified as non-owner occupied, which was within its designated concentration threshold.

Residential real estate loans represent loans to consumers that are secured by a first priority lien on residential real property. Residential real estate loans include loans for the purchase or refinance of consumers' residences and first-priority home equity loans allow consumers to borrow against the equity in their home. These loans primarily consist of single family three- and five-year adjustable rate mortgages with terms that amortize up to 30 years. City National also offers fixed-rate residential real estate loans that are sold in the secondary market; once sold these loans are not included on the Company's balance sheet and City National does not retain the servicing rights to these loans. Residential purchase real estate loans are generally underwritten to comply with Fannie Mae and Freddie Mac guidelines, while first priority lien home equity loans are underwritten with typically less documentation, lower loan-to-value ratios and shorter maturities. As of December 31, 2020, City National reported $1.59 billion of loans classified as "Residential Real Estate."

City National's home equity loans represent loans to consumers that are secured by a second (or junior) priority lien on residential real property. Home equity loans allow consumers to borrow against the equity in their home without paying off an existing first priority lien. These loans include home equity lines of credit ("HELOC") and amortized home equity loans that require monthly installment payments. Second priority lien home equity loans are underwritten with less documentation than first priority lien residential real estate loans but typically have similar loan-to-value ratios and other

terms as first priority lien residential real estate loans. The amount of credit extended under these loans is directly related to the value of the real estate securing the loan at the time the loan is made. As of December 31, 2020, City National reported $136 million of loans classified as "Home Equity."

All mortgage loans, whether fixed rate or adjustable rate, are originated in accordance with acceptable industry standards and comply with regulatory requirements. Fixed rate mortgage loans are processed and underwritten in accordance with Fannie Mae and Freddie Mac guidelines, while adjustable rate mortgage loans are underwritten in accordance with City National's internal loan policy.

Consumer loans may be secured by automobiles, boats, recreational vehicles, certificates of deposit and other personal property or they may be unsecured. The Company manages the risk associated with consumer loans by monitoring factors such as portfolio size and growth, internal lending policies, and pertinent economic conditions. City National's underwriting standards for consumer loans are continually evaluated and modified based upon these factors. As of December 31, 2020, City National reported $48 million of loans classified as "Consumer."

DDA overdraft balances reflect demand deposit accounts that have been overdrawn by deposit customers and have been reclassified as loans. As of December 31, 2020, City National reported $2 million of loans classified as "DDA Overdrafts."

City National's loan underwriting guidelines and standards are updated periodically with suggested revisions presented to City Holding Company's Board of Directors for approval. The purpose of the underwriting guidelines and standards is to grant loans on a sound and collectible basis; to invest available funds in a safe and profitable manner; to serve the legitimate credit needs of the communities in City National's primary market area; and to ensure that all loan applicants receive fair and equal treatment throughout the lending process. The underwriting guidelines and standards are intended to: (i) minimize credit losses by carefully investigating the credit history and creditworthiness of each applicant; (ii) verify the source of repayment and the ability of the applicant to repay; (iii) adequately collateralize those loans in which collateral is deemed to be required; (iv) exercise appropriate care in the documentation of the application, review, approval, and origination processes; and (v) administer a comprehensive loan collection program. The underwriting guidelines are adhered to by the loan officer assigned to the loan application and are subject to his or her experience, background and personal judgment.

Market Area and Competition

City National operates a network of 94 bank branches primarily along the I-64 corridor from Lexington, Kentucky through Lexington, Virginia and along the I-81 corridor through the Shenandoah Valley from Lexington, Virginia to Martinsburg, West Virginia. City National's branch network includes 58 branches in West Virginia, 19 branches in Kentucky, 13 branches in Virginia and 4 branches in Ohio. City National provides credit, deposit and investment advisory products and services to a broad geographical area that includes many rural and small community markets in addition to larger cities including Charleston (WV), Huntington (WV), Martinsburg (WV), Ashland (KY), Lexington (KY), Winchester (VA) and Staunton (VA). In addition to its branch network, City National's delivery channels include automated-teller-machines ("ATMs"), interactive-teller machines ("ITMs"), mobile banking, debit cards, interactive voice response systems, and Internet technology.

As noted previously, the Company's principal markets are located in West Virginia and contiguous markets in the surrounding states of Kentucky, Virginia and Ohio. The majority of the Company's bank branches are located in the areas of Charleston (WV), Huntington (WV), Beckley (WV), Lewisburg (WV), Martinsburg (WV), Lexington (KY), and along the I-81 corridor in Virginia where there is a significant presence of other financial service providers. Within its markets, the Company competes with national, regional, and local community banks for deposits, credit and trust and investment management customers. In addition to traditional banking organizations, the Company competes with credit unions, finance companies, financial technology companies, mutual funds, insurance companies, and other financial service providers, many of which are able to provide specialty financial products and services to targeted customer groups. As further discussed below, changes in laws and regulations enacted in recent years have increased the competitive environment the Company and its subsidiaries face to retain and attract customers.



City National also provides commercial products and services to customers that are outside of its branches' geographical footprint, such as the Charlotte, North Carolina and Pittsburgh, Pennsylvania markets. These loans are diversified across a broad base of industry types, including multi-family housing properties, properties leased to government agencies, nursing homes, grocery and retail stores, and other commercial and industrial loans. At December 31, 2020, the outstanding balance of commercial loans to markets outside of the geographical footprint of the bank's branches was approximately $338 million, or 18% of City National's outstanding commercial loan balances.

City National has approximately 12% of the deposit market share in the counties of West Virginia where its bank branches are located. In Kentucky, City National has approximately 23% of the deposit market share in the eastern counties where its bank branches are located. In Virginia, City National has approximately 9% of the deposit market share in the counties along the I-81 corridor where its bank branches are located. In Lawrence County, Ohio, City National has approximately 19% of the deposit market share.

According to the most recent U.S. Census Bureau estimates (2019), in the West Virginia counties where City National's bank branches are located, the population was approximately 1.0 million and has decreased 1.2% since 2010. The population in the counties that City National serves in Kentucky has increased 3.9% since 2010. The population in the counties City National serves in Virginia along the I-81 corridor has increased 7.5% since 2010, which is more comparable to the national average increase of approximately 6.3%, and in Lawrence County, Ohio, where City National has three bank branches, the population has decreased 4.8% since 2010.

Human Capital

We care about our employees and provide not only competitive compensation and benefit packages, but a work environment our employees characterize as "family." We are committed to integrity and the highest ethical standards in regard to how we treat both our customers and our employees. To bring out the best in our employees and our company, we introduced the "Integrity in Action" program that gives all employees additional resources to help protect our company and uphold our high standards. We support all of the communities in which we serve, and our employees embrace this opportunity. Our success is a testament to the quality of financial products and services we provide, but more importantly, to our team and our culture.

Employee Demographics: As of December 31, 2020, we employed 926 full and part time employees across our 94 branches throughout West Virginia, Kentucky, Virginia and Ohio. Our employee turnover rate in 2020 was under 5%. As of

December 31, 2020, approximately 80% of our current workforce is female, 20% is male, our average tenure is approximately 10 years and approximately 20% of our workforce has a college degree.

Compensation and Benefits Programs: We provide competitive compensation and benefits programs to our employees. In addition to base salaries, these programs include annual incentive compensation, periodic production compensation, a 401(k) Plan with an employer matching contribution (in which employees are 100% vested on the day the employee is eligible to participate), health and insurance benefits, flexible spending accounts, vacation and sick time and various employee assistance programs (Education Assistance Program, Tuition Loan Program, etc.). As a result of the COVID-19 pandemic, we provided additional paid time off to our employees who were dealing with COVID-19 related issues.

The Company is subject to regulatory rules and guidance regarding employee incentive compensation policies intended to ensure that incentive-based compensation does not undermine the safety and soundness of the institution by encouraging excess risk-taking. The Company's incentive compensation arrangements must provide employees with incentives that appropriately balance risk and reward and do not encourage imprudent risk, be compatible with effective controls and risk managements, and be supported by strong corporate governance, including active and effective oversight by the Company's board of directors.

For the third year in a row, City was recognized by the J.D. Power organization as the "Highest in Customer Satisfaction" in the North Central United States. Our company's success is rooted in the well-being of our employees. During the COVID-19 pandemic, we implemented several operating changes to mitigate the risk to our employees, such as having our lobbies open by appointment only, allowing certain operational employees to work from home, modifying office footprints to ensure appropriate spacing and increasing the frequency and level of cleaning at all of our locations.

Employee Development: We invest in the growth and development of our employees by providing various training opportunities for them. These training opportunities focus on topics that are relevant to the employee's job function and the banking industry.

We evaluate our employees on at least an annual basis. Those evaluations focus on job performance, achievement of goals, and employee development, among other topics.

Regulation and Supervision

Overview: The Company, as a registered financial holding company, and City National, as an insured depository institution, operate in a highly regulated environment and are regularly examined by federal regulators. The following description briefly discusses certain provisions of federal and state laws and regulations to which the Company and City National are subject and the potential impact of such provisions. These federal and state laws and regulations are designed to reduce potential loss exposure to the depositors of depository institutions and to the Federal Deposit Insurance Corporation's insurance fund; they are not intended to protect the Company's shareholders. Proposals to change the laws and regulations governing the banking industry are frequently raised in Congress, in state legislatures, and before the various bank regulatory agencies. The likelihood and timing of any changes and the impact such changes might have on the Company are impossible to determine with any certainty. A change in applicable laws or regulations, or a change in the way such laws or regulations are interpreted by regulatory agencies or courts, may have a material impact on the business, operations and earnings of the Company. To the extent that the following information describes statutory or regulatory provisions, it is qualified entirely by reference to the particular statute and/or regulation.

As a financial holding company, the Company is regulated under the Bank Holding Company Act of 1956, as amended (the "BHCA"), and is subject to inspection, examination and supervision by the Board of Governors of the Federal Reserve Board. The BHCA provides generally for "umbrella" regulation of bank holding companies such as the Company by the Federal Reserve Board, and for functional regulation of banking activities by bank regulators, securities activities by securities regulators, and insurance activities by insurance regulators. The Company is also under the jurisdiction of the Securities and Exchange Commission ("SEC") and is subject to the disclosure and regulatory requirements of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, as administered by the SEC. The Company is listed on the Nasdaq Global Select Market ("NASDAQ") under the trading symbol "CHCO" and is subject to the rules of the NASDAQ for listed companies.

City National is organized as a national banking association under the National Bank Act of 1863, as amended (the "National Bank Act"). It is subject to regulation and examination by the Office of the Comptroller of the Currency ("OCC") and the Federal Deposit Insurance Corporation ("FDIC"). The OCC's supervision and regulation of banks is primarily intended to protect the interests of depositors of the banks and FDIC's insurance fund. The National Bank Act generally

requires each national bank to maintain reserves against deposits, restricts the nature and amount of loans that the bank may make and the interest the bank may charge on such loans, and restricts investments and other activities of the bank.

Bank Holding Company Activities: In general, the BHCA limits the business of bank holding companies to banking, managing or controlling banks and certain other activities that the Federal Reserve Board has determined to be so closely related to banking as to be a proper incident thereto. Under the BHCA, bank holding companies that qualify and elect to be financial holding companies may engage in any activity, or acquire and retain the equity of a company engaged in any activity, that is either (i) financial in nature or incidental to such financial activity (as determined by the Federal Reserve Board in consultation with the OCC) or (ii) complementary to a financial activity and does not pose a substantial risk to the safety and soundness of depository institutions or the financial system generally (as determined solely by the Federal Reserve Board). Activities that are financial in nature include, among other things, securities underwriting and dealing, insurance underwriting and making merchant banking investments.

The Company has elected and qualifies as a financial holding company. In order for the Company to maintain its financial holding company status, both the Company and City National must be categorized as "well-capitalized" and "well-managed" under applicable regulatory guidelines. If the Company or City National fails to meet these requirements, the Federal Reserve Board may impose corrective capital requirements or place limitations on the Company's ability to conduct the broader activities permissible for financial holding companies. The Federal Reserve Board also has the power to order any bank holding company or its subsidiaries to terminate any activity or to terminate its ownership or control of any subsidiary when the Federal Reserve Board has reasonable grounds to believe that continuation of such activity or such ownership or control constitutes a serious risk to the financial soundness, safety or stability of any bank subsidiary of the bank holding company.

The BHCA, the Bank Merger Act, and other federal and state laws and regulations regulate mergers and acquisitions of commercial banks and bank holding companies. The prior approval of the Federal Reserve Board is typically required for City Holding Company to acquire more than 5% of the voting shares of a commercial bank or bank holding company. Mergers and acquisitions by the Company of national banks, state-chartered banks, federal and state savings associations, and certain other types of entities require prior approval from various regulators. In reviewing applications seeking approval of merger and acquisition transactions, the bank regulatory authorities will consider, among other things, the competitive effect and public benefits of the transaction, the capital position of the combined institution, and the applicant's previous adherence to various banking regulations, including the Community Reinvestment Act of 1977 and anti-money laundering requirements.

Federal Reserve Board policy and federal law require that bank holding companies must serve as a source of financial strength to their subsidiary banks. The Company is expected to commit resources to City National, even at times when the Company may not be inclined to do so. For example, if bank regulatory agencies determine that City National's capital levels are impaired, the Company may be required to restore City National's capital levels with a special assessment.

Banking Operations: The Bank Secrecy Act of 1970 ("BSA") and the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001 ("Patriot Act") require financial institutions to develop programs to help prevent them from being used for money laundering, terrorist or other illegal activities. The rules under the BSA and the Patriot Act include the following: (a) require financial institutions to keep records and report on transactions or accounts at issue; (b) require financial institutions to obtain and retain information related to the beneficial ownership of any account opened or maintained by foreign persons; (c) require financial institutions to identify each customer who is permitted to use a payable-through or correspondent account and obtain certain information from each customer permitted to use the account; and (d) prohibit or impose conditions on the opening or maintaining of correspondent or payable-through accounts. Failure of a financial institution to maintain and implement adequate programs to combat money laundering and terrorist financing, or to comply with all of the relevant laws or regulations, could have serious legal and reputational consequences for the institution.

The Company and its subsidiary bank and other subsidiaries are "affiliates" within the meaning of the Federal Reserve Act. The Federal Reserve Act imposes limitations on a bank with respect to extensions of credit to, investments in, and certain other transactions with, its parent bank holding company and the holding company's other subsidiaries. Loans and extensions of credit from the bank to its affiliates are also subject to various collateral requirements. Further, City National's authority to extend credit to the Company's directors, executive officers and principal shareholders, including their immediate family members, corporations and other entities that they control, is subject to the restrictions and additional requirements of the Federal Reserve Act and Regulation O promulgated thereafter. These statutes and regulations impose specific limits on the amount of loans City National may make to directors and other insiders, and specify approval procedures that must be followed in making loans that exceed certain amounts.

The Community Reinvestment Act of 1977 ("CRA") requires depository institutions to assist in meeting the credit needs of their market areas consistent with safe and sound banking practice. Under the CRA, each depository institution is

required to help meet the credit needs of its market areas by, among other things, providing credit to low- and moderate-income individuals and communities. Depository institutions are periodically examined for compliance with the CRA and are assigned ratings. In order for a financial holding company to commence any new activity permitted by the BHCA, or to acquire any company engaged in any new activity permitted by the BHCA, each insured depository institution subsidiary of the financial holding company must have received a rating of at least "satisfactory" in its most recent examination under the CRA. Banking regulators also take into account CRA ratings when considering approval of a proposed merger or acquisition transaction. Depository institutions are typically examined for CRA compliance every three years, although the frequency is at the OCC's discretion. City National received a "satisfactory" rating on its most recent CRA examination in 2018.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was enacted in July 2010 and implemented far-reaching changes across the financial regulatory landscape, including provisions that impact the Company's operations and regulation of the Company in the following ways, among others:

- Centralize responsibility for consumer financial protection by creating a new agency, the Consumer Financial Protection Bureau, which has rule making authority for a wide range of consumer protection laws that apply to all banks and has broad powers to supervise and enforce consumer protection laws;
- Require the OCC to seek to make its capital requirements for national banks countercyclical so that capital requirements increase in times of economic expansion and decrease in times of economic contraction;
- Require financial holding companies, such as the Company, to be well-capitalized and well-managed;
- Provide for an increase in the minimum reserve ratio for the FDIC deposit insurance fund from 1.15% to 1.35% and changes in the basis for determining FDIC premiums from deposits to assets;
- Repeal the federal prohibitions on the payment of interest on demand deposits;
- Amend the Electronic Fund Transfer Act ("EFTA");
- Enhance the requirements for certain transactions with affiliates under the Federal Reserve Act;
- Strengthen the existing limits on a depository institution's credit exposure to one borrower;
- Strengthen loan restrictions to insiders; and
- Increase the authority of the Federal Reserve Board to examine the Company and its non-bank subsidiaries.

The Volcker Rule was adopted under the Dodd-Frank Act and prohibits certain entities, including the Company and its affiliates, from owning, sponsoring, or having certain relationships with hedge funds and private equity funds and engaging in short-term proprietary trading of securities, derivatives, commodity futures and options on these instruments.

Since the enactment of the Dodd-Frank Act, the Consumer Financial Protection Bureau (the "CFPB") has issued several regulations governing mainly consumer mortgage lending. These regulations include the ability to repay and qualified mortgage rule, which imposes additional requirements on banks designed to ensure borrowers' ability to repay their mortgage loans, a rule on escrow accounts for higher priced mortgage loans, a rule expanding the scope of the high-cost mortgage provision in the Truth in Lending Act, rules related to mortgage servicing, and an interagency rule on appraisals for higher-priced mortgage loans. The CFPB has also promulgated rules under the Equal Credit Opportunity Act, the Truth in Lending Act, and the Real Estate Settlement Procedures Act, all of which impact the Company's loan origination and servicing operations. The CFPB also has broad authority to supervise unfair, deceptive or abusive acts or practices related to banking.

The Company is also subject to the Gramm-Leach Bliley Act of 1999, which governs the distribution and protection of information about its customers, the Equal Credit Opportunity Act, which ensures fair and nondiscriminatory lending practices, the Truth in Lending Act and Truth in Savings Act, which makes it easier for customers to compare products and services offered by financial institutions, the Home Mortgage Disclosure Act, which imposes additional disclosure requirements on the Company related to information about its mortgage lending, and other federal and state laws and regulations.

The Economic Growth, Regulatory Relief, and Consumer Protection Act (the "Regulatory Relief Act") was signed into law on May 24, 2018. The Regulatory Relief Act scales back certain aspects of the Dodd-Frank Act and provides other regulatory relief for financial institutions. Certain provisions affecting the Company include:

- Simplifying regulatory capital requirements by providing that banks with less than $10 billion in total consolidated assets that meet a to-be-developed community bank leverage ratio of tangible equity to average consolidated assets between eight and ten percent will be deemed to be in compliance with risk-based capital and leverage requirements.
- Changing how federal financial institution regulators classify certain municipal securities assets under the liquidity coverage ratio rule;
- Exempting certain reciprocal deposits from treatment as brokered deposits under the FDIC's brokered deposits rule;

- Exempting banks with less than $10 billion in total consolidated assets from certain provisions under the Volcker Rule; and
- Authorizing new banking procedures to better facilitate online transactions.

Capital Adequacy: Federal banking regulations set forth capital adequacy guidelines, which are used by regulatory authorities to assess the adequacy of capital in examining and supervising a bank holding company and its insured depository institutions.

In July 2013, the Federal Reserve published the final rules that established a new comprehensive capital framework for banking organizations, commonly referred to as Basel III. These final rules substantially revised the risk-based capital requirements applicable to bank holding companies and depository institutions. The final rule became effective January 1, 2015 for smaller, non-complex banking organizations with full implementation by January 1, 2019.

As of January 1, 2019, the Basel III Capital Rules require City Holding and City National to maintain minimum Common Equity Tier 1 ("CET 1"), Tier 1 and Total Capital ratios, along with a capital conservation buffer, effectively resulting in new minimum capital ratios (which are shown in the table below). The capital conservation buffer is designed to absorb losses during periods of economic stress. Banking institutions with a ratio of CET 1 capital to risk-weighted assets above the minimum but below the conservation buffer (or below the combined capital conservation buffer and countercyclical capital buffer, when the latter is applied) will face constraints on dividends, equity repurchases and compensation based on the amount of the shortfall. The Basel III Capital Rules also provide for a "countercyclical capital buffer" that is applicable to only certain covered institutions and does not have any current applicability to City Holding Company or City National Bank.

The Company's regulatory capital ratios for both City Holding and City National include the 2.5% capital conservation buffer and are illustrated in the following tables (dollars in thousands):

	Actual		Minimum Required - Basel III		Required to be Considered Well Capitalized	
December 31, 2020	**Capital Amount**	**Ratio**	**Capital Amount**	**Ratio**	**Capital Amount**	**Ratio**
CET 1 Capital						
City Holding Company	$ 557,641	16.2 %	$ 241,221	7.0 %	$ 223,991	6.5 %
City National Bank	482,754	14.1 %	239,569	7.0 %	222,457	6.5 %
Tier 1 Capital						
City Holding Company	557,641	16.2 %	292,911	8.5 %	275,681	8.0 %
City National Bank	482,754	14.1 %	290,906	8.5 %	273,793	8.0 %
Total Capital						
City Holding Company	577,292	16.8 %	361,831	10.5 %	344,601	10.0 %
City National Bank	502,405	14.7 %	359,354	10.5 %	342,242	10.0 %
Tier 1 Leverage Ratio						
City Holding Company	557,641	10.2 %	218,163	4.0 %	272,704	5.0 %
City National Bank	482,754	9.0 %	215,277	4.0 %	269,097	5.0 %

December 31, 2019	Actual		Minimum Required - Basel III		Required to be Considered Well Capitalized	
	Capital Amount	Ratio	Capital Amount	Ratio	Capital Amount	Ratio
CET 1 Capital						
City Holding Company	$ 532,640	16.0 %	$ 232,358	7.0 %	$ 215,761	6.5 %
City National Bank	459,006	13.9 %	230,808	7.0 %	214,322	6.5 %
Tier 1 Capital						
City Holding Company	536,640	16.2 %	282,150	8.5 %	265,552	8.0 %
City National Bank	459,006	13.9 %	280,267	8.5 %	263,781	8.0 %
Total Capital						
City Holding Company	548,291	16.5 %	348,538	10.5 %	331,941	10.0 %
City National Bank	470,656	14.3 %	346,213	10.5 %	329,726	10.0 %
Tier 1 Leverage Ratio						
City Holding Company	536,640	11.0 %	195,558	4.0 %	244,448	5.0 %
City National Bank	459,006	9.5 %	193,074	4.0 %	241,342	5.0 %

Management believes that, as of December 31, 2020, City Holding and City National meet all capital adequacy requirements under Basel III. In November 2019, the federal banking regulators published final rules implementing a simplified measure of capital adequacy for certain banking organizations that have less than $10 billion in total consolidated assets. Under the final rules, which went into effect on January 1, 2020, depository institutions and depository institution holding companies that have less than $10 billion in total consolidated assets and meet other qualifying criteria, including a leverage ratio of greater than 9%, off–balance–sheet exposures of 25% or less of total consolidated assets and trading assets plus trading liabilities of 5% or less of total consolidated assets, are deemed "qualifying community banking organizations" and are eligible to opt into the "community bank leverage ratio framework." A qualifying community banking organization that elects to use the community bank leverage ratio framework and that maintains a leverage ratio of greater than 9% is considered to have satisfied the generally applicable risk–based and leverage capital requirements under the Basel III Rules and, if applicable, is considered to have met the "well capitalized" ratio requirements for purposes of its primary federal regulator's prompt corrective action rules, discussed below. The final rules include a two–quarter grace period during which a qualifying community banking organization that temporarily fails to meet any of the qualifying criteria, including the greater–than–9% leverage capital ratio requirement, is generally still deemed "well capitalized" so long as the banking organization maintains a leverage capital ratio greater than 8%. A banking organization that fails to maintain a leverage capital ratio greater than 8% is not permitted to use the grace period and must comply with the generally applicable requirements under the Basel III Rules and file the appropriate regulatory reports. The Company and our subsidiary bank do not have any immediate plans to elect to use the community bank leverage ratio framework but may make such an election in the future.

Additionally, federal banking laws require regulatory authorities to take "prompt corrective action" with respect to depository institutions that do not satisfy minimum capital requirements. The extent of these powers depends upon whether the institutions in question are "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," or "critically undercapitalized," as such terms are defined under federal banking agency regulations. Depository institutions that do not meet minimum capital requirements will face constraints on payment of dividends, equity repurchases and compensation based on the amount of shortfall. A depository institution that is not well capitalized is generally prohibited from accepting brokered deposits and offering interest rates on deposits higher than the prevailing rate in its market, may be subject to asset growth limitations, and may be required to submit capital restoration plans.

Dividends and Other Payments: The Company is a legal entity separate and distinct from City National. Dividends from City National are essentially the sole source of cash for the Company. The right of the Company, and the shareholders of the Company, to participate in any distribution of the assets or earnings of City National, through the payment of dividends or otherwise, is subject to the prior claims of creditors of City National, except to the extent that claims of the Company in its capacity as a creditor may be recognized. Moreover, there are various legal limitations applicable to the payment of dividends by City National to the Company as well as the payment of dividends by the Company to its shareholders.

City National is subject to various statutory restrictions on its ability to pay dividends to the Company. Specifically, the approval of the OCC is required prior to the payment of dividends by City National in excess of its earnings retained in the current year plus retained net profits for the preceding two years. At December 31, 2020, City National could pay dividends up to $67.7 million without prior regulatory permission. No dividends were paid in 2020 or 2019 that required regulatory approval. The payment of dividends by the Company and City National may also be limited by other factors, such as requirements to maintain adequate capital above regulatory guidelines. The OCC also has the authority to prohibit any bank under its jurisdiction from engaging in an unsafe or unsound practice in conducting its business. Depending upon the financial condition of City National, the payment of dividends could be deemed to constitute such an unsafe or unsound practice. The Federal Reserve Board and the OCC have indicated their view that it generally would be an unsafe and unsound practice to pay dividends except out of current operating earnings. The Federal Reserve Board has stated that, as a matter of prudent banking, a bank or bank holding company should not maintain its existing rate of cash dividends on common stock unless (1) the organization's net income available to common shareholders over the past year has been sufficient to fully fund the dividends and (2) the prospective rate of earnings retention appears consistent with the organization's capital needs, asset quality, and overall financial condition. Moreover, the Federal Reserve Board has indicated that bank holding companies should serve as a source of managerial and financial strength to their subsidiary banks. Accordingly, the Federal Reserve Board has stated that a bank holding company should not maintain a level of cash dividends to its shareholders that places undue pressure on the capital of its bank subsidiaries, or that can be funded only through additional borrowings or other arrangements that may undermine the bank holding company's ability to serve as a source of financial strength.

Under federal law, City National may not, subject to certain limited exceptions, make loans or extensions of credit to, or invest in the securities of, or take securities of the Company as collateral for loans to any borrower. City National is also subject to collateral security requirements for any loans or extensions of credit permitted by such exceptions.

Governmental Policies

The Federal Reserve Board regulates money and credit and interest rates in the United States in order to influence general economic conditions. These policies have a significant influence on overall economic growth, demand and distribution of bank loans, investments and deposits, and interest rates charged on loans or paid for time and savings deposits. Federal Reserve Board monetary policies have had a significant effect on the operating results of banks and bank holding companies in the past and are expected to continue to do so in the future.

In view of changing conditions in the national economy and in money markets, as well as the effect of credit policies by monetary and fiscal authorities, including the Federal Reserve Board, it is difficult to predict the impact of possible future changes in interest rates, deposit levels, and loan demand, or their effect on the Company's business and earnings or on the financial condition of the Company's various customers.

Deposit Insurance

Substantially all of the deposits of City National are insured up to applicable limits by the Deposit Insurance Fund ("DIF") of the FDIC and are subject to deposit insurance assessments to maintain the DIF. Deposit insurance assessments are based on average total assets minus average tangible equity. In October 2010, the FDIC adopted a new DIF restoration plan to ensure that the fund reserve ratio reaches 1.35% by September 30, 2020, as required by the Dodd-Frank Act. In March 2016, the FDIC adopted a final rule permanently increasing the reserve ratio for the DIF to 1.35% of total insured deposits.

The Company's FDIC insurance expense for the past three years is shown in the table below (in thousands). The FDIC insurance expense includes deposit assessments and Financing Corporation ("FICO") assessments related to outstanding FICO bonds (the last FICO assessment was collected on the March 31, 2019 assessment).

	For the year ended December 31,		
	2020	2019	2018
FDIC insurance expense	**$ 884**	$ 638	$ 1,251

On January 24, 2019, the Company was notified by the FDIC that it was eligible for small bank assessment credits. On September 30, 2018, the DIF reserve ratio reached 1.36%. Because the reserve ratio exceeded 1.35%, two deposit assessment changes occurred under the FDIC regulations: (i) surcharges on large banks (total consolidated assets of $10 billion or more) ended and (ii) small banks (total consolidated assets of less than $10 billion) were awarded assessment credits for the portion of their assessments that contributed to the growth in the reserve ratio from 1.15% to 1.35%, to be applied when the reserve ratio is at least 1.38%. The credit will be applied automatically each quarter that the reserve ratio is at least 1.38%, up to the full amount of the bank's credit or assessment, whichever is less. The Company fully utilized the credit during the third and fourth quarters of 2019 and during the first and second quarters of 2020.

Under the Federal Deposit Insurance Act, as amended ("FDIA") the FDIC may terminate deposit insurance upon finding that an institution has engaged in unsafe or unsound practices, is in unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC.

Cybersecurity

Federal regulators issued two statements regarding cybersecurity: (i) a statement indicating that financial institutions should design multiple layers of security controls to establish lines of defense and to ensure that their risk management processes also address the risk posed by compromised customer credentials, including security measures to reliably authenticate customers accessing internet-based services of the financial institutions; and (ii) a statement indicating the expectation of a financial institution's management to maintain a sufficient business continuity planning process to ensure rapid recovery, resumption and maintenance of the financial institution's operations after a cyber-attack involving destructive malware. A financial institution is also expected to develop appropriate processes to: (a) enable recovery of data and business operations, (b) address rebuilding network capabilities, and (c) restore data if the financial institution or any of its critical service providers fall victim to this type of cyber-attack. If the Company does not comply with this regulatory guidance, it could be subject to various regulatory sanctions, as well as financial penalties.

In October 2016, the federal banking agencies issued an advance notice of proposed rulemaking on enhanced cybersecurity risk management and resilience standards that would apply to large and interconnected banking organizations and to services provided by third parties to these firms. These enhanced standards would apply only to banks and bank holding companies with total consolidated assets of $50 billion or more; however, it is unclear as to whether any such standards would be applied, and in what form, in the future to smaller banks and bank holding companies.

Future Legislation

Various other legislative and regulatory initiatives, including proposals to overhaul the banking regulatory system and to limit the investments that a depository institution may make with insured funds, are from time to time introduced in Congress and state legislatures, as well as regulatory agencies. Such legislation may change banking statutes and the operating environment of the Company and its subsidiaries in substantial and unpredictable ways, and could increase or decrease the cost of doing business, limit or expand permissible activities, or affect the competitive balance in the financial services industry generally. The Company cannot predict whether any such legislation will be enacted, and, if enacted, the effect that it, or any implementing regulations, would have on the financial condition or results of operations of the Company. A change in statutes, regulations or regulatory policies applicable to the Company or our subsidiaries could have a material effect on the Company's business, financial condition and results of operations.

Executive Officers of the Registrant

At December 31, 2020, the executive officers of the Company were as follows:

Name	Age	Positions Held with Registrant
Charles R. Hageboeck, Ph.D.	58	President and Chief Executive Officer, City Holding Company and City National Bank, since February 1, 2005.
Craig G. Stilwell (1)	65	Executive Vice President of Retail Banking, City Holding Company and City National Bank, since February 2005.
John A. DeRito	70	Executive Vice President of Commercial Banking, City Holding Company and City National Bank, since June 2004.
David L. Bumgarner	55	Executive Vice President and Chief Financial Officer, City Holding Company and City National Bank, since February 2005.
Jeffrey D. Legge	56	Executive Vice President, Chief Administration Officer and Chief Information Officer, City Holding Company and City National Bank, since December 2005.

(1) Retirement effective December 31, 2020

Employees

The Company had 926 full-time equivalent employees at December 31, 2020.

Available Information

The Company files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any document the Company files at the SEC Public Reference Room at 100 F Street, N. E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The Company's SEC filings are also available to the public at the SEC's website at www.sec.gov.

The Company's Internet website address is www.bankatcity.com. The Company makes available free of charge through its website its annual report, quarterly reports, current reports and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after such documents are electronically filed with, or furnished to, the Securities and Exchange Commission. The information on the Company's website is not, and shall not be deemed to be, a part of this report or incorporated into any other filing with the Securities and Exchange Commission. Copies of the Company's annual report will be made available, free of charge, upon written request.

Item 1A. Risk Factors

An investment in the Company's common stock is subject to risks inherent to the Company's business. The material risks and uncertainties that management believes affect the Company are described below. The risks and uncertainties described below are not the only ones facing the Company. Additional risks and uncertainties that management is not aware of or focused on or that management currently deems immaterial may also impair the Company's business operations. You should carefully consider the risks described below, as well as the other information included or incorporated by reference in this Annual Report on Form 10-K, before making an investment in the Company's common stock. If any of the following risks occur, the Company's financial condition and results of operations could be materially and adversely affected, and you could lose all or part of your investment. In this section, the term "Company" includes City National unless the circumstances dictate otherwise.

Economic Risks

The COVID-19 pandemic is adversely affecting our business and financial results. The ultimate impact will depend on future developments, which cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities in response to the pandemic.

The COVID-19 pandemic is creating extensive disruptions to the global economy and to the lives of individuals throughout the world. Business and consumer customers of the Company are experiencing varying degrees of financial distress as a result of the unprecedented uncertainty, volatility and disruption in the financial markets and in governmental, commercial and consumer activity caused by the COVID-19 pandemic. Given the ongoing and dynamic nature of the circumstances, it is not possible to accurately predict the extent, severity or duration of these conditions or when normal economic and operating conditions will resume. For this reason, the extent to which the COVID-19 pandemic affects our business, operations and financial condition, as well as our regulatory capital and liquidity ratios, is highly uncertain and unpredictable and depends on, among other things, new information that may emerge concerning the scope, duration and severity of the COVID-19 pandemic, actions taken by governmental authorities and other parties in response to the pandemic, the scale of distribution and public acceptance of any vaccines for COVID-19 and the effectiveness of such vaccines in stemming or stopping the spread of COVID-19. The adverse impact on the markets in which we operate and on our business, operations and financial condition is expected to remain elevated until the pandemic subsides.

As a participating lender in the Paycheck Protection Program, ("PPP"), we may be subject to additional risks regarding the risk of holding the PPP loans at unfavorable interest rates, the Company's processing of PPP loans, and the dependency we have on the federal government's continuation and support of the program.

The CARES Act was enacted on March 27, 2020. Among many other components, the CARES Act provides for payment forbearance on mortgages or loans to borrowers experiencing a hardship during the COVID-19 pandemic. The Company has offered deferral and forbearance plans and made PPP loans with a maturity of two years to small businesses consistent with the CARES Act that are fully guaranteed by the Small Business Administration ("SBA"). The PPP loans will be fully forgiven if the funds are used by the borrowers for payroll costs, mortgage interests, rent and utilities and loan payments will also be deferred until the SBA has determined whether the loan is eligible to be partially or fully forgivable. In addition, no collateral or personal guarantees are required for PPP loans. These PPP loans are typically larger in amount than loans to individuals and, therefore, have the potential for larger losses on a single loan basis. The borrowers may not be able to repay the loans if the SBA determines that they are only partially or not forgivable at all. The borrowers, despite having a PPP loan, may not be able to maintain the level of employees and salary levels required for forgiveness due to the current economic conditions and thereby create the risk that the PPP loan will not be forgiven in full. Also, the borrower's ability to repay the loan may not recover when the COVID-19 pandemic subsides, and the federal government may not timely pay the amounts that it would owe the Company pursuant to the terms of the loans, the guarantees and the PPP. Further, the Company may lend to borrowers under the PPP with creditworthiness or credit supports that are less than normal practice and may be subject to the risk of PPP fraud cases.

Additionally, every PPP borrower is in a challenging financial position that may negatively impact its ability to repay if the loans are not subject to forgiveness. If the Company's borrowers under the PPP loan fail to qualify for loan forgiveness or are unable to repay their loans, the Company is at heightened risk of holding these loans that are at unfavorable interest rates and underwriting standards as compared to the loans to customers to whom the Company would have otherwise lent. Moreover, while the PPP loans are fully guaranteed by the SBA, if the SBA makes a determination that there was a deficiency in the manner in which the PPP loan was originated, funded or serviced by the Company, which may or may not be related to an ambiguity in the law, rules or guidance regarding operation of the PPP, the SBA may deny its liability under the guaranty, reduce the amount of the guaranty, or, if the Company has already been paid under the guaranty, seek recovery from the Company of any loss related to the deficiency.

Finally, due to the short timeframe between the passing of the CARES Act and the implementing of the PPP, there is some ambiguity in the laws and guidance regarding the operation of the PPP. Several large banks have been subject to

litigation as it relates to the process and procedures that banks used in processing applications for the PPP. We may be exposed to the risk of litigation, from both customers and non-customers who approached the Company requesting PPP loans. Any litigation filed against the Company or the Bank may be costly, regardless of the outcome, and result in significant financial liability or adversely affect our reputation. As a result, the Company's business, financial condition and results of operations could be adversely affected.

Economic Conditions in the Company's Market Areas Could Negatively Impact the Company's Business and Financial Condition.

The Company's business is concentrated in West Virginia, Kentucky, Virginia and southeastern Ohio. As a result, the Company's results of operation, cash flows and financial condition are affected by local and regional economic conditions. A downturn in the economies within the Company's market areas, or in any one of them, could negatively impact the Company's results of operation and financial condition. Some examples of economic deterioration include declines in economic growth, declines in consumer and business confidence, increases in inflation, increases in the cost of capital and credit, and limitations in the availability of credit. The Company's financial performance generally, and the ability of its customers to pay interest on and repay principal of outstanding loans to City National, is highly dependent on the strength of the economic and business environment in the market areas where the Company operates and in the United States as a whole. Additionally, the value of collateral securing loans made and held by City National is impacted by the strength of the economy. Deteriorating economic conditions in the Company's market areas could cause declines in the overall quality of the loan portfolio requiring charge-off of a greater percentage of loans and/or an increase in the allowance for credit losses, which could negatively impact the Company's results of operations and financial condition.

While the economic and business environments in West Virginia, Kentucky, Virginia and southeastern Ohio have shown improvement since the recession of 2007 to 2009, there can be no assurance that such improvement will continue or that the economies in the Company's market areas, or the United States as a whole, will not slip into another recession. A lack of continued economic improvement or economic recession could adversely affect the Company's results of operation and financial condition. An economic slowdown could have the following consequences:

- Loan delinquencies may increase;
- Problem assets and foreclosures may increase;
- Demand for City National's products and services may decline; and
- Collateral (including real estate) that secures loans made by City National may decline in value, in turn reducing customers' borrowing power and making existing loans less secure.

The oil, natural gas and coal industries, and businesses ancillary thereto, play an important role in the economies of West Virginia, Kentucky, Virginia and southeastern Ohio. The volatility in oil and gas prices since 2014 has negatively impacted oil and gas and other businesses in the Company's market areas. Additionally, the coal industry continues to be in decline as a result of increased environmental and safety regulatory burden, increased competition from alternative energy sources and a decline in demand for coal. The Company has limited direct exposure to coal industry specific loans. Prolonged low oil and gas prices, and continued decline in the coal industry, could result in downward pressure on businesses in the Company's market area which could negatively affect City National's customers (both individuals and businesses). As a result, the Company's operating results and financial condition could be negatively impacted.

Credit and Interest Rate Risks

The Value of Real Estate Collateral May Fluctuate Significantly Resulting in an Under-Collateralized Loan Portfolio.

The market value of real estate, particularly real estate held for investment, can fluctuate significantly in a short period of time as a result of market conditions in the geographic area in which the real estate is located. If the value of the real estate serving as collateral for the Company's loan portfolio were to decline materially, a significant part of the Company's loan portfolio could become under-collateralized. If the loans that are collateralized by real estate become troubled during a time when market conditions are declining or have declined, then, in the event of foreclosure, we may not be able to realize the amount of collateral that we anticipated at the time of originating the loan. This could have a material adverse effect on the Company's provision for credit losses and the Company's operating results and financial condition.

The Company Is Subject to Lending Risk.

There are inherent risks associated with the Company's lending activities. These risks include, among other things, the impact of changes in interest rates and changes in the economic conditions in the markets where the Company operates. Increases in interest rates and/or weakening economic conditions could adversely impact the ability of borrowers to repay

outstanding loans or the value of the collateral securing these loans. The Company is also subject to various laws and regulations that affect its lending activities. Failure to comply with applicable laws and regulations could subject the Company to regulatory enforcement action that could result in restrictions of the Company's activities or the assessment of significant civil money penalties against the Company.

A substantial portion of the Company's loan portfolio is comprised of residential and commercial real estate loans. The Company's concentration of real estate loans may subject the Company to additional risk, such as market fluctuations in market value of collateral, environmental liability associated with hazardous or toxic substances found on, in or around the collateral, and difficulty monitoring income-producing property serving as a source of repayment and collateral. Any of these or other risks relating to real estate loans could adversely affect the collection by the Company of the outstanding loan balances.

The Company Is Subject to Environmental Liability Risk.

A significant portion of the Company's loan portfolio is secured by real property. In the ordinary course of the Company's business, it sometimes takes title to real property collateral through foreclosure after a borrower defaults on the loan for which the real property is collateral. There is a risk that hazardous or toxic substances could be present on properties that the Company acquires by way of foreclosure. The Company may be liable for remediation costs, as well as for personal injury and property damage relating to any hazardous or toxic substances present on the properties it acquires in foreclosure. Environmental laws may require the Company to incur substantial expenses and may materially reduce the affected property's value or limit the Company's ability to use or sell the affected property. Furthermore, remediation costs and financial and other liabilities associated with an environmental hazard could have a material adverse effect on the Company's financial condition and results of operations.

The Company Is Subject to Interest Rate Risk.

Changes in monetary policy, including changes in interest rates, could influence not only the interest income the Company receives on loans and securities and the amount of interest it pays on deposits and borrowings, but such changes could also affect (i) the Company's ability to originate loans and obtain deposits, (ii) the fair value of the Company's financial assets and liabilities, and (iii) the average duration of the Company's mortgage-backed securities portfolio. The Company's earnings and cash flows are largely dependent upon its net interest income. Net interest income is the difference between interest income earned on interest-earning assets, such as loans and securities, and interest expense paid on interest-bearing liabilities, such as deposits and borrowed funds. Interest rates are highly sensitive to many factors that are beyond the Company's control, including general economic conditions and policies of various governmental and regulatory agencies and, in particular, the Board of Governors of the Federal Reserve System. If the interest rates paid on deposits and other borrowings increase at a faster rate than the interest rates received on loans and other investments, the Company's net interest income, and therefore its earnings and net profit, could be adversely affected. Earnings also could be adversely affected if the interest rates received on loans and other investments fall more quickly than the interest rates paid on deposits and other borrowings.

Although management believes it has implemented effective asset and liability management strategies, including the use of derivatives as hedging instruments, to reduce the potential effects of changes in interest rates on the Company's results of operations, any substantial, unexpected, prolonged change in market interest rates could have a material adverse effect on the Company's financial condition and results of operations. See the section in Item 7A. Quantitative and Qualitative Disclosures About Market Risk located elsewhere in this report for further discussion related to the Company's management of interest rate risk.

The Company's Allowance for Credit Losses May Not be Sufficient.

The Company maintains an allowance for credit losses, which is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics, such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors. These evaluations are conducted at least quarterly and more frequently if deemed necessary.

The determination of the appropriate level of the allowance for credit losses inherently involves a high degree of subjectivity and requires the Company to make significant estimates of current credit risks and future trends, all of which may undergo material changes. Changes in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of the Company's control, may require an increase in the allowance for credit losses. In addition, bank regulatory agencies periodically review the Company's allowance for credit losses and may require an increase in the provision for credit losses or the recognition of further loan charge-offs based on judgments different than those of management. Any increases in the allowance for credit losses will result in a decrease in net income and capital, and may have a material adverse effect on the Company's financial condition and results of operations.

See the section captioned "Allowance for Credit Losses" in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations located elsewhere in this report for further discussion related to the Company's process for determining the appropriate level of the allowance for credit losses.

We may be adversely affected by changes in the method of determining LIBOR, or the replacement of LIBOR with an alternative reference rate, for our variable rate loans, derivative contracts and other financial assets and liabilities.

Our business includes loans, derivative contracts and other financial instruments which are directly or indirectly dependent on LIBOR to establish their interest rate and/or value. The administrator of LIBOR has proposed to extend publication of the most commonly used U.S. Dollar LIBOR settings to June 30, 2023 and to cease publishing other LIBOR settings on December 31, 2021. The U.S. federal banking agencies have issued guidance strongly encouraging banking organizations to cease using U.S. dollar LIBOR as a reference rate in new contracts as soon as practicable and in any event by December 31, 2021. It is not possible to know whether LIBOR will continue to be viewed as an acceptable benchmark, what rate or rates may become accepted alternatives to LIBOR, or what the effect of any such changes in views or alternatives may have on the financial markets for LIBOR-linked financial instruments.

Risks Related to an Investment in the Company's Securities

The Value of the Company's Common Stock Fluctuates.

The market for the Company's common stock may experience significant price and volume fluctuations in response to a number of factors including actual or anticipated quarterly variations in operating results, changes in expectations of future financial performance, changes in estimates by securities analysts, governmental regulatory action, banking industry reform measures, customer relationship developments and other factors, many of which will be beyond the Company's control.

Furthermore, the stock market in general, and the market for financial institutions in particular, have experienced extreme volatility that often has been unrelated to the operating performance of particular companies. These broad market and industry fluctuations may adversely affect the trading price of the Company's common stock, regardless of actual operating performance.

The Trading Volume in the Company's Common Stock Is Less Than That of Other Larger Financial Services Companies.

Although the Company's common stock is listed for trading on the Nasdaq Global Select Market, the trading volume in its common stock is less than that of other financial services companies. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of willing buyers and sellers of the Company's common stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which the Company has no control. Given the lower trading volume of the Company's common stock, significant sales of the Company's common stock, or the expectation of these sales, could cause the Company's stock price to fall.

Future Sales of Shares of the Company's Common Stock Could Negatively Affect its Market Price.

Future sales of substantial amounts of the Company's common stock, or the perception that such sales could occur, could adversely affect the market price of the Company's common stock in the open market. We make no prediction as to the effect, if any, that future sales of shares, or the availability of shares for future sale, will have on the market price of the Company's common stock.

Shares of the Company's Common Stock Are Not FDIC Insured.

Neither the FDIC nor any other governmental agency insures the shares of the Company's common stock. Therefore, the value of your common stock of the Company will be based on their market value and may decline.

Strategic Risks

Due to Increased Competition, the Company May Not be Able to Attract and Retain Banking Customers.

The Company faces substantial and intense competition in all areas of its operation, including interest rates and other terms for loans and deposits and the range and quality of services provided. Competition comes from a variety of different competitors, many of which have competitive advantages over the Company. The Company faces competition from:

- local, regional and national banks;
- savings and loans associations;
- Internet banks;
- credit unions;
- mutual funds;
- mortgage banking firms;
- finance companies;
- financial technology ("fin-tech") companies;
- brokerage firms;
- investment advisory and wealth management firms;
- investment banking firms; and
- other entities.

In particular, many of City National's competitors are larger banks and financial institutions whose greater resources may afford them a marketplace advantage by enabling them to maintain numerous banking locations and mount extensive promotional and advertising campaigns. Additionally, the Company's competitors may have products and services not offered by the Company, which may cause current and potential customers to choose those institutions over the Company. The financial services industry could become even more competitive as a result of legislative, regulatory, and technological changes and the continued consolidation within the banking industry. Consumer preferences and expectations continue to evolve, and technology and regulatory changes have lowered barriers to entry and made it possible for banks to expand their geographic reach by providing services over the internet and for non-banks to offer products and services typically provided by banks. Many of our non-bank competitors have fewer regulatory constraints and expenses associated with regulatory compliance and may have lower cost structures, such as credit unions that are not subject to federal income tax.

The Company's ability to compete successfully depends on a number of factors, including our ability to develop, maintain, and build long-term customer relationships; our ability to expand our market area and range of services and products offered; our ability to keep up-to-date with technological advancements, both with respect to new and existing products and with respect to cybersecurity; customer satisfaction with our products and services; and general industry and economic trends. Failure to perform successfully in any of these areas could significantly weaken our competitive position. If the Company is unable to attract new customers and retain current customers, loan and deposit growth could decrease, causing the Company's results of operations and financial condition to be negatively impacted.

New Lines of Business or New Products and Services May Subject the Company to Additional Risks.

From time to time, the Company may implement new lines of business or offer new products and services within existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and/or products and services, the Company may invest significant time and resources. External factors, such as compliance with regulations, competitive alternatives, and shifting market preferences, may also impact the successful implementation of a new line of business or a new product or service. If we are unable to successfully manage these risks in the development and implementation of new lines of business or new products or services, it could have a material adverse effect on the Company's business, financial condition and result of operations.

The Company Faces Technology Change and the Emergence of Nonbank Alternatives to the Financial System.

Consumers may decide not to use banks to complete their financial transactions or invest or deposit their funds. Technology and other changes, including the emergence of fin-tech companies are allowing parties to complete financial

transactions through alternative methods that historically have involved banks. For example, consumers can pay bills and transfer funds directly without the assistance of banks. The process of eliminating banks as intermediaries, known as "disintermediation," could result in the loss of fee income, as well as the loss of customer deposits and the related income generated from those deposits. The loss of these revenue streams and the lower cost of deposits as a source of funds could have a material adverse effect on our financial condition and results of operations.

The banking and financial services industry continually undergoes technological change, with frequent introductions of new technology-driven products and services. The Company's future success depends on its ability to addresses the needs and preferences of its customers by using technology to provide products and services that enhance customer convenience and that create additional efficiencies in the Company's operations. Many of the Company's competitors have greater resources to invest in technological improvements, and the Company may not be able to implement new technology-driven products and services as quickly and effectively as its competitors. In addition, the necessary process of updating technology can itself lead to disruptions in the availability or function of systems. Failure to successfully keep pace with technological change affecting the financial services industry could have a material adverse effect on the Company's business and results of operations.

The Value of the Company's Investments Could Decline.

The Company holds available-for-sale investment securities, which are carried at fair value. The determination of fair value for certain of these securities requires significant judgment of the Company's management. Therefore, the market price the Company receives for its investment securities could be less than the carrying value for such securities. Further, the value of the Company's investment portfolio could decline for numerous reasons, many of which are outside the Company's control, including general market conditions, volatility in the securities market, and inflation rates or expectations of inflation. A portion of the Company's investment portfolio consists of municipal securities. The value of these securities is subject to additional factors, including the financial condition of the government issuer and general demand for municipal securities.

The Company May Be Required to Write Down Goodwill and Other Intangible Assets, Causing Its Financial Condition and Results to Be Negatively Affected.

When the Company acquires a business, a portion of the purchase price of the acquisition is allocated to goodwill and other identifiable intangible assets. The excess of the purchase price over the fair value of the net identifiable tangible and intangible assets acquired determines the amount of the purchase price that is allocated to goodwill acquired. At December 31, 2020, the Company's goodwill and other identifiable intangible assets were approximately $119 million. Under current accounting standards, if the Company determines goodwill or intangible assets are impaired, it would be required to write down the value of these assets. The Company conducts an annual review to determine whether goodwill and other identifiable intangible assets are impaired. The Company recently completed such an impairment analysis and concluded that no impairment charge was necessary for the year ended December 31, 2020. The Company cannot provide assurance whether it will be required to take an impairment charge in the future. Any impairment charge would have a negative effect on its shareholders' equity and financial results and may cause a decline in the Company's stock price.

The Company May Require Additional Capital in the Future, But That Capital May Not Be Available or May Be Dilutive.

The Company faces liquidity risk, which is the possibility that the Company may not be able to meet its obligations as they come due, both to creditors and customers, or capitalize on growth opportunities because of a lack of liquidity. Lack of liquidity can be caused by an inability to liquidate assets or obtain adequate financing on a timely basis, at a reasonable cost and on other reasonable terms, and within acceptable risk tolerances. The Company is also required by its regulators to maintain specified levels of capital to maintain its operations. The Company's business needs and future growth, including future acquisitions or organic growth into new markets and business lines, may require it to raise additional capital.

One of the Company's main sources for liquidity is customer deposits. Increased competition and the availability of alternative products may reduce the Company's ability to attract and retain core deposits. If customers move money out of bank deposits into other investments, we could lose a relatively low cost source of funds.

The Company's ability to raise additional capital, whether in the form of debt or equity, is dependent on several factors, including the condition of capital markets, investment demand, and the Company's financial condition and performance. We cannot assure that we will be able to raise additional capital in the future on terms that are favorable or acceptable to us, or at all.

The issuance of debt may increase our capital costs and reduce our liquidity. The issuance of equity securities, including common stock or one or more series of preferred stock, of the Company may reduce the value of our common stock and have a dilutive effect on holders of our common stock. The Company may issue debt or equity securities that are senior in priority to our common stock as to distributions and liquidation, which could negatively affect the value of our common stock.

Acquisition and Other Growth Opportunities May Present Challenges.

Any future acquisitions may result in unforeseen difficulties, which could require significant time and attention from the Company's management that would otherwise be directed at developing its existing business, and expenses. In addition, the Company could discover undisclosed liabilities resulting from any acquisitions for which it may become responsible. Further, the benefits that the Company anticipates from these acquisitions may not develop. We may experience difficulty integrating businesses acquired through mergers and acquisitions and may fail to realize the expected revenue increases, cost savings, increases in market presence, and other projected benefits from acquisition activity. Acquisitions utilizing the Company's common stock as consideration may dilute the value of the Company's common stock, which dilution may not be recouped or recovered for a significant amount of time after the acquisition, if ever.

Any merger or acquisition opportunity that we decide to pursue will ultimately be subject to regulatory approval and other closing conditions. We may expend significant time and resources pursing potential acquisitions that are never consummated due to lack of regulatory approval or other issues. Competition for acquisition candidates in the banking industry is intense. We may expend significant time and resources evaluating acquisition candidates and conducting due diligence that does not lead to an acquisition opportunity.

The Company may implement new lines of business, enter new market areas, or offer new products and services from time to time. There can be substantial risks and uncertainties associated with these efforts, especially where markets are not fully developed. The Company may invest significant time and resources in developing and marketing new lines of business, but the benefits that the Company anticipates from these activities may not develop as expected. External factors, such as compliance with regulations, competitive alternatives, and shifting market preferences may impact the Company's ability to successfully implement organic growth strategies. Failure to successfully manage these risks could have a material adverse effect on the Company's financial condition and results of operations.

Operational Risks

The Company May be Adversely Affected by the Soundness of Third Parties, Including Other Financial Institutions.

The Company's business is highly dependent on third party vendors, especially with respect to information technology and telecommunication systems, payment processing system, and mobile and online banking systems. Our operations rely heavily on the secure processing, storage, transmission, and monitoring of information and transactions, and many of these services are outsourced to third party vendors. The failure of these systems or the inability of a third party vendor to continue providing these services on a reliable basis could adversely affect our operations. In addition, the failure of third parties to comply with applicable laws and regulations, or fraud or misconduct on the part of any of these third parties, could disrupt our operations and adversely affect our reputation. It may be difficult for us to replace some of our critical third party vendors, particularly vendors providing our core banking, debit card services and information services, in a timely manner and on terms that are favorable or acceptable to us. Any of these events could increase our expenses and have a material adverse effect on our business, financial condition, and results of operations.

Financial services institutions are interrelated with one another as a result of trading, clearing, counterparty, and other relationships. The Company has exposure to many different industries and counterparties, and routinely executes transactions with counterparties in the financial services industry, including commercial banks, brokers and dealers, investment banks, and other institutional clients. Many of these transactions expose the Company to credit risk in the event of a default by a counterparty or client. In addition, the Company's credit risk may be exacerbated when the collateral held by the Company cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the credit or derivative exposure due to the Company. Any such losses could have a material adverse effect on the Company's business, financial condition and results of operations. Further, as a result of financial entities and technology systems becoming more interdependent and complex, a cybersecurity incident, information breach or loss, or technology failure that comprises the systems or data of one financial entity could have a material impact on counterparties or other market participants, including the Company.

The Company Depends on the Accuracy and Completeness of Information About Our Customers and Counterparties.

The Company relies on information provided to us by or on behalf of customers and other third parties, including financial statements, credit reports, and other financial information, in deciding whether to extend credit or enter into other transactions and in evaluating and monitoring our loan portfolio. The Company also relies on representations from our customers, counterparties, and other third parties, such as independent auditors, as to the accuracy and completeness of that information. Reliance on inaccurate, incomplete, fraudulent or misleading financial or business information could result in credit losses, reputational damage, or other effects that could have a material adverse effect on our financial condition and results of operation.

Customers May Default on the Repayment of Loans.

City National's customers may default on the repayment of loans, which may negatively impact the Company's earnings due to loss of principal and interest income. Increased operating expenses may result from management's allocation of time and resources to the collection and work-out of the loan. Collection efforts may or may not be successful causing the Company to write off the loan or repossess the collateral securing the loan, which may or may not exceed the balance of the loan.

The Company May Be Required to Repurchase Mortgage Loans or Indemnify Mortgage Loan Purchasers.

The Company sells some of the fixed rate residential mortgage loans it originates to mortgage loan purchasers in the secondary market. Purchasers of residential mortgage loans, such as government sponsored entities, often require sellers of residential mortgage loans to either repurchase loans previously sold or reimburse purchasers for losses related to loans previously sold under certain circumstances, such as failure to comply with the purchaser's purchase criteria, breach of a representation or warranty related to the loan or its origination, or borrower fraud. There is no assurance that a purchaser of the Company's residential mortgage loans will not demand repurchase or indemnification for losses, which could increase the Company's expenses in defending such claims and negatively affect the Company's financial condition and results of operation.

The Company's Risk Management Practices May Prove to be Inadequate or Not Fully Effective.

The Company's risk management framework seeks to mitigate risk and appropriately balance risk and return. The Company has established policies and procedures intended to identify, monitor and manage the types of risk which it is subject to, including credit risk, market risk, liquidity risk, operational risk and reputational risk. Although the Company has devoted significant resources to develop its risk management policies and procedures and expects to continue to do so in the future, these policies and procedures, as well as its risk management techniques, may not be fully effective. In addition, as regulations and markets in which the Company operates continue to evolve, its risk management framework may not always keep sufficient pace with those changes. If the Company's risk management framework does not effectively identify or mitigate its risks, the Company could suffer unexpected losses and could be materially adversely affected. Management of the Company's risks in some cases depends upon the use of analytical and/or forecasting models. If the models the Company uses to mitigate these risks are inadequate, it may incur increased losses. In addition, there may be risks that exist, or that develop in the future, that the Company has not appropriately anticipated, identified or mitigated.

New Accounting Standard Will Result in a Significant Change in How the Company Estimates Credit Losses.

Effective January 1, 2020, the Company implemented the provision of Accounting Standards Update (ASU) 2016–13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." This standard replaced the incurred loss impairment methodology for estimating credit losses with a methodology that reflects expected credit losses and requires consideration of a broader range of information to inform credit loss estimates. The new current expected credit loss (CECL) model applies to the Company's allowance for credit losses, available–for–sale and held–to–maturity debt securities, purchased financial assets with credit deterioration, and certain off–balance sheet credit exposures. The measurement of expected credit losses under this new standard takes place at the time the financial asset is first added to the Company's balance sheet and periodically thereafter. This differs significantly from the "incurred loss" model previously required under current generally accepted accounting principles, that delayed recognition until it was probable a loss had been incurred. This new standard could create more volatility in the level of the allowance for credit losses and in our earnings.

Our adoption of CECL resulted in an increase to the allowance for credit losses of $5.8 million. The impact of CECL in future periods will be significantly influenced by the composition, characteristics and quality of our loan portfolio, as well as the prevailing economic conditions and forecasts utilized. Should these factors materially change, we may be

required to increase or decrease our allowance for credit losses, decrease or increase our reported income, and introduce additional volatility into our reported earnings.

Risks Related to Legal, Reputational and Compliance Matters

Certain Banking Laws May Have an Anti–Takeover Effect.

Application of certain federal banking laws and regulations applicable to the Company and City National, including regulatory approval requirements for change in control, merger or other business combination transactions, could make it more difficult for a third party to acquire the Company or City National, even if doing so would be perceived to be beneficial to the Company's shareholders. These laws and regulations effectively inhibit a non–negotiated merger or other business combination, which, in turn, could adversely affect the market price of the Company's common stock.

The Company's Ability to Pay Dividends Is Limited.

Although the Board of Directors has declared cash dividends in the past, the Company's current ability to pay dividends is largely dependent upon the receipt of dividends from City National. Federal laws impose restrictions on the ability of City National to pay dividends. Holders of shares of the Company's common stock are entitled to dividends if, and when, they are declared by the Company's Board of Directors out of funds legally available for that purpose. Additional restrictions are placed upon the Company by the policies of federal regulators, including the Federal Reserve Board's November 14, 1985 policy statement, which provides that bank holding companies should pay dividends only out of the past year's net income, and then only if their prospective rate of earnings retention appears consistent with their capital needs, asset quality, and overall financial condition. In general, future dividend policy is subject to the discretion of the Board of Directors and will depend upon a number of factors, including the Company's and City National's future earnings, capital requirements, regulatory constraints and financial condition. There can be no assurance that the Company will continue to pay dividends to its shareholders in the future.

The Company and City National Are Extensively Regulated.

The Company operates in a highly regulated environment and is subject to supervision and regulation by a number of governmental regulatory agencies, including the Federal Reserve Board, the OCC and the FDIC. Regulations adopted by these agencies, which are generally intended to provide protection for depositors and customers rather than for the benefit of shareholders, govern a comprehensive range of matters including but not limited to (i) ownership and control of the Company's equity, (ii) acquisition of other companies and businesses, (iii) permissible activities, (iv) maintenance of adequate capital levels and (v) other operational aspects. Compliance with banking regulations is costly and restricts certain of our activities, including the payment of dividends, mergers and acquisitions, investments, loan amounts and concentrations, interest rates, opening and closing branch locations, and other activities. The bank regulatory agencies also possess broad authority to prevent or remedy unsafe or unsound practices or violations of law. These agencies have significant discretion in their ability to enforce penalties and further limit the Company's activities if the Company fails to comply with applicable regulations.

The Dodd-Frank Act instituted major changes to the bank and financial institutions regulatory regimes, and additional changes continue to be proposed and implemented by various regulatory agencies. Other changes to statutes, regulations or regulatory policies, including changes in interpretation or implementation of statutes, regulations or policies, could affect the Company in substantial and unpredictable ways. Such changes could subject the Company to reduced revenues, additional costs, limit the types of financial services and products the Company may offer and/or increase the ability of non-banks to offer competing financial services and products, among other things. The burden and expenses associated with regulatory compliance have been increasing and may continue to increase. Failure to comply with laws, regulations or policies could result in sanctions by regulatory agencies, civil money penalties and/or reputation damage, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Proposals to change the laws and regulations governing financial institutions are frequently raised in Congress and before bank regulatory authorities. Changes in applicable laws or regulations could materially affect the Company's business, and the likelihood of any major changes in the future and their effects are impossible to determine. Moreover, it is impossible to predict the ultimate form any proposed legislation might take or how it might affect the Company.

The Company's Controls and Procedures May Fail or Be Circumvented.

Any failure or circumvention of the Company's controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on the Company's business, results of operations and

financial condition. Management regularly reviews and updates the Company's internal controls, disclosure controls and procedures, and corporate governance policies and procedures. Any system of controls, no matter how well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met.

Significant Legal Actions Could Result in Substantial Liabilities.

From time to time, the Company is subject to claims related to its operations. These claims and legal actions, including supervisory actions by its regulators, could involve large monetary claims and cause the Company to incur significant defense expenses. As a result, the Company may be exposed to substantial liabilities, which could negatively affect its shareholders' equity and financial results.

The Company Faces Reputational Risk.

The Company faces threats to its reputation from many sources, including adverse sentiment about financial institutions generally, unethical practices, employee misconduct, failure to deliver expected standards of service or quality, regulatory compliance deficiencies, and questionable or fraudulent activities of the Company's employees and customers. Negative publicity may arise regarding the Company's business, employees, or customers, with or without merit, and could result in the loss of customers, investors and employees, costly litigation, a decline in revenue, and increased regulatory oversight.

The Company Is Subject to Possible Claims and Litigation Relating to Fiduciary Activities.

A significant portion of the business conducted in the Company's trust division involves the Company assuming the special role of a fiduciary to its customers and to the beneficiaries of its customers' assets. Customers or beneficiaries could make claims and take legal action relating to the Company's fiduciary activities. Whether such claims and legal action related to the Company's performance of its fiduciary responsibilities are founded or unfounded, if such matters are not resolved in a manner favorable to the Company, they may result in significant financial liability. Furthermore, the mere existence of a claim or legal action related to the Company's fiduciary activities could adversely affect the Company's reputation among customers and prospective customers. Any financial liability or reputation damage could have a material adverse effect on the Company's business, which, in turn, could have a material adverse effect on its financial condition and results of operations.

Changes in Tax Law and Accounting Standards Could Materially Affect the Company's Operations.

Changes in tax laws, or changes in the interpretation of existing tax laws, could materially adversely affect the Company's operations. Similarly, new accounting standards, changes to existing accounting standards, and changes to the methods of preparing financial statements could impact the Company's reported financial condition and results of operations. These factors are outside the Company's control and it is impossible to predict changes that may occur and the effect of such changes.

The Tax Cuts and Jobs Act went into effect on January 1, 2018 and significantly impacted the federal income taxation of the Company and its customers. While there are benefits to the Company from the new law, including a reduction of its federal income tax rate, there are also adverse consequences, including an elimination of certain deductible expenses. There is also substantial uncertainty regarding the consequences of the new law on the Company and its customer base.

Risks Related to Privacy and Technology

System Failure, Cybersecurity Breaches, Fraud and Employee Misconduct Could Subject the Company to Increased Operating Costs, as Well as Litigation and Other Potential Losses.

The computer systems and network infrastructure that the Company uses could be vulnerable to unforeseen hardware and cybersecurity issues, including "hacking" and "identity theft." The Company's operations are dependent upon its ability to protect its computer equipment against damage from fire, power loss, telecommunications failure or a similar catastrophic event. Any damage or failure that causes an interruption in the Company's operations could have an adverse effect on its financial condition and results of operations. In addition, the Company's operations are dependent upon its ability to protect the computer systems and network infrastructure utilized by the Company, including our mobile and Internet banking activities, against damage from physical break-ins, cybersecurity breaches, acts of vandalism, computer viruses, theft of information, misplaced or lost data, programming and/or human errors, and other disruptive problems. The Company is further exposed to the risk that its third-party service providers may be unable to fulfill their contractual obligations with respect to managing the Company's information and systems. Any cybersecurity breach or other disruptions, whether by the

Company or our third-party vendors, would jeopardize the security of information stored in and transmitted through the Company's computer systems and network infrastructure, which may result in significant liability to the Company, damage its reputation and inhibit current and potential customers from its using Internet banking services. The Company could incur substantial costs and suffer other negative consequences, such as: remediation costs, such as liability for stolen assets or information, repairs of system damage, and incentives to customers in an effort to maintain relationships after an attack; increased cybersecurity protection costs, such as organizational changes, deploying additional personnel and protection technologies, training employees, and engaging third party experts and consultants; and damage to the Company's competitiveness, stock price, and long-term shareholder values.

Despite efforts to ensure the integrity of our systems, we will not be able to anticipate all security breaches of these types, nor will we be able to implement guaranteed preventive measures against such security breaches. Persistent attackers may succeed in penetrating defenses given enough resources, time and motive. The techniques used by cyber criminals change frequently, may not be recognized until launched, and can originate from a wide variety of sources, including outside groups such as external service providers, organized crime affiliates, terrorist organizations or hostile foreign governments. These risks may increase in the future as we continue to increase our mobile payment and other Internet-based product offerings and expand our internal usage of web-based products and applications.

A successful attack to our system security or the system security of one of our critical third-party vendors could cause us serious negative consequences, including significant disruption of operations, misappropriation of confidential information, and damage to our computers or systems or those of our customers and counterparties. A successful security breach could result in violations of applicable privacy and other laws, financial loss to us or to our customers, loss of confidence in our security measures, significant litigation exposure, and harm to our reputation, all of which could have a material adverse effect on the Company.

Criminals are committing fraud at an increasing rate and are using more sophisticated techniques. The Company faces risk of fraudulent activity in many forms, including online payment transfer fraud, debit card fraud, check fraud, mechanical devices attached to ATMs or ITMs, phishing attacks to obtain personal information, email-related frauds and the impersonation of Company executives or vendors, and impersonation of clients through the use of falsified or stolen credentials. The Company may suffer losses as a result of fraudulent activity committed against it, its customers, and other counterparties.

The Company could be adversely affected if one of its employees causes a significant operational breakdown or failure, either as a result of human error or where an individual purposefully sabotages or fraudulently manipulates the Company's operations or systems. Misconduct by employees could include fraudulent, improper or unauthorized activities on behalf of customers or improper use of confidential information. Employee errors or misconduct could subject the Company to regulatory enforcement action, legal action, reputational damage, and other losses.

General Risk Factors

The Company Relies Heavily on Its Management Team, and the Unexpected Loss of Key Management May Adversely Affect Its Operations.

The Company's success to date has been strongly influenced by its ability to attract and to retain senior management personnel experienced in banking in the markets it serves. Competition for key personnel is intense. The Company's ability to retain executive officers and the current management teams will continue to be important to the successful implementation of its strategies. The Company has employment agreements with these key employees in the event of a change of control, as well as confidentiality, non-solicitation and non-competition agreements related to its stock options. The unexpected loss of services of any key management personnel, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on the Company's business and financial results.

Severe Weather, Natural Disasters, Acts of War or Terrorism, and Other External Events Could Significantly Impact the Company's Business.

Severe weather, natural disasters, health emergencies, acts of war or terrorism, and other adverse external events, especially those that directly affect the Company's market areas, could have a significant impact on the Company's ability to conduct business. These events could adversely affect the ability of borrowers to repay outstanding loans, decrease the value of collateral securing loans, cause significant property and infrastructure damage, and affect the stability of the Company's deposit base. The Company may experience decreased revenue, increased charge-offs, and other expenses.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

City National owns the Company's executive office, located at 25 Gatewater Road, Charleston, West Virginia. This facility has approximately 60,000 square feet and houses the Company's executive and administrative personnel.

City National owns seventy-five bank branch locations and leases nineteen bank branch locations, pursuant to operating leases. All of the properties are suitable and adequate for their current operations. City National also operates two loan production offices leased in Charlotte, North Carolina and Cincinnati, Ohio.

The Company also owns parcels of real estate for potential future branch development.

Item 3. Legal Proceedings

The Company is engaged in various legal actions that it deems to be in the ordinary course of business. As these legal actions are resolved, the Company could realize positive and/or negative impact to its financial performance in the period in which these legal actions are ultimately decided. There can be no assurance that current actions will have immaterial results, either positive or negative, or that no material actions may be presented in the future.

Item 4. Mine Safety Disclosures

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

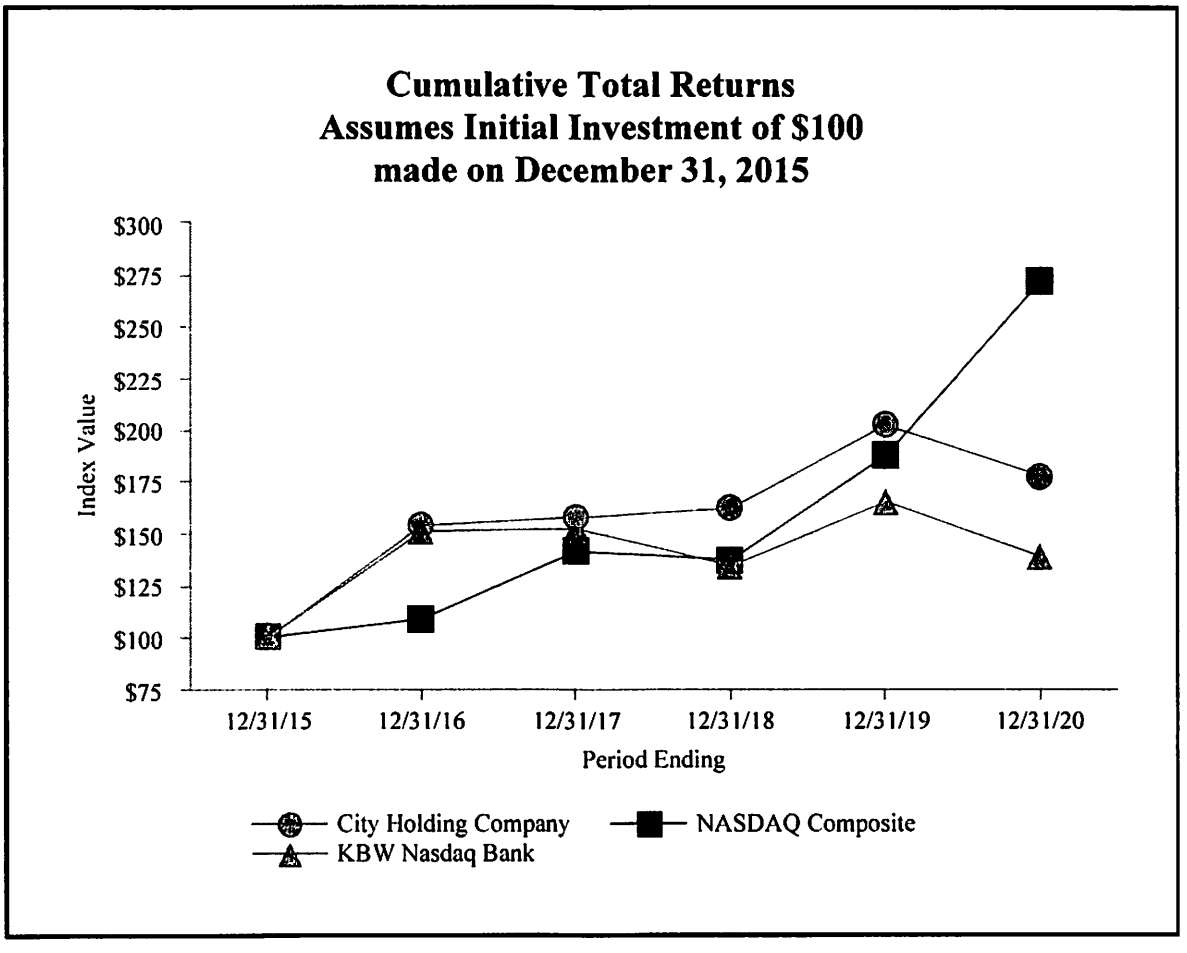
Common Stock Market and Dividends

The Company's common stock trades on the NASDAQ Global Select Market under the symbol "CHCO". This table sets forth the cash dividends declared per share and information regarding the closing market prices per share of the Company's common stock for the periods indicated. The price ranges are based on transactions as reported on the NASDAQ Global Select Market. At February 19, 2021, there were 2,609 shareholders of record.

The Company generally pays dividends on a quarterly basis. As noted in the section captioned "Dividends and Other Payments" included in Item 1. Business, the section captioned "Liquidity" included in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and in Note Seventeen of Notes to Consolidated Financial Statements, the Company's ability to pay dividends to its shareholders is dependent upon the ability of City National to pay dividends to the Company. At December 31, 2020, City National could pay $67.7 million in dividends without prior regulatory permission.

Stock Performance

The following graph sets forth the cumulative total shareholder return (assuming reinvestment of dividends) to the Company's shareholders during the five-year period ended December 31, 2020, as well as the Nasdaq Composite Index and the KBW Nasdaq Bank Index.



	2015	2016	2017	2018	2019	2020
City Holding Company	$100.00	$153.66	$157.44	$161.93	$202.13	$177.52
NASDAQ Composite Index	$100.00	$108.87	$141.13	$137.12	$187.44	$271.64
KBW Nasdaq Bank Index	$100.00	$150.89	$152.11	$134.20	$165.12	$138.73

This graph shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, unless the Company specifically incorporates this report by reference. It will not be otherwise filed under such Acts.

Item 6. Selected Financial Data

Table One
Five-Year Financial Summary
(in thousands, except per share data)

	2020	2019	2018[1]	2017	2016
Summary of Operations					
Total interest income	$ 178,259	$ 197,700	$ 163,901	$ 142,930	$ 132,152
Total interest expense	23,615	36,339	25,692	16,805	13,207
Net interest income	154,644	161,361	138,209	126,125	118,945
Provision for (recovery of) credit losses	10,722	(1,250)	(2,310)	3,006	4,395
Total non-interest income	82,680	68,490	60,564	63,607	58,825
Total non-interest expenses	115,290	117,614	113,066	95,981	96,164
Income before income taxes	111,312	113,487	88,017	90,745	77,211
Income tax expense	21,717	24,135	18,015	36,435	25,083
Net income available to common shareholders	89,595	89,352	70,002	54,310	52,128
Per Share Data					
Net income basic	$ 5.55	$ 5.43	$ 4.50	$ 3.49	$ 3.46
Net income diluted	5.55	5.42	4.49	3.48	3.45
Cash dividends declared	2.29	2.20	1.98	1.78	1.72
Book value per share	44.47	40.36	36.29	32.17	29.25
Selected Average Balances					
Total loans	$ 3,641,610	$ 3,567,143	$ 3,168,827	$ 3,082,448	$ 2,920,837
Securities	1,055,511	859,575	650,697	582,124	495,206
Interest-earning assets	4,927,164	4,511,544	3,942,285	3,691,714	3,426,158
Deposits	4,349,675	4,042,956	3,460,306	3,298,385	3,166,817
Long-term debt	830	4,054	16,053	16,495	16,495
Total shareholders' equity	695,445	637,915	514,083	492,668	431,031
Total assets	5,399,572	4,953,727	4,303,364	4,079,674	3,835,081
Selected Year-End Balances					
Net loans	$ 3,597,570	$ 3,604,510	$ 3,571,642	$ 3,108,574	$ 3,026,496
Securities	1,206,161	887,632	812,891	628,985	539,604
Interest-earning assets	5,279,527	4,555,217	4,468,474	3,784,453	3,611,706
Deposits	4,652,216	4,075,894	3,975,559	3,315,634	3,231,653
Long-term debt	—	4,056	4,053	16,495	16,495
Total shareholders' equity	701,106	657,983	600,764	502,507	442,438
Total assets	5,758,640	5,018,756	4,899,012	4,132,281	3,984,403
Performance Ratios					
Return on average assets	1.66 %	1.80 %	1.63 %	1.33 %	1.36 %
Return on average equity	12.9	14.0	13.6	11.0	12.1
Return on average tangible common equity	15.6	17.3	16.2	13.1	14.8
Net interest margin	3.16	3.59	3.52	3.46	3.50
Efficiency ratio	51.3	50.0	50.0	51.5	54.8
Dividend payout ratio	41.3	40.6	44.0	51.0	49.7

	2020	2019	2018[1]	2017	2016
Asset Quality					
Net charge-offs to average loans	0.10 %	0.09 %	0.02 %	0.13 %	0.13 %
Provision for (recovery of) credit losses to average loans	0.29	(0.04)	(0.07)	0.10	0.15
Allowance for credit losses to nonperforming loans	200.69	98.57	107.82	178.39	140.10
Allowance for credit losses to total loans	0.68	0.32	0.45	0.60	0.65
Non-performing assets as a percentage of total loans and OREO	0.38	0.45	0.54	0.45	0.61
Consolidated Capital Ratios					
CET 1 Capital	16.2 %	16.0 %	15.1 %	15.1 %	13.3 %
Tier 1 Capital	16.2	16.2	15.2	15.7	13.9
Total Capital	16.8	16.5	15.7	16.4	14.7
Tier 1 Leverage	10.2	11.0	11.4	11.0	10.2
Average equity to average assets	12.9	12.9	11.9	12.1	11.2
Tangible equity to tangible assets (end of period)	10.3	11.0	10.0	10.5	9.3
Full-time equivalent employees	926	918	891	839	847

(1) - In December 2018, the Company acquired Poage Bankshares, Inc. and its principal banking subsidiary, Town Square Bank (collectively, "Poage") and Farmers Deposit Bancorp, Inc. and its principal banking subsidiary, Farmers Deposit Bank (collectively, "Farmers Deposit").

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
Statistical Information

The information noted below is provided pursuant to Guide 3 -- Statistical Disclosure by Bank Holding Companies.

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CITY HOLDING COMPANY

City Holding Company (the "Company"), a West Virginia corporation headquartered in Charleston, West Virginia, is a registered financial holding company under the Bank Holding Company Act and conducts its principal activities through its wholly owned subsidiary, City National Bank of West Virginia ("City National"). City National is a retail and consumer-oriented community bank with 94 bank branches in West Virginia (58), Kentucky (19), Virginia (13) and Ohio (4). City National provides credit, deposit, and trust and investment management services to its customers in a broad geographical area that includes many rural and small community markets in addition to larger cities including Charleston (WV), Huntington (WV), Martinsburg (WV), Ashland (KY), Lexington (KY), Winchester (VA) and Staunton (VA). In the Company's key markets, the Company's primary subsidiary, City National, generally ranks in the top three relative to deposit market share and the top two relative to branch share (Charleston/Huntington MSA, Beckley/Lewisburg counties, Staunton MSA and Winchester, VA/WV Eastern Panhandle counties). In addition to its branch network, City National's delivery channels include automated-teller-machines ("ATMs"), interactive-teller-machines ("ITMs"), mobile banking, debit cards, interactive voice response systems, and Internet technology. The Company's business activities are currently limited to one reportable business segment, which is community banking.

In December 2018, the Company acquired Poage Bankshares, Inc., of Ashland, Kentucky and its principal banking subsidiary, Town Square Bank (collectively, "Poage") and Farmers Deposit Bancorp, Inc., of Cynthiana, Kentucky and its principal banking subsidiary, Farmers Deposit Bank (collectively, "Farmers Deposit").

In July 2019, the Company sold its Virginia Beach, Virginia, branch to Select Bank & Trust Company.

COVID-19 Pandemic/Update

The COVID-19 pandemic has placed significant health, economic and other major pressure throughout the communities the Company serves, the United States and the entire world. The Company has implemented a number of procedures in response to the pandemic to support the safety and well-being of our employees, customers and shareholders that continue through the date of this report:

- We have addressed the safety of our branches and while the branches generally remain open to customers, we have taken steps, and continue to evaluate, to push as much traffic and transactions as possible to our drive-thru facilities;
- Provided extensions and deferrals to loan customers affected by COVID-19 provided such customers were not 30 days past due at March 19, 2020. During the year ended December 31, 2020, the Company granted deferrals of approximately $135 million to its mortgage customers. These deferral arrangements ranged from 30 days to 90 days. As of December 31, 2020, approximately $9 million of these loans were still deferring, while approximately $126 million have resumed making their normal loan payment. During the year ended December 31, 2020, the Company granted deferrals of approximately $455 million to its commercial customers. These deferral arrangements ranged from one month to six months. As of December 31, 2020, approximately $99 million of these loans were still deferring (including $88 million for hotel and lodging related loans), while approximately $356 million have resumed making their normal loan payment;
- We have chosen to participate in the CARES Act Paycheck Protection Program ("PPP") that will provide government guaranteed and forgivable loans to our customers. As of December 31, 2020, the Company has funded approximately $90 million of Small Business Administration ("SBA")-approved PPP loans to over 1,500 customers.

The Company continues to closely monitor this pandemic and expects to make future changes to respond to the pandemic as this situation continues to evolve.

CRITICAL ACCOUNTING POLICIES

The accounting policies of the Company conform to U.S. generally accepted accounting principles and require management to make estimates and develop assumptions that affect the amounts reported in the financial statements and related footnotes. These estimates and assumptions are based on information available to management as of the date of the financial statements. Actual results could differ significantly from management's estimates. As this information changes, management's estimates and assumptions used to prepare the Company's financial statements and related disclosures may also change. The most significant accounting policies followed by the Company are presented in Note One of the Notes to Consolidated Financial Statements included herein. Based on the valuation techniques used and the sensitivity of financial statement amounts to the methods, assumptions, and estimates underlying those amounts, management has identified: (i) the determination of the allowance for credit losses and (ii) income taxes to be the accounting areas that require the most subjective or complex judgments and, as such, could be most subject to revision as new information becomes available.

The *Allowance for Credit Losses* section of this Annual Report on Form 10-K provides management's analysis of the Company's allowance for credit losses and related provision. The allowance for credit losses is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics, such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors. These evaluations are conducted at least quarterly and more frequently if deemed necessary. Additionally, all commercial loans within the portfolio are subject to internal risk grading. Risk grades are generally assigned by the primary lending officer and are periodically evaluated by the Company's internal loan review process.

In evaluating the appropriateness of its allowance for loan losses, the Company stratifies the loan portfolio into six major groupings. The Company has identified the following portfolio segments and measures the allowance for credit losses using the following methods:

Portfolio Segment	Measurement Method
Commercial and industrial	Migration
Commercial real estate:	
1-4 family	Migration
Hotels	Migration
Multi-family	Migration
Non Residential Non-Owner Occupied	Migration
Non Residential Owner Occupied	Migration
Residential real estate	Vintage
Home equity	Vintage
Consumer	Vintage

Migration is an analysis that tracks a closed pool of loans for a configurable period of time and calculates a loss ratio on only those loans in the pool at the start date based on outstanding balance. Vintage is a predictive loss model that includes a reasonable approximation of probable and estimable future losses by tracking each loan's net losses over the life of the loan as compared to its original balance. For demand deposit overdrafts, the allowance for credit losses is measured using the historical loss rate. Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not included in the collective evaluation. When management determines that foreclosure is probable, the expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

Expected credit losses are estimated over the contractual term of the loan, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications unless either of the following applies: management has a reasonable expectation at the reporting date that a troubled-debt restructuring will be executed with an individual borrower or the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by the Company.

The *Income Taxes* section of this Annual Report on Form 10-K provides management's analysis of the Company's income taxes. The Company is subject to federal and state income taxes in the jurisdictions in which it conducts business. In computing the provision for income taxes, management must make judgments regarding interpretation of laws in those jurisdictions. Because the application of tax laws and regulations for many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determinations by taxing authorities. On a quarterly basis, the Company estimates its annual effective tax rate for the year and uses that rate to provide for income taxes on a year-to-date basis. The Company's unrecognized tax benefits could change over the next twelve months as a result of various factors. The Company is currently open to audit under the statute of limitations by the Internal Revenue Service and various state taxing authorities for the years ended December 31, 2017 and forward.

FINANCIAL SUMMARY

The Company's financial performance over the previous three years is summarized in the following table:

	2020	2019	2018
Net income available to common shareholders *(in thousands)*	$ 89,595	$ 89,352	$ 70,002
Earnings per common share, basic	$ 5.55	$ 5.43	$ 4.50
Earnings per common share, diluted	$ 5.55	$ 5.42	$ 4.49
ROA*	1.66 %	1.80 %	1.63 %
ROE*	12.9 %	14.0 %	13.6 %
ROATCE*	15.6 %	17.3 %	16.2 %

*ROA (Return on Average Assets) is a measure of the effectiveness of asset utilization. ROE (Return on Average Equity) is a measure of the return on shareholders' investment. ROATCE (Return on Average Tangible Common Equity) is a measure of the return on shareholders' equity less intangible assets.

BALANCE SHEET ANALYSIS

Selected balance sheet fluctuations are summarized in the following table (in millions):

	December 31,			
	2020	2019	$ Change	% Change
Cash and cash equivalents	$ 528.7	$ 140.1	$ 388.6	277 %
Investment securities	1,206.2	887.6	318.6	36 %
Gross loans	3,622.1	3,616.1	6.0	0 %
Other assets	96.7	55.8	40.9	73 %
Total deposits	4,652.2	4,075.9	576.3	14 %
Customer repurchase agreements	296.0	211.3	84.7	40 %
Other liabilities	106.1	69.6	36.5	52 %
Shareholders' equity	701.1	658.0	43.1	7 %

Cash and cash equivalents increased $389 million from December 31, 2019 to $529 million at December 31, 2020, due to an increase in deposit balances and weak loan demand environment.

Investment securities increased $319 million, from $888 million at December 31, 2019, to $1.21 billion at December 31, 2020 due to the increase in deposit balances and weak loan demand environment.

Gross loans increased $6.0 million (0.2%) from December 31, 2019 to $3.62 billion at December 31, 2020. Largely as a result of the Company's participation in the PPP loans administered by the SBA, commercial and industrial loans increased $65.0 million. The Company originated $88.5 million of PPP loans, with $33.1 million of these loans being repaid by the SBA as of December 31, 2020. Excluding outstanding PPP loans, total loans decreased $49.4 million, (1.4%), from December 31, 2019 to $3.57 billion at December 31, 2020. Residential real estate loans decreased $52.7 million (3.2%), home equity loans decreased $12.5 million (8.4%) and consumer loans decreased $6.6 million (12.1%). These decreases were partially offset by an increase in commercial real estate loans of $15.0 million (1.0%) and commercial and industrial loans of $9.5 million (3.1%) (excluding PPP loans). Decreases in loan outstandings are reflective of the low-interest rate environment driving residential mortgage originations toward fixed rate loans.

Other assets increased $41 million to $97 million and other liabilities increased $37 million to $106 million, respectively, at December 31, 2020, primarily as a result of market value changes in the Company's interest rate swap derivatives.

Total deposits increased $576 million from December 31, 2019 to $4.65 billion at December 31, 2020. This increase was largely attributable to the infusion of government transfer payments for unemployment insurance, stimulus checks received by the Company's customers from the CARES Act (approximately $90 million), proceeds from PPP loans, and decreased spending by customers due to COVID-19.

Customer repurchase agreements increased $85 million to $296 million at December 31, 2020, due to proceeds from PPP loans and due to the liquidity needs of the Company's customers, specifically customers leaving monies in these deposit accounts due to the security of these deposits.

Shareholders' equity increased $43 million from December 31, 2019 to December 31, 2020, primarily due to net income of $90 million and other comprehensive income of $25 million, which were partially offset by cash dividends declared of $37 million and treasury stock purchases of $36 million.

TABLE TWO
AVERAGE BALANCE SHEETS AND NET INTEREST INCOME
(In thousands)

	2020			2019			2018		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets									
Loan portfolio[1]:									
Residential real estate[2][3]	$ 1,768,789	$ 74,452	4.21 %	$ 1,791,636	$ 81,603	4.55 %	$ 1,629,950	$ 69,765	4.28 %
Commercial, financial, and agriculture[3]	1,816,658	72,128	3.97	1,717,381	84,167	4.90	1,501,667	68,981	4.59
Installment loans to individuals[3][4]	56,163	3,319	5.91	58,126	3,559	6.12	37,210	2,349	6.31
Previously securitized loans[5]	—	599	—	—	684	—	—	960	—
Total loans	3,641,610	150,498	4.13	3,567,143	170,013	4.77	3,168,827	142,055	4.48
Securities:									
Taxable	890,771	23,355	2.62	761,358	23,389	3.07	559,125	17,337	3.10
Tax-exempt[6]	164,740	4,954	3.01	98,217	3,756	3.82	91,572	3,598	3.93
Total securities	1,055,511	28,309	2.68	859,575	27,145	3.16	650,697	20,935	3.22
Deposits in depository institutions	230,043	492	0.21	84,826	1,332	1.57	122,761	1,666	1.36
Total interest-earning assets	4,927,164	179,299	3.64	4,511,544	198,490	4.40	3,942,285	164,656	4.18
Cash and due from banks	76,173			65,664			47,562		
Bank premises and equipment	77,670			78,103			73,196		
Goodwill and intangible assets	119,471			121,460			82,117		
Other assets	221,864			191,422			176,110		
Less: allowance for credit losses	(22,770)			(14,466)			(17,906)		
Total assets	$ 5,399,572			$ 4,953,727			$ 4,303,364		
Liabilities									
Interest-bearing demand deposits	$ 912,306	1,005	0.11 %	$ 878,716	3,490	0.40 %	$ 792,765	2,114	0.27 %
Savings deposits	1,071,727	1,591	0.15	977,327	4,405	0.45	820,474	2,133	0.26
Time deposits[3]	1,329,841	19,927	1.50	1,368,752	24,771	1.81	1,142,629	17,150	1.50
Short-term borrowings	253,456	993	0.39	211,452	3,491	1.65	265,157	3,415	1.29
Long-term debt	830	100	12.05	4,054	182	4.49	16,053	880	5.48
Total interest-bearing liabilities	3,568,160	23,616	0.66	3,440,301	36,339	1.06	3,037,078	25,692	0.85
Noninterest-bearing demand deposits	1,035,801			818,161			704,438		
Other liabilities	100,166			57,350			47,765		
Total shareholders' equity	695,445			637,915			514,083		
Total liabilities and shareholders' equity	$ 5,399,572			$ 4,953,727			$ 4,303,364		
Net interest income		$ 155,683			$ 162,151			$ 138,964	
Net yield on earning assets			3.16 %			3.59 %			3.52 %

1. For purposes of this table, non-accruing loans have been included in average balances and the following net loan fees (in thousands) have been included in interest income:

	2020	2019	2018
Loan fees, net	$ 1,842	$ 863	$ 1,827

2. Includes the Company's residential real estate and home equity loan categories.

3. Included in the above table are the following amounts (in thousands) for the accretion of the fair value adjustments related to the Company's acquisitions:

	2020	2019	2018
Residential real estate	$ 630	$ 323	$ 407
Commercial, financial, and agriculture	2,445	2,366	994
Installment loans to individuals	143	47	19
Time deposits	622	843	—
Total	$ 3,840	$ 3,579	$ 1,420

4. Includes the Company's consumer and DDA overdrafts loan categories.
5. Effective January 1, 2012, the carrying value of the Company's previously securitized loans was reduced to $0.
6. Computed on a fully federal tax-equivalent basis assuming a tax rate of approximately 21%.

NET INTEREST INCOME

2020 vs. 2019

The Company's net interest income decreased from $161.4 million for the year ended December 31, 2019 to $154.6 million for the year ended December 31, 2020. The Company's tax equivalent net interest income decreased $6.5 million, or 4.0%, from $162.2 million for the year ended December 31, 2019 to $155.7 million for the year ended December 31, 2020. Lower loan yields (68 basis points) and investment yields (48 basis points) decreased net interest income by $24.5 million and $5.4 million, respectively. These decreases were partially offset by lower rates paid on interest bearing liabilities (40 basis points), higher investment balances ($195.9 million), and higher commercial loan balances ($99.3 million, driven largely by PPP loans) which increased net interest income by $13.1 million, $6.5 million, and $4.7 million, respectively. In addition, the Company recognized $1.6 million of loan fees associated with PPP loans during 2020. The Company's reported net interest margin declined from 3.59% for the year ended December 31, 2019 to 3.16% for the year ended December 31, 2020. Excluding the favorable impact of the accretion from the fair value adjustments, the net interest margin would have been 3.08% for the year ended December 31, 2020 and 3.51% for the year ended December 31, 2019.

2019 vs. 2018

The Company's net interest income increased from $138.2 million for the year ended December 31, 2018 to $161.4 million for the year ended December 31, 2019. The Company's tax equivalent net interest income increased $23.2 million, or 16.7%, from $139.0 million for the year ended December 31, 2018 to $162.2 million for the year ended December 31, 2019. The acquisitions of Poage and Farmers Deposit accounted for $18.3 million of this increase, while higher loan yields on residential real estate and commercial loans increased net interest income $5.7 million and $1.5 million, respectively, and higher average balances on commercial loans ($51.7 million) increased interest income by $2.3 million as compared to the year ended December 31, 2018. In addition, higher average investment balances ($98.1 million) increased investment income by $3.1 million and an increase in accretion from fair value adjustments increased interest income by $2.2 million during the year ended December 31, 2019. These increases were partially offset by increased interest expense on interest bearing liabilities ($8.5 million), primarily due to an increase in the cost of funds. The Company's reported net interest margin increased from 3.52% for the year ended December 31, 2018 to 3.59% for the year ended December 31, 2019. Excluding the favorable impact of the accretion from the fair value adjustments, the net interest margin would have been 3.51% for the year ended December 31, 2019 and 3.49% for the year ended December 31, 2018.

TABLE THREE
RATE/VOLUME ANALYSIS OF CHANGES IN INTEREST INCOME AND INTEREST EXPENSE
(In thousands)

	2020 vs. 2019 Increase (Decrease) Due to Change In:			2019 vs. 2018 Increase (Decrease) Due to Change In:		
	Volume	Rate	Net	Volume	Rate	Net
Interest-earning assets:						
Loan portfolio						
Residential real estate	$ (1,041)	$ (6,110)	$ (7,151)	$ 6,920	$ 4,918	$ 11,838
Commercial, financial, and agriculture	4,865	(16,904)	(12,039)	9,909	5,277	15,186
Installment loans to individuals	(120)	(120)	(240)	1,320	(110)	1,210
Previously securitized loans	—	(85)	(85)	—	(276)	(276)
Total loans	3,704	(23,219)	(19,515)	18,149	9,809	27,958
Securities:						
Taxable	3,976	(4,010)	(34)	6,271	(219)	6,052
Tax-exempt[1]	2,544	(1,346)	1,198	261	(103)	158
Total securities	6,520	(5,356)	1,164	6,532	(322)	6,210
Deposits in depository institutions	2,280	(3,120)	(840)	(396)	62	(334)
Total interest-earning assets	$ 12,504	$ (31,695)	$ (19,191)	$ 24,285	$ 9,549	$ 33,834
Interest-bearing liabilities:						
Interest-bearing demand deposits	$ 133	$ (2,618)	$ (2,485)	$ 229	$ 1,147	$ 1,376
Savings deposits	425	(3,239)	(2,814)	408	1,864	2,272
Time deposits	(704)	(4,140)	(4,844)	3,394	4,227	7,621
Short-term borrowings	693	(3,191)	(2,498)	(692)	768	76
Long-term debt	(145)	63	(82)	(658)	(40)	(698)
Total interest-bearing liabilities	402	(13,125)	(12,723)	2,681	7,966	10,647
Net Interest Income	$ 12,102	$ (18,570)	$ (6,468)	$ 21,604	$ 1,583	$ 23,187

1. Fully federal taxable equivalent using a tax rate of approximately 21%.

Non-GAAP Financial Measures

Management of the Company uses measures in its analysis of the Company's performance other than those in accordance with generally accepted accounting principals in the United States of America ("GAAP"). These measures are useful when evaluating the underlying performance of the Company's operations. The Company's management believes that these non-GAAP measures enhance comparability of results with prior periods and demonstrate the effects of significant gains and charges in the current period. The Company's management believes that investors may use these non-GAAP financial measures to evaluate the Company's financial performance without the impact of those items that may obscure trends in the Company's performance. These disclosures should not be viewed as a substitute for financial measures determined in accordance with GAAP, nor are they comparable to non-GAAP financial measures that may be presented by other companies.

TABLE FOUR
NON-GAAP FINANCIAL MEASURES
(In thousands)

	2020	2019	2018
Net interest income ("GAAP")	$ 154,644	$ 161,361	$ 138,209
Taxable equivalent adjustment	1,039	790	756
Net interest income, fully taxable equivalent	$ 155,683	$ 162,151	$ 138,965
Average total interest earning assets	$ 4,927,164	$ 4,511,544	$ 3,942,285
Net interest margin	3.16 %	3.59 %	3.52 %
Accretion related to fair value adjustments	(0.08)	(0.08)	(0.03)
Net interest margin (excluding accretion)	3.08 %	3.51 %	3.49 %
Equity to assets ("GAAP")	12.18 %	13.11 %	12.26 %
Effect of goodwill and other intangibles, net	(1.85)	(2.13)	(2.26)
Tangible common equity to tangible assets	10.33 %	10.98 %	10.00 %
Return on tangible equity ("GAAP")	15.6 %	17.3 %	16.2 %
Impact of sale of VISA shares	(2.4)	—	—
Impact of merger related expenses	—	0.1	2.4
Return on tangible equity, excluding the above items	13.2 %	17.4 %	18.6 %
Return on assets ("GAAP")	1.66 %	1.80 %	1.63 %
Impact of sale of VISA shares	(0.24)	—	—
Impact of merger related expenses	—	0.02	0.24
Return on assets, excluding the above items	1.42 %	1.82 %	1.87 %

NON-INTEREST INCOME AND NON-INTEREST EXPENSE

2020 vs. 2019

Selected income statement fluctuations are summarized in the following table (dollars in millions):

	For the year ended December 31,			
	2020	2019	$ Change	% Change
Unrealized (losses) gains recognized on equity securities still held	**$ (0.9)**	$ 0.9	$ (1.8)	(200)%
Sale of VISA shares	**17.8**	—	17.8	100 %
Non-interest income, excluding net investment securities (losses) gains and sale of VISA shares	**65.6**	67.5	(1.9)	(3)%
Merger related expenses	—	0.8	(0.8)	(100)%
Non-interest expense, excluding merger related expenses	**115.3**	116.8	(1.5)	(1)%

Non-interest income was $82.7 million for 2020 as compared to $68.5 million for 2019. During 2020, the Company sold the entirety of its Visa Inc. Class B common shares (86,605 shares) in a cash transaction which resulted in a pre-tax gain of $17.8 million, or $0.84 diluted per share on an after-tax basis. Additionally, the Company reported $0.9 million of unrealized fair value losses on the Company's equity securities compared to $0.9 million of unrealized fair value gains on the Company's equity securities during 2019. Exclusive of these items, non-interest income decreased from $67.5 million for the year ended December 31, 2019 to $65.6 million for the year ended December 31, 2020. This decrease was largely attributable to a decrease of $5.8 million, or 18.3%, in service charges as average deposit balances have increased during the COVID-19 pandemic. This decrease was partially offset by an increase of $2.0 million, or 9.3%, in bankcard revenues, an increase of $0.7 million, or 17.3%, in other income (largely due to fees from loan interest rate swap originations), an increase of $0.7 million in bank owned life insurance due to higher death benefit proceeds received during 2020 compared to 2019, and an increase of $0.6 million in trust and investment management fee income.

During 2019, the Company recognized $0.8 million of acquisition and integration expenses associated with the completed acquisitions of Poage Bankshares, Inc. ("Poage") and Farmers Deposit Bancorp, Inc. ("Farmers"). Excluding these expenses, non-interest expenses decreased from $116.8 million for 2019 to $115.3 million for 2020. This decrease was primarily due to a decrease in occupancy related expense of $0.8 million, other expenses of $0.8 million (largely on the strength of a gain from the sale of a branch bank location acquired in connection with the acquisition of Farmers), advertising of $0.6 million, repossessed asset losses of $0.4 million, and telecommunication expense of $0.3 million. These decreases were partially offset by an increase in equipment and software related expenses ($1.2 million), bankcard expenses ($0.3 million), and FDIC insurance expense ($0.2 million).

2019 vs. 2018

Selected income statement fluctuations are summarized in the following table (dollars in millions):

	For the year ended December 31,			
	2019	2018	$ Change	% Change
Unrealized gains (losses) recognized on equity securities still held	$ 0.9	$ (0.1)	$ 1.0	1,000 %
Non-interest income, excluding net investment securities (losses) gains	67.5	60.7	6.8	11 %
Merger related expenses	**0.8**	13.3	(12.5)	(94)%
Non-interest expense, excluding merger related expenses	116.8	99.8	17.0	17 %

Non-interest income was $68.5 million for 2019 as compared to $60.6 million for 2018. During 2019, the Company reported $0.9 million of unrealized fair value gains on the Company's equity securities compared to $0.1 million of unrealized fair value losses on the Company's equity securities during 2018. Exclusive of these unrealized fair value gains and losses, non-interest income increased from $60.7 million for the year ended December 31, 2018 to $67.5 million for the year ended December 31, 2019. This increase was primarily attributable to an increase of $2.7 million, or 14.8%, in bankcard revenues, and an increase of $1.8 million, or 6.1%, in service charges, with $1.4 million and $1.6 million, respectively, attributable to the late 2018 acquisitions of Poage and Farmers Deposit. Additionally, other income increased by $1.0 million (due largely to the $0.7 million gain from the sale of our Virginia Beach, VA branch to Select Bank & Trust Company during

the second quarter of 2019), bank owned life insurance revenues increased $0.7 million due to higher death benefit proceeds received during 2019 compared to 2018, and trust and investment management fee income increased $0.6 million.

During 2019 and 2018, the Company recognized $0.8 million and $13.3 million, respectively, of acquisition and integration expenses associated with the completed acquisitions of Poage and Farmers Deposit. Excluding these expenses, non-interest expenses increased from $99.8 million for 2018 to $116.8 million for 2019. This increase was primarily due to an increase in salaries and employee benefits of $7.7 million that was largely attributable to the acquisitions of Poage and Farmers Deposit ($4.3 million), annual salary adjustments, and increased incentive compensation. Primarily due to the acquisitions of Poage and Farmers Deposit, other expenses increased $4.5 million, occupancy related expenses increased $1.3 million, equipment and software related expenses increased $1.2 million and bankcard expenses increased $1.1 million, from 2018 to 2019. Partially offsetting these increases was a decrease of $0.6 million in FDIC insurance expense. As the Deposit Insurance Fund ("DIF") reserve ratio exceeded 1.38% at June 30, 2019, the Company received a Small Bank Assessment Credit for the full amount of its Federal Deposit Insurance Corporation ("FDIC") assessment for the third and fourth quarters of 2019.

INCOME TAXES

Selected information regarding the Company's income taxes is presented in the table below (dollars in millions):

	For the year ended December 31,		
	2020	2019	2018
Income tax expense	**$ 21.7**	$ 24.1	$ 18.0
Effective tax rate	**19.5 %**	21.3 %	20.5 %

A reconciliation of the effective tax rate to the statutory rate is included in Note Twelve of the Notes to Consolidated Financial Statements.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company was in a net deferred tax asset position ($6.7 million) at December 31, 2019 and a net deferred tax liability position ($3.2 million) at December 31, 2020.

The components of the Company's net deferred tax assets/liabilities are disclosed in Note Twelve of the Notes to Consolidated Financial Statements. Realization of the most significant net deferred tax assets is primarily dependent on future events taking place that will reverse the current deferred tax assets. The deferred tax asset and/or liability associated with unrealized securities losses and/or gains is the tax impact of the unrealized gains and/or losses on the Company's available-for-sale security portfolio. The impact of the Company's unrealized losses is noted in the Company's Consolidated Statements of Changes in Shareholders' Equity as an adjustment to Accumulated Other Comprehensive Income (Loss). This deferred tax asset/liability would be realized if the unrealized securities gains/losses on the Company's securities were realized from either the sales or maturities of the related securities. The deferred tax asset associated with the allowance for credit losses is expected to be realized as additional loan charge-offs, which have already been provided for within the Company's financial statements, are recognized for tax purposes. The Company believes that it is more likely than not that each of the deferred tax assets will be realized and that no significant valuation allowances were necessary as of December 31, 2020 or 2019.

LIQUIDITY

The Company evaluates the adequacy of liquidity at both the Parent Company level and at the banking subsidiary level. At the Parent Company level, the principal source of cash is dividends from its banking subsidiary, City National. Dividends paid by City National to the Parent Company are subject to certain legal and regulatory limitations. Generally, any dividends in amounts that exceed the earnings retained by City National in the current year plus retained net profits for the preceding two years must be approved by regulatory authorities. At December 31, 2020, City National could pay dividends up to $67.7 million without prior regulatory permission.

During 2020, the Parent Company used cash obtained from the dividends received primarily to: (1) pay common dividends to shareholders and (2) fund repurchases of the Company's common shares. Additional information concerning

sources and uses of cash by the Parent Company is discussed in Note Nineteen of the Notes to Consolidated Financial Statements.

During the first quarter of 2020, the Company repaid its Subordinated Debentures, assumed as part of its acquisition of Poage, at a price of 100% of the principal amount. These securities were issued in December 2006 and were callable in whole or in part any time after December 22, 2012.

The Parent Company anticipates continuing the payment of dividends, which are expected to approximate $36.6 million on an annualized basis for 2021 based on common shareholders of record at December 31, 2020 at a dividend rate of $2.32 per share for 2021. However, dividends to shareholders can, if necessary, be suspended. In addition to these anticipated cash needs, the Parent Company has operating expenses and other contractual obligations, which are estimated to require $1.3 million of additional cash over the next 12 months. As of December 31, 2020, the Parent Company reported a cash balance of $22.3 million and management believes that the Parent Company's available cash balance, together with cash dividends from City National, will be adequate to satisfy its funding and cash needs over the next twelve months. Excluding the dividend payments discussed above, the Parent Company has no significant commitments or obligations in years after 2021.

City National manages its liquidity position in an effort to effectively and economically satisfy the funding needs of its customers and to accommodate the scheduled repayment of borrowings. Funds are available to City National from a number of sources, including depository relationships, sales and maturities within the investment securities portfolio, and borrowings from the Federal Home Loan Bank ("FHLB") and other financial institutions. As of December 31, 2020, City National's assets are significantly funded by deposits and capital. City National maintains borrowing facilities with the FHLB and other financial institutions that can be accessed as necessary to fund operations and to provide contingency funding mechanisms. As of December 31, 2020, City National had the capacity to borrow an additional $2.0 billion from the FHLB and other financial institutions under existing borrowing facilities. City National maintains a contingency funding plan, incorporating these borrowing facilities, to address liquidity needs in the event of an institution-specific or systemic financial industry crisis. Also, although it has no current intention to do so, City National could liquidate its unpledged securities, if necessary, to provide an additional funding source. City National also segregates certain mortgage loans, mortgage-backed securities, and other investment securities in a separate subsidiary so that it can separately monitor the asset quality of these primarily mortgage-related assets, which could be used to raise cash through securitization transactions or obtain additional equity or debt financing if necessary.

The Company manages its asset and liability mix to balance its desire to maximize net interest income against its desire to minimize risks associated with capitalization, interest rate volatility, and liquidity. With respect to liquidity, the Company has chosen a conservative posture and believes that its liquidity position is strong. As illustrated in the Consolidated Statements of Cash Flows, the Company generated $89.8 million of cash from operating activities during 2020, primarily from interest income received on loans and investments, net of interest expense paid on deposits and borrowings.

The Company has obligations to extend credit, but these obligations are primarily associated with existing home equity loans that have predictable borrowing patterns across the portfolio. The Company has investment security balances with carrying values that totaled $1.21 billion at December 31, 2020, and that greatly exceeded the Company's non-deposit sources of borrowing, which totaled $296 million.

The Company's net loan to asset ratio is 62.5% as of December 31, 2020 and deposit balances fund 80.8% of total assets as compared to 74.8% for its peers (Bank Holding Company Peer Group, as of the most recent data available as of September 30, 2020, which includes commercial banks with assets ranging from $3 billion to $10 billion). Further, the Company's deposit mix has a very high proportion of transaction and savings accounts that fund 58.9% of the Company's total assets and the Company uses time deposits over $250,000 to fund 2.9% of total assets compared to its peers, which fund 2.2% of total assets with such deposits.

INVESTMENTS

The Company's investment portfolio increased $0.3 billion from $0.9 billion at December 31, 2019, to $1.2 billion at December 31, 2020.

The investment portfolio is structured to provide flexibility in managing liquidity needs and interest rate risk, while providing acceptable rates of return.

The majority of the Company's investment securities continue to be mortgage-backed securities. The mortgage-backed securities in which the Company has invested are predominantly underwritten to the standards of, and guaranteed by, government-sponsored agencies such as Fannie Mae ("FNMA"), Freddie Mac ("FHLMC") and Ginnie Mae ("GNMA").

The Company's municipal bond portfolio of $278 million as of December 31, 2020 has an average tax equivalent yield of 2.58% with an average maturity of 14.8 years. The average dollar amount invested in each security is $1.1 million. The portfolio has 92% rated "A" or better and the remaining portfolio is unrated, as the issuances represented small issuances of revenue bonds. Additional credit support has been purchased by the issuer for 30% of the portfolio, while 70% has no additional credit support. Management re-underwrites 100% of the portfolio on an annual basis, using the same guidelines that are used to underwrite its commercial loans. Revenue bonds were 57% of the portfolio, while the remaining 43% were general obligation bonds. Geographically, the portfolio supports the Company's footprint, with 19% of the portfolio being from municipalities throughout West Virginia, and the remainder from communities in Texas, Washington, Ohio and various other states.

Effective January 1, 2020, the Company reclassified its held-to-maturity securities as available-for-sale utilizing the transition guidance under ASU 2019-04, and the unrealized gains/losses on these investments will be recorded through Other Comprehensive Income.

TABLE FIVE
INVESTMENT PORTFOLIO

The carrying value of the Company's securities are presented in the following table (in thousands):

	Carrying Values as of December 31,		
	2020	2019	2018
Securities available-for-sale:			
Obligations of states and political subdivisions	**$ 277,811**	$ 117,187	$ 128,070
U.S. Treasuries and U.S. government agencies	**—**	502	5,733
Mortgage-backed securities:			
U.S. government agencies	**850,384**	642,104	550,758
Private label	**10,892**	11,485	12,043
Trust preferred securities	**4,100**	4,461	4,799
Corporate securities	**33,610**	32,126	16,658
Total Debt Securities available-for-sale	**1,176,797**	807,865	718,061
Certificates of deposit	**1,992**	2,241	3,735
Investment funds	**—**	—	—
Total Securities Available-for-Sale	**1,178,789**	810,106	721,796
Securities held-to-maturity:			
Mortgage backed securities	**—**	49,036	56,827
Trust preferred securities	**—**	—	4,000
Total Securities Held-to-Maturity	**—**	49,036	60,827
Other investment securities:			
Marketable equity securities	**11,839**	12,634	11,771
Non-marketable equity securities	**15,533**	15,856	18,497
Total Other Investment Securities	**27,372**	28,490	30,268
Total Securities	**$ 1,206,161**	$ 887,632	$ 812,891

The Company's mortgage-backed U.S. government agency securities consist of both residential and commercial securities, all of which are guaranteed by Fannie Mae ("FNMA"), Freddie Mac ("FHLMC"), or Ginnie Mae ("GNMA"). Marketable equity securities consist of investments made by the Company in equity positions of various community banks. Non-marketable equity securities consist of Federal Home Loan Bank ("FHLB") stock and Federal Reserve Bank ("FRB") stock.

At December 31, 2020, there were no securities of any non-governmental issuer whose aggregate carrying or estimated fair value exceeded 10% of shareholders' equity.

The weighted average yield of the Company's investment portfolio is presented in the following table (dollars in thousands):

	Within One Year		After One But Within Five Years		After Five But Within Ten Years		After Ten Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
Securities available-for-sale:								
Obligations of states and political subdivisions	$ 5,302	3.67 %	$ 15,561	3.24 %	$ 32,074	2.78 %	$224,874	2.14 %
Mortgage-backed securities:								
U.S. government agencies	4	2.36	2,023	3.27	245,107	2.22	603,250	1.99
Private label	—	—	—	—	—	—	10,892	3.91
Trust preferred securities	—	—	—	—	—	—	4,100	1.64
Corporate securities	—	—	16,915	4.94	16,207	2.74	488	3.68
Total Debt Securities available-for-sale	5,306	3.67	34,499	4.07	293,388	2.31	843,604	2.06
Certificates of deposit	996	2.38	996	2.84	—	—	—	—
Total Securities available-for-sale	6,302	3.47	35,495	4.04	293,388	2.31	843,604	2.06

Weighted-average yields on tax-exempt obligations of states and political subdivisions have been computed on a taxable-equivalent basis using the federal statutory tax rate of 21%. Average yields on investments available-for-sale are computed based on amortized cost. Mortgage-backed securities have been allocated to their respective maturity groupings based on their contractual maturity.

TABLE SIX
LOAN PORTFOLIO

The composition of the Company's loan portfolio as of the dates indicated follows (in thousands):

	2020	2019	2018	2017	2016
Commercial and industrial	372,989	$ 308,015	$ 286,314	$ 208,484	$ 185,667
1-4 Family	109,812	N/R	N/R	N/R	N/R
Hotels	294,464	N/R	N/R	N/R	N/R
Multi-family	215,671	N/R	N/R	N/R	N/R
Non Residential Non-Owner Occupied	641,351	N/R	N/R	N/R	N/R
Non Residential Owner Occupied	213,484	N/R	N/R	N/R	N/R
Commercial real estate	1,474,782	1,459,737	1,454,942	1,277,576	1,229,516
Residential real estate	1,587,694	1,640,396	1,635,338	1,468,278	1,451,462
Home equity	136,469	148,928	153,496	139,499	141,965
Consumer	47,688	54,263	51,190	29,162	32,545
DDA overdrafts	2,497	4,760	6,328	4,411	5,071
Total loans	$3,622,119	$ 3,616,099	$ 3,587,608	$ 3,127,410	$ 3,046,226
$ change from the preceding year	$ 6,020	$ 28,491	$ 460,198	$ 81,184	$ 183,692
% change from the preceding year	0.2 %	0.8 %	14.7 %	2.7 %	6.4 %

N/R = Not reported. Results for reporting periods beginning after January 1, 2020 are presented under ASC 326, while prior period amounts continue to be reported in accordance with previously applicable GAAP.

The commercial and industrial ("C&I") loan portfolio consists of loans to corporate and other legal entity borrowers, primarily small to mid-size industrial and commercial companies. C&I loans typically involve a higher level of risk than other loan types, including industry specific risks such as the pertinent economy, new technology, labor rates and cyclicality, as well as customer specific factors, such as cash flow, financial structure, operating controls and asset quality. Collateral securing these loans includes equipment, machinery, inventory, receivables and vehicles. C&I loans increased $65 million to $373 million at December 31, 2020, largely due to $55 million of PPP loans.

Commercial real estate loans consist of commercial mortgages, which generally are secured by nonresidential and multi-family residential properties, including hotel/motel and apartment lending. Commercial real estate loans are to many of the same customers and carry similar industry risks as C&I loans, but have different collateral risk. Commercial real estate loans increased $15 million to $1.47 billion at December 31, 2020. At December 31, 2020, $40 million of the commercial real estate loans were for commercial properties under construction.

In order to group loans with similar risk characteristics, the portfolio is further segmented by product types:

- Commercial 1-4 Family loans consist of residential single-family, duplex, triplex, and fourplex rental properties and totaled $109.8 million as of December 31, 2020. Risk characteristics are driven by rental housing demand as well as economic and employment conditions. These properties exhibit greater risk than multi-family properties due to fewer income sources.
- The Hotel portfolio is comprised of all lodging establishments and totaled $294.5 million as of December 31, 2020. Risk characteristics relate to the demand for both business and personal travel.
- Multi-family consists of 5 or more family residential apartment lending. The portfolio totaled $215.7 million as of December 31, 2020. Risk characteristics are driven by rental housing demand as well as economic and employment conditions.
- Non-residential commercial real estate includes properties such as retail, office, warehouse, storage, healthcare, entertainment, religious, and other nonresidential commercial properties. The non-residential product type is further segmented into owner- and non-owner occupied properties. Nonresidential non-owner occupied commercial real

estate totaled $641.4 million while nonresidential owner-occupied commercial real estate totaled $213.5 million as of December 31, 2020. Risk characteristics relate to levels of consumer spending and overall economic conditions.

The Company categorizes commercial loans by industry according to the North American Industry Classification System ("NAICS") to monitor the portfolio for possible concentrations in one or more industries. Management monitors industry concentrations against internally established risk-based capital thresholds. As of December 31, 2020, City National was within its internally designated concentration limits. As of December 31, 2020, City National's loans to borrowers within the Lessors of Nonresidential Buildings categories exceeded 10% of total loans (13%). No other NAICS industry classification exceeded 10% of total loans as of December 31, 2020. Management also monitors non-owner occupied commercial real estate as a percent of risk based capital (based upon regulatory guidance). At December 31, 2020, the Company had $1.3 billion of commercial loans classified as non-owner occupied and was within its designated concentration threshold.

Residential real estate loans decreased $53 million from December 31, 2019 to $1.59 billion at December 31, 2020. Residential real estate loans include loans for the purchase or refinance of consumers' residence and first-priority home equity loans allow consumers to borrow against the equity in their home. These loans primarily consist of single family three- and five-year adjustable rate mortgages with terms that amortize up to 30 years. City National also offers fixed-rate residential real estate loans and the majority of these loans are sold in the secondary market; once sold these loans are not included on the Company's balance sheet and City National does not retain the servicing rights to these loans. Residential purchase real estate loans are generally underwritten to comply with Fannie Mae and Freddie Mac guidelines, while first priority home equity loans are underwritten with typically less documentation, lower loan-to-value ratios and shorter maturities. At December 31, 2020, $27 million of the residential real estate loans were for properties under construction.

Home equity loans decreased $12 million from December 31, 2019 to $136 million at December 31, 2020. City National's home equity loans represent loans to consumers that are secured by a second (or junior) priority lien on a residential property. Home equity loans allow consumers to borrow against the equity in their home without paying off an existing first priority lien. These loans include home equity lines of credit ("HELOC") and amortized home equity loans that require monthly installment payments. Second priority lien home equity loans are underwritten with less documentation than first priority lien residential real estate loans but typically have similar loan-to-value ratios and other terms as first priority lien residential real estate loans. The amount of credit extended is directly related to the value of the real estate securing the loan at the time the loan is made.

All mortgage loans, whether fixed rate or adjustable rate, are originated in accordance with acceptable industry standards and comply with regulatory requirements. Fixed rate mortgage loans are processed and underwritten in accordance with Fannie Mae and Freddie Mac guidelines, while adjustable rate mortgage loans are underwritten in accordance with City National's internal loan policy.

Consumer loans may be secured by automobiles, boats, recreational vehicles, certificates of deposit and other personal property, or they may be unsecured. The Company manages the risk associated with consumer loans by monitoring such factors as portfolio size and growth, internal lending policies and pertinent economic conditions. City National's underwriting standards are continually evaluated and modified based upon these factors. Consumer loans decreased $7 million from 2019 to $48 million at December 31, 2020.

The following table shows the scheduled maturity of loans outstanding as of December 31, 2020 (in thousands):

	Within One Year	After One But Within Five Years	After Five Years	Total
Residential real estate	$ 266,561	$ 750,065	$ 571,068	$ 1,587,694
Home equity	21,685	52,647	62,137	136,469
Commercial and industrial	130,184	172,128	70,677	372,989
Commercial real estate	224,863	537,170	712,749	1,474,782
Consumer and DDA overdrafts	19,492	28,722	1,971	50,185
Total loans	$ 662,785	$ 1,540,732	$ 1,418,602	$ 3,622,119

Loans maturing after one year with interest rates that are:	
Fixed until maturity	$ 402,524
Variable or adjustable	2,556,810
Total	$ 2,959,334

ALLOWANCE FOR CREDIT LOSSES

The Company adopted ASU No. 2016-13, *"Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments"* effective January 1, 2020, using the modified retrospective method for all financial assets measured at amortized cost and off-balance sheet credit exposures. ASU No. 2016-13 replaced the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The new current expected credit losses model ("CECL") will apply to the allowance for credit losses, available-for-sale and held-to-maturity debt securities, purchased financial assets with credit deterioration and certain off-balance sheet credit exposures. Results for reporting periods beginning after January 1, 2020 are presented under ASU No. 2016-13, while prior period amounts continue to be reported in accordance with previously applicable GAAP. As a result of adopting CECL, the Company increased its allowance for credit losses ("ACL") by $3.0 million and decreased retained earnings by $2.3 million on January 1, 2020. In addition, the adoption required the Company to "gross up" its previously purchased credit impaired loans through the allowance at January 1, 2020. As a result, the Company increased its ACL and loan balances as of January 1, 2020 by $2.7 million.

Management systematically monitors the loan portfolio and the appropriateness of the allowance for credit losses on a quarterly basis to provide for expected losses inherent in the portfolio. Management assesses the risk in each loan type based on historical trends, the general economic environment of its local markets, individual loan performance and other relevant factors. The Company's estimate of future economic conditions utilized in its provision estimate is primarily dependent on expected unemployment ranges over a two-year period. Beyond two years, a straight line reversion to historical average loss rates is applied over the life of the loan pool in the migration methodology. The vintage methodology applies future average loss rates based on net losses in historical periods where the unemployment rate was within the forecasted range. As a result of COVID-19, expected unemployment ranges have significantly increased and resulted in an increase in the Company's provision for credit losses.

Individual credits in excess of $1 million are selected at least annually for detailed loan reviews, which are utilized by management to assess the risk in the portfolio and the appropriateness of the allowance.

Determination of the ACL is subjective in nature and requires management to periodically reassess the validity of its assumptions. Differences between actual losses and estimated losses are assessed such that management can timely modify its evaluation model to ensure that adequate provision has been made for risk in the total loan portfolio.

As a result of the Company's analysis of the adequacy of the ACL, the Company recorded a provision for credit losses of $10.7 million during the year ended December 31, 2020, compared to a recovery of credit losses of $1.3 million for the comparable period in 2019. The provision for credit losses recorded during 2020 largely reflects the expected economic impact from the COVID-19 pandemic. The Company's estimate of future economic conditions used in its CECL estimates is primarily dependent on expected unemployment ranges. As a result of COVID-19, expected unemployment ranges have significantly increased and resulted in an increase in the Company's ACL of $4.1 million. Additionally, adjustments in

qualitative and other factors due to COVID-19 added $3.4 million. Due to changes in the Company's loan portfolio and their associated loss rates, exclusive of COVID-19, the Company's ACL increased by $3.1 million during 2020, while downgrades of certain credit relationships resulted in an increase in the ACL of $2.9 million during 2020. Partially offsetting these increases in the ACL, was a decrease in the ACL due to the upgrade of a specific credit that was downgraded in 2017, but has since seen improved financial performance. This upgrade released $2.2 million of ACL reserves during 2020.

The Company had net charge-offs of $3.5 million for the year ended December 31, 2020 and $3.1 million for the year ended December 31, 2019. Net charge-offs for the year ended December 31, 2020 consisted primarily of net charge-offs of residential real estate loans ($1.1 million), DDA overdrafts ($0.9 million), and commercial and industrial loans ($0.8 million).

Based on the Company's analysis of the adequacy of the allowance for credit losses and in consideration of the known factors utilized in computing the allowance, management believes that the allowance for credit losses as of December 31, 2020 is adequate to provide for expected losses inherent in the Company's loan portfolio. Future provisions for credit losses will be dependent upon trends in loan balances including the composition of the loan portfolio, changes in loan quality and loss experience trends, and recoveries of previously charged-off loans, among other factors.

TABLE SEVEN
ANALYSIS OF THE ALLOWANCE FOR CREDIT LOSSES

An analysis of changes in the Company's allowance for credit losses follows (dollars in thousands):

	2020	2019	2018	2017	2016
Balance at beginning of period	$ 11,589	$ 15,966	$ 18,836	$ 19,730	$ 19,251
Charge-offs:					
Commercial and industrial	(843)	(261)	(733)	(400)	(148)
Commercial real estate	(1,113)	(1,358)	(369)	(720)	(1,676)
Residential real estate	(1,250)	(787)	(682)	(1,637)	(1,734)
Home equity	(420)	(294)	(219)	(403)	(390)
Consumer	(192)	(1,177)	(769)	(60)	(126)
DDA overdrafts	(2,345)	(2,777)	(2,701)	(2,714)	(1,412)
Total charge-offs	(6,163)	(6,654)	(5,473)	(5,934)	(5,486)
Recoveries:					
Commercial and industrial	91	764	2,152	58	14
Commercial real estate	525	624	732	112	487
Residential real estate	184	369	367	294	187
Home equity	136	—	—	45	—
Consumer	238	265	166	63	118
DDA overdrafts	1,467	1,505	1,496	1,462	764
Total recoveries	2,641	3,527	4,913	2,034	1,570
Net charge-offs	(3,522)	(3,127)	(560)	(3,900)	(3,916)
Impact of adopting CECL	5,760	—	—	—	—
Provision for (recovery of) credit losses	10,722	(1,250)	(2,310)	3,006	4,395
Balance at end of period	$ 24,549	$ 11,589	$ 15,966	$ 18,836	$ 19,730
As a Percent of Average Total Loans:					
Net charge-offs	0.10 %	0.09 %	0.02 %	0.13 %	0.13 %
Provision for (recovery of) credit losses	0.29 %	(0.04)%	(0.07)%	0.10 %	0.15 %
As a Percent of Non-Performing Loans:					
Allowance for credit losses	200.69 %	98.57 %	107.82 %	178.39 %	140.10 %

TABLE EIGHT
NON-PERFORMING LOANS

The Company's nonperforming assets and past-due loans were as follows (dollars in thousands):

	2020	2019	2018	2017	2016
Non-accrual loans with allowance for credit losses	$ 9,742	N/R	N/R	N/R	N/R
Non-accrual loans with no allowance for credit losses	2,490	N/R	N/R	N/R	N/R
Total non-accrual loans	$ 12,232	$ 11,490	$ 14,551	$ 10,297	$ 13,701
Accruing loans past due 90 days or more	—	267	257	262	382
Total non-performing loans	$ 12,232	$ 11,757	$ 14,808	$ 10,559	$ 14,083
Other real estate owned ("OREO")	1,650	4,670	4,608	3,585	4,588
Total non-performing assets	$ 13,882	$ 16,427	$ 19,416	$ 14,144	$ 18,671
As a Percentage of Total Loans and OREO					
Non-performing assets	0.38 %	0.45 %	0.54 %	0.45 %	0.61 %
Past-due loans	$ 8,888	$ 11,396	$ 13,131	$ 10,963	$ 8,594
As a Percentage of Total Loans					
Past-due loans	0.25 %	0.32 %	0.37 %	0.35 %	0.28 %

N/R = Not reported. Results for reporting periods beginning after January 1, 2020 are presented under ASC 326, while prior period amounts continue to be reported in accordance with previously applicable GAAP.

The Company's ratio of non-performing assets to total loans and other real estate owned decreased from 0.45% at December 31, 2019 to 0.38% at December 31, 2020. Excluded from this ratio are purchased credit deteriorated ("PCD") loans in which the Company estimated cash flows and estimated a credit mark. Such loans would be considered nonperforming loans if the loan's performance deteriorates below the Company's initial expectation. Total past due loans decreased from $11.4 million, or 0.32% of total loans outstanding, at December 31, 2019 to $8.9 million, or 0.25% of total loans outstanding, at December 31, 2020.

TABLE NINE
TROUBLED DEBT RESTRUCTURINGS ("TDRS")

The following table sets forth the Company's TDRs (in thousands):

	2020	2019	2018	2017	2016
Commercial and industrial	$ —	$ —	$ 98	$ 135	$ 42
1-4 Family	121	N/R	N/R	N/R	N/R
Hotels	2,634	N/R	N/R	N/R	N/R
Multi-family	1,883	N/R	N/R	N/R	N/R
Non Residential Non-Owner Occupied	—	N/R	N/R	N/R	N/R
Non Residential Owner Occupied	—	N/R	N/R	N/R	N/R
Commercial real estate	4,638	4,973	8,205	8,381	5,525
Residential real estate	19,226	21,029	23,521	21,089	20,815
Home equity	2,001	3,628	3,030	3,097	3,135
Consumer	277	—	—	—	—
Total TDRs	$ 26,142	$ 29,630	$ 34,854	$ 32,702	$ 29,517

N/R = Not reported. Results for reporting periods beginning after January 1, 2020 are presented under ASC 326, while prior period amounts continue to be reported in accordance with previously applicable GAAP.

Regulatory guidance requires that loans 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. The filing of bankruptcy is deemed to be evidence that the borrower is in financial difficulty and the discharge of debt by the bankruptcy court is deemed to be a concession granted to the borrower.

The Company's troubled debt restructurings ("TDRs") related to its borrowers who had filed for Chapter 7 bankruptcy protection made up 79% of the Company's total TDRs as of December 31, 2020. The average age of these TDRs was 13.2 years; the average current balance as a percentage of the original balance was 68.9%; and the average loan-to-value ratio was 63.3% as of December 31, 2020. Of the total 401 Chapter 7 related TDRs, 34 had an estimated loss exposure based on the current balance and appraised value at December 31, 2020.

COVID-19 Pandemic

In March of 2020, in response to the COVID-19 pandemic, regulatory guidance was issued that clarified the accounting for loan modifications. Modifications of loan terms do not automatically result in a TDR. Short-term modifications made on a good faith basis in response to COVID-19 to borrowers who were current prior to any relief, are not TDRs. This includes short-term (e.g., six months) modifications such as payment deferrals, fee waivers, extension of repayment terms, or other delays that are insignificant. Borrowers considered current are those that are less than 30 days past due on their contractual payments at the time the modification program was implemented. In addition, modifications or deferrals pursuant to the CARES Act do not represent TDRs. However, these deferrals do not absolve the company from performing its normal risk rating and therefore a loan could be current and have a less than satisfactory risk rating.

During the year ended December 31, 2020, the Company granted deferrals of approximately $135 million to its mortgage customers. These deferral arrangements ranged from 30 days to 90 days. As of December 31, 2020, approximately $9 million of these loans were still deferring, while approximately $126 million have resumed making their normal loan payment. As of December 31, 2020, approximately $4 million of these deferrals were previously and currently considered TDRs due to Chapter 7 bankruptcies.

During the year ended December 31, 2020, the Company granted deferrals of approximately $455 million to its commercial customers. These deferral arrangements ranged from one month to six months. As of December 31, 2020, approximately $99 million of these loans were still deferring (including $88 million for hotel and lodging related loans), while approximately $356 million have resumed making their normal loan payment.

TABLE TEN
ALLOCATION OF THE ALLOWANCE FOR CREDIT LOSSES

The allocation of the allowance for credit losses by portfolio segment and the percent of loans in each category to total loans is shown in the table below (dollars in thousands). The allocation of a portion of the allowance in one portfolio segment does not preclude its availability to absorb losses in other portfolio segments.

	2020		2019		2018		2017		2016	
	Amount	Percent of Loans in Each Category to Total Loans	Amount	Percent of Loans in Each Category to Total Loans	Amount	Percent of Loans in Each Category to Total Loans	Amount	Percent of Loans in Each Category to Total Loans	Amount	Percent of Loans in Each Category to Total Loans
Commercial and industrial	$ 3,644	10 %	$ 2,059	9 %	$ 4,060	8 %	$ 4,571	7 %	$ 4,206	6 %
Commercial real estate	10,997	41	2,606	40	4,495	41	6,183	41	6,573	40
Residential real estate	8,093	44	3,448	45	4,116	46	5,212	47	6,680	48
Home equity	630	4	1,187	4	1,268	4	1,138	4	1,417	5
Consumer	163	1	975	2	319	1	62	1	82	1
DDA overdrafts	1,022	—	1,314	—	1,708	—	1,670	—	772	—
Allowance for Credit Losses	$24,549	100 %	$11,589	100 %	$15,966	100 %	$18,836	100 %	$19,730	100 %

The ACL increased from $11.6 million at December 31, 2019 to $24.5 million at December 31, 2020. As previously discussed, the adoption of CECL comprised $5.8 million of the increase from December 31, 2019. Below is a summary of the changes in the components of the ACL from December 31, 2019 to December 31, 2020.

The allowance attributed to the commercial and industrial loan portfolio increased $1.5 million from $2.1 million at December 31, 2019 to $3.6 million at December 31, 2020. The adoption of CECL increased the allowance by $1.7 million.

The allowance attributed to the commercial real estate loan portfolio increased $8.4 million from $2.6 million at December 31, 2019 to $11.0 million at December 31, 2020. The adoption of CECL increased the allowance by $3.3 million. The remainder of the increase was largely attributable to a change in the unemployment forecast range due to COVID-19, changes in the migration within the portfolio and an increase to the qualitative factors utilized related to COVID-19.

The allowance attributed to the residential real estate portfolio increased $4.7 million from $3.4 million at December 31, 2019 to $8.1 million at December 31, 2020. The adoption of CECL increased the allowance by $2.1 million. The remainder of the increase was largely attributable to a change in the unemployment forecast range and an increase in the qualitative factors utilized due to COVID-19 as well as an increase in the historical loss rates associated with the portfolio.

GOODWILL

The Company evaluates the recoverability of goodwill and indefinite lived intangible assets annually as of November 30th, or more frequently if events or changes in circumstances warrant, such as a material adverse change in the Company's business. Goodwill is considered to be impaired when the carrying value of a reporting unit exceeds its estimated fair value. Indefinite-lived intangible assets are considered impaired if their carrying value exceeds their estimated fair value. As described in Note One of the Notes to Consolidated Financial Statements, the Company conducts its business activities through one reportable business segment – community banking. Fair values are estimated by reviewing the Company's stock price as it compares to book value and the Company's reported earnings. In addition, the impact of future earnings and activities is considered in the Company's analysis. The Company had approximately $109 million of goodwill at December 31, 2020 and 2019, and no impairment was required to be recognized in 2020 or 2019, as the estimated fair value of the Company has continued to exceed its book value.

CERTIFICATES OF DEPOSIT

Scheduled maturities of time certificates of deposit of $100,000 or more at December 31, 2020 are summarized in the table below (in thousands). The Company has time certificates of deposit that meet or exceed the FDIC insurance limit of $250,000 totaling $171.3 million (approximately 14% of total time deposits).

TABLE ELEVEN
MATURITY DISTRIBUTION OF CERTIFICATES OF DEPOSIT OF $100,000 OR MORE

	Amounts	Percentage
Three months or less	$ 182,976	31 %
Over three months through six months	192,735	32
Over six months through twelve months	83,867	14
Over twelve months	133,615	23
Total	$ 593,193	100 %

FAIR VALUE MEASUREMENTS

The Company determines the fair value of its financial instruments based on the fair value hierarchy established in ASC Topic 820, whereby the fair value of certain assets and liabilities is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC Topic 820 establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The hierarchy classification is based on whether the inputs in the methodology for determining fair value are observable or unobservable. Observable inputs reflect market-based information obtained from independent sources (Level 1 or Level 2), while unobservable inputs reflect management's estimate of market data (Level 3). Assets and liabilities that are actively traded and have quoted prices or observable market data require a minimal amount of subjectivity concerning fair value. Management's judgment is necessary to estimate fair value when quoted prices or observable market data are not available.

At December 31, 2020, approximately 22% of total assets, or $1,244 million, consisted of financial instruments recorded at fair value. Most of these financial instruments used valuation methodologies involving observable market data, collectively Level 1 and Level 2 measurements, to determine fair value. At December 31, 2020, approximately $53 million of derivative liabilities were recorded at fair value using methodologies involving observable market data. The Company does not believe that any changes in the unobservable inputs used to value the financial instruments mentioned above would have a material impact on the Company's results of operations, liquidity, or capital resources. See Note Eighteen of the Notes to Consolidated Financial Statements for additional information regarding ASC Topic 820 and its impact on the Company's financial statements.

CONTRACTUAL OBLIGATIONS

The Company has various financial obligations that may require future cash payments according to the terms of the obligations. Demand, both noninterest- and interest-bearing, and savings deposits are, generally, payable immediately upon demand at the request of the customer. Therefore, the contractual maturity of these obligations is presented in the following table as "less than one year." Time deposits, typically certificates of deposit, are customer deposits that are evidenced by an agreement between the Company and the customer that specify stated maturity dates; early withdrawals by the customer are subject to penalties assessed by the Company. Short-term borrowings and long-term debt represent borrowings of the Company and have stated maturity dates. Operating leases between the Company and the lessor have stated expiration dates and renewal terms.

TABLE TWELVE
CONTRACTUAL OBLIGATIONS

The composition of the Company's contractual obligations as of December 31, 2020 is presented in the following table (in thousands):

	Contractual Maturity in				
	Less than One Year	Between One and Three Years	Between Three and Five Years	Greater than Five Years	Total
Noninterest-bearing demand deposits	$ 1,176,990	$ —	$ —	$ —	$ 1,176,990
Interest-bearing demand deposits[1]	1,027,207	—	—	—	1,027,207
Savings deposits[1]	1,188,010	—	—	—	1,188,010
Time deposits[1]	933,380	289,948	38,457	462	1,262,247
Short-term borrowings[1]	296,434	—	—	—	296,434
Low income housing tax credits ("LIHTCs") funding commitments	3,498	3,552	344	442	7,836
Supplemental employee retirement plans	815	1,298	1,123	4,425	7,661
Deferred compensation plans	—	—	223	1,780	2,003
Defined benefit plan	1,000	—	—	1,870	2,870
Real estate leases	990	1,380	897	1,800	5,067
Total Contractual Obligations	$ 4,628,324	$ 296,178	$ 41,044	$ 10,779	$ 4,976,325

(1) Includes interest on both fixed- and variable-rate obligations. The interest associated with variable-rate obligations is based upon interest rates in effect at December 31, 2020. The contractual amounts to be paid on variable-rate obligations are affected by market interest rates that could materially affect the contractual amounts to be paid.

The Company's liability for uncertain tax positions at December 31, 2020 was $2.1 million pursuant to ASC Topic 740. This liability represents an estimate of tax positions that the Company has taken in its tax returns that may ultimately not be sustained upon examination by tax authorities. As the ultimate amount and timing of any future cash settlements cannot be predicted with reasonable reliability, this estimated liability has been excluded from the contractual obligations table.

OFF-BALANCE SHEET ARRANGEMENTS

As disclosed in Note Fifteen of the Notes to Consolidated Financial Statements, the Company has entered into agreements with its customers to extend credit or to provide conditional commitments to provide payment on drafts presented in accordance with the terms of the underlying credit documents (including standby and commercial letters of credit). The Company also provides overdraft protection to certain demand deposit customers that represent an unfunded commitment. As a result of the Company's off-balance sheet arrangements for 2020 and 2019, no material revenue, expenses, or cash flows were recognized. In addition, the Company had no other indebtedness or retained interests nor entered into agreements to extend credit or provide conditional payments pursuant to standby and commercial letters of credit.

CAPITAL RESOURCES

During 2020, Shareholders' Equity increased $45 million, or 6.9%, from $658 million at December 31, 2019 to $703 million at December 31, 2020. This increase was primarily due to net income of $90 million and other comprehensive income of $25 million, partially offset by cash dividends declared of $37 million and common share repurchases of $36 million.

On February 27, 2019, the Company announced that the Board of Directors rescinded the 2014 plan and authorized the Company to buy back up to 1,000,000 shares of its common stock (approximately 6% of the outstanding shares), in open market transactions, at prices that are accretive to continuing shareholders. No timetable was placed on the duration of this share repurchase program. During the year ended December 31, 2020, the Company repurchased approximately 573,000 common shares at a weighted average price of $63.68. At December 31, 2020, the Company could repurchase approximately 166,000 shares under the current plan.

As of January 1, 2019, the Basel III Capital Rules require City Holding and City National to maintain minimum CET 1, Tier 1 and Total Capital ratios, along with a capital conservation buffer, effectively resulting in new minimum capital ratios (which are shown in the table below). The capital conservation buffer is designed to absorb losses during periods of economic stress. Banking institutions with a ratio of CET 1 capital to risk-weighted assets above the minimum but below the conservation buffer (or below the combined capital conservation buffer and countercyclical capital buffer, when the latter is applied) will face constraints on dividends, equity repurchases and compensation based on the amount of the shortfall. The Basel III Capital Rules also provide for a "countercyclical capital buffer" that is applicable to only certain covered institutions and does not have any current applicability to City Holding Company or City National Bank.

The Company's regulatory capital ratios for both City Holding and City National include the 2.5% capital conservation buffer and are illustrated in the following tables (in thousands):

	Actual		Minimum Required - Basel III		Required to be Considered Well Capitalized	
December 31, 2020	**Capital Amount**	**Ratio**	**Capital Amount**	**Ratio**	**Capital Amount**	**Ratio**
CET 1 Capital						
City Holding Company	$ 557,641	16.2 %	$ 241,221	7.0 %	$ 223,991	6.5 %
City National Bank	482,754	14.1 %	239,569	7.0 %	222,457	6.5 %
Tier 1 Capital						
City Holding Company	557,641	16.2 %	292,911	8.5 %	275,681	8.0 %
City National Bank	482,754	14.1 %	290,906	8.5 %	273,793	8.0 %
Total Capital						
City Holding Company	577,292	16.8 %	361,831	10.5 %	344,601	10.0 %
City National Bank	502,405	14.7 %	359,354	10.5 %	342,242	10.0 %
Tier 1 Leverage Ratio						
City Holding Company	557,641	10.2 %	218,163	4.0 %	272,704	5.0 %
City National Bank	482,754	9.0 %	215,277	4.0 %	269,097	5.0 %

	Actual		Minimum Required - Basel III		Required to be Considered Well Capitalized	
December 31, 2019:	Capital Amount	Ratio	Capital Amount	Ratio	Capital Amount	Ratio
CET 1 Capital						
City Holding Company	$ 532,640	16.0 %	$ 232,358	7.0 %	$ 215,761	6.5 %
City National Bank	459,006	13.9 %	230,808	7.0 %	214,322	6.5 %
Tier 1 Capital						
City Holding Company	536,640	16.2 %	282,150	8.5 %	265,552	8.0 %
City National Bank	459,006	13.9 %	280,267	8.5 %	263,781	8.0 %
Total Capital						
City Holding Company	548,291	16.5 %	348,538	10.5 %	331,941	10.0 %
City National Bank	470,656	14.3 %	346,213	10.5 %	329,726	10.0 %
Tier 1 Leverage Ratio						
City Holding Company	536,640	11.0 %	195,558	4.0 %	244,448	5.0 %
City National Bank	459,006	9.5 %	193,074	4.0 %	241,342	5.0 %

As of December 31, 2020, management believes that City Holding Company, and its banking subsidiary, City National, were "well capitalized." City Holding is subject to regulatory capital requirements administered by the Federal Reserve, while City National is subject to regulatory capital requirements administered by the OCC and the FDIC. Regulatory agencies can initiate certain mandatory actions if either City Holding or City National fails to meet the minimum capital requirements, as shown above. As of December 31, 2020, management believes that City Holding and City National meet all capital adequacy requirements.

In November 2019, the federal banking regulators published final rules implementing a simplified measure of capital adequacy for certain banking organizations that have less than $10 billion in total consolidated assets. Under the final rules, which went into effect on January 1, 2020, depository institutions and depository institution holding companies that have less than $10 billion in total consolidated assets and meet other qualifying criteria, including a leverage ratio of greater than 9%, off–balance–sheet exposures of 25% or less of total consolidated assets and trading assets plus trading liabilities of 5% or less of total consolidated assets, are deemed "qualifying community banking organizations" and are eligible to opt into the "community bank leverage ratio framework." A qualifying community banking organization that elects to use the community bank leverage ratio framework and that maintains a leverage ratio of greater than 9% is considered to have satisfied the generally applicable risk–based and leverage capital requirements under the Basel III Rules and, if applicable, is considered to have met the "well capitalized" ratio requirements for purposes of its primary federal regulator's prompt corrective action rules, discussed below. The final rules include a two–quarter grace period during which a qualifying community banking organization that temporarily fails to meet any of the qualifying criteria, including the greater–than–9% leverage capital ratio requirement, is generally still deemed "well capitalized" so long as the banking organization maintains a leverage capital ratio greater than 8%. A banking organization that fails to maintain a leverage capital ratio greater than 8% is not permitted to use the grace period and must comply with the generally applicable requirements under the Basel III Rules and file the appropriate regulatory reports. The Company and its subsidiary bank do not have any immediate plans to elect to use the community bank leverage ratio framework but may make such an election in the future.

LEGAL ISSUES

The Company is engaged in various legal actions that it deems to be in the ordinary course of business. As these legal actions are resolved, the Company could realize impacts to its financial performance in the period in which these legal actions are ultimately decided. There can be no assurance that current actions will have immaterial results, or that no material actions may be presented in the future.

RECENT ACCOUNTING PRONOUNCEMENTS AND DEVELOPMENTS

Note Two, "Recent Accounting Pronouncements," of the Notes to Consolidated Financial Statements, discusses recently issued new accounting pronouncements and their expected impact on the Company's consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss due to adverse changes in current and future cash flows, fair values, earnings or capital due to adverse movements in interest rates and other factors, including foreign exchange rates, underlying credit risk and commodity prices. Because the Company has no significant foreign exchange activities and holds no commodities, interest rate risk represents the primary risk factor affecting the Company's balance sheet and net interest margin. Significant changes in interest rates by the Federal Reserve could result in similar changes in LIBOR interest rates, prime rates, and other benchmark interest rates that could materially affect the estimated fair value of the Company's investment securities portfolio, interest paid on the Company's short-term and long-term borrowings, interest earned on the Company's loan portfolio and interest paid on its deposit accounts. The Company utilizes derivative instruments, primarily interest rate swaps, to help manage its interest rate risk on commercial loans.

The Company's Asset and Liability Committee ("ALCO") has been delegated the responsibility of managing the Company's interest-sensitive balance sheet accounts to maximize earnings while managing interest rate risk. ALCO, comprised of various members of executive and senior management, is also responsible for establishing policies to monitor and limit the Company's exposure to interest rate risk and to manage the Company's liquidity position. ALCO satisfies its responsibilities through quarterly meetings during which product pricing issues, liquidity measures and interest sensitivity positions are monitored.

In order to measure and manage its interest rate risk, the Company uses an asset/liability management simulation software model to periodically update the interest sensitivity position of the Company's balance sheet. The model is also used to perform analyses that measure the impact on net interest income and capital as a result of various changes in the interest rate environment. Such analyses quantify the effects of various interest rate scenarios on projected net interest income.

The Company's policy objective is to avoid negative fluctuations in net income or the economic value of equity of more than 15% within a 12-month period, assuming an immediate parallel increase of 300 points or decrease of 200 basis points. The Company measures the long-term risk associated with sustained increases and decreases in rates through analysis of the impact to changes in rates on the economic value of equity.

The following table summarizes the sensitivity of the Company's net income to various interest rate scenarios. The results of the sensitivity analyses presented below differ from the results used internally by ALCO in that, in the analyses below, interest rates are assumed to have an immediate and sustained parallel shock. The Company recognizes that rates are volatile, but rarely move with immediate and parallel effects. Internally, the Company considers a variety of interest rate scenarios that are deemed to be possible while considering the level of risk it is willing to assume in "worst-case" scenarios such as shown by the following:

Immediate Basis Point Change in Interest Rates	Implied Federal Funds Rate Associated with Change in Interest Rates	Estimated Increase (Decrease) in Net Income Over 12 Months
December 31, 2020		
+400	**4.25 %**	**+22.1 %**
+300	**3.25**	**+21.5**
+200	**2.25**	**+17.9**
+100	**1.25**	**+12.0**
December 31, 2019		
+300	4.75 %	+3.8 %
+200	3.75	+4.8
+100	2.75	+3.7
-50	1.25	-3.9
-100	0.75	-10.0

These estimates are highly dependent upon assumptions made by management, including, but not limited to, assumptions regarding the manner in which interest-bearing demand deposit and savings deposit accounts reprice in different interest rate scenarios, changes in the composition of deposit balances, pricing behavior of competitors, prepayments of loans and deposits under alternative rate environments, and new business volumes and pricing. As a result, there can be no assurance that the estimates above will be achieved in the event that interest rates increase or decrease during 2021 and beyond. The estimates above do not necessarily imply that the Company will experience increases in net income if market

interest rates rise. The table above indicates how the Company's net income and the economic value of equity behave relative to an increase or decrease in rates compared to what would otherwise occur if rates remain stable.

Based upon the estimates above, the Company believes that its net income is positively correlated with increasing rates as compared to the level of net income the Company would expect if interest rates remain flat or decrease.

Item 8. Financial Statements and Supplementary Data

REPORT ON MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of City Holding Company is responsible for the preparation, integrity, and fair presentation of the consolidated financial statements included in this annual report. The consolidated financial statements of City Holding Company have been prepared in accordance with U.S. generally accepted accounting principles and necessarily include some amounts that are based on the best estimates and judgments of management.

The management of City Holding Company is responsible for establishing and maintaining adequate internal control over financial reporting that is designed to produce reliable financial statements in conformity with U.S. generally accepted accounting principles. The system of internal control over financial reporting is evaluated for effectiveness by management and tested for reliability through a program of internal audits with actions taken to correct potential deficiencies as they are identified. Because of inherent limitations in any internal control system, no matter how well designed, misstatements due to error or fraud may occur and not be detected, including the possibility of the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, internal control effectiveness may vary over time.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2020 based upon the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework (2013 Framework). Based on our assessment, management believes that, as of December 31, 2020, the Company's system of internal control over financial reporting is effective based on those criteria. Crowe LLP, the Company's independent registered public accounting firm, has issued an attestation report on the effectiveness of internal control over financial reporting. This report appears on page 59.

February 24, 2021

/s/ Charles R. Hageboeck	/s/ David L. Bumgarner
Charles R. Hageboeck	David L. Bumgarner
President & Chief Executive Officer	Chief Financial Officer
Principal Executive Officer	Principal Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and the Board of Directors
of City Holding Company and Subsidiaries
Charleston, West Virginia

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of City Holding Company and Subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the years in the two-year period ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control - Integrated Framework: (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control - Integrated Framework: (2013) issued by COSO.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Company has changed its method of accounting for credit losses effective January 1, 2020 due to the adoption of Financial Accounting Standards Board (FASB) Accounting Standards Codification No. 326, Financial Instruments – Credit Losses (ASC 326). The Company adopted the new credit loss standard using the modified retrospective method such that prior period amounts are not adjusted and continue to be reported in accordance with previously applicable generally accepted accounting principles. The adoption of the new credit loss standard and its subsequent application is also communicated as a critical audit matter below.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report on Management's Assessment of Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audit of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally

accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which they relate.

Allowance for Credit Losses – Adoption and Qualitative Factors

In accordance with Accounting Standards Update (the "ASU") 2016-13, *Financial Instruments —Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* the Company adopted Accounting Standards Codification ("ASC") 326 as of January 1, 2020 as described in Notes 1 and 5 of the consolidated financial statements using the modified retrospective method. Also see explanatory paragraph above. The ASU requires financial assets, including the Company's loan portfolio, measured at amortized cost, to be presented at the net amount expected to be collected. Estimates of expected credit losses for loans are based on reasonable and supportable forecast of future economic conditions, historical loss experience and qualitative factors. In order to estimate the expected credit losses, the Company implemented new loss estimation models. The Company disclosed the impact of adoption of this standard on January 1, 2020 with a $5.8 million increase to the allowance for credit losses and a $2.3 million decrease to retained earnings for the cumulative effect adjustment recorded upon adoption. Provision expense for the year ending December 31, 2020 was $10.7 million and the Allowance for Credit Losses at December 31, 2020 was $24.5 million.

The Company utilizes both migration measurement and vintage methods for determining the allowance for credit losses. The migration measurement method is an analysis that tracks a closed pool of loans for a configurable period of time and calculates a loss ratio on only those loans in the pool at the start date based on outstanding balance. This analysis is used for commercial and industrial and commercial real estate loan segments. The vintage method is a predictive loss model that includes a reasonable approximation of probable and estimable future losses by tracking each loan's net losses over the life of the loan as compared to its original balance. This analysis is used for residential real estate, home equity and consumer loan segments. Loans that no longer exhibit shared risk characteristics are evaluated on an individual basis.

We identified the adoption of the allowance for credit losses and application of the qualitative factors as a critical audit matter because of the extent of auditor judgment applied and significant audit effort to evaluate the significant subjective and complex judgments made by management throughout the initial adoption and subsequent application processes related to the qualitative factors. The principal considerations resulting in our determination included the following:

- Significant audit effort to evaluate the appropriateness of selection of loss estimation models, loan segmentation, reasonable and supportable forecast of economic variables and historical loss period used in the calculation at adoption
- Significant auditor judgment and effort were used in evaluating the qualitative factors used in the calculation.
- Significant audit effort to test the completeness and accuracy of historical data used in the loss estimation models at adoption

The primary procedures performed to address this critical audit matter included:

- Testing the effectiveness of management's internal controls over the Company's initial selection of significant model assumptions and judgments, loan segmentation, reasonable and supportable forecasts, qualitative factor adjustments, information systems and model validation as part of the adoption of the new accounting standard.

- Testing the effectiveness of controls over the Company's preparation and review of the allowance for credit loss calculation, specifically testing the completeness and accuracy of data used as the basis for adjustments related to the qualitative factors, and testing management's review of the reasonableness of qualitative factors.
- Substantively testing management's initial selection of significant model assumptions and judgments, loan segmentation, and reasonable and supportable forecast as part of the adoption of the new accounting standard
- Substantively testing management's process for developing the qualitative factors and assessing reasonableness, relevance and reliability of data used to develop factors, including evaluating their judgments and assumptions for reasonableness
- Substantively testing the completeness and accuracy of the historical data used in the loss estimation models

/s/ Crowe LLP

We have served as the Company's auditor since 2019.

Louisville, Kentucky

February 24, 2021

REPORT OF ERNST & YOUNG LLP, INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and Board of Directors of City Holding Company and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows of City Holding Company (the Company) for the year ended December 31, 2018, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, these consolidated financial statements present fairly, in all material respects, the results of the Company's operations and its cash flows for the year ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We served as the Company's auditor from 1982 to 2019.

Charleston, West Virginia

March 11, 2019

FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEETS
CITY HOLDING COMPANY AND SUBSIDIARIES
(in thousands)

	December 31, 2020	December 31, 2019
Assets		
Cash and due from banks	$ 77,412	$ 88,658
Interest-bearing deposits in depository institutions	451,247	51,486
Cash and Cash Equivalents	528,659	140,144
Investment securities available for sale, at fair value	1,178,789	810,106
Investment securities held-to-maturity, at amortized cost (approximate fair value at December 31, 2019 - $50,598)	—	49,036
Other securities	27,372	28,490
Total Investment Securities	1,206,161	887,632
Gross loans	3,622,119	3,616,099
Allowance for credit losses	(24,549)	(11,589)
Net Loans	3,597,570	3,604,510
Bank owned life insurance	118,243	115,261
Premises and equipment, net	76,925	76,965
Accrued interest receivable	15,793	11,569
Deferred tax assets, net	—	6,669
Goodwill and other intangible assets, net	118,592	120,241
Other assets	96,697	55,765
Total Assets	$ 5,758,640	$ 5,018,756
Liabilities		
Deposits:		
Noninterest-bearing	$ 1,176,990	$ 805,087
Interest-bearing:		
Demand deposits	1,027,201	896,465
Savings deposits	1,188,003	1,009,771
Time deposits	1,260,022	1,364,571
Total Deposits	4,652,216	4,075,894
Short-term borrowings:		
Securities sold under agreements to repurchase	295,956	211,255
Long-term debt	—	4,056
Deferred tax liabilities, net	3,202	—
Other liabilities	106,160	69,568
Total Liabilities	5,057,534	4,360,773
Commitments and contingencies - see Note Fifteen		
Shareholders' Equity		
Preferred stock, par value $25 per share: 500,000 shares authorized; — issued	—	—
Common stock, par value $2.50 per share: 50,000,000 shares authorized; 19,047,548 shares issued at December 31, 2020 and 2019, less 3,280,040 and 2,744,109 shares in treasury, respectively	47,619	47,619
Capital surplus	171,304	170,309
Retained earnings	589,988	539,253
Cost of common stock in treasury	(139,038)	(105,038)
Accumulated other comprehensive income (loss):		
Unrealized gain on securities available-for-sale	36,894	12,110
Underfunded pension liability	(5,661)	(6,270)
Total Accumulated Other Comprehensive Income (Loss)	31,233	5,840
Total Shareholders' Equity	701,106	657,983
Total Liabilities and Shareholders' Equity	$ 5,758,640	$ 5,018,756

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME
CITY HOLDING COMPANY AND SUBSIDIARIES
(in thousands, except earnings per share data)

	Year Ended December 31		
	2020	2019	2018
Interest Income			
Interest and fees on loans	$ 150,498	$ 170,012	$ 142,055
Interest on investment securities:			
Taxable	23,355	23,389	17,337
Tax-exempt	3,914	2,967	2,843
Interest on deposits in depository institutions	492	1,332	1,666
Total Interest Income	178,259	197,700	163,901
Interest Expense			
Interest on deposits	22,522	32,666	21,397
Interest on short-term borrowings	993	3,491	3,415
Interest on long-term debt	100	182	880
Total Interest Expense	23,615	36,339	25,692
Net Interest Income	154,644	161,361	138,209
Provision for (recovery of) credit losses	10,722	(1,250)	(2,310)
Net Interest Income After Provision for (recovery of) Credit Losses	143,922	162,611	140,519
Non-Interest Income			
Net gains on sale of investment securities	62	69	—
Unrealized (losses) gains recognized on equity securities still held	(863)	888	(90)
Service charges	25,733	31,515	29,704
Bankcard revenue	23,059	21,093	18,369
Trust and investment management fee income	7,736	7,159	6,529
Bank owned life insurance	4,424	3,766	3,090
Sale of VISA shares	17,837	—	—
Other income	4,692	4,000	2,962
Total Non-Interest Income	82,680	68,490	60,564
Non-Interest Expense			
Salaries and employee benefits	62,074	62,138	54,385
Occupancy related expenses	9,765	10,595	9,323
Equipment and software related expenses	10,200	8,964	7,729
FDIC insurance expense	884	638	1,251
Advertising	2,776	3,344	2,974
Bankcard expenses	5,893	5,555	4,503
Postage, delivery, and statement mailings	2,268	2,416	2,157
Office supplies	1,556	1,559	1,319
Legal and professional fees	2,176	2,371	1,847
Telecommunications	2,129	2,455	1,750
Repossessed asset losses, net of expenses	245	634	845
Merger related costs	—	797	13,257
Other expenses	15,324	16,148	11,726
Total Non-Interest Expense	115,290	117,614	113,066

CONSOLIDATED STATEMENTS OF INCOME, CONTINUED
CITY HOLDING COMPANY AND SUBSIDIARIES
(in thousands, except earnings per share data)

	Year Ended December 31		
	2020	2019	2018
Income Before Income Taxes	**$ 111,312**	$ 113,487	**$ 88,017**
Income tax expense	**21,717**	24,135	18,015
Net Income Available to Common Shareholders	**$ 89,595**	89,352	**$ 70,002**
Average shares outstanding, basic	**15,975**	16,314	**15,421**
Effect of dilutive securities	**20**	19	**18**
Average shares outstanding, diluted	**15,995**	16,333	**15,439**
Basic earnings per common share	**$ 5.55**	$ 5.43	**$ 4.50**
Diluted earnings per common share	**$ 5.55**	$ 5.42	**$ 4.49**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
CITY HOLDING COMPANY AND SUBSIDIARIES
(in thousands)

	Year Ended December 31		
	2020	2019	2018
Net income available to common shareholders	**$ 89,595**	$ 89,352	$ 70,002
Available-for-Sale Securities			
Unrealized gain (loss) on available-for-sale securities arising during period	**31,157**	27,115	(7,054)
Reclassification adjustment for net (gains) losses	**(62)**	(69)	90
Reclassification of unrealized gain on held-to-maturity securities to available-for-sale	**1,562**	—	—
Other comprehensive income (loss) related to available-for-sale securities	**32,657**	27,046	(6,964)
Defined Benefit Pension Plan			
Amortization of actuarial net gains	**1,089**	917	890
Recognition of unrealized losses	**(352)**	(1,447)	(1,982)
Change in underfunded pension liability	**737**	(530)	(1,092)
Other comprehensive income (loss) before income taxes	**33,394**	26,516	(8,056)
Tax effect	**(8,001)**	(6,194)	1,875
Other comprehensive income (loss), net of tax	**25,393**	20,322	(6,181)
Comprehensive income, net of tax	**$ 114,988**	$ 109,674	$ 63,821

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
CITY HOLDING COMPANY AND SUBSIDIARIES
(dollars and shares in thousands)

	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balances at December 31, 2017	$ 47,619	$ 140,960	$ 444,481	$ (124,909)	$ (5,644)	$ 502,507
Net income	—	—	70,002	—	—	70,002
Other comprehensive income, net of tax	—	—	—	—	(6,181)	(6,181)
Adoption of ASU No. 2016-01	—	—	2,657	—	(2,657)	—
Cash dividends declared ($1.98 per share)	—	—	(31,173)	—	—	(31,173)
Stock-based compensation expense, net	—	2,151	—	—	—	2,151
Restricted awards granted	—	(1,585)	—	1,585	—	—
Exercise of 30 stock options	—	(736)	—	1,900	—	1,164
Purchase of 290 treasury shares	—	—	—	(20,271)	—	(20,271)
Acquisition of Poage (1,142 shares)	—	28,765	—	53,800	—	82,565
Balances at December 31, 2018	$ 47,619	$ 169,555	$ 485,967	$ (87,895)	$ (14,482)	$ 600,764
Balances at December 31, 2018	$ 47,619	$ 169,555	$ 485,967	$ (87,895)	$ (14,482)	$ 600,764
Net income	—	—	89,352	—	—	89,352
Other comprehensive income, net of tax	—	—	—	—	20,322	20,322
Cash dividends declared ($2.20 per share)	—	—	(36,066)	—	—	(36,066)
Stock-based compensation expense, net	—	2,516	—	—	—	2,516
Restricted awards granted	—	(1,657)	—	1,657	—	—
Exercise of 12 stock options	—	(105)	—	631	—	526
Purchase of 261 treasury shares	—	—	—	(19,431)	—	(19,431)
Balances at December 31, 2019	$ 47,619	$ 170,309	$ 539,253	$ (105,038)	$ 5,840	$ 657,983
Balances at December 31, 2019	$ 47,619	$ 170,309	$ 539,253	$ (105,038)	$ 5,840	$ 657,983
Cumulative change in accounting principle (Note 1)	—	—	(2,335)	—	—	(2,335)
Balances at January 1, 2020	47,619	170,309	536,918	(105,038)	5,840	655,648
Net income	—	—	89,595	—	—	89,595
Other comprehensive income, net of tax	—	—	—	—	25,393	25,393
Cash dividends declared ($2.29 per share)	—	—	(36,525)	—	—	(36,525)
Stock-based compensation expense, net	—	3,253	—	—	—	3,253
Restricted awards granted	—	(2,146)	—	2,146	—	—
Exercise of 5 stock options	—	(112)	—	335	—	223
Purchase of 573 treasury shares	—	—	—	(36,481)	—	(36,481)
Balances at December 31, 2020	$ 47,619	$ 171,304	$ 589,988	$ (139,038)	$ 31,233	$ 701,106

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
CITY HOLDING COMPANY AND SUBSIDIARIES
(in thousands)

	Year Ended December 31		
	2020	2019	2018
Net income available to common shareholders	$ 89,595	$ 89,352	$ 70,002
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization and (accretion), net	4,882	699	1,281
Provision for (recovery of) credit losses	10,722	(1,250)	(2,310)
Depreciation of premises and equipment	5,790	5,003	5,087
Deferred income tax expense (benefit)	2,640	4,939	(1,244)
Net periodic employee benefit cost	723	622	471
Pension contributions	(450)	—	(1,509)
Unrealized and realized investment securities losses (gains)	801	(957)	90
Gain from the sale of VISA shares	(17,837)	—	—
Stock-based compensation expense	3,253	2,516	2,151
Excess tax benefit from stock-compensation expense	(165)	(461)	(506)
Increase in value of bank-owned life insurance	(4,424)	(3,766)	(3,090)
Loans held for sale:			
Loans originated for sale	(28,236)	(18,757)	(15,196)
Proceeds from the sale of loans originated for sale	28,909	20,917	13,993
Gain on sale of loans	(368)	(589)	(351)
Asset write down	—	297	491
Change in accrued interest receivable	(4,224)	855	(1,500)
Change in other assets	(13,790)	(1,959)	5,404
Change in other liabilities	11,974	7,587	4,308
Net Cash Provided by Operating Activities	89,795	105,048	77,572
Net increase in loans	(3,911)	(30,146)	(95,284)
Securities available-for-sale			
Purchases	(461,430)	(209,588)	(130,876)
Proceeds from sales	30,307	70,404	—
Proceeds from maturities and calls	139,175	75,717	56,841
Securities held-to-maturity			
Purchases	—	—	(4,925)
Proceeds from maturities and calls	—	11,706	8,439
Other investments			
Purchases	(2,295)	(11,100)	(35,350)
Proceeds from sales	2,425	13,790	31,271
Proceeds from the sale of VISA shares	17,837	—	—
Purchases of premises and equipment	(5,544)	(4,729)	(10,192)
Proceeds from the disposals of premises and equipment	483	598	3,884
Proceeds from the disposition of assets held-for-sale	540	2,285	—
Proceeds from bank-owned life insurance policies	2,019	2,423	425
Payments for low income housing tax credits	(4,892)	(5,530)	(4,924)
Sale of Virginia Beach branch, net	—	(24,661)	—
Acquisition of Farmers Deposit Bancorp, Inc., net of cash acquired of $4,209	—	—	(20,691)
Acquisition of Poage Bankshares, Inc., net of cash acquired of $34,288	—	—	32,917
Net Cash Used in Investing Activities	(285,286)	(108,831)	(168,465)
Net increase in noninterest-bearing deposits	371,903	26,727	32,097
Net increase in interest-bearing deposits	205,041	100,192	156,302
Net increase (decrease) in short-term borrowings	84,701	(50,656)	7,667
Repayment of long-term debt	(4,056)	—	(16,495)
Proceeds from sale of capital securities	—	—	495
Purchases of treasury stock	(36,481)	(19,431)	(20,271)

CONSOLIDATED STATEMENTS OF CASH FLOWS CONTINUED
CITY HOLDING COMPANY AND SUBSIDIARIES
(in thousands)

	Year Ended December 31		
	2020	2019	2018
Proceeds from exercise of stock options	223	526	1,164
Other financing activities	(652)	(875)	—
Dividends paid	(36,673)	(35,547)	(29,583)
Net Cash Provided by Financing Activities	584,006	20,936	131,376
Increase in Cash and Cash Equivalents	388,515	17,153	40,483
Cash and cash equivalents at beginning of period	140,144	122,991	82,508
Cash and Cash Equivalents at End of Period	$ 528,659	$ 140,144	$ 122,991
Supplemental Cash Flow Information:			
Interest paid	$ 25,400	$ 37,000	$ 24,800
Income taxes paid	26,700	14,900	20,800

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
CITY HOLDING COMPANY AND SUBSIDIARIES

NOTE ONE – SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Summary of Significant Accounting and Reporting Policies: The accounting and reporting policies of City Holding Company and its subsidiaries (the "Company") conform with U.S. generally accepted accounting principles and require management to make estimates and develop assumptions that affect the amounts reported in the financial statements and related footnotes. Actual results could differ from management's estimates. The following is a summary of the more significant policies.

Principles of Consolidation: The consolidated financial statements include the accounts of City Holding Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

The Company determines whether it has a controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity or a variable interest entity in conformity with U. S. generally accepted accounting principles. Voting interest entities are entities in which the total equity investment at risk is sufficient to enable the entity to finance itself independently and provides the equity holders with the obligation to absorb losses, the right to receive residual returns and the right to make decisions about the entity's activities. The Company consolidates voting interest entities in which it has all, or at least a majority of, the voting interest. As defined in applicable accounting standards, variable interest entities (VIEs) are entities that lack one or more of the characteristics of a voting interest entity. A controlling financial interest in a VIE is present when an enterprise has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and an obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. The enterprise with a controlling financial interest, known as the primary beneficiary, consolidates the VIE. The Company's wholly owned subsidiary, Town Square Statutory Trust I, is a VIE for which the Company is not the primary beneficiary. The Company also invests in certain limited partnerships that operate qualified low-income housing tax credit developments. These investments are considered variable interest entities for which the Company is not the primary beneficiary. Accordingly, the accounts of these entities are not included in the Company's consolidated financial statements.

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. Such reclassifications had no impact on total shareholders' equity or net income for any period.

Description of Principal Markets and Services: The Company is a registered financial holding company under the Bank Holding Company Act headquartered in Charleston, West Virginia, and conducts its principal activities through its wholly-owned subsidiary, City National Bank of West Virginia ("City National"). City National is a retail and consumer-oriented community bank with 94 banking offices in West Virginia, Kentucky, Virginia and southeastern Ohio. City National provides credit, deposit, and trust and investment management services to its customers. In addition to its branch network, City National's delivery channels include automated-teller-machines ("ATMs"), interactive-teller-machines ("ITMs"), mobile banking, debit cards, interactive voice response systems and Internet technology. The Company conducts its business activities through one reportable business segment - community banking.

Cash and Due from Banks: The Company considers cash, due from banks, and interest-bearing deposits in depository institutions as cash and cash equivalents. City National is required to maintain an average reserve balance with the Federal Reserve Bank of Richmond to compensate for services provided by the Federal Reserve and to meet statutory required reserves for demand deposits.

Securities: Management determines the appropriate classification of securities at the time of purchase. If management has the intent and the Company has the ability at the time of purchase to hold debt securities to maturity, they are classified as investment securities held-to-maturity and are stated at amortized cost, adjusted for amortization of premiums and accretion of discounts. Debt securities which the Company may not hold to maturity are classified as investment securities available-for-sale. Securities available-for-sale are carried at fair value, with the unrealized gains and losses, net of tax, reported in comprehensive income. Securities classified as available-for-sale include securities that management intends to use as part of its asset/liability and liquidity management strategy and that may be sold in response to changes in interest rates, resultant prepayment risk, and other factors. Certain investment securities that do not have readily determinable fair values and for which the Company does not exercise significant influence are carried at cost and classified as other investment securities on the Consolidated Balance Sheets. These cost-method investments are reviewed for impairment at least annually or sooner if events or changes in circumstances indicate the carrying value may not be recoverable. Marketable equity securities that consist of investments made by the Company in equity positions of various

community banks are also classified as other investment securities on the Consolidated Balance Sheets. Changes in the fair value of the marketable equity securities are recorded in the Consolidated Statements of Income.

For available-for-sale debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For available-for-sale debt securities that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income.

Management employs a continuous monitoring process in regards to its marketable equity securities, specifically its portfolio of regional community bank holdings. Although the regional community bank stocks that are owned by the Company are publicly traded, the trading activity for these stocks is minimal. As part of management's review process for these securities, management reviews the financial condition of each respective community bank for any indications of financial weakness.

Changes in the allowance for credit losses are recorded as a provision for (or reversal of) credit loss expense. Losses are charged against the allowance when management believes the uncollectibility of an available-for-sale debt security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

The specific identification method is used to determine the cost basis of securities sold.

Fair Value of Financial Instruments: ASC Topic 825 "Financial Instruments," as amended, requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rate and estimate of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument. ASC Topic 825 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

Loans: Loans, excluding previously securitized loans, which are discussed separately below, are reported at the principal amount outstanding, net of unearned income. Portfolio loans include those for which management has the intent and the Company has the ability to hold for the foreseeable future, or until maturity or payoff. The foreseeable future is based upon management's judgment of current business strategies and market conditions, the type of loan, asset/liability management, and liquidity.

Interest income on loans is accrued and credited to operations based upon the principal amount outstanding, using methods that generally result in level rates of return. Loan origination fees, and certain direct costs, are deferred and amortized as an adjustment to the yield over the term of the loan. The accrual of interest income generally is discontinued when a loan becomes 90 days past due as to principal or interest for all loan types. However, any loan may be placed on non-accrual status if the Company receives information that indicates that it is probable a borrower will be unable to meet the contractual terms of their respective loan agreement. Other indicators considered for placing a loan on non-accrual status include the borrower's involvement in bankruptcies, foreclosures, repossessions, litigation and any other situation resulting in doubt as to whether full collection of contractual principal and interest is attainable. When interest accruals are discontinued, unpaid interest recognized in income in the current year is reversed, and interest accrued in prior years is charged to the allowance for credit losses. Management may elect to continue the accrual of interest when the estimated net realizable value of collateral exceeds the principal balance and related accrued interest, and the loan is in process of collection.

Generally for all loan classes, payments during the period the loan is non-performing are recorded on a cash basis. Payments received on nonperforming loans are typically applied directly against the outstanding principal balance until the loan is fully repaid. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time, and the ultimate collectability of the total contractual principal and interest is no longer in doubt.

Generally, all loan types are considered past due when the contractual terms of a loan are not met and the borrower is 30 days or more past due on a payment. Furthermore, all loans are generally subject to charge-off when the loan becomes 120 days past due, depending on the estimated fair value of the collateral less cost to dispose, versus the outstanding loan balance.

Allowance for Credit Losses: The allowance for credit losses is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics, such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors. These evaluations are conducted at least quarterly and more frequently if deemed necessary.

In evaluating the appropriateness of its allowance for credit losses, the Company stratifies the loan portfolio into six major groupings. The Company has identified the following portfolio segments and measures the allowance for credit losses using the following methods:

Portfolio Segment	Measurement Method
Commercial and industrial	Migration
Commercial real estate:	
1-4 family	Migration
Hotels	Migration
Multi-family	Migration
Non Residential Non-Owner Occupied	Migration
Non Residential Owner Occupied	Migration
Residential real estate	Vintage
Home equity	Vintage
Consumer	Vintage

Migration is an analysis that tracks a closed pool of loans for a configurable period of time and calculates a loss ratio on only those loans in the pool at the start date based on outstanding balance. Vintage is a predictive loss model that includes a reasonable approximation of probable and estimable future losses by tracking each loan's net losses over the life of the loan as compared to its original balance. For demand deposit overdrafts, the allowance for credit losses is measured using the historical loss rate. Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not included in the collective evaluation. When management determines that foreclosure is probable, the expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

Expected credit losses are estimated over the contractual term of the loan, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications unless either of the following applies: management has a reasonable expectation at the reporting date that a troubled-debt restructuring will be executed with an individual borrower or the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by the Company.

The Company's policy on loan modifications typically does not allow for modifications that would be considered a concession from the Company. However, when there is a modification, the Company evaluates each modification to determine if the modification constitutes a troubled debt restructuring ("TDR") in accordance with ASU 2011-02, whereby a modification of a loan would be considered a TDR when both of the following conditions are met: (1) a borrower is experiencing financial difficulty and (2) the modification constitutes a concession. When determining whether the borrower is experiencing financial difficulties, the Company reviews whether the debtor is currently in payment default on any of its debt or whether it is probable that the debtor would be in payment default in the foreseeable future without the modification. Other indicators of financial difficulty include whether the debtor has declared or is in the process of declaring bankruptcy, the debtor's ability to continue as a going concern, or the debtor's projected cash flow to service its debt

(including principal and interest) in accordance with the contractual terms for the foreseeable future, without a modification. The allowance for credit loss on a TDR is measured using the same method as all other loans held for investment, except when the value of a concession cannot be measured using a method other than the discounted cash flow method. When the value of a concession is measured using the discounted cash flow method, the allowance for credit loss is determined by discounting the expected future cash flows at the original interest rate of the loan.

In March of 2020, in response to the COVID-19 pandemic, regulatory guidance was issued that clarified the accounting for loan modifications. Modifications of loan terms do not automatically result in a TDR. Short-term modifications made on a good faith basis in response to COVID-19 to borrowers who were current prior to any relief are not TDRs. This includes short-term (e.g., six months) modifications such as payment deferrals, fee waivers, extension of repayment terms, or other delays that are insignificant. Borrowers considered current are those that are less than 30 days past due on their contractual payments at the time the modification program was implemented. In addition, modifications or deferrals pursuant to the CARES Act do not represent TDRs. However, these deferrals do not absolve the company from performing its normal risk rating and therefore a loan could be current and have a less than satisfactory risk rating.

Bank Owned Life Insurance: The Company has purchased life insurance on certain executive officers and employees. The Company receives the cash surrender value of each policy upon its termination or benefits are payable upon the death of the insured. These policies are recorded on the Consolidated Balance Sheets at their net cash surrender value. Changes in the net cash surrender value are recognized in Bank Owned Life Insurance in the Consolidated Statements of Income.

Premises and Equipment: Premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed primarily by the straight-line method over the estimated useful lives of the assets. Depreciation of leasehold improvements is computed using the straight-line method over the lesser of the term of the respective lease or the estimated useful life of the respective asset. Maintenance and repairs are charged to expense as incurred, while improvements that extend the useful life of premises and equipment are capitalized and depreciated over the estimated remaining life of the asset.

Other Real Estate Owned: Other real estate owned ("OREO") is comprised principally of commercial and residential real estate properties obtained in partial or total satisfaction of loan obligations. OREO acquired in settlement of indebtedness is included in Other Assets at fair value less estimated selling costs. Changes to the value subsequent to transfer are recorded in non-interest expense, along with direct operating expenses. Gains or losses not previously recognized from sales of OREO are recognized in non-interest expense on the date of the sale. As of December 31, 2020 and 2019, the amount of OREO included in Other Assets was $1.7 million and $4.7 million, respectively. Physical possession of property collateralizing a loan occurs when legal title is obtained upon completion of foreclosure or when the borrower conveys all interest in the property to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar legal agreement.

Goodwill and Other Intangible Assets: Goodwill is the excess of the cost of an acquisition over the fair value of tangible and intangible assets acquired. Goodwill is not amortized. Intangible assets represent purchased assets that also lack physical substance, but can be separately distinguished from goodwill because of contractual or other legal rights or because the asset is capable of being sold or exchanged either on its own or in combination with a related contract, asset or liability. Intangible assets with determinable useful lives, such as core deposits, are amortized over their estimated useful lives.

The Company performs an annual review for impairment in the recorded value of goodwill and indefinite lived intangible assets. Goodwill is tested for impairment between the annual tests if an event occurs or circumstances change that more than likely reduce the fair value of a reporting unit below its carrying value. An indefinite-lived intangible asset is tested for impairment between the annual tests if an event occurs or circumstances change indicating that the asset might be impaired.

Securities Sold Under Agreements to Repurchase: Securities sold under agreements to repurchase are accounted for as collateralized financing transactions and are recorded at the amounts at which the securities were sold plus accrued interest. Securities sold primarily consists of U.S. government, federal agency, and municipal securities pledged as collateral under these financing arrangements and cannot be repledged or sold, unless replaced by the secured party.

Derivative Financial Instruments: Derivative instruments are carried at fair value in the Company's financial statements. The accounting for changes in the fair value of a derivative instrument is determined by whether it has been designated and qualifies as part of a hedging relationship, and further, by the type of hedging relationship. The Company primarily utilizes non-hedging derivative financial instruments with commercial banking customers to facilitate their interest

rate management strategies. For these instruments, the Company acts as an intermediary for its customers and has offsetting contracts with financial institution counterparties. Changes in the fair value of these underlying derivative contracts generally offset each other and do not significantly impact the Company's results of operations. The Company also utilizes fair value hedge agreements to reduce the interest rate risk associated with the change in fair value of certain securities. The gains or losses on these hedges are recognized in current earnings as fair value changes.

Long-Term Debt: As part of its December 2018 acquisition of Poage Bankshares, Inc. ("Poage"), the Company assumed Poage's subordinated debentures ($4.1 million). During the first quarter of 2020, the Company repaid these debentures at a price of 100% of the principal amount. The weighted average rate of these debentures was 3.74% for the year ended December 31, 2019.

Trust Assets: Assets held in a fiduciary or agency capacity for customers are not included in the accompanying financial statements since such items are not assets of the Company.

Income Taxes: The consolidated provision for income taxes is based upon reported income and expense. Deferred income taxes are provided for temporary differences between financial reporting and tax bases of assets and liabilities, computed using enacted tax rates. The income tax effects related to settlements of share-based compensation awards are reported in earnings as an increase (or decrease) to income tax expense. The Company files a consolidated income tax return. The respective subsidiaries generally provide for income taxes on a separate return basis and remit amounts determined to be currently payable to the Parent Company.

The Company and its subsidiaries are subject to examinations and challenges from federal and state taxing authorities regarding positions taken in returns. Uncertain tax positions are initially recognized in the consolidated financial statements when it is more likely than not the position will be sustained upon examination. These positions are initially and subsequently measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with the taxing authority and assuming full knowledge of the position and all relevant facts by the taxing authority.

The Company invests in certain limited partnerships that operate qualified low-income housing tax credit developments. The tax credits are reflected in the Consolidated Statements of Income as a reduction in income tax expense. The unamortized amount of the investments is recorded within Other Assets within the Consolidated Balance Sheets. The Company's investments in affordable housing limited partnerships were $14.4 million and $10.1 million at December 31, 2020 and 2019, respectively. The unfunded commitments associated with these investments were $6.8 million and $3.2 million at December 31, 2020 and 2019, respectively, and were recorded within Other Liabilities within the Consolidated Balance Sheets.

Advertising Costs: Advertising costs are expensed as incurred.

Stock-Based Compensation: Compensation expense related to stock options and restricted stock awards issued to employees is based upon the fair value of the award at the date of grant. The fair value of stock options is estimated utilizing a Black Scholes pricing model, while the fair value of restricted stock awards is based upon the stock price at the date of grant. Compensation expense is recognized on a straight line basis over the vesting period for options and the respective period for stock awards. Forfeitures are recognized as they occur, rather than estimated over the life of the award.

Basic and Diluted Earnings per Common Share: Basic earnings per share is computed by dividing net income available to common shareholders by the weighted-average number of shares of common stock outstanding, excluding participating securities. Diluted earnings per share is computed by dividing net income by the weighted-average number of shares outstanding, excluding participating securities, increased by the number of shares of common stock which would be issued assuming the exercise of stock options and other common stock equivalents.

NOTE TWO – RECENT ACCOUNTING PRONOUNCEMENTS

Recently Adopted:

CECL

In June 2016, the FASB issued ASU No. 2016-13, *"Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments."* This standard replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The amendments in this update require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The new current expected credit losses model ("CECL") will apply to the allowance for credit losses, available-for-sale and held-to-maturity debt securities, purchased financial assets with credit deterioration and certain off-balance sheet credit exposures. In November 2018, the FASB issued ASU No. 2018-19, *"Codification Improvements to Topic 326, Financial Instruments—Credit Losses."* This amendment clarifies the scope of the guidance in ASU No. 2016-13. In December 2018, the federal bank regulators issued a final rule that would provide an optional three-year phase-in period for the day-one regulatory capital effects of the adoption of ASU No. 2016-13, *"Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* as amended, on January 1, 2020. In April 2020, federal bank regulators issued an interim final rule which provided banking organizations that implement CECL before the end of 2020 the option to delay for two more years an estimate of CECL's effect on regulatory capital, followed by the three-year transition period as previously issued. Management has elected to utilize the five-year interim final rule.

The Company adopted 2016-13 using the modified retrospective method for all financial assets measured at amortized cost and off-balance sheet ("OBS") credit exposures. Results for reporting periods beginning after January 1, 2020 are presented under ASC 326, while prior period amounts continue to be reported in accordance with previously applicable GAAP.

The Company adopted 2016-13 using the prospective transition approach for financial assets purchased with credit deterioration ("PCD") that were previously classified as purchased-credit impaired ("PCI") and accounted for under ASC 310-30. In accordance with the standard, management did not reassess whether the PCI assets met the criteria of PCD assets as of the date of adoption. On January 1, 2020, the amortized cost basis of the PCD assets was adjusted to reflect the addition of $2.7 million of the allowance for credit losses. The remaining noncredit discount (based on the adjusted amortized cost basis) will be accreted into interest income over the remaining life of the asset.

The following table illustrates the impact of ASC 326 (in thousands):

	As Reported Under ASC 326	Pre-ASC 326 Adoption	Impact of ASC 326 Adoption
Gross Loans	$ 3,618,825	$ 3,616,099	$ 2,726
Allowance for Credit Losses	(17,349)	(11,589)	(5,760)
Deferred Tax Assets, net	7,380	6,669	711
Shareholders' Equity	655,648	657,983	(2,335)

Others

In January 2017, the FASB issued ASU No. 2017-04, *"Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment."* This amendment simplifies the measurement of goodwill by eliminating Step 2 from the goodwill impairment test. This ASU became effective for the Company on January 1, 2020. The adoption of ASU No. 2017-04 did not have a material impact on the Company's financial statements.

In August 2017, the FASB issued ASU No. 2017-12, *"Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities."* This amendment expands and refines hedge accounting for both nonfinancial and financial risk components and aligns the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements. This ASU became effective for the Company on January 1, 2019. The adoption of this ASU did not have a material impact on the Company's financial statements. In April 2019, the FASB

issued ASU No. 2019-04, *"Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments."* This amendment clarifies the guidance in ASU No. 2017-12. This amendment became effective for the Company on January 1, 2020. Effective January 1, 2020, the Company reclassified its held-to-maturity securities as available-for-sale utilizing the transition guidance under ASU 2019-04, and the unrealized gains/losses on these investments has been recorded through Other Comprehensive Income.

In August 2018, the FASB issued ASU No. 2018-13, *"Fair Value Measurement (Topic 820): Disclosure Framework --Changes to the Disclosure Requirements for Fair Value Measurement."* This amendment removes, modifies, and clarifies the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement. This ASU became effective for the Company on January 1, 2020. The adoption of ASU No. 2018-13 did not have a material impact on the Company's financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *"Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract."* The amendments in this update align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. This ASU became effective for the Company on January 1, 2020. The adoption of ASU No. 2018-15 did not have a material impact on the Company's financial statements.

In October 2018, the FASB issued ASU No. 2018-16, *"Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes."* This amendment permits the use of the OIS rate based on SOFR as a U.S. benchmark interest rate for hedge accounting purposes under Topic 815 in addition to the UST, the LIBOR swap rate, the OIS rate based on the Federal Funds Effective Rate, and the SIFMA Municipal Swap Rate. This ASU became effective for the Company on January 1, 2019 with anticipation the LIBOR index will be phased out by the end of 2021. In March 2020, the FASB issued ASU No. 2020-04, *"Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting."* This amendment provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform and is effective as of March 12, 2020 through December 31, 2022. In January 2021, the FASB issued ASU No. 2021-01, *"Reference Rate Reform (Topic 848): Scope,"* which clarifies that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. Management has reviewed the loan portfolio and taken the appropriate steps to prepare for the change from LIBOR to SOFR.

In October 2018, the FASB issued ASU No. 2018-17, *"Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities."* This amendment simplifies the analysis of fees paid to decision makers or service providers in determining variable interest entities. This ASU became effective for the Company on January 1, 2020. The adoption of ASU No. 2018-17 did not have a material impact on the Company's financial statements.

In August 2018, the FASB issued ASU No. 2018-14, *"Compensation—Retirement Benefits—Defined Benefit Plans -- General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans."* This amendment removes, modifies, and clarifies certain disclosure requirements for defined benefit plans and other post-employment benefit plans. This ASU became effective for the Company on December 31, 2020. The adoption of ASU No. 2018-14 did not have a material impact on the Company's financial statements.

In December 2019, the FASB issued ASU No. 2019-12, *"Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes."* The amendments in this update simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and clarifying and amending existing guidance. This ASU became effective for the Company on January 1, 2021. The adoption of ASU No. 2019-12 is not expected to have a material impact on the Company's financial statements.

NOTE THREE – RESTRICTIONS ON CASH AND DUE FROM BANKS

City National was previously required to maintain an average reserve balance with the Federal Reserve Bank of Richmond to compensate for services provided by the Federal Reserve and to meet statutory required reserves for demand deposits. The average amount of the reserve balance for the year ended December 31, 2019 was approximately $47.3 million. On March 15, 2020, the Board of Governors of the Federal Reserve waived the average reserve balance requirement effective March 26, 2020.

NOTE FOUR – INVESTMENTS

The aggregate carrying and approximate fair values of investment securities follow (in thousands). Fair values are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable financial instruments.

	December 31, 2020				December 31, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Securities available-for-sale:								
U.S. Treasuries and U.S. government agencies	$ —	$ —	$ —	$ —	$ 500	$ 2	$ —	$ 502
Obligations of states and political subdivisions	266,483	11,467	139	277,811	112,393	4,800	6	117,187
Mortgage-backed securities:								
U.S. government agencies	815,682	34,807	105	850,384	631,637	12,292	1,825	642,104
Private label	9,976	916	—	10,892	10,896	589	—	11,485
Trust preferred securities	4,557	—	457	4,100	4,781	27	347	4,461
Corporate securities	31,465	2,146	1	33,610	31,669	500	43	32,126
Total Debt Securities	1,128,163	49,336	702	1,176,797	791,876	18,210	2,221	807,865
Certificates of deposit held for investment	1,992	—	—	1,992	2,241	—	—	2,241
Total Securities Available-for-Sale	$1,130,155	$ 49,336	$ 702	$1,178,789	$794,117	$ 18,210	$ 2,221	$810,106
Securities held-to-maturity:								
Mortgage-backed securities:								
U.S. government agencies	$ —	$ —	$ —	$ —	$ 49,036	$ 1,562	—	$ 50,598
Total Securities Held-to-Maturity	$ —	$ —	$ —	$ —	$ 49,036	$ 1,562	$ —	$ 50,598

Effective January 1, 2020, the Company reclassified its held-to-maturity securities as available-for-sale utilizing the transition guidance under ASU 2019-04, and the unrealized gains/losses on these investments has been recorded through Other Comprehensive Income.

The Company's other investment securities include marketable and non-marketable equity securities. At December 31, 2020 and 2019, the Company held $11.8 million and $12.6 million, respectively, in marketable equity securities. Marketable equity securities mainly consist of investments made by the Company in equity positions of various community banks. Included within this portfolio are ownership positions in the following community bank holding companies: First National Corporation ("FXNC") (4%) and Eagle Financial Services, Inc. ("EFSI") (1.5%). Changes in the fair value of the marketable equity securities are recorded in "unrealized (losses) gains recognized on equity securities still held" in the consolidated statements of income. The Company's non-marketable securities consist of securities with limited marketability, such as stock in the Federal Reserve Bank ("FRB") or the Federal Home Loan Bank ("FHLB"). At December 31, 2020 and 2019, the Company held $15.5 million and $15.9 million, respectively, in non-marketable equity securities. These securities are carried at cost due to the restrictions placed on their transferability.

The Company's mortgage-backed U.S. government agency securities consist of both residential and commercial securities, all of which are guaranteed by Fannie Mae ("FNMA"), Freddie Mac ("FHLMC"), or Ginnie Mae ("GNMA"). At December 31, 2020 and 2019, there were no securities of any non-governmental issuer whose aggregate carrying value or estimated fair value exceeded 10% of shareholders' equity.

Certain investment securities owned by the Company were in an unrealized loss position (i.e., amortized cost basis exceeded the estimated fair value of the securities) as of December 31, 2020 and 2019. The following table shows the gross unrealized losses and fair value of the Company's investments aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position (in thousands):

	December 31, 2020					
	Less Than Twelve Months		Twelve Months or Greater		Total	
	Estimated Fair Value	Unrealized Loss	Estimated Fair Value	Unrealized Loss	Estimated Fair Value	Unrealized Loss
Securities available-for-sale:						
Obligations of states and political subdivisions	$ 10,578	$ 139	$ —	$ —	$ 10,578	$ 139
Mortgage-backed securities:						
U.S. Government agencies	62,412	105	35	—	62,447	105
Trust preferred securities	—	—	4,100	457	4,100	457
Corporate securities	488	1	—	—	488	1
Total available-for-sale	$ 73,478	$ 245	$ 4,135	$ 457	$ 77,613	$ 702

	December 31, 2019					
	Less Than Twelve Months		Twelve Months or Greater		Total	
	Estimated Fair Value	Unrealized Loss	Estimated Fair Value	Unrealized Loss	Estimated Fair Value	Unrealized Loss
Securities available-for-sale:						
Obligations of states and political subdivisions	$ 230	$ —	$ 1,439	$ 6	$ 1,669	$ 6
Mortgage-backed securities:						
U.S. Government agencies	123,289	1,247	34,746	578	158,035	1,825
Trust preferred securities	4,200	347	—	—	4,200	347
Corporate securities	11,248	43	—	—	11,248	43
Total available-for-sale	$ 138,967	$ 1,637	$ 36,185	$ 584	$ 175,152	$ 2,221

There were no held-to-maturity securities in an unrealized loss position as of December 31, 2019.

As of December 31, 2020, management does not intend to sell any securities that are in an unrealized loss position and it is not more than likely that it will be required to sell the securities before the recovery of the amortized cost basis. The unrealized losses on debt securities are primarily the result of interest rate changes, credit spread fluctuations on agency-issued mortgage related securities, general financial market uncertainty and unprecedented market volatility. These conditions should not prohibit the Company from receiving its contractual principal and interest payments on its debt securities. The fair value is expected to recover as the securities approach their maturity date or repricing date. As of December 31, 2020, management believes the unrealized losses detailed in the table above are temporary and no allowance for credit losses for available-for-sale securities has been recognized in the Company's consolidated income statement. Should the impairment of any of these securities become other-than-temporary, the cost basis of the investment will be reduced and the resulting loss will be recognized in net income in the period the other-than-temporary impairment is identified, while any noncredit loss will be recognized in other comprehensive income. During the years ended December 31, 2020, 2019 and 2018, the Company had no credit-related net investment impairment losses.

The amortized cost and estimated fair value of debt securities at December 31, 2020, by contractual maturity, is shown in the following table (in thousands). Expected maturities will differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties. Mortgage-backed securities have been allocated to their respective maturity groupings based on their contractual maturity.

	Cost	Estimated Fair Value
Securities Available-for-Sale		
Due in one year or less	$ 5,211	$ 5,307
Due after one year through five years	32,776	34,499
Due after five years through ten years	276,898	293,388
Due after ten years	813,278	843,603
	$ 1,128,163	$ 1,176,797

Gross gains and gross losses realized by the Company from investment security transactions are summarized in the table below (in thousands):

	For the year ended December 31,		
	2020	2019	2018
Gross unrealized gains recognized on equity securities still held	$ 223	$ 888	$ 208
Gross unrealized losses recognized on equity securities still held	(1,086)	—	(298)
Net unrealized (losses) gains recognized on equity securities still held	$ (863)	$ 888	$ (90)
Gross realized gains	$ 139	$ 226	$ —
Gross realized losses	(77)	(157)	—
Net realized investment security gains	$ 62	$ 69	$ —

During January 2020, the Company sold the entirety of its Visa Inc. Class B common shares (86,605) in a cash transaction which resulted in a pre-tax gain of $17.8 million. The carrying value of the Visa Class B shares on the Company's balance sheet was $0, as City National had no historical cost basis in the shares.

The carrying value of securities pledged to secure public deposits and for other purposes as required or permitted by law approximated $644 million and $518 million at December 31, 2020 and 2019, respectively.

NOTE FIVE – LOANS

The following summarizes the Company's major classifications for loans (in thousands):

	December 31, 2020	December 31, 2019
Commercial and industrial	$ 372,989	$ 308,015
1-4 Family	109,812	N/R
Hotels	294,464	N/R
Multi-family	215,671	N/R
Non Residential Non-Owner Occupied	641,351	N/R
Non Residential Owner Occupied	213,484	N/R
Commercial real estate	1,474,782	1,459,737
Residential real estate	1,587,694	1,640,396
Home equity	136,469	148,928
Consumer	47,688	54,263
DDA overdrafts	2,497	4,760
Gross loans	3,622,119	3,616,099
Allowance for credit losses	(24,549)	(11,589)
Net loans	$ 3,597,570	$ 3,604,510
Construction loans included in:		
Residential real estate	$ 27,078	$ 29,033
Commercial real estate	40,449	64,049

N/R = Not reported. Results for reporting periods beginning after January 1, 2020 are presented under ASC 326, while prior period amounts continue to be reported in accordance with previously applicable GAAP.

The Company's commercial and residential real estate construction loans are primarily secured by real estate within the Company's principal markets. These loans were originated under the Company's loan policy, which is focused on the risk characteristics of the loan portfolio, including construction loans. In the judgment of the Company's management, adequate consideration has been given to these loans in establishing the Company's allowance for credit losses.

Paycheck Protection Program

The Company originated loans to its customers under the Paycheck Protection Program ("PPP") administered by the Small Business Administration ("SBA") under the provisions of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Loans covered by the PPP may be eligible for loan forgiveness. The remaining loan balances, if any, after the loan forgiveness, are fully guaranteed by the SBA. Through December 31, 2020, the Company has funded approximately $90 million of SBA-approved PPP loans to over 1,500 customers. Under the terms of the program, the SBA paid the lender a processing fee tiered by the size of the loan (5% for loans less than $350,000; 3% for loans greater than $350,000 but less than $2.0 million; and 1% for loans greater than $2.0 million). The Company started submitting forgiveness applications on behalf of its customers during the fourth quarter of 2020 and as of December 31, 2020, has received forgiveness proceeds of approximately $30 million.

NOTE SIX – ALLOWANCE FOR CREDIT LOSSES

The following table summarizes the activity in the allowance for credit losses, by portfolio loan classification, for the years ended December 31, 2020, 2019 and 2018 (in thousands). The allocation of a portion of the allowance in one portfolio segment does not preclude its availability to absorb losses in other portfolio segments.

	Commercial and industrial	Commercial real estate	Residential real estate	Home equity	Consumer	DDA overdrafts	Total
December 31, 2020							
Allowance for loan loss							
Beginning balance	$ 2,059	$ 2,606	$ 3,448	$ 1,187	$ 975	$ 1,314	$ 11,589
Impact of adopting CECL	1,715	3,254	2,139	(598)	(810)	60	5,760
Charge-offs	(843)	(1,113)	(1,250)	(420)	(192)	(2,345)	(6,163)
Recoveries	91	525	184	136	238	1,467	2,641
Provision for (recovery of) credit losses	622	5,725	3,572	325	(48)	526	10,722
Ending balance	$ 3,644	$ 10,997	$ 8,093	$ 630	$ 163	$ 1,022	$ 24,549
December 31, 2019							
Allowance for loan loss							
Beginning balance	$ 4,060	$ 4,495	$ 4,116	$ 1,268	$ 319	$ 1,708	$ 15,966
Charge-offs	(261)	(1,358)	(787)	(294)	(1,177)	(2,777)	(6,654)
Recoveries	764	624	369	—	265	1,505	3,527
(Recovery of) provision for credit losses	(2,504)	(1,155)	(250)	213	1,568	878	(1,250)
Ending balance	$ 2,059	$ 2,606	$ 3,448	$ 1,187	$ 975	$ 1,314	$ 11,589
December 31, 2018							
Allowance for loan loss							
Beginning balance	$ 4,571	$ 6,183	$ 5,212	$ 1,138	$ 62	$ 1,670	$ 18,836
Charge-offs	(733)	(369)	(682)	(219)	(769)	(2,701)	(5,473)
Recoveries	2,152	732	367	—	166	1,496	4,913
(Recovery of) provision for credit losses	(1,930)	(2,051)	(781)	349	860	1,243	(2,310)
Ending balance	$ 4,060	$ 4,495	$ 4,116	$ 1,268	$ 319	$ 1,708	$ 15,966

Management systematically monitors the loan portfolio and the appropriateness of the allowance for credit losses on a quarterly basis to provide for expected losses inherent in the portfolio. Management assesses the risk in each loan type based on historical trends, the general economic environment of its local markets, individual loan performance and other relevant factors. The provision for credit losses recorded during the year ended December 31, 2020 largely reflects the expected economic impact from the COVID-19 pandemic. The Company's estimate of future economic conditions utilized in its provision estimate is primarily dependent on expected unemployment ranges over a two-year period. Beyond two years, a straight line reversion to historical average loss rates is applied over the life of the loan pool in the migration methodology. The vintage methodology applies future average loss rates based on net losses in historical periods where the unemployment rate was within the forecasted range. As a result of COVID-19, expected unemployment ranges have significantly increased and resulted in an increase in the Company's provision for credit losses.

Individual credits in excess of $1 million are selected at least annually for detailed loan reviews, which are utilized by management to assess the risk in the portfolio and the appropriateness of the allowance.

Non-Performing Loans

The following tables present the amortized cost basis of loans on non-accrual status and loans past due over 90 days still accruing as of December 31, 2020 (in thousands):

	Non-accrual With No Allowance for Credit Losses	Non-accrual With Allowance for Credit Losses	Loans Past Due Over 90 Days Still Accruing
Commercial & Industrial	$ 172	$ 596	$ —
1-4 Family	—	2,056	—
Hotels	—	2,951	—
Multi-family	—	—	—
Non Residential Non-Owner Occupied	—	508	—
Non Residential Owner Occupied	2,297	589	—
Commercial Real Estate	2,297	6,104	—
Residential Real Estate	21	2,947	—
Home Equity	—	95	—
Consumer	—	—	—
Total	$ 2,490	$ 9,742	$ —

The following table presents the Company's loans on non-accrual status and loans past due over 90 days still accruing as of December 31, 2019 (in thousands):

	Non-accrual	Loans Past Due Over 90 Days Still Accruing
Commercial and industrial	$ 1,182	$ 184
Commercial real estate	6,384	—
Residential real estate	3,393	83
Home equity	531	—
Consumer	—	—
Total	$ 11,490	$ 267

The Company recognized less than $0.1 million of interest income on nonaccrual loans during each of the years ended December 31, 2020 and 2019, respectively.

The following presents the aging of the amortized cost basis in past-due loans as of December 31, 2020 and 2019 by class of loan (in thousands):

	December 31, 2020						
	30-59 Past Due	60-89 Past Due	90+ Past Due	Total Past Due	Current Loans	Non-accrual	Total Loans
Commercial and industrial	$ 1,213	$ 27	$ —	$ 1,240	$ 370,981	$ 768	$ 372,989
1-4 Family	484	—	—	484	107,272	2,056	109,812
Hotels	—	—	—	—	291,513	2,951	294,464
Multi-family	—	—	—	—	215,671	—	215,671
Non Residential Non-Owner Occupied	119	—	—	119	640,724	508	641,351
Non Residential Owner Occupied	22	—	—	22	210,576	2,886	213,484
Commercial real estate	625	—	—	625	1,465,756	8,401	1,474,782
Residential real estate	5,177	816	—	5,993	1,578,733	2,968	1,587,694
Home equity	575	—	—	575	135,799	95	136,469
Consumer	63	50	—	113	47,575	—	47,688
Overdrafts	334	7	—	341	2,156	—	2,497
Total	$ 7,987	$ 900	$ —	$ 8,887	$ 3,601,000	$ 12,232	$ 3,622,119

	December 31, 2019						
	30-59 Past Due	60-89 Past Due	90+ Past Due	Total Past Due	Current Loans	Non-accrual	Total Loans
Commercial and industrial	$ 243	$ 31	$ 184	$ 458	$ 306,375	$ 1,182	$ 308,015
Commercial real estate	1,514	66	—	1,580	1,451,773	6,384	1,459,737
Residential real estate	5,758	1,643	83	7,484	1,629,519	3,393	1,640,396
Home equity	840	116	—	956	147,441	531	148,928
Consumer	156	32	—	188	54,075	—	54,263
Overdrafts	644	86	—	730	4,030	—	4,760
Total	$ 9,155	$ 1,974	$ 267	$ 11,396	$ 3,593,213	$ 11,490	$ 3,616,099

The following table presents the amortized cost basis of individually evaluated impaired collateral-dependent loans as of December 31, 2020 (in thousands). Changes in the fair value of the collateral for collateral-dependent loans are reported as credit loss expense or a reversal of credit loss expense in the period of change.

	Secured by	
	Real Estate	Equipment
Commercial and industrial	$ 173	$ —
1-4 Family	—	N/A
Hotels	2,837	N/A
Multi-family	—	N/A
Non Residential Non-Owner Occupied	—	N/A
Non Residential Owner Occupied	2,296	N/A
Commercial real estate	5,133	N/A
Total	$ 5,306	N/A

The following table presents the Company's individually evaluated impaired loans, by class (in thousands) as of December 31, 2019.

	December 31, 2019		
	Recorded Investment	Unpaid Principal Balance	Related Allowance
With no related allowance recorded:			
Commercial and industrial	$ 501	$ 501	$ —
Commercial real estate	3,546	3,572	—
Total	$ 4,047	$ 4,073	$ —
With an allowance recorded:			
Commercial and industrial	$ —	$ —	$ —
Commercial real estate	2,644	2,644	87
Total	$ 2,644	$ 2,644	$ 87

The following table presents information related to the average recorded investment and interest income recognized on the Company's impaired loans, by class (in thousands), for the years ended December 31, 2019 and 2018.

	December 31, 2019		December 31, 2018	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:				
Commercial and industrial	$ 578	$ —	$ 845	$ —
Commercial real estate	4,388	41	4,623	39
Total	$ 4,966	$ 41	$ 5,468	$ 39
With an allowance recorded:				
Commercial and industrial	$ —	$ —	$ —	$ —
Commercial real estate	4,261	162	5,043	220
Total	$ 4,261	$ 162	$ 5,043	$ 220

If the Company's non-accrual and impaired loans had been current in accordance with their original terms, less than $0.2 million of interest income would have been recognized during the years ended December 31, 2019 and 2018. There were no commitments to provide additional funds on non-accrual or impaired loans at December 31, 2020.

Troubled Debt Restructurings ("TDRs")

The following tables set forth the Company's TDRs (in thousands):

	December 31, 2020	December 31, 2019
Commercial and industrial	$ —	$ —
1-4 Family	121	N/R
Hotels	2,634	N/R
Multi-family	1,883	N/R
Non Residential Non-Owner Occupied	—	N/R
Non Residential Owner Occupied	—	N/R
Commercial real estate	4,638	4,973
Residential real estate	19,226	21,029
Home equity	2,001	3,628
Consumer	277	—
Total TDRs	$ 26,142	$ 29,630

N/R = Not reported. Results for reporting periods beginning after January 1, 2020 are presented under ASC 326, while prior period amounts continue to be reported in accordance with previously applicable GAAP.

The Company has allocated $1.6 million and $0.8 million of the allowance for credit losses for these loans as of December 31, 2020 and December 31, 2019, respectively. As of December 31, 2020, the Company has not committed to lend any additional in relation to these loans.

The Company had one TDR that subsequently defaulted in 2019. The loan balance was approximately $3.0 million and the subsequent default resulted in a charge-off of $0.7 million and the remaining balance was transferred to OREO during 2019. The Company has had no significant TDRs that subsequently defaulted in 2020.

The following table presents loans by class, modified as TDRs, that occurred during the years ended December 31, 2020, 2019 and 2018, respectively (dollars in thousands):

	New TDRs For the year ended December 31, 2020			New TDRs For the year ended December 31, 2019			New TDRs For the year ended December 31, 2018		
	Number of Contracts	Pre Modification Outstanding Recorded Investment	Post Modification Outstanding Recorded Investment	Number of Contracts	Pre Modification Outstanding Recorded Investment	Post Modification Outstanding Recorded Investment	Number of Contracts	Pre Modification Outstanding Recorded Investment	Post Modification Outstanding Recorded Investment
Commercial and industrial	—	$ —	$ —	—	$ —	$ —	—	$ —	$ —
1-4 Family	—	—	—	N/R	N/R	N/R	N/R	N/R	N/R
Hotels	—	—	—	N/R	N/R	N/R	N/R	N/R	N/R
Multi-family	—	—	—	N/R	N/R	N/R	N/R	N/R	N/R
Non Owner Non-Owner Occupied	—	—	—	N/R	N/R	N/R	N/R	N/R	N/R
Non Owner Owner Occupied	—	—	—	N/R	N/R	N/R	N/R	N/R	N/R
Commercial real estate	—	—	—	—	—	—	—	—	—
Residential real estate	29	2,724	2,720	31	2,531	2,531	33	2,326	2,326
Home equity	3	94	94	10	967	967	10	274	274
Consumer	—	—	—	—	—	—	—	—	—
Total	32	$ 2,818	$ 2,814	41	$ 3,498	$ 3,498	43	$ 2,600	$ 2,600

N/R = Not reported. Results for reporting periods beginning after January 1, 2020 are presented under ASC 326, while prior period amounts continue to be reported in accordance with previously applicable GAAP.

The TDRs above increased the allowance for credit losses by less than $0.1 million for each of the years ended of December 31, 2020, 2019 and 2018 and resulted in charge-offs of less than $0.2 million during those same time periods.

Most TDRs above are reported due to filing Chapter 7 banktruptcy. Regulatory guidance requires that loans 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. The filing of bankruptcy is deemed to be evidence that the borrower is in financial difficulty and the discharge of debt by the bankruptcy court is deemed to be a concession granted to the borrower.

COVID-19 Pandemic

In March of 2020, in response to the COVID-19 pandemic, regulatory guidance was issued that clarified the accounting for loan modifications. Modifications of loan terms do not automatically result in a TDR. Short-term modifications made on a good faith basis in response to COVID-19 to borrowers who were current prior to any relief are not TDRs. This includes short-term (e.g., six months) modifications such as payment deferrals, fee waivers, extension of repayment terms, or other delays that are insignificant. Borrowers considered current are those that are less than 30 days past due on their contractual payments at the time the modification program was implemented. In addition, modifications or deferrals pursuant to the CARES Act do not represent TDRs. However, these deferrals do not absolve the company from performing its normal risk rating and therefore a loan could be current and have a less than satisfactory risk rating.

During the year ended December 31, 2020, the Company granted deferrals of approximately $135 million to its mortgage customers. These deferral arrangements ranged from 30 days to 90 days. As of December 31, 2020, approximately $9 million of these loans were still deferring, while approximately $126 million have resumed making their normal loan payment. As of December 30, 2020, approximately $4 million of these deferrals were previously and currently considered TDRs due to Chapter 7 bankruptcies.

During the year ended December 31, 2020, the Company granted deferrals of approximately $455 million to its commercial customers. These deferral arrangements ranged from one month to six months. As of December 31, 2020, approximately $99 million of these loans were still deferring (including $88 million for hotel and lodging related loans), while approximately $356 million have resumed making their normal loan payment.

Credit Quality Indicators

All commercial loans within the portfolio are subject to internal risk rating. All non-commercial loans are evaluated based on payment history. The Company's internal risk ratings for commercial loans are: Exceptional, Good, Acceptable, Pass/Watch, Special Mention, Substandard and Doubtful. Each internal risk rating is defined in the loan policy using the following criteria: balance sheet yields; ratios and leverage; cash flow spread and coverage; prior history; capability of management; market position/industry; potential impact of changing economic, legal, regulatory or environmental conditions; purpose; structure; collateral support; and guarantor support. Risk grades are generally assigned by the primary lending officer and are periodically evaluated by the Company's internal loan review process. Based on an individual loan's risk grade, estimated loss percentages are applied to the outstanding balance of the loan to determine the amount of expected loss.

The Company categorizes loans into risk categories based on relevant information regarding the customer's debt service ability, capacity and overall collateral position, along with other economic trends and historical payment performance. The risk rating for each credit is updated when the Company receives current financial information, the loan is reviewed by the Company's internal loan review and credit administration departments, or the loan becomes delinquent or impaired. The risk grades are updated a minimum of annually for loans rated Exceptional, Good, Acceptable, or Pass/ Watch. Loans rated Special Mention, Substandard or Doubtful are reviewed at least quarterly. The Company uses the following definitions for its risk ratings:

Risk Rating	Description
Pass Ratings:	
(a) Exceptional	Loans classified as exceptional are secured with liquid collateral conforming to the internal loan policy. Loans rated within this category pose minimal risk of loss to the bank.
(b) Good	Loans classified as good have similar characteristics that include a strong balance sheet, satisfactory debt service coverage ratios, strong management and/or guarantors, and little exposure to economic cycles. Loans in this category generally have a low chance of loss to the bank.
(c) Acceptable	Loans classified as acceptable have acceptable liquidity levels, adequate debt service coverage ratios, experienced management, and have average exposure to economic cycles. Loans within this category generally have a low risk of loss to the bank.
(d) Pass/watch	Loans classified as pass/watch have erratic levels of leverage and/or liquidity, cash flow is volatile and the borrower is subject to moderate economic risk. A borrower in this category poses a low to moderate risk of loss to the bank.
Special mention	Loans classified as special mention have a potential weakness(es) that deserves management's close attention. The potential weakness could result in deterioration of the loan repayment or the bank's credit position at some future date. A loan rated in this category poses a moderate loss risk to the bank.
Substandard	Loans classified as substandard reflect a customer with a well defined weakness that jeopardizes the liquidation of the debt. Loans in this category have the possibility that the bank will sustain some loss if the deficiencies are not corrected and the bank's collateral value is weakened by the financial deterioration of the borrower.
Doubtful	Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristics that make collection of the full contract amount highly improbable. Loans rated in this category are most likely to cause the bank to have a loss due to a collateral shortfall or a negative capital position.

Based on the most recent analysis performed, the risk category of loans by class of loans at December 31, 2020 is as follows (in thousands):

	Term Loans Amortized Cost Basis by Origination Year and Risk Level						Revolving Loans Amortized	
	2020	2019	2018	2017	2016	Prior	Cost Basis	Total
Commercial and industrial								
Pass	$123,920	$ 51,972	$ 59,152	$ 30,440	$ 16,673	$ 6,942	$ 75,018	$ 364,117
Special mention	72	27	13	47	—	433	508	1,100
Substandard	783	1,553	918	589	268	1,733	1,928	7,772
Total	$124,775	$ 53,552	$ 60,083	$ 31,076	$ 16,941	$ 9,108	$ 77,454	$ 372,989
Commercial real estate - Total								
Pass	$312,363	$296,876	$179,038	$142,678	$147,772	$280,107	$ 25,560	$1,384,394
Special mention	442	5,288	1,196	127	159	3,370	—	10,582
Substandard	1,159	22,224	1,855	13,734	9,574	30,938	322	79,806
Total	$313,964	$324,388	$182,089	$156,539	$157,505	$314,415	$ 25,882	$1,474,782
Commercial real estate - 1-4 Family								
Pass	$ 19,970	$ 17,540	$ 8,217	$ 7,444	$ 6,158	$ 33,075	$ 10,274	$ 102,678
Special mention	192	—	—	—	159	753	—	1,104
Substandard	119	343	—	863	102	4,603	—	6,030
Total	$ 20,281	$ 17,883	$ 8,217	$ 8,307	$ 6,419	$ 38,431	$ 10,274	$ 109,812
Commercial real estate - Hotels								
Pass	$ 23,886	$ 95,269	$ 26,206	$ 42,593	$ 21,490	$ 43,686	$ —	$ 253,130
Substandard	343	15,412	—	6,750	4,465	14,364	—	41,334
Total	$ 24,229	$110,681	$ 26,206	$ 49,343	$ 25,955	$ 58,050	$ —	$ 294,464
Commercial real estate - Multi-family								
Pass	$ 81,127	$ 56,371	$ 2,688	$ 20,730	$ 23,873	$ 27,009	$ 1,363	$ 213,161
Special mention	—	1,883	551	—	—	—	—	2,434
Substandard	—	—	—	—	—	76	—	76
Total	$ 81,127	$ 58,254	$ 3,239	$ 20,730	$ 23,873	$ 27,085	$ 1,363	$ 215,671

	Term Loans Amortized Cost Basis by Origination Year and Risk Level						Revolving Loans Amortized Cost Basis	Total
	2020	2019	2018	2017	2016	Prior		
Commercial real estate - Non Residential Non-Owner Occupied								
Pass	$155,937	$101,011	$115,524	$ 51,329	$ 76,219	$125,349	$ 8,825	$ 634,194
Special mention	16	504	592	37	—	147	—	1,296
Substandard	580	1,385	1,159	52	1,187	1,338	160	5,861
Total	$156,533	$102,900	$117,275	$ 51,418	$ 77,406	$126,834	$ 8,985	$ 641,351
Commercial real estate - Non Residential Owner Occupied								
Pass	$ 31,443	$ 26,685	$ 26,403	$ 20,582	$ 20,032	$ 50,988	$ 5,098	$ 181,231
Special mention	234	2,901	53	90	—	2,470	—	5,748
Substandard	117	5,084	696	6,069	3,820	10,557	162	26,505
Total	$ 31,794	$ 34,670	$ 27,152	$ 26,741	$ 23,852	$ 64,015	$ 5,260	$ 213,484
Residential real estate								
Performing	$407,135	$233,709	$176,523	$134,425	$102,828	$416,473	$ 113,633	$1,584,726
Non-performing	—	—	—	164	41	1,184	1,579	2,968
Total	$407,135	$233,709	$176,523	$134,589	$102,869	$417,657	$ 115,212	$1,587,694
Home equity								
Performing	$ 9,038	$ 6,241	$ 5,375	$ 2,126	$ 1,309	$ 11,573	$ 100,712	$ 136,374
Non-performing	—	—	—	—	—	—	95	95
Total	$ 9,038	$ 6,241	$ 5,375	$ 2,126	$ 1,309	$ 11,573	$ 100,807	$ 136,469
Consumer								
Performing	$ 15,342	$ 14,977	$ 9,229	$ 3,154	$ 1,688	$ 1,422	$ 1,876	$ 47,688
Non-performing	—	—	—	—	—	—	—	—
Total	$ 15,342	$ 14,977	$ 9,229	$ 3,154	$ 1,688	$ 1,422	$ 1,876	$ 47,688

The following table presents the Company's commercial loans by credit quality indicators, by portfolio loan classification (in thousands), as of December 31, 2019:

	Commercial and industrial	Commercial real estate	Total
Pass	$ 276,847	$ 1,408,644	$ 1,685,491
Special mention	2,472	13,838	16,310
Substandard	28,696	37,255	65,951
Doubtful	—	—	—
Total	$ 308,015	$ 1,459,737	$ 1,767,752

The following table presents the Company's non-commercial loans by payment performance, by portfolio loan classification (in thousands), as of December 31, 2019:

	Performing	Non-Performing	Total
Residential real estate	$ 1,636,920	$ 3,476	$ 1,640,396
Home equity	148,397	531	148,928
Consumer	54,263	—	54,263
DDA overdrafts	4,760	—	4,760
Total	$ 1,844,340	$ 4,007	$ 1,848,347

NOTE SEVEN – PREMISES AND EQUIPMENT

A summary of premises and equipment and related accumulated depreciation is summarized as follows (in thousands):

	Estimated Useful Life	2020	2019
Land		$ 34,185	$ 34,185
Buildings and improvements	10 to 30 yrs.	97,091	95,662
Equipment	3 to 7 yrs.	46,307	43,135
		177,583	172,982
Less: accumulated depreciation		(100,658)	(96,017)
		$ 76,925	$ 76,965

The depreciation expense for the years ended December 31, 2020, 2019, and 2018 was $5.8 million, $5.0 million, and $5.1 million, respectively.

NOTE EIGHT – GOODWILL AND OTHER INTANGIBLE ASSETS

The Company completed its annual assessment of the carrying value of goodwill during 2020 and concluded that its carrying value was not impaired. The Company's reporting unit had positive equity and a qualitative assessment was completed, indicating that it was not more likely than not that goodwill was impaired. The following table presents a roll forward of the Company's goodwill activity (in thousands):

	2020	2019
Beginning balance	$ 108,941	$ 109,567
Goodwill and adjustments acquired in conjunction with the acquisition of Poage	—	(583)
Goodwill and adjustments acquired in conjunction with the acquisition of Farmers Deposit	—	(43)
Ending balance	$ 108,941	$ 108,941

The Company believes that the customer relationships with the deposits acquired have an intangible value. In connection with acquisitions, the Company recorded a core deposit intangible, which represented the value that the acquiree had with their deposit customers. The fair value was estimated based on a discounted cash flow methodology that considered the type of deposit, estimated deposit retention, the cost of the deposit base and an alternate cost of funds. The following tables present the details of the Company's core deposit intangibles (in thousands):

	2020	2019
Gross carrying amount	$ 21,190	$ 21,190
Accumulated amortization	(11,539)	(9,890)
	$ 9,651	$ 11,300
Beginning balance	$ 11,300	$ 13,281
Amortization expense	(1,649)	(1,981)
Ending balance	$ 9,651	$ 11,300

The core deposit intangibles are being amortized over 10 years. The estimated amortization expense for core deposit intangible assets for each of the next five years is as follows (in thousands):

2021	$ 1,472
2022	1,386
2023	1,220
2024	1,209
2025	1,185
Thereafter	3,179
	$ 9,651

NOTE NINE – SCHEDULED MATURITIES OF TIME DEPOSITS

Scheduled maturities of the Company's time deposits outstanding at December 31, 2020 are summarized as follows (in thousands):

2021	$ 931,862
2022	201,922
2023	87,440
2024	22,252
2025	16,097
Over five years	449
	$ 1,260,022

The Company's time deposits that meet or exceed the FDIC insurance limit of $250,000 were $171.3 million and $184.4 million at December 31, 2020 and 2019, respectively.

NOTE TEN – SHORT-TERM DEBT

A summary of the Company's short-term borrowings is as follows (dollars in thousands):

	2020	2019	2018
Balance at end of year:			
Federal Home Loan Bank advances	$ —	$ —	$ 40,000
Securities sold under agreements to repurchase	295,956	211,255	221,911
Federal Funds purchased	—	—	—
Avg. outstanding during the year:			
Federal Home Loan Bank advances	$ 151	$ 10,752	$ 74,102
Securities sold under agreements to repurchase	253,289	200,697	190,702
Federal Funds purchased	16	3	353
Max. outstanding at any month end:			
Federal Home Loan Bank advances	$ 9,900	$ 154,000	$ 185,000
Securities sold under agreements to repurchase	295,956	226,603	221,911
Federal Funds purchased	—	—	10,000
Weighted-average interest rate:			
During the year:			
Federal Home Loan Bank advances	0.85 %	2.72 %	2.21 %
Securities sold under agreements to repurchase	0.39	1.59	0.93
Federal Funds purchased	0.83	2.84	2.10
End of the year:			
Federal Home Loan Bank advances	0.41 %	1.85 %	2.76 %
Securities sold under agreements to repurchase	0.34	1.51	0.80
Federal Funds purchased	—	—	—

Through City National, the Company has approximately 37,000 shares of Federal Home Loan Bank ("FHLB") stock at par value as of December 31, 2020. Purchases of FHLB stock are required based on City National's maximum borrowing capacity with the FHLB. Additionally, FHLB stock entitles the Company to dividends declared by the FHLB and provides an additional source of short-term and long-term funding in the form of collateralized advances. Financing obtained from the FHLB is based, in part, on the amount of qualifying collateral available, specifically 1-4 family residential mortgages, other residential mortgages, and commercial real estate and other non-residential mortgage loans. Collateral pledged to the FHLB included approximately $2.2 billion at December 31, 2020 and $2.3 billion at December 31, 2019 in investment securities and 1-4 family residential property loans. In addition to the short-term financing discussed above, City National had an additional $2.0 billion and $1.9 billion available from unused portions of lines of credit with the FHLB and other financial institutions at December 31, 2020 and 2019, respectively.

Securities sold under agreements to repurchase include interests in government agency and municipal securities. These agreements mature daily at par.

NOTE ELEVEN – DERIVATIVE INSTRUMENTS

As of December 31, 2020 and 2019, the Company primarily utilizes non-hedging derivative financial instruments with commercial banking customers to facilitate their interest rate management strategies. For these instruments, the Company acts as an intermediary for its customers and has offsetting contracts with financial institution counterparties. Changes in the fair value of these underlying derivative contracts generally offset each other and do not significantly impact the Company's results of operations.

The following table summarizes the notional and fair value of these derivative instruments (in thousands):

	December 31, 2020		December 31, 2019	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Non-hedging interest rate derivatives:				
Customer counterparties:				
Loan interest rate swap - assets	$ 647,613	$ 52,364	$ 377,534	$ 16,094
Loan interest rate swap - liabilities	37,721	562	189,803	3,214
Non-hedging interest rate derivatives:				
Financial institution counterparties:				
Loan interest rate swap - assets	37,721	562	189,803	3,214
Loan interest rate swap - liabilities	661,866	52,607	382,566	16,133

The following table summarizes the change in fair value of these derivative instruments (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Change in Fair Value Non-Hedging Interest Rate Derivatives:			
Other income - derivative assets	$ 27,240	$ 4,342	$ 1,316
Other income - derivative liabilities	(27,240)	(4,342)	(1,316)
Other expense - derivative liabilities	206	165	50

Certain financial instruments, including derivatives, may be eligible for offset in the consolidated balance sheet and/or subject to master netting arrangements. The Company's derivative transactions with financial institution counterparties are generally executed under International Swaps and Derivative Association ("ISDA") master agreements which include "right of setoff" provisions. In such cases there is generally a legally enforceable right to offset recognized amounts and there may be an intention to settle such amounts on a net basis. Nonetheless, the Company does not generally offset financial instruments for financial reporting purposes.

Pursuant to the Company's agreements with certain of its derivative financial institution counterparties, the Company may receive collateral or post collateral, which may be in the form of cash or securities, based upon mark-to-mark positions. The Company has posted collateral with a value of $68.4 million as of December 31, 2020.

Loans associated with a customer counterparty loan interest rate swap agreement may be subject to a make whole penalty upon termination of the agreement. The dollar amount of the make whole penalty varies based on the remaining term of the agreement and market rates at that time. The make whole penalty is secured by equity in the specific collateral securing the loan. The Company estimates the make whole penalty when determining if there is sufficient collateral to pay off both the potential make whole penalty and the outstanding loan balance at the origination of the loan. In the event of a customer default, the make whole penalty is capitalized into the existing loan balance; however, no guarantees can be made that the collateral will be sufficient to cover both the make whole provision and the outstanding loan balance at the time of foreclosure.

During the year ended December 31, 2020, the Company entered into a series of fair value hedge agreements to reduce the interest rate risk associated with the change in fair value of certain securities. The total notional amount of these agreements was $150 million. The gains or losses on these hedges are recognized in current earnings as fair value changes.

NOTE TWELVE – INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows (in thousands):

	2020	2019
Allowance for credit losses	$ 5,883	$ 2,708
Deferred compensation payable	3,165	2,912
Underfunded pension liability	1,784	1,912
Accrued expenses	2,218	1,196
Other	4,543	8,570
Total Deferred Tax Assets	17,593	17,298
Unrealized securities gains	11,637	3,709
Other	9,158	6,920
Total Deferred Tax Liabilities	20,795	10,629
Net Deferred Tax (Liabilities)/Assets	$ (3,202)	$ 6,669

No material valuation allowances for deferred tax assets were recorded at December 31, 2020 or 2019 as the Company believes it is more likely than not that all of the deferred tax assets will be realized because they were supported by recoverable taxes paid in prior years.

Significant components of the provision for income taxes are as follows (in thousands):

	2020	2019	2018
Current:			
Federal	$ 16,599	$ 16,636	$ 16,846
State	2,478	2,560	2,413
Total current tax expense	19,077	19,196	19,259
Total deferred tax expense	2,640	4,939	(1,244)
Income tax expense	$ 21,717	$ 24,135	$ 18,015

A reconciliation of the significant differences between the federal statutory income tax rate and the Company's effective income tax rate is as follows (in thousands):

	2020	2019	2018
Computed federal taxes at statutory rate	$ 23,376	$ 23,832	$ 18,483
State income taxes, net of federal tax benefit	2,070	2,376	1,730
Tax effects of:			
Tax-exempt interest income	(944)	(733)	(694)
Bank-owned life insurance	(929)	(791)	(649)
Income tax credits	(1,113)	(889)	(575)
Other items, net	(743)	340	(280)
Income tax expense	$ 21,717	$ 24,135	$ 18,015

The entire amount of the Company's unrecognized tax benefits, if recognized, would favorably affect the Company's effective tax rate. The Company anticipates that it will release $0.6 million over the next 12 months. A reconciliation of the beginning and ending balance of unrecognized tax benefits is as follows (in thousands):

	2020	2019
Beginning balance	$ 1,807	$ 1,811
Additions for current year tax positions	413	115
Additions for prior year tax positions	434	377
Decreases related to lapse of applicable statute of limitation	(565)	(496)
Ending balance	$ 2,089	$ 1,807

Interest and penalties on income tax uncertainties are included in income tax expense. During 2020, 2019 and 2018, the provision related to interest and penalties was approximately $0.2 million, $0.6 million, and $0.2 million, respectively. The balance of accrued interest and penalties at December 31, 2020 and 2019 was $0.9 million and $0.7 million, respectively.

The Company is currently open to audit under the statute of limitations by the Internal Revenue Service and various state taxing authorities for the years ended December 31, 2017 and forward.

NOTE THIRTEEN – EMPLOYEE BENEFIT PLANS

Pursuant to the terms of the City Holding Company 2013 Incentive Plan (the "2013 Plan"), the Compensation Committee of the Board of Directors, or its delegate, may, from time-to-time, grant stock options, stock appreciation rights ("SARs"), or stock awards (collectively, the "awards") to employees, directors and individuals who provide service to the Company (collectively, "Plan Participants"). The 2013 Plan was approved by the shareholders in April 2013. A maximum of 750,000 shares of the Company's common stock may be issued under the 2013 Plan, subject to certain limitations. These limitations may be adjusted in the event of a change in the number of outstanding shares of common stock by reason of a stock dividend, stock split or other similar event. Specific terms of the awards granted, including the number of shares, vesting periods, exercise prices (for stock options) and expiration dates are determined at the date of grant and are evidenced by agreements between the Company and the awardee. The exercise price of the stock option grants equals the market price of the Company's stock on the date of grant. All incentive stock options and SARs will be exercisable up to 10 years from the date granted and all options and SARs are exercisable for the period specified in the individual agreement. Upon a change-in-control of the Company, as defined in the 2013 Plan, all outstanding awards shall immediately vest. As of December 31, 2020, approximately 407,000 shares were still available to be issued under the 2013 Plan.

Stock Options

A summary of the Company's stock option activity and related information is presented below:

	2020		2019		2018	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Outstanding at January 1	46,251	$ 52.74	57,972	$ 51.15	87,605	$ 47.15
Granted	—	—	—	—	—	—
Exercised	(4,921)	45.17	(11,721)	44.87	(29,633)	39.31
Forfeited	—	—	—	—	—	—
Outstanding at December 31	41,330	$ 53.64	46,251	$ 52.74	57,972	$ 51.15
Exercisable at end of year	21,459	$ 50.45	8,063	$ 44.48	2,697	$ 45.13
Nonvested at beginning of year	38,188	54.42	55,275	51.40	79,718	48.08
Granted during the year	—	—	—	—	—	—
Vested during the year	(18,317)	51.66	(17,087)	44.65	(24,443)	40.58
Forfeited during the year	—	—	—	—	—	—
Nonvested at end of year	19,871	$ 56.97	38,188	$ 54.42	55,275	$ 51.40

Information regarding stock option exercises and stock-based compensation expense associated with stock options is provided in the following table (in thousands):

	For the year ended December 31,		
	2020	2019	2018
Proceeds from stock option exercises	$ 223	$ 526	$ 1,164
Intrinsic value of stock options exercised	93	368	944
Stock-based compensation expense associated with stock options	$ 60	$ 119	$ 178
Income tax benefit recognized related to stock-based compensation	5	12	19

At period-end:	2020
Unrecognized stock-based compensation expense	$ 24
Weighted average period in which the above amount is expected to be recognized	0.9 years

Shares issued in connection with stock option exercises are issued from available treasury shares. If no treasury shares are available, new shares would be issued from available authorized shares. During 2020, 2019 and 2018, all shares issued in connection with stock option exercises and restricted stock awards were issued from available treasury stock. For the stock options that have performance-based criteria, management has evaluated those criteria and has determined that, as of December 31, 2020, the criteria were probable of being met.

Restricted Shares, Restricted Stock Units ("RSUs") and Performance Stock Units ("PSUs")

The Company measures compensation expense with respect to restricted shares, RSUs and PSUs (collectively, the "restricted shares") in an amount equal to the fair value of the common stock covered by each award on the date of grant. The restricted shares awarded become fully vested after various periods of continued employment from the respective dates of grant. The Company is entitled to an income tax deduction in an amount equal to the taxable income reported by the holders of the restricted shares when the restrictions are released and the shares are issued. Compensation is charged to expense over the respective vesting periods.

Restricted shares are generally forfeited if officers and employees terminate employment with the Company prior to the lapsing of restrictions. The Company records forfeitures of restricted stock as treasury share repurchases and any compensation cost previously recognized is reversed in the period of forfeiture. Recipients of restricted shares do not pay any cash consideration to the Company for the shares, and generally have the right to vote all shares subject to such grant and receive all dividends with respect to such shares, whether or not the shares have vested. For the restricted shares that have performance-based criteria, management has evaluated those criteria and has determined that, as of December 31, 2020, the criteria were probable of being met.

In 2018, the Board of Directors granted the named executive officers ("NEOs") of the Company restricted stock units ("RSUs") and performance share units ("PSUs"). The RSUs vest in three separate annual installments of approximately 33.33% per installment on the first, second and third anniversaries of the grant date, subject to a two-year holding period. The PSUs vest on the third anniversary of the grant date. The payout for the PSUs will be determined based on two factors: (1) the Company's three-year average return on assets ("ROA") during the three-year performance period relative to the ROA for the selected peer companies and (2) the Company's total shareholder return ("TSR") during the three-year performance period relative to the TSR of the selected peer companies. Until the time these shares transfer to the participant, the participant does not have the right to vote these shares, nor does the participant receive dividends during the outstanding period (however, dividends are accrued and payable upon transfer). For the restricted shares that have performance-based criteria, management periodically evaluates those criteria and adjusts the number of shares awarded, if necessary.

A summary of the Company's restricted shares activity and related information is presented below:

	2020		2019		2018	
	Restricted Awards	Average Market Price at Grant	Restricted Awards	Average Market Price at Grant	Restricted Awards	Average Market Price at Grant
Outstanding at January 1	148,083		149,692		170,033	
Granted	44,696	$ 69.28	44,598	$ 77.78	28,363	$ 69.94
Forfeited/Vested	(34,225)		(46,207)		(48,704)	
Outstanding at December 31	158,554		148,083		149,692	

Information regarding stock-based compensation associated with restricted shares is provided in the following table (in thousands):

	For the year ended December 31,		
	2020	2019	2018
Stock-based compensation expense associated with restricted shares	**$ 2,836**	$ 2,022	$ 1,609

At period-end:	**2020**
Unrecognized stock-based compensation expense	**$ 5,278**
Weighted average period in which the above amount is expected to be recognized	**2.9 years**

401(k) Plan

The Company provides retirement benefits to its employees through the City Holding Company 401(k) Plan and Trust (the "401(k) Plan"), which is intended to be compliant with Employee Retirement Income Security Act (ERISA) section 404(c). Information regarding the Company's 401(k) plan is provided in the following table (dollars in thousands):

	For the year ended December 31,		
	2020	2019	2018
Expense associated with the Company's 401(k) Plan	**$ 1,061**	$ 1,023	$ 905
At period-end:			
Number of shares of the Company's common stock held by the 401(k) Plan	**198,300**	203,989	229,276

Defined Benefit Plans

The Company maintains two defined benefit pension plans (the "Defined Benefit Plans"), which were inherited from the Company's acquisition of the plan sponsors (Horizon Bancorp, Inc. and Community Financial Corporation). The Horizon Defined Benefit Plan was frozen in 1999 and maintains a December 31st year-end for purposes of computing its benefit obligations. The Community Defined Benefit Plan was frozen in 2012 and was terminated during the year-ended December 31, 2018.

Primarily as a result of the interest rate environment over the past several years and mortality table revisions, the benefit obligation exceeded the estimated fair value of plan assets as of December 31, 2020 and 2019. The following table summarizes activity within the Company's Defined Benefit Plans (dollars in thousands):

	Pension Benefits	
	2020	2019
Change in fair value of plan assets:		
Fair value at beginning of measurement period	$ 11,884	$ 12,041
Actual gain on plan assets	1,324	880
Contributions	450	—
Benefits paid	(1,029)	(1,037)
Fair value at end of measurement period	12,629	11,884
Change in benefit obligation:		
Benefit obligation at beginning of measurement period	(15,219)	(14,222)
Interest cost	(448)	(561)
Actuarial gain (loss)	83	(21)
Assumption changes	(944)	(1,452)
Benefits paid	1,029	1,037
Settlement loss	—	—
Benefit obligation at end of measurement period	(15,499)	(15,219)
Funded status	$ (2,870)	$ (3,335)
Weighted-average assumptions for benefit obligation:		
Discount rate	2.21 %	3.05 %
Expected long-term rate of return	6.75 %	6.75 %
Weighted-average assumptions for net periodic pension cost:		
Discount rate	3.05 %	4.10 %
Expected long-term rate of return	6.75 %	6.75 %

Based on the funding status of the Horizon Defined Benefit Plan, no contributions were required during the years ended December 31, 2020 and 2019. The Company made a $1.0 million contribution to the plan in January 2021.

During 2017, the Company initiated the process to terminate the Community Defined Benefit plan. The Company made a $1.5 million terminal contribution in 2018 to terminate the plan.

The following table presents the components of the net periodic pension cost of the Company's Defined Benefit Plans, which is recognized in Other Expenses in the Consolidated Statements of Income (in thousands):

	2020	2019	2018
Components of net periodic benefit:			
Interest cost	$ 448	$ 561	$ 590
Expected return on plan assets	(814)	(856)	(1,080)
Settlement	—	—	71
Net amortization and deferral	1,089	917	890
Net Periodic Pension Cost	$ 723	$ 622	$ 471

Amounts related to the Company's Defined Benefit Pension Plans recognized as a component of other comprehensive income were as follows (in thousands):

	2020	2019	2018
Net actuarial gain (loss)	$ 737	$ (530)	$ (1,092)
Deferred tax (expense) benefit	(128)	131	254
Other comprehensive income (loss), net of tax	$ 609	$ (399)	$ (838)

Amounts recognized as a component of accumulated other comprehensive loss as of December 31, 2020 and 2019 were as follows (in thousands):

	2020	2019
Net actuarial loss	$ 7,445	$ 8,182
Deferred tax benefit	(1,784)	(1,912)
Amounts included in accumulated other comprehensive income (loss), net of tax	$ 5,661	$ 6,270

The following table summarizes the expected benefits to be paid in each of the next five years and in the aggregate for the five years thereafter (in thousands):

Plan Year Ending December 31,	Expected Benefits to be Paid
2021	$ 986
2022	984
2023	989
2024	978
2025	993
2026 through 2029	4,680

The major categories of assets in the Company's Defined Benefit Plans as of year-end are presented in the following table (in thousands). Assets are segregated by the level of the valuation inputs within the fair value hierarchy established by ASC Topic 820 utilized to measure fair value (See Note Eighteen).

	Total	Level 1	Level 2	Level 3
2020				
Cash and cash equivalents	**$ 146**	**$ 146**	**$ —**	**$ —**
U.S. government agencies	**100**	**—**	**100**	
Common stocks	**10,101**	**10,101**	**—**	**—**
Corporate bonds	**2,282**	**—**	**2,282**	**—**
Total	**$ 12,629**	**$ 10,247**	**$ 2,382**	**$ —**
2019				
Cash and cash equivalents	**$ 79**	**$ 79**	**$ —**	**$ —**
Common stocks	6,787	6,787	—	—
Corporate bonds	5,018	—	5,018	—
Total	$ 11,884	$ 6,866	$ 5,018	$ —

Horizon Defined Benefit Plan (Investment Strategy)

During the fourth quarter of 2018, the Company changed the administrator of The Horizon Defined Benefit Plan to its trust department. The Company's pension committee has revised the plan's investment strategy and set a target allocation of 75% equity securities and 25% fixed income securities. The assets will be reallocated periodically to meet the above target allocations. A range is developed around each of these target allocations such that at any given time the actual allocation may be higher or lower than stated above (+ or - 10%). The overall investment return goal is to achieve a rate of return greater than a blended index of the S&P 500 and the Barclay's Capital Aggregate Bond Index, which is tailored to the same asset mix of the retirement plans assets, by 1/2 or 1% annualized after fees over a rolling five year moving average basis. At December 31, 2020, the plan assets were invested in equity securities (80%), fixed income securities (19%), and cash and cash equivalents (1%), which are in the allowable allocation range under the policy.

Pentegra Defined Benefit Plan

The Company and its subsidiary participate in the Pentegra Defined Benefit Plan for Financial Institutions ("The Pentegra DB Plan"), a tax-qualified defined benefit pension plan. The Pentegra DB Plan operates as a multi-employer plan for accounting purposes and as a multiple-employer plan under the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code. There are no collective bargaining agreements in place that require contributions to the Pentegra DB Plan. The Pentegra DB Plan is a single plan under Internal Revenue Code Section 413(c) and, as a result, all of the assets stand behind all of the liabilities. Accordingly, under the Pentegra DB Plan, contributions made by a participating employer may be used to provide benefits to participants of other participating employers. The funded statuses below are as of July 1, 2020 (the latest available valuation report). It is the policy of the Company to fund the normal cost of the Pentegra DB Plan on an annual basis. Other than for normal plan expenses, no contributions were required for the years ended December 31, 2020, 2019 and 2018. The benefits of the original Pentegra Defined Benefit Plan were frozen prior to the acquisition of Classic Bancshares ("Classic") in 2005, and the benefits of the Poage Pentegra Defined Benefit Plan were frozen prior to the acquisition of Poage in 2018. It is the intention of the Company to fund benefit amounts when assets of the plan are not sufficient.

Pentegra DB Plan's Employer Identification Number	**13-5645888**
Plan Number	333
Funded status for plan inherited with Classic acquisition	**89.16%**
Funded status for plan inherited with Poage acquisition	91.56%

Employment Contracts

The Company has entered into employment contracts with certain of its current executive officers. The employment contracts provide for, among other things, the payment of termination compensation in the event an executive officer either voluntarily or involuntarily terminates his employment with the Company for other than "Just Cause" as defined in the applicable employment contract. Certain of the employment contracts provide for a termination benefit that became fully vested in 2005 and is payable if and when the executive officer terminates his employment with the Company. The termination benefit grows each year at an amount equal to the one-year constant maturity treasury rate and cannot be forfeited except where the executive officer personally profits from willful fraudulent activity that materially and adversely affects the Company. The costs of this vested termination benefit have been fully accrued and expensed by the Company as of December 31, 2020. The liability was $2.2 million and $2.1 million at December 31, 2020 and 2019, respectively.

Other Post-Retirement Benefit Plans

Certain entities previously acquired by the Company had entered into individual deferred compensation and supplemental retirement agreements with certain current and former directors and officers. The Company has assumed the liabilities associated with these agreements, the cost of which is being accrued over the period of active service from the date of the respective agreement. To assist in funding these liabilities, the acquired entities had insured the lives of certain current and former directors and officers. The Company is the current owner and beneficiary of those insurance policies. The following table presents a summary of the Company's other post-retirement benefit plans (in thousands).

	For the year ended December 31		
	2020	2019	2018
Cost of other post-retirement benefits	**$ 278**	$ 304	$ 280
At period-end:			
Other post-retirement benefit liability (included in Other Liabilities)	**6,093**	6,570	6,923
Cash surrender value of insurance policies (included in Other Assets)	**5,916**	6,544	6,807

NOTE FOURTEEN – RELATED PARTY TRANSACTIONS

City National has granted loans to certain non-executive officers and directors of the Company and its subsidiaries, and to their associates.

	December 31, 2019	Principal Additions	Principal Reductions	December 31, 2020
Related Party Loans	$ 20,382	$ 9,299	$ (10,214)	$ 19,467
Unfunded commitments	$ 13,006			$ 12,819

NOTE FIFTEEN – COMMITMENTS AND CONTINGENCIES

COVID-19

The COVID-19 pandemic is creating extensive disruptions to the global economy and to the lives of individuals throughout the world. Governments, businesses, and the public are taking unprecedented actions to contain the spread of COVID-19 and to mitigate its effects, including quarantines, travel bans, shelter-in-place orders, closures of businesses and schools, fiscal stimulus, and legislation designed to deliver monetary aid and other relief. While the scope, duration, and full effects of COVID-19 are rapidly evolving and not fully known, the pandemic and related efforts to contain it have disrupted global economic activity, adversely affected the functioning of financial markets, impacted interest rates, increased economic and market uncertainty, and disrupted trade and supply chains. If these effects continue for a prolonged period or result in sustained economic stress or recession, the effects could have a material adverse impact on the Company in a number of ways related to credit, collateral, customer demand, funding, operations, interest rate risk, human capital and self-insurance, as well as financial statement related risk associated with critical accounting estimates such as the allowance for credit losses or valuation impairments on the Company's goodwill, intangible assets and deferred taxes.

Credit Related Financial Instruments

The Company is a party to certain financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. The Company has entered into agreements with its customers to extend credit or provide conditional commitment to provide payment on drafts presented in accordance with the terms of the underlying credit documents. The Company also provides overdraft protection to certain demand deposit customers that represent an unfunded commitment. Overdraft protection commitments, which are included with other commitments below, are uncollateralized and are paid at the Company's discretion. Conditional commitments generally include standby and commercial letters of credit. Standby letters of credit represent an obligation of the Company to a designated third party contingent upon the failure of a customer of the Company to perform under the terms of the underlying contract between the customer and the third party. Commercial letters of credit are issued specifically to facilitate trade or commerce. Under the terms of a commercial letter of credit, drafts will be drawn when the underlying transaction is consummated, as intended, between the customer and a third party. The majority of the Company's commitments have variable interest rates. The funded portion of these financial instruments is reflected in the Company's balance sheet, while the unfunded portion of these commitments is not reflected in the balance sheet.

The table below presents a summary of the contractual obligations of the Company resulting from significant commitments (in thousands):

	December 31, 2020	December 31, 2019
Commitments to extend credit:		
Home equity lines	$ 215,619	$ 214,715
Commercial real estate	65,828	56,941
Other commitments	245,647	213,904
Standby letters of credit	6,460	6,748
Commercial letters of credit	610	1,249

Loan commitments and standby and commercial letters of credit have credit risks essentially the same as those involved in extending loans to customers and are subject to the Company's standard credit policies. Collateral is obtained based on management's credit assessment of the customer. Management does not anticipate any material losses as a result of these commitments.

Litigation

In addition, the Company is engaged in various legal actions that it deems to be in the ordinary course of business. As these legal actions are resolved, the Company could realize positive and/or negative impact to its financial performance in the period in which these legal actions are ultimately decided. There can be no assurance that current actions will have immaterial results, either positive or negative, or that no material actions may be presented in the future.

NOTE SIXTEEN – PREFERRED STOCK

The Company's Board of Directors has the authority to issue preferred stock, and to determine the designation, preferences, rights, dividends and all other attributes of such preferred stock, without any vote or action by the shareholders. As of December 31, 2020, no such shares were outstanding, nor were any expected to be issued.

NOTE SEVENTEEN – REGULATORY REQUIREMENTS AND CAPITAL RATIOS

The principal source of income and cash for City Holding (the "Parent Company") is dividends from City National. Dividends paid by City National to the Parent Company are subject to certain legal and regulatory limitations. Generally, any dividends in amounts that exceed the earnings retained by City National in the current year plus retained net profits for the preceding two years must be approved by regulatory authorities. Approval is also required if dividends declared would cause City National's regulatory capital to fall below specified minimum levels. At December 31, 2020, City National could pay dividends up to $67.7 million without prior regulatory permission.

During 2020, the Parent Company used cash obtained from the dividends received primarily to: (1) pay common dividends to shareholders and (2) fund repurchases of the Company's common shares. As of December 31, 2020, the Parent Company reported a cash balance of approximately $22.3 million. Management believes that the Parent Company's available cash balance, together with cash dividends from City National, is adequate to satisfy its funding and cash needs in 2021.

As of January 1, 2019, the Basel III Capital Rules require City Holding and City National to maintain minimum CET 1, Tier 1 and Total Capital ratios, along with a capital conservation buffer, effectively resulting in new minimum capital ratios (which are shown in the table below). The capital conservation buffer is designed to absorb losses during periods of economic stress. Banking institutions with a ratio of CET 1 capital to risk-weighted assets above the minimum but below the conservation buffer (or below the combined capital conservation buffer and countercyclical capital buffer, when the latter is applied) will face constraints on dividends, equity repurchases and compensation based on the amount of the shortfall. The Basel III Capital Rules also provide for a "countercyclical capital buffer" that is applicable to only certain covered institutions and does not have any current applicability to City Holding Company or City National Bank.

The Company's regulatory capital ratios for both City Holding and City National include the 2.5% capital conservation buffer and are illustrated in the following tables (in thousands):

	Actual		Minimum Required - Basel III		Required to be Considered Well Capitalized	
December 31, 2020	**Capital Amount**	**Ratio**	**Capital Amount**	**Ratio**	**Capital Amount**	**Ratio**
CET 1 Capital						
City Holding Company	$ 557,641	16.2 %	$ 241,221	7.0 %	$ 223,991	6.5 %
City National Bank	482,754	14.1 %	239,569	7.0 %	222,457	6.5 %
Tier 1 Capital						
City Holding Company	557,641	16.2 %	292,911	8.5 %	275,681	8.0 %
City National Bank	482,754	14.1 %	290,906	8.5 %	273,793	8.0 %
Total Capital						
City Holding Company	577,292	16.8 %	361,831	10.5 %	344,601	10.0 %
City National Bank	502,405	14.7 %	359,354	10.5 %	342,242	10.0 %
Tier 1 Leverage Ratio						
City Holding Company	557,641	10.2 %	218,163	4.0 %	272,704	5.0 %
City National Bank	482,754	9.0 %	215,277	4.0 %	269,097	5.0 %

	Actual		Minimum Required - Basel III		Required to be Considered Well Capitalized	
December 31, 2019:	**Capital Amount**	**Ratio**	**Capital Amount**	**Ratio**	**Capital Amount**	**Ratio**
CET 1 Capital						
City Holding Company	$ 532,640	16.0 %	$ 232,358	7.0 %	$ 215,761	6.5 %
City National Bank	459,006	13.9 %	230,808	7.0 %	214,322	6.5 %
Tier 1 Capital						
City Holding Company	536,640	16.2 %	282,150	8.5 %	265,552	8.0 %
City National Bank	459,006	13.9 %	280,267	8.5 %	263,781	8.0 %
Total Capital						
City Holding Company	548,291	16.5 %	348,538	10.5 %	331,941	10.0 %
City National Bank	470,656	14.3 %	346,213	10.5 %	329,726	10.0 %
Tier 1 Leverage Ratio						
City Holding Company	536,640	11.0 %	195,558	4.0 %	244,448	5.0 %
City National Bank	459,006	9.5 %	193,074	4.0 %	241,342	5.0 %

As of December 31, 2020, management believes that City Holding Company, and its banking subsidiary, City National, were "well capitalized." City Holding is subject to regulatory capital requirements administered by the Federal Reserve, while City National is subject to regulatory capital requirements administered by the Office of the Comptroller of the Currency ("OCC") and the Federal Deposit Insurance Corporation ("FDIC"). Regulatory agencies can initiate certain mandatory actions if either City Holding or City National fails to meet the minimum capital requirements, as shown above. As of December 31, 2020, management believes that City Holding and City National meet all capital adequacy requirements.

In November 2019, the federal banking regulators published final rules implementing a simplified measure of capital adequacy for certain banking organizations that have less than $10 billion in total consolidated assets. Under the final rules, which went into effect on January 1, 2020, depository institutions and depository institution holding companies that have less than $10 billion in total consolidated assets and meet other qualifying criteria, including a leverage ratio of greater than 9%, off–balance–sheet exposures of 25% or less of total consolidated assets and trading assets plus trading liabilities of 5% or less of total consolidated assets, are deemed "qualifying community banking organizations" and are eligible to opt into the

"community bank leverage ratio framework." A qualifying community banking organization that elects to use the community bank leverage ratio framework and that maintains a leverage ratio of greater than 9% is considered to have satisfied the generally applicable risk–based and leverage capital requirements under the Basel III Rules and, if applicable, is considered to have met the "well capitalized" ratio requirements for purposes of its primary federal regulator's prompt corrective action rules, discussed below. The final rules include a two–quarter grace period during which a qualifying community banking organization that temporarily fails to meet any of the qualifying criteria, including the greater–than–9% leverage capital ratio requirement, is generally still deemed "well capitalized" so long as the banking organization maintains a leverage capital ratio greater than 8%. A banking organization that fails to maintain a leverage capital ratio greater than 8% is not permitted to use the grace period and must comply with the generally applicable requirements under the Basel III Rules and file the appropriate regulatory reports. The Company and its subsidiary bank do not have any immediate plans to elect to use the community bank leverage ratio framework but may make such an election in the future.

NOTE EIGHTEEN –FAIR VALUE MEASUREMENTS

Fair value of an asset or liability is the price that would be received to sell that asset or paid to transfer that liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are less active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Company bases fair value of assets and liabilities on quoted market prices, prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data. If such information is not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty creditworthiness, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time. The Company's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Company's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Furthermore, the reported fair value amounts have not been comprehensively revalued since the presentation dates, and therefore, estimates of fair value after the balance sheet date may differ significantly from the amount presented herein. A more detailed description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Financial Assets and Liabilities

The Company used the following methods and significant assumptions to estimate fair value for financial assets and liabilities measured on a recurring basis.

Securities Available for Sale. Securities available for sale are reported at fair value utilizing Level 1, Level 2, and Level 3 inputs. The fair value of securities available for sale is determined by utilizing a market approach by obtaining quoted prices on nationally recognized securities exchanges (other than forced or distressed transactions) that occur in sufficient volume or matrix pricing, which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities. If such measurements are unavailable, the security is classified as Level 3. Significant judgment is required to make this determination.

The Company utilizes a third party pricing service provider to value its Level 1 and Level 2 investment securities. Annually, the Company obtains an independent auditor's report from its third party pricing service provider regarding its controls over investment securities. Although an unqualified opinion regarding the design and operating effectiveness of controls was issued, the report did contain caveats and disclaimers regarding the pricing information, such as the Company should review market values for reasonableness. On a quarterly basis, the Company reprices its debt securities with a third party that is independent of the primary pricing service provider to verify the reasonableness of the fair values.

Derivatives. Derivatives are reported at fair value utilizing Level 2 inputs. The Company utilizes a market approach by obtaining dealer quotations to value its customer interest rate swaps. The Company's derivatives are included within "other assets" and "other liabilities" in the accompanying consolidated balance sheets. Derivative assets are typically secured through securities with financial counterparties or cross collateralization with a borrowing customer. Derivative liabilities are typically secured through the Company pledging securities to financial counterparties or, in the case of a borrowing customer, by the right of setoff. The Company considers factors such as the likelihood of default by itself and its counterparties, right of setoff, and remaining maturities in determining the appropriate fair value adjustments. All derivative counterparties approved by the Company's Asset and Liability Committee ("ALCO") are regularly reviewed, and appropriate business action is taken to adjust the exposure to certain counterparties, if necessary. Counterparty exposure is evaluated by netting positions that are subject to master netting agreements, as well as considering the amount of marketable collateral securing the position. This approach used to estimate impacted exposures to counterparties is also used by the Company to estimate its own credit risk in derivative liability positions. To date, no material losses have been incurred due to a counterparty's inability to pay any undercollateralized position. There was no significant change in the value of derivative assets and liabilities attributed to credit risk that would have resulted in a derivative credit risk valuation adjustment at December 31, 2020.

The Company may be required, from time to time, to measure certain financial assets and financial liabilities at fair value on a nonrecurring basis. Financial assets measured at fair value on a nonrecurring basis include impaired loans reported at the fair value of the underlying collateral if repayment is expected solely from the collateral. Collateral values are estimated using inputs based on observable market data. The following table presents the Company's assets and liabilities measured at fair value (in thousands):

	Total	Level 1	Level 2	Level 3	Total Gains (Losses)
December 31, 2020					
Recurring fair value measurements					
Financial Assets					
U.S. Government agencies	$ —	$ —	$ —	$ —	
Obligations of states and political subdivisions	277,811	—	277,811	—	
Mortgage-backed securities:					
U.S. Government agencies	850,384	—	850,384	—	
Private label	10,892	—	6,061	4,831	
Trust preferred securities	4,100	—	4,100	—	
Corporate securities	33,610	—	29,606	4,004	
Marketable equity securities	11,839	6,800	5,039	—	
Certificates of deposit held for investment	1,992	—	1,992	—	
Derivative assets	53,166	—	53,166	—	
Financial Liabilities					
Derivative liabilities	53,288	—	53,288	—	
Nonrecurring fair value measurements					
Financial Assets					
Impaired loans	$ 7,634	$ —	$ —	$ 7,634	$ (1,118)
Non-Financial Assets					
Other real estate owned	1,650	—	—	1,650	(292)

	Total	Level 1	Level 2	Level 3	Total Gains (Losses)
December 31, 2019					
Recurring fair value measurements					
Financial Assets					
U.S. Government agencies	$ 502	$ —	$ 502	$ —	
Obligations of states and political subdivisions	117,187	—	117,187	—	
Mortgage-backed securities:					
U.S. Government agencies	642,104	—	642,104	—	
Private label	11,485	—	11,485	—	
Trust preferred securities	4,461	—	4,461	—	
Corporate securities	32,126	—	32,126	—	
Marketable equity securities	12,634	7,787	4,847	—	
Certificates of deposit held for investment	2,241	—	2,241	—	
Derivative assets	19,310	—	19,310	—	
Financial Liabilities					
Derivative liabilities	19,380	—	19,380	—	
Nonrecurring fair value measurements					
Financial Assets					
Impaired loans	$ 8,925	$ —	$ —	$ 8,925	$ (87)
Non-Financial Assets					
Other real estate owned	4,670	—	—	4,670	(470)
Other assets	100	—	—	100	(297)

The Company's financial assets and liabilities measured at fair value on a nonrecurring basis using significant unobservable inputs (Level 3) include impaired loans that were re-measured and reported at fair value through a specific valuation allowance allocation of the allowance for credit losses based upon the fair value of the underlying collateral (in thousands). The fair value of impaired loans is estimated using one of several methods, including collateral value, liquidation value and discounted cash flows. The significant unobservable inputs used in the fair value measurement of collateral for collateral-dependent impaired loans primarily relate to discounts applied to the customers' reported amount of collateral. The amount of collateral discount depends upon the marketability of the underlying collateral. During the years ended December 31, 2020 and 2019, collateral discounts ranged from 15% to 30%. During the years ended December 31, 2020 and 2019, the Company had no Level 2 financial assets and liabilities that were measured on a nonrecurring basis.

Non-Financial Assets and Liabilities

The Company has no non-financial assets or liabilities measured at fair value on a recurring basis. Certain non-financial assets measured at fair value on a non-recurring basis include other real estate owned ("OREO"), which is measured at the lower of cost or fair value, and goodwill and other intangible assets, which are measured at fair value for impairment assessments.

Fair Value of Financial Instruments

ASC Topic 825 *"Financial Instruments,"* as amended, requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimate of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument. ASC Topic 825 excludes certain

financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

The following table represents the estimates of fair value of financial instruments (in thousands). This table excludes financial instruments for which the carrying amount approximates fair value. For short-term financial assets such as cash and cash equivalents, the carrying amount is a reasonable estimate of fair value due to the relatively short time between the origination of the instrument and its expected realization. For financial liabilities such as noninterest-bearing demand, interest-bearing demand and savings deposits, the carrying amount is a reasonable estimate of fair value due to these products having no stated maturity.

	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
December 31, 2020					
Assets:					
Cash and cash equivalents	$ 528,659	$ 528,659	$ 528,659	$ —	$ —
Securities available-for-sale	1,178,789	1,178,789	—	1,169,954	8,835
Marketable equity securities	11,839	11,839	6,800	5,039	—
Net loans	3,597,570	3,578,013	—	—	3,578,013
Accrued interest receivable	15,793	15,793	15,793	—	—
Derivative assets	53,166	53,166	—	53,166	—
Liabilities:					
Deposits	4,652,216	4,665,905	3,392,194	1,273,711	—
Short-term debt	295,956	295,956	—	295,956	—
Accrued interest payable	1,586	1,586	1,586	—	—
Derivative liabilities	53,288	53,288	—	53,288	—
December 31, 2019					
Assets:					
Cash and cash equivalents	$ 140,144	$ 140,144	$ 140,144	$ —	$ —
Securities available-for-sale	810,106	810,106	—	810,106	—
Securities held-to-maturity	49,036	50,598	—	50,598	—
Marketable equity securities	12,634	12,634	7,787	4,847	—
Net loans	3,604,510	3,574,435	—	—	3,574,435
Accrued interest receivable	11,569	11,569	11,569	—	—
Derivative assets	19,310	19,310	—	19,310	—
Liabilities:					
Deposits	4,075,894	4,094,493	2,711,323	1,383,170	—
Short-term debt	211,255	211,255	—	211,255	—
Long-term debt	4,056	4,124	—	4,124	—
Accrued interest payable	2,849	2,849	2,849	—	—
Derivative liabilities	19,380	19,380	—	19,380	—

NOTE NINETEEN – CITY HOLDING COMPANY (PARENT COMPANY ONLY) FINANCIAL INFORMATION

Condensed Balance Sheets

The following table presents the condensed balance sheets of City Holding Company, parent company only (in thousands):

	December 31	
	2020	2019
Assets		
Cash	**$ 22,335**	$ 26,171
Securities available-for-sale	**5,267**	6,286
Investment in subsidiaries	**681,744**	638,490
Loans	**624**	663
Fixed assets	**15**	23
Other assets	**932**	643
Total Assets	**$ 710,917**	$ 672,276
Liabilities		
Junior subordinated debentures	**$ —**	$ 4,056
Dividends payable	**9,145**	9,293
Deferred tax liability	**298**	534
Other liabilities	**368**	410
Total Liabilities	**9,811**	14,293
Total Shareholders' Equity	**701,106**	657,983
Total Liabilities and Shareholders' Equity	**$ 710,917**	$ 672,276

On January 29, 2020, the Board of Directors of the Company authorized repayment of its Subordinated Debentures assumed by the Company as part of its acquisition of Poage at a price of 100% of the principal amount. Town Square Statutory Trust I repaid its Capital Securities on March 16, 2020 at a price of 100%.

Condensed Statements of Comprehensive Income

The following table presents the condensed statements of comprehensive income of City Holding Company, parent company only (in thousands):

	Year Ended December 31		
	2020	2019	2018
Income			
Dividends from subsidiaries	**$ 74,300**	$ 58,000	$ 50,000
Realized and unrealized investment securities (losses) gains	**(1,018)**	425	208
Other income	**183**	151	130
	73,465	58,576	50,338
Expenses			
Interest expense	**100**	182	880
Merger related expenses	**—**	—	1,899
Other expenses	**1,810**	1,794	1,842
	1,910	1,976	4,621
Income Before Income Tax Benefit and Equity in Undistributed Net Income of Subsidiaries	**71,555**	56,600	45,717
Income tax benefit	**(760)**	(455)	(1,114)
Income Before Equity in Undistributed Net Income of Subsidiaries	**72,315**	57,055	46,831
Equity in undistributed net income of subsidiaries	**17,280**	32,297	23,171
Net Income	**$ 89,595**	$ 89,352	$ 70,002
Total Comprehensive Income	**$ 114,988**	$ 109,674	$ 63,821

Condensed Statements of Cash Flows

The following table presents the condensed statements of cash flows of City Holding Company, parent company only (in thousands):

	Year Ended December 31		
	2020	2019	2018
Operating Activities			
Net income	**$ 89,595**	$ 89,352	$ 70,002
Adjustments to reconcile net income to net cash provided by operating activities:			
Unrealized and realized investment securities losses (gains)	**1,018**	(425)	(208)
(Benefit) provision for deferred income taxes	**(255)**	173	(88)
Depreciation, amortization and accretion, net	**1**	3	1
Stock based compensation	**3,253**	2,516	2,151
Asset write down	**—**	—	193
Change in other assets	**(284)**	2,696	2,668
Change in other liabilities	**(2,936)**	(2,060)	(1,816)
Equity in undistributed net income	**(17,280)**	(32,297)	(23,171)
Net Cash Provided by Operating Activities	**73,112**	59,958	49,732
Investing Activities			
Proceeds from sales of available for sale securities	**—**	6	—
Net decrease in loans	**39**	38	—
Acquisition of Farmers Deposit Bancorp, Inc., net of cash acquired of $946	**—**	—	(23,954)
Acquisition of Poage Bankshares, Inc., net of cash acquired of $518	**—**	—	502
Net Cash Provided by (Used in) Investing Activities	**39**	44	(23,452)
Financing Activities			
Repayment of long-term debt	**(4,056)**	—	(16,495)
Proceeds from sale of capital securities	**—**	—	495
Dividends paid	**(36,673)**	(35,547)	(29,583)
Purchases of treasury stock	**(36,481)**	(19,431)	(20,271)
Exercise of stock options	**223**	526	1,164
Net Cash Used in Financing Activities	**(76,987)**	(54,452)	(64,690)
(Decrease) Increase in Cash and Cash Equivalents	**(3,836)**	5,550	(38,410)
Cash and cash equivalents at beginning of year	**26,171**	20,621	59,031
Cash and Cash Equivalents at End of Year	**$ 22,335**	$ 26,171	$ 20,621

NOTE TWENTY – SUMMARIZED QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

A summary of selected quarterly financial information (unaudited) is presented below (in thousands, except for per share data):

	First Quarter*	Second Quarter	Third Quarter	Fourth Quarter
2020				
Interest income	$ 48,217	$ 44,312	$ 43,231	$ 42,499
Taxable equivalent adjustment	188	217	301	333
Interest income (FTE)	48,405	44,529	43,532	42,832
Interest expense	7,801	6,242	5,254	4,318
Net interest income	40,604	38,287	38,278	38,514
Provision for credit losses	7,972	1,250	1,026	474
Non-interest income	33,343	14,631	16,985	17,721
Non-interest expense	29,469	28,468	28,712	28,641
Income before income tax expense	36,506	23,200	25,525	27,120
Income tax expense	7,322	4,732	5,098	4,565
Taxable equivalent adjustment	(188)	(217)	(301)	(333)
Net income available to common shareholders	$ 28,996	$ 18,251	$ 20,126	$ 22,222
Net earnings allocated to common shareholders	$ 28,736	$ 18,051	$ 19,929	$ 21,992
Basic earnings per common share	$ 1.79	$ 1.12	$ 1.25	$ 1.40
Diluted earnings per common share	1.78	1.12	1.25	1.40
Average common shares outstanding:				
Basic	16,080	16,081	15,950	15,708
Diluted	16,101	16,097	15,970	15,733

*During this quarter the Company sold the entirety of its Visa Inc. Class B common shares in a cash transaction which resulted in a pre-tax gain of $17.8 million, or $0.84 diluted per share on an after-tax basis.

2019				
Interest income	$ 48,933	$ 50,238	$ 49,981	$ 48,548
Taxable equivalent adjustment	208	202	192	189
Interest income (FTE)	49,141	50,440	50,173	48,737
Interest expense	8,867	9,327	9,444	8,701
Net interest income	40,274	41,113	40,729	40,036
(Recovery of) provision for credit losses	(849)	(600)	274	(75)
Non-interest income	15,925	17,825	16,698	18,042
Non-interest expense	29,411	30,772	28,397	29,034
Income before income tax expense	27,637	28,766	28,756	29,119
Income tax expense	5,810	5,813	6,193	6,319
Taxable equivalent adjustment	(208)	(202)	(192)	(189)
Net income available to common shareholders	$ 21,619	$ 22,751	$ 22,371	$ 22,611
Net earnings allocated to common shareholders	$ 21,433	$ 22,553	$ 22,188	$ 22,372
Basic earnings per common share	$ 1.31	$ 1.38	$ 1.36	$ 1.38
Diluted earnings per common share	1.30	1.38	1.36	1.38
Average common shares outstanding:				
Basic	16,411	16,368	16,271	16,207
Diluted	16,429	16,386	16,289	16,230

NOTE TWENTY-ONE – EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except per share data):

	For the Year Ended December 31,		
	2020	2019	2018
Net income available to common shareholders	**$ 89,595**	$ 89,352	$ 70,002
Less: earnings allocated to participating securities	**(887)**	(806)	(654)
Net earnings allocated to common shareholders	**$ 88,708**	$ 88,546	$ 69,348
Distributed earnings allocated to common shares outstanding	**$ 35,745**	$ 35,542	$ 32,483
Undistributed earnings allocated to common shares outstanding	**52,963**	53,004	36,865
Net earnings allocated to common shareholders	**$ 88,708**	$ 88,546	$ 69,348
Average shares outstanding, basic	**15,975**	16,314	15,421
Effect of dilutive securities	**20**	19	18
Average shares outstanding, diluted	**15,995**	16,333	15,439
Basic earnings per share	**$ 5.55**	$ 5.43	$ 4.50
Diluted earnings per share	**$ 5.55**	$ 5.42	$ 4.49

Anti-dilutive options are not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares and therefore, the effect would have been anti-dilutive. Anti-dilutive options were not significant for any of the periods shown above.

NOTE TWENTY-TWO – ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The activity in accumulated other comprehensive income (loss) is presented in the tables below (in thousands). The activity is shown net of tax, which is calculated using a combined Federal and state income tax rate approximating 24% for 2020 and 23% for 2019.

	Accumulated Other Comprehensive Income (Loss)		
	Defined Benefit Pension Plans	Unrealized Gains (Losses) on Securities Available-for-Sale	Total
Balance at December 31, 2018	$ (5,871)	$ (8,611)	$ (14,482)
Other comprehensive (loss) income before reclassifications	(399)	20,775	20,376
Amounts reclassified from other comprehensive income (loss)	—	(54)	(54)
	(399)	20,721	20,322
Balance at December 31, 2019	$ (6,270)	$ 12,110	$ 5,840
Other comprehensive income before reclassifications	609	23,643	24,252
Amounts reclassified from other comprehensive income (loss)	—	(47)	(47)
Reclassification of unrealized gains on held-to-maturity securities to available-for-sale	—	1,188	1,188
	609	24,784	25,393
Balance at December 31, 2020	$ (5,661)	$ 36,894	$ 31,233

	Amounts reclassified from Other Comprehensive Income (Loss) December 31,			Affected line item in the Consolidated Statements of Income
	2020	2019	2018	
Securities available-for-sale:				
Net securities gains reclassified into earnings	$ (62)	$ (69)	$ —	Net gains on sale of investment securities
Related income tax expense	15	15	—	Income tax expense
Net effect on accumulated other comprehensive income (loss)	$ (47)	$ (54)	$ —	
Defined benefit pension plans:				
Gain on termination of defined benefit plan	$ —	$ —	$ 163	Other expenses
Related income tax expense	—	—	(38)	Income tax expense
Net effect on accumulated other comprehensive income (loss)	$ —	$ —	$ 125	

NOTE TWENTY-THREE – CONTRACTS WITH CUSTOMERS

The Company's largest source of revenue is comprised of net interest income on financial assets and financial liabilities, which is explicitly excluded from the scope of ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), and non-interest income. The Company's significant sources of non-interest income are: service charges, bankcard revenue, trust and investment management fee income and bank owned life insurance (which is also excluded from ASC 606).

The Company's significant policies related to contracts with customers are discussed below.

Service Charges: Service charges consist of service charges on deposit accounts (monthly service fees, account analysis fees, non-sufficient funds ("NSF") fees and other deposit account related fees). For transaction based fees, the Company's performance obligation is generally satisfied, and the related revenue recognized, at a point in time. For nontransaction based fees, the Company's performance obligation is generally satisfied, and the related revenue recognized, over the period in which the service is provided (typically a month). Generally, payments are received immediately through a direct charge to the customer's account.

Bankcard Revenue: Bankcard revenue is primarily comprised of debit card income and ATM fees. Debit card income is primarily comprised of interchange fees earned whenever the Company's debit cards are processed through card payment networks such as Mastercard. ATM fees are primarily generated when a non-Company cardholder uses a Company ATM or when a Company cardholder uses a non-Company ATM. The Company's performance obligation for bankcard revenue is generally satisfied, and the related revenue recognized, when the services are rendered. Generally, payments are received immediately or in the following month.

Trust and Investment Management Fee Income: Trust and investment management fee income is primarily comprised of fees earned from the management and administration of customer assets. The Company's performance obligation is generally satisfied over time (typically a quarter), and the related revenue recognized, based upon the quarter-end market value of the assets under management and the applicable fee rate. Generally, payments are received a few days after quarter-end through a direct charge to the customer's account.

The following table illustrates the disaggregation by the Company's major revenue streams (in thousands):

	Point of Revenue Recognition	2020	2019	2018
Major revenue streams				
Service charges	At a point in time and over time	$ 25,733	$ 31,515	$ 29,704
Bankcard revenue	At a point in time	23,059	21,093	18,369
Trust and investment management fee income	Over time	7,736	7,159	6,529
Other income	At a point in time and over time	4,692	4,000	2,851
Net revenue from contracts with customers		61,220	63,767	57,453
Non-interest income within the scope of other GAAP topics		21,460	4,723	3,111
Total non-interest income		$ 82,680	$ 68,490	$ 60,564

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934, the Company carried out an evaluation, with the participation of the Company's management, including the Company's Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), of the effectiveness of the Company's disclosure controls and procedures (as defined under Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company required to be included in the Company's periodic Securities and Exchange Commission filings.

(a) Management's annual report on internal control over financial reporting appears on page 58 of the Annual Report on Form 10-K of City Holding Company for the year ended December 31, 2020.
(b) The attestation report of the Company's independent registered public accounting firm appears on page 59 of the Annual Report on Form 10-K of City Holding Company for the year ended December 31, 2020.
(c) The Company did not have any changes in internal control over financial reporting during its fourth quarter for the year ending December 31, 2020, that materially affected, or were reasonably likely to materially affect, the Company's internal control over financial reporting.

The Report of Management's Assessment of Internal Control Over Financial Reporting and the Report of Crowe LLP, Independent Registered Public Accounting Firm are included in Item 8 of this Annual Report on Form 10-K.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Certain information regarding executive officers is included under the section captioned "Executive Officers of the Registrant" in Part I, Item 1, elsewhere in this Annual Report on Form 10-K. Other information required by this Item appears under the captions "ELECTION OF DIRECTORS", "ADDITIONAL INFORMATION CONCERNING THE BOARD OF DIRECTORS", "REPORT OF THE AUDIT COMMITTEE", and "SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE" in the Company's 2021 Proxy Statement that will be filed within 120 days of December 31, 2020 and is hereby incorporated by reference.

In December 2009, the Company adopted a new Code of Business Conduct and Ethics which applies to all employees (including its chief executive officer, chief financial officer and principal accounting officer). Members of the Board of Directors are governed by a separate Code of Business Conduct and Ethics approved in January 2004. Both of the Codes of Business Conduct and Ethics have been posted on the Company's website at www.bankatcity.com under the "Corporate Governance" link located at the bottom of the page. A copy of the Company's Code of Business Conduct and Ethics covering all employees and/or a copy of the Code of Business Conduct and Ethics covering the Board of Directors will be mailed without charge upon request to Investor Relations, City Holding Company, 25 Gatewater Road, P.O. Box 7520, Charleston, WV 25356-0520. Any amendments to or waivers from any provision of the Code of Ethics applicable to the Company's chief executive officer, chief financial officer, or principal accounting officer will be disclosed by timely posting such information on the Company's Internet website.

Item 11. Executive Compensation

Certain information regarding securities authorized for issuance under equity compensation plans is included in the section captioned "STOCK-BASED COMPENSATION PLAN" in Part II, Item 5, elsewhere in this Annual Report on Form 10-K. Other information required by Item 11 of Form 10-K appears under the captions "COMPENSATION OF DIRECTORS", "COMPENSATION DISCUSSION AND ANALYSIS", "EQUITY HOLDINGS", "POST-EMPLOYMENT PAYMENTS", "BOARD COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION" and "PAY RATIO DISCLOSURE" in the Company's 2021 Proxy Statement that will be filed within 120 days of the end of the fiscal year covered by this Annual Report and is hereby incorporated by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 12 of Form 10-K appears under the caption "COMMON STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT" in the Company's 2021 Proxy Statement that will be filed within 120 days of the end of the fiscal year covered by this Annual Report and is hereby incorporated by reference.

Stock-Based Compensation Plan

Information regarding stock-based compensation awards outstanding and available for future grants as of December 31, 2020, segregated between stock-based compensation plans approved by shareholders and stock-based compensation plans not approved by shareholders, is presented in the table below. Additional information regarding stock-based compensation plans is presented in Note Thirteen, Employee Benefit Plans, of Notes to Consolidated Financial Statements.

Plan Category	Number of Stock Options to be Issued Upon Exercise of Outstanding Awards (a)	Weighted-average exercise price of outstanding awards (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Plans approved by shareholders	41,330	$ 53.64	407,287
Plans not approved by shareholders	—	—	—
Total	41,330	$ 53.64	407,287

Item 13. Certain Relationships and Related Transactions and Director Independence

The information required by Item 13 of Form 10-K appears under the captions "CERTAIN TRANSACTIONS INVOLVING DIRECTORS AND EXECUTIVE OFFICERS" and "ADDITIONAL INFORMATION CONCERNING THE BOARD OF DIRECTORS" in the Company's 2021 Proxy Statement that will be filed within 120 days of the end of the fiscal year covered by this Annual Report and is hereby incorporated by reference.

Item 14. Principal Accounting Fees and Services

The information required by Item 14 of Form 10-K appears under the caption "PRINCIPAL ACCOUNTING FEES AND SERVICES" in the Company's 2021 Proxy Statement that will be filed within 120 days of the end of the fiscal year covered by this Annual Report and is hereby incorporated by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) (1) Financial Statements. Reference is made to Part II, Item 8, of this Annual Report on Form 10-K.

(2) Financial Statement Schedules. These schedules are omitted as the required information is inapplicable or the information is presented in the consolidated financial statements or related notes.

(3) Exhibits. The exhibits listed in the "Exhibit Index" on pages 122-124 of this Annual Report on Form 10-K included herein are filed herewith or incorporated by reference from previous filings.

(b) See (a) (3) above.

(c) See (a) (1) and (2) above.

Item 16. Form 10-K Summary

None.

EXHIBIT INDEX

The following exhibits are filed herewith or are incorporated herein by reference.

Exhibit	Description
2(a)	Agreement and Plan of Merger, dated November 14, 2011, by and among Virginia Savings Bancorp, Inc., Virginia Savings Bank, F.S.B., City Holding Company and City National Bank of West Virginia (attached to, and incorporated by reference from, City Holding Company's Form 8-K dated November 14, 2011, and filed with the Securities and Exchange Commission on November 14, 2011).
2(b)	Agreement and Plan of Merger, dated August 2, 2012, by and among Community Financial Corporation, Community Bank, City Holding Company and City National Bank of West Virginia (attached to, and incorporated by reference from City Holding Company's Form 8-K dated August 7, 2012, and filed with the Securities and Exchange Commission on August 7, 2012).
2(c)	Agreement and Plan of Merger, dated July 11, 2018, Farmers Deposit Bancorp, Inc., Farmers Deposit Bank and City Holding Company (attached to, and incorporated by reference from, City Holding Company's Form 8-K dated July 11, 2018, and filed with the Securities and Exchange Commission on July 12, 2018).
2(d)	Agreement and Plan of Merger, dated July 11, 2018, by and between Poage Bankshares, Inc. and City Holding Company (attached to, and incorporated by reference from, City Holding Company's Form 8-K dated July 11, 2018, and filed with the Securities and Exchange Commission on July 12, 2018).
3(a)	**Articles of Incorporation of City Holding Company (attached to, and incorporated by reference from, Amendment No. 1 to City Holding Company's Registration Statement on Form S-4, Registration No. 2-86250, filed November 4, 1983 with the Securities and Exchange Commission).**
3(b)	Articles of Amendment to the Articles of Incorporation of City Holding Company, dated March 6, 1984 (attached to, and incorporated by reference from, City Holding Company's Form 8-K Report dated March 7, 1984, and filed with the Securities and Exchange Commission on March 22, 1984).
3(c)	**Articles of Amendment to the Articles of Incorporation of City Holding Company, dated March 4, 1986 (attached to, and incorporated by reference from, City Holding Company's Form 10-K Annual Report for the year ended December 31, 1986, filed March 31, 1987 with the Securities and Exchange Commission).**
3(d)	Articles of Amendment to the Articles of Incorporation of City Holding Company, dated September 29, 1987 (attached to and incorporated by reference from, City Holding Company's Registration Statement on Form S-4, Registration No. 33-23295, filed with the Securities and Exchange Commission on August 3, 1988).
3(e)	**Articles of Amendment to the Articles of Incorporation of City Holding Company, dated May 6, 1991 (attached to, and incorporated by reference from, City Holding Company's Form 10-K Annual Report for the year ended December 31, 1991, filed March 17, 1992 with the Securities and Exchange Commission).**
3(f)	Articles of Amendment to the Articles of Incorporation of City Holding Company, dated May 7, 1991 (attached to, and incorporated by reference from, City Holding Company's Form 10-K Annual Report for the year ended December 31, 1991, filed March 17, 1992 with the Securities and Exchange Commission).
3(g)	**Articles of Amendment to the Articles of Incorporation of City Holding Company, dated August 1, 1994 (attached to, and incorporated by reference from, City Holding Company's Form 10-Q Quarterly Report for the quarter ended September 30, 1994, filed November 14, 1994 with the Securities and Exchange Commission).**
3(h)	Articles of Amendment to the Articles of Incorporation of City Holding Company, dated December 9, 1998 (attached to, and incorporated by reference from, City Holding Company's Form 10-K Annual Report for the year ended December 31, 1998, filed March 31, 1999 with the Securities and Exchange Commission).
3(i)	Articles of Amendment to the Articles of Incorporation of City Holding Company, dated June 13, 2001 (attached to, and incorporated by reference from, City Holding Company's Registration Statement on Form 8-A, filed June 22, 2001 with the Securities and Exchange Commission).
3(j)	Articles of Amendment to the Articles of Incorporation of City Holding Company, dated May 10, 2006 (attached to, and incorporated by reference from, City Holding Company's Form 10-Q, Quarterly Report for the quarter ended June 30, 2006, filed August 9, 2006 with the Securities and Exchange Commission).
3(k)	Articles of Amendment to the Articles of Incorporation of City Holding Company, dated April 19, 2017 (attached to, and incorporated by reference from, City Holdings Company's Form 10-Q Quarterly Report for the quarter ended March 31, 2017, filed May 5, 2017 with the Securities Exchange Commission)
3(l)	Amended and Restated Bylaws of City Holding Company, revised December 18, 2019 (attached to, and incorporated by reference from, City Holding Company's Current Report on Form 8-K filed December 20, 2019 with the Securities and Exchange Commission).
4(a)	Rights Agreement dated as of June 22, 2001 (attached to, and incorporated by reference from City Holding Company's Form 8-A, filed June 22, 2001 with the Securities and Exchange Commission)."
4(b)	Amendment No. 1 to the Rights Agreement dated as of November 30, 2005 (attached to, and incorporated by reference from City Holding Company's Amendment No. 1 on Form 8-A, filed December 21, 2005, with the Securities and Exchange Commission).

4(c)	Description of City Holding Company's Securities (attached to and incorporated by reference from, City Holding Company's Form 10-K Annual Report for the year ended December 31, 2019, filed February 27, 2020 with the Securities and Exchange Commission).
10(a)	Directors' Deferred Compensation Plan for the Directors of the Bank of Raleigh, dated January 1987 (attached to and incorporated by reference from, City Holding Company's Form 10-K Annual Report for the year ended December 31, 2004, filed March 2, 2005 with the Securities and Exchange Commission).
10(b)	City Holding Company's 2003 Incentive Plan (attached to, and incorporated by reference from, City Holding Company's Definitive Proxy Statement, filed March 21, 2003 with the Securities and Exchange Commission).
10(c)	City Holding Company's 2013 Incentive Plan (attached to, and incorporated by reference from, City Holding Company's Definitive Proxy Statement, filed March 22, 2013 with the Securities and Exchange Commission).
10(d)	Form of Employment Agreement, dated as of July 25, 2007, by and between City Holding Company and Charles R. Hageboeck, Ph.D. (attached to, and incorporated by reference from, City Holding Company's Current Report on Form 8-K, filed July 31, 2007 with the Securities and Exchange Commission).
10(e)	Form of Employment Agreement, dated as of July 25, 2007, by and between City Holding Company and Craig G. Stilwell (attached to, and incorporated by reference from, City Holding Company's Current Report on Form 8-K, filed July 31, 2007 with the Securities and Exchange Commission).
10(f)	Form of Change of Control Agreement, dated February 1, 2005, by and between City Holding Company and David L. Bumgarner (attached to and incorporated by reference from, City Holding Company's Form 10-K Annual Report for the year ended December 31, 2004, filed March 2, 2005 with the Securities and Exchange Commission).
10(g)	Form of Change in Control and Termination Agreement, dated June 28, 2004, by and between City Holding Company and John A. DeRito (attached to, and incorporated by reference from, City Holding Company's Form 10-K Annual Report for the year ended December 31, 2005, filed March 7, 2006 with the Securities and Exchange Commission).
10(h)	Amendment to Employment Agreement, dated December 19, 2011, by and among City Holding Company, City National Bank of West Virginia and Charles R. Hageboeck (attached to and incorporated by reference from City Holding Company's Form 8-K filed on December 21, 2011, with the Securities and Exchange Commission).
10(i)	Amendment to Employment Agreement, dated December 19, 2011, by and among City Holding Company, City National Bank of West Virginia and Craig G. Stilwell (attached to and incorporated by reference from City Holding Company's Form 8-K filed on December 21, 2011, with the Securities and Exchange Commission).
10(j)	Form of Change of Control Agreement, dated February 6, 2006, by and between City Holding Company and Jeffrey D. Legge (attached to and incorporated by reference from City Holding Company's Form 10K, Annual Report for the period ended December 31, 2013 filed March 7, 2014 with the Securities and Exchange Commission).
10(k)	Indenture, dated as of December 22, 2006, between Town Square Financial Corporation and Wilmington Trust Company, as Trustee (attached to and incorporated by reference from City Holding Company's Form 10K, Annual Report for the period ended December 31, 2018 and filed March 11, 2019 with the Securities and Exchange Commission).
10(l)	Second Supplemental Indenture, dated as of December 7, 2018, by and between City Holding Company, Poage Bankshares, Inc. and Wilmington Trust Company, as Trustee (attached to and incorporated by reference from City Holding Company's Form 10K, Annual Report for the period ended December 31, 2018 and filed March 11, 2019 with the Securities and Exchange Commission).
21	Subsidiaries of City Holding Company
23	Consent of Crowe LLP, Independent Registered Public Accounting Firm
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm
24	**Power of Attorney (included on the signature page hereof)**
31(a)	Certification pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Charles R. Hageboeck, Ph.D.
31(b)	Certification pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by David L. Bumgarner

32(a)	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Charles R. Hageboeck, Ph.D.
32(b)	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by David L. Bumgarner
101	Interactive Data File - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase*
101.DEF	XBRL Taxonomy Extension Definition Linkbase*
101.LAB	XBRL Taxonomy Extension Label Linkbase*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase*
104	Cover Page Interactive Data file (formatted as inline XBRL and contained in Exhibit 101).

*Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 24, 2021

City Holding Company
(Registrant)

By: /s/ Charles R. Hageboeck, Ph.D.
Charles R. Hageboeck, Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ David L. Bumgarner
David L. Bumgarner
Executive Vice President, Chief Financial Officer
and Principal Accounting Officer
(Principal Financial Officer)

POWER OF ATTORNEY

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on February 24, 2021. Each of the directors and/or officers of City Holding Company whose signature appears below hereby appoints C. Dallas Kayser, and/or Charles R. Hageboeck Ph.D., as his attorney-in-fact to sign in his name and behalf, in any and all capacities stated below and to file with the Securities and Exchange Commission, any and all amendments to this report on Form 10-K, making such changes in this report on Form 10-K as appropriate, and generally to do all such things in their behalf in their capacities as officers and directors to enable City Holding Company to comply with the provisions of the Securities Exchange Act of 1934, and all requirements of the Securities and Exchange Commission.

/s/ C. Dallas Kayser
C. Dallas Kayser
Chairman

/s/ Charles R. Hageboeck, Ph.D.
Charles R. Hageboeck, Ph.D.
Director, President, and Chief Executive Officer

/s/ Thomas L. Burnette
Thomas L. Burnette
Director

Tracy W. Hylton, II
Director

/s/ John R. Elliot
John R Elliot
Director

/s/ J. Thomas Jones
J. Thomas Jones
Director

/s/ Charles W. Fairchilds
Charles W. Fairchilds
Director

/s/ James L. Rossi
James L. Rossi
Director

/s/ William H. File, III
William H. File, III
Director

/s/ Sharon H. Rowe
Sharon H. Rowe
Director

/s/ Robert D. Fisher
Robert D. Fisher
Director

/s/ Diane Strong-Treister
Diane Strong-Treister
Director

/s/ Jay C. Goldman
Jay C. Goldman
Director

Subsidiaries of City Holding Company

As of December 31, 2020, the subsidiaries, each wholly-owned, of City Holding Company included:

City National Bank of West Virginia 3601 MacCorkle Avenue S.E. Charleston, West Virginia	National Banking Association	Insured Depository Institution
City Financial Corporation 3601 MacCorkle Avenue, S.E. Charleston, West Virginia	West Virginia Corporation	Inactive Securities Brokerage and Investment Advisory Company
City Mortgage Corporation Pittsburgh, Pennsylvania	Pennsylvania Corporation	Inactive Mortgage Banking Company
City Capital Management Company 300 Delaware Avenue Wilmington, Delaware	Delaware Corporation	Capital Management Company
Town Square Statutory Trust I 25 Gatewater Road Cross Lanes, West Virginia	Delaware Business Trust	Special-purpose Statutory Trust

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1) Registration Statement (Form S-8 No. 333-87667) of City Holding Company pertaining to the 1993 Incentive Plan,
2) Registration Statement (Form S-8 No. 333-115282) of City Holding Company pertaining to the 2003 Incentive Plan, and
3) Registration Statement (Form S-8 No. 333-189055) of City Holding Company pertaining to the 2013 Incentive Plan;

of our report dated February 24, 2021, with respect to the consolidated financial statements and the effectiveness of internal control over financial reporting included in this Annual Report (Form 10-K) of City Holding Company for the year ended December 31, 2020.

/s/ Crowe LLP

Louisville, Kentucky
February 24, 2021

Exhibit 23.1

Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1) Registration Statement (Form S-8 No. 333-87667) of City Holding Company pertaining to the 1993 Incentive Plan,
2) Registration Statement (Form S-8 No. 333-115282) of City Holding Company pertaining to the 2003 Incentive Plan, and
3) Registration Statement (Form S-8 No. 333-189055) of City Holding Company pertaining to the 2013 Incentive Plan,

of our report dated March 11, 2019, with respect to the consolidated financial statements of City Holding Company included in this Annual Report (Form 10-K) of City Holding Company for the year ended December 31, 2020.

/s/ Ernst & Young LLP

Charleston, West Virginia
February 24, 2021

Exhibit 31(a)

CERTIFICATION

I, Charles R. Hageboeck, certify that:

1. I have reviewed this Annual Report on Form 10-K of City Holding Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or such persons performing the equivalent functions):

   (i) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (e) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2021

/s/ Charles R. Hageboeck

Charles R. Hageboeck

President and Chief Executive Officer

Exhibit 31(b)

CERTIFICATION

I, David L. Bumgarner, certify that:

1. I have reviewed this annual report on Form 10-K of City Holding Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or such persons performing the equivalent functions)

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (i) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2021

/s/ David L. Bumgarner

David L. Bumgarner

Executive Vice President and Chief Financial Officer and Principal Accounting Officer

Exhibit 32(a)

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of City Holding Company (the "Company") for the period ending December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles R. Hageboeck, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 24, 2021

/s/ Charles R. Hageboeck

Charles R. Hageboeck

President and Chief Executive Officer

Exhibit 32(b)

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of City Holding Company (the "Company") for the period ending December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David L. Bumgarner, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 24, 2021

/s/ David L. Bumgarner

David L. Bumgarner

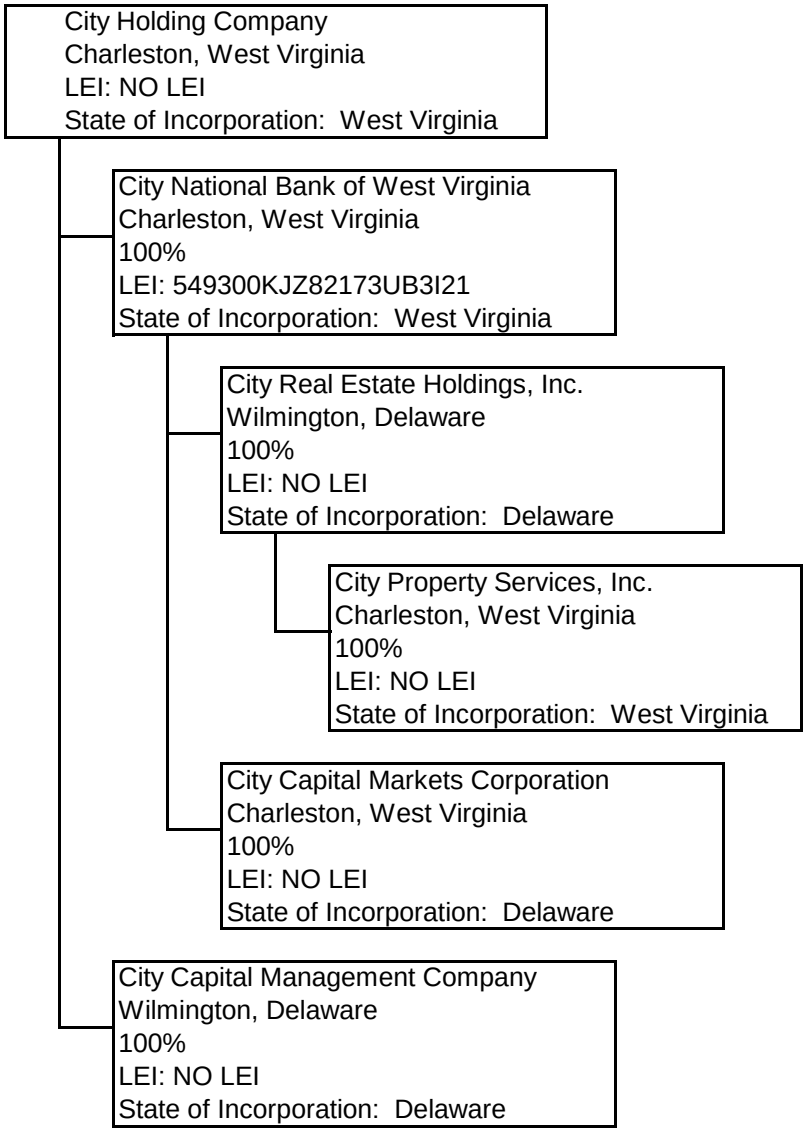
Executive Vice President, Chief Financial Officer and Principal Accounting Officer

City Holding Company

Cross Lanes, West Virginia

For the Year Ending December 31, 2020

Exhibit 2a



City Holding Company

Cross Lanes, West Virginia

FYE December 31, 2020

Report Item 2b: Submitted via email on March 11, 2021

City Holding Company

Cross Lanes, West Virginia
As of Fiscal Year Ending December 31, 2020
Exhibit 3.1
Shareholders

(1) (a)	(1) (b)	(1) (c)
Name and Address	**Country of Citizenship or Incorporation**	**Number and Percentage of Each Class of Voting Securities**
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	USA	2,336,281 - 14.8% common stock
The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, PA 19355	USA	1,647,455 - 10.4% common stock

City Holding Company

Cross Lanes, West Virginia
As of Fiscal Year Ending December 31, 2020
Exhibit 3.2
Shareholders

(1) (a)	(1) (b)	(1) (c)
Name and Address	**Country of Citizenship or Incorporation**	**Number and Percentage of Each Class of Voting Securities**

** No shareholder held greater than 5% during the year, but at year-end less than 5%

City Holding Company
Charleston, West Virginia
Fiscal Year Ending December 31, 2020
Exhibit 4
Directors and Executive Officers

(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
Name and Address	Principal Occupation, If other than with City Holding Company	Title or Position with City Holding Company	Title or Position with Subsidiaries of City Holding Company	Title or Position with Other Companies	Percentage of Voting Shares in City Holding Company	Percentage of Voting Shares in Subsidiaries	List of Other Companies If 25% or More Voting Securities Held
Thomas L. Burnette Ashland, Kentucky	Owner and President - Ashland Office Supply, Inc	Director	Director - City National Bank	Owner and President - Ashland Office Supply, Inc	0.20%	None	Ashland Office Supply Inc - 100% West Virginia Business Products - 100% Office Furniture/USA - 49% TOJO, LLC - 50% TADS, LLC - 25% GTD, LLC - 25% BURNCO, LLC - 50% ABB Properties, LLC - 50% Shannco LLC - 25%
Charles W. Fairchilds Stuarts Draft, Virginia	Retired	Director	Director - City National Bank	N/A	0.05%	None	N/A
J. Thomas Jones Morgantown, West Virginia	Retired CEO of WV United Health System	Director	Director - City National Bank	N/A	0.03%	None	N/A
Diane Strong-Treester Charleston, West Virginia	Owner and President - Manpower of WV, Inc	Director	Director - City National Bank	President and Owner - Manpower of WV, Inc President - Strong-Treester Family Foundation	0.01%	None	Manpower of WV, Inc - 100% CWO Realty, LLC - 100% MBL Realty, LLC - 100% Strong Corporation - 100% DTS Systems - 100% ACZ, Inc - 100% Workforce, Inc 100% Strong-Treester Family Foundation - 100%
John R. Elliot Charleston, West Virginia	Owner and President of AMFM, LLC	Director	Director - City National Bank	Owner and President - Allegheny Commercial Enterprises, LLC Owner and President - American Medical Facilities Management, LLC Owner and President AMFM Charitable Foundation, Inc Owner and President - American Health Care Management, LLC Owner and President AMFM, LLC Owner and President - Birch Holdings, LLC Owner and President - Blue Beech, LLC Owner and President - Boxwood, LLC Owner and President - Braxton Health Care Center, LLC Owner and President - Bridgeport Health Care Center, LLC Owner and President - Bright Independent Living, LLC Owner and President - Buckthorn Holdings, LLC Owner and President - Cabell Health Care Center, LLC Owner and President - Cameron Nursing & Rehabilitation, LLC Owner and President - Capitol Conference Center, LLC Owner and President - Cashaw Holdings, LLC Owner and President - Cedar Holdings, LLC Owner and President - Clarksburg Nursing & Rehabilitation, LLC Owner and President - Clay Health Care Center, LLC Owner and President - Commercial Holdings LLC Owner and President - Connell Investments, LLC Owner and President - Continental Health Care, Inc. Owner and President - E.A. Hawse Nursing & Rehabilitation, LLC Owner and President - ELCO Holdings II, LLC President/Director - Elliot Family, LP Owner and President - Empress, LP Owner and President - Evergreen, LLC Owner and President - Fayette Nursing & Rehabilitation, LLC Owner and President - Franklin Fir Holdings, LLC Owner and President - Greenbrier Health Care Center, LLC Owner and President - Grayleaf Holdings, LLC Owner and President - Hemlock, LLC Owner and President - Hillcrest Health Care Center, LLC Owner and President - Integrated Commercial Enterprises, Inc Owner and President - John Elliot Associates Owner and President - Kanawha Commercial Enterprises, LLC Owner and President - Kanawha Management, LLC Owner and President - KML, Inc. Owner and President - Leasing & Commercial Enterprises, LLC Owner and President - Leasing Management, Inc Owner and President - Leatherwood Holdings, LLC Owner and President - Lifetree Medical Services, LLC Owner and President - Lifetree Pharmacy, LLC Owner and President - Lifetree Therapy Company, LLC Owner and President - Lifetree, LLC Owner and President - Lincoln Nursing & Rehabilitation, LLC Owner and President - Manzanita Holdings, LLC Owner and President - McDowell Nursing & Rehabilitation, LLC Owner and President - Mercer Nursing & Rehabilitation, LLC Owner and President - Mimosa, LLC Owner and President - Pepperidge, LLC Owner and President - Poplar Holdings, LLC Owner and President - Shaddock Holdings, LLC Owner and President - Southern Investment & Leasing Company, LLC Owner and President - Summers Nursing & Rehabilitation, LLC Owner and President - Tamarillo, LP Owner and President - Taylor Health Care Center, LLC Owner and President - The Elliot Foundation Member - Tupelo Holdings, LLC Owner and President - Vandalia Acq., LLC Owner and President - Watercrest Holdings, LLC Owner and President - Wayne Nursing & Rehabilitation, LLC Owner and President - Webster Nursing & Rehabilitation, LLC	1.07%	None	Allegheny Commercial Enterprises, LLC - 65% American Medical Facilities Management, LLC - 65% N/A American Health Care Management, LLC - Held by Irrevocable Trust, John Elliot Grantor AMFM, LLC - Held by Irrevocable Trust, John Elliot Grantor Birch Holdings, LLC - 61.75% Blue Beech, LLC - 65% Boxwood, LLC - 99.65% Braxton Health Care Center, LLC - 61.75% Bridgeport Health Care Center, LLC - 61.75% Bright Independent Living, LLC - 61.75% Buckthorn Holdings, LLC - 61.75% Cabell Health Care Center, LLC - 61.75% Cameron Nursing & Rehabilitation, LLC - 65% Capitol Conference Center, LLC - 99.65% Cashaw Holdings, LLC - 65% Cedar Holdings, LLC - 61.75% Clarksburg Nursing & Rehabilitation, LLC - 65% Clay Health Care Center, LLC - Held by Irrevocable Trust, John Elliot Grantor Commercial Holdings, LLC. - Held by Irrevocable Trust, John Elliot Grantor Connell Investments, LLC - 65% Continental Health Care, Inc. - 65% E.A. Hawse Nursing & Rehabilitation, LLC - 65% ELCO Holdings II, Inc. - 26% Elliot Family, LP - 0.26% Empress, LP - 99.65% Evergreen, LLC - 61.75% Fayette Nursing & Rehabilitation, LLC - 65% Franklin Fir Holdings, LLC - 99.65% Greenbrier Health Care Center, LLC - 61.75% Grayleaf Holdings, LLC - 61.75% Hemlock, LLC - 99.65% Hillcrest Health Care Center, LLC - Held by Irrevocable Trust, John Elliott Grantor Integrated Commercial Enterprises, Inc - 65% John Elliot Associates - 100% Kanawha Commercial Enterprises, LLC - 65% Kanawha Management, LLC - 65% KML, Inc - 100% Leasing & Commercial Enterprises, LLC - 65% Leasing Management, Inc - 65% Leatherwood Holdings, LLC - 99.65% Lifetree Medical Services, LLC - 61.75% Lifetree Pharmacy, LLC - 61.75% Lifetree Therapy Company, LLC - 61.75% Lifetree, LLC - 99.65% Lincoln Nursing & Rehabilitation, LLC - 65% Manzanita Holdings, LLC - 99.65% McDowell Nursing & Rehabilitation, LLC - 65% Mercer Nursing & Rehabilitation, LLC - 65% Mimosa, LLC - 65% Pepperidge, LLC - 99.65% Poplar Holdings, LLC - 61.75% Shaddock Holdings, LLC - 99.65% Southern Investment & Leasing - Held in an Irrevocable Trust, John Elliot Grantor Summers Nursing & Rehabilitation, LLC - 65% Tamarillo, LP - 99.65% Taylor Health Care Center, LLC - 61.75% N/A Tupelo Holdings, LLC - 61.75% Vandalia Acq., LLC 61.75% Watercrest Holdings, LLC - 99.65% Wayne Nursing & Rehabilitation, LLC - 65% Webster Nursing & Rehabilitation, LLC - 65%

Name and Address	Principal Occupation, If other than with City Holding Company	Title or Position with City Holding Company	Title or Position with Subsidiaries of City Holding Company	Title or Position with Other Companies	Percentage of Voting Shares in City Holding Company	Percentage of Voting Shares in Subsidiaries	List of Other Companies If 25% or More Voting Securities Held
				Owner and President - White Cedar Holdings, LLC Owner and President - Willow Holdings, LLC Owner and President - Wineberry, LLC Owner and President - Winterberry Holdings, LLC Owner and President - Wistaria, LLC Owner and President - Woodmere Holdings, LLC Owner and President - Wyoming Nursing & Rehabilitation, LLC			White Cedar Holdings, LLC - 99.65% Willow Holdings, LLC - 61.75% Wineberry, LLC 61.75% Winterberry Holdings, LLC - 99.65% Wistaria, LLC - 65% Woodmere Holdings, LLC 65% Wyoming Nursing & Rehabilitation, LLC - 65%
William H. Fife, III Beckley, West Virginia	Partner - Fife, Payne, Scherer & Fife, PLLC	Director	Director - City National Bank	City Solicitor - Beckley, WV	0.16%	None	Fife, Payne, Scherer & Fife, PLLC - 40%
Robert D. Fisher Ripley, West Virginia	Managing Member - Adams, Fisher & Chappell, PLLC	Director	Director - City National Bank	N/A	0.23%	None	ABARA, LLC - 50% SCORO, LLC - 50%
Jay C. Goldman Charleston, West Virginia	President - Goldman Associates Inc	Director	Director - City National Bank	Owner - Curry - Goldman LP Owner - Jay Goldman Rentals President - Goldman Associates	0.17%	None	Goldman Associates Inc. - 100% Curry - Goldman LP - 50% Jay Goldman Rentals - 100% Goldman Associates - 100% Real Property Consulting, LLC - 100%
Charles R. Hageboeck Charleston, West Virginia	N/A	President and Chief Executive Officer	President and Chief Executive Officer City National Bank	N/A	0.32%	None	1090 South Shore, LLC - 100%
Tracy W. Hylton, II Beckley, West Virginia	President - Eller, Inc	Director	Director - City National Bank	President - Eller, Inc Member - Harper Hotel, LLC Member - Harper Hotel II, LLC President - Lightning Inc Vice President - Nell Jean Enterprises, Inc. Member - T & M, LLC Member - M & T, LLC Member - Tyler Morgan, LLC Manager - Almost Heaven Plantation, LLC Director - Beckley Buick GMC Manager - Hylton Farm LLC Member - South Slope Estates, LLC Member - CI Interstate Hotels, LLC Vice President - Hometown Subaru Kia Vice President - Hometown Auto Group Vice President - King Coal Chevrolet Co. Member - MEG Rental Corporation Member - E&W, LLC Manager - Hylton Family LLC Member - DHB Biloxi, LLC	0.40%	None	Eller, Inc. - 100% Harper Hotel, LLC - 45% Harper Hotel II, LLC - 50% Lightning Inc - 100% Nell Jean Enterprises, Inc. - 33.33% T & M, LLC - 50% M & T, LLC - 33.33% Tyler Morgan, LLC - 50% N/A Beckley Buick GMC - 50% Hylton Farm, LLC - 100% South Slope Estates, LLC - 100% CI Interstate Hotels, LLC - 33.33% Hometown Subaru Kia - 50% Hometown Auto Group - 50% King Coal Chevrolet Co. - 49% MEG Rental Corporation - 50% E&W, LLC - 50% N/A N/A
C. Dallas Kayser Pt. Pleasant, West Virginia	Senior Partner - Kayser, Lane & Clark, PLLC	Chairman	Director - City National Bank	Member - C. Dallas Kayser, LLC President - Twin Rivers Realty Treasurer - Deerfield Development Company Treasurer - United Methodist Foundation of WV	0.15%	None	Kayser, Lane & Clark, PLLC - 33.33% C. Dallas Kayser, LLC - 100%
James L. Roesi Pt. Pleasant, West Virginia	Former Chief Financial Officer - Valtronics, Inc	Director	Director - City National Bank	Member - Flesher LLC	0.11%	None	Flesher LLC - 100%
Sharon H. Rowe Lewisburg, West Virginia	President, SHR Consulting, LLC	Director	Director - City National Bank	SHR Consulting LLC	0.07%	None	SHR Consulting LLC - 100%
David L. Bumgarner Scott Depot, West Virginia	N/A	Executive Vice President and Chief Financial Officer	Executive Vice President and Chief Financial Officer City National Bank	N/A	0.08%	None	N/A
John A. DeRito Charleston, West Virginia	N/A	Executive Vice President of Commercial Banking	Executive Vice President of Commercial Banking of City National Bank	N/A	0.13%	None	N/A
Craig G. Stilwell Charleston, West Virginia	N/A	Executive Vice President of Retail Banking	Executive Vice President of Retail Banking City National Bank	Sole Member - Santee Investments, LLC	0.09%	None	Santee Investments, LLC - 100%
Jeffrey D. Legge Huntington, West Virginia	N/A	Executive Vice President, Chief Administrative Officer and Chief Information Officer	Executive Vice President, Chief Administrative Officer and Chief Information Officer City National Bank	N/A	0.09%	None	N/A
BlackRock, Inc New York, New York	Financial Planning and Asset Management	> 10% Shareholder	> 10% Shareholder	N/A	14.8%	None	N/A
The Vanguard Group, Inc. Malvern, PA	Financial Planning and Asset Management	> 10% Shareholder	> 10% Shareholder	N/A	10.4%	None	N/A

Results: A list of branches for your depository institution: CITY NATIONAL BANK OF WEST VIRGINIA (ID_RSSD: 1011526).
This depository institution is held by CITY HOLDING COMPANY (1076262) of CHARLESTON, WV.
The data are as of 12/31/2020. Data reflects information that was received and processed through 01/05/2021.

Reconciliation and Verification Steps
1. In the **Data Action** column of each branch row, enter one or more of the actions specified below
2. If required, enter the date in the **Effective Date** column

Actions
OK: If the branch information is correct, enter 'OK' in the **Data Action** column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the **Data Action** column and the date when this information first became valid in the **Effective Date** column.
Close: If a branch listed was sold or closed, enter 'Close' in the **Data Action** column and the sale or closure date in the **Effective Date** column.
Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the **Data Action** column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the **Data Action** column and the opening or acquisition date in the **Effective Date** column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure
When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.
If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:
To satisfy the **FR Y-10 reporting requirements**, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a **Data Action** of Change, Close, Delete, or Add.
The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://y10online.federalreserve.gov.

* FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
ok		Full Service (Head Office)	1011526	CITY NATIONAL BANK OF WEST VIRGINIA	3601 MACCORKLE AVE, SE	CHARLESTON	WV	25304	KANAWHA	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	3387449	ASHLAND WAL-MART BRANCH	451 RIVER HILL ROAD	ASHLAND	KY	41101	BOYD	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	2869667	CANNONSBURG BRANCH	9431 U.S. ROUTE 60	ASHLAND	KY	41102	BOYD	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	3579	DOWNTOWN ASHLAND BRANCH	344 17TH STREET	ASHLAND	KY	41101	BOYD	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	5178762	KING'S DAUGHTERS BRANCH	617 23RD STREET, SUITE 104	ASHLAND	KY	41101	BOYD	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	5049228	CARLISLE BRANCH	386 WEST MAIN STREET	CARLISLE	KY	40311	NICHOLAS	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	856515	CYNTHIANA SOUTHSIDE BRANCH	698 U.S. HIGHWAY 27 SOUTH	CYNTHIANA	KY	41031	HARRISON	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	4150903	FLATWOODS KY OFFICE	1608 ARGILLITE RD	FLATWOODS	KY	41139	GREENUP	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	1438712	GRAYSON BRANCH	575 NORTH CAROL MALONE BLVD.	GRAYSON	KY	41143	CARTER	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	3356342	GREENUP BRANCH	1414 ASHLAND ROAD	GREENUP	KY	41144	GREENUP	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	3732348	LEXINGTON MAIN BRANCH	318 EAST MAIN STREET	LEXINGTON	KY	40507	FAYETTE	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	3138557	PALOMAR BRANCH	3750 PALOMAR CENTER DRIVE	LEXINGTON	KY	40513	FAYETTE	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	3069642	TATES CREEK BRANCH	3616 WALDEN DRIVE	LEXINGTON	KY	40517	FAYETTE	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	4150921	LOUISA BRANCH	119 NORTH MAIN CROSS STREET	LOUISA	KY	41230	LAWRENCE	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	654177	MT. STERLING BRANCH	101 COMMONWEALTH DRIVE	MOUNT STERLING	KY	40353	MONTGOMERY	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	3282946	NICHOLASVILLE BRANCH	150 SOUTH MAIN STREET	NICHOLASVILLE	KY	40356	JESSAMINE	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	3366556	PAINTSVILLE MAYO BRANCH	440 N MAYO TRAIL	PAINTSVILLE	KY	41240	JOHNSON	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	497516	PAINTSVILLE SUBURBAN BRANCH	603 SOUTH MAYO TRAIL	PAINTSVILLE	KY	41240	JOHNSON	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	3069473	RUSSELL BRANCH	1500 DIEDERICH BOULEVARD	RUSSELL	KY	41169	GREENUP	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	4150930	SOUTH SHORE BRANCH	33 MCKELL LANE	SOUTH SHORE	KY	41175	GREENUP	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	2912545	CHESAPEAKE BRANCH	1012 ROCKWOOD AVE	CHESAPEAKE	OH	45619	LAWRENCE	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	422273	IRONTON BRANCH	506 PARK AVENUE	IRONTON	OH	45638	LAWRENCE	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	3356360	PROCTORVILLE BRANCH	201 STATE STREET	PROCTORVILLE	OH	45669	LAWRENCE	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	5333039	WORTHINGTON BRANCH	923 NORTH HIGH STREET	WORTHINGTON	OH	43085	FRANKLIN	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	4154639	BUENA VISTA BRANCH	128 WEST 21ST STREET	BUENA VISTA	VA	24416	BUENA VISTA CITY	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	540672	FRONT ROYAL BRANCH	600 COMMERCE AVENUE	FRONT ROYAL	VA	22630	WARREN	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	4154554	LEXINGTON BRANCH	102 WALKER STREET	LEXINGTON	VA	24450	LEXINGTON CITY	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	4154527	RAPHINE BRANCH	2134 RAPHINE ROAD	RAPHINE	VA	24472	ROCKBRIDGE	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	4154536	RICHMOND ROAD BRANCH	101 COMMUNITY WAY	STAUNTON	VA	24401	STAUNTON CITY	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	274678	STAUNTON BRANCH	38 NORTH CENTRAL AVENUE	STAUNTON	VA	24401	STAUNTON CITY	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	4156857	STEPHENS CITY BRANCH	100 ELIZABETH DRIVE	STEPHENS CITY	VA	22655	FREDERICK	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	4156848	STRASBURG BRANCH	33230 OLD VALLEY PIKE	STRASBURG	VA	22657	SHENANDOAH	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	4154572	STUARTS DRAFT BRANCH	2658 STUARTS DRAFT HIGHWAY	STUARTS DRAFT	VA	24477	AUGUSTA	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	4154590	VERNONA BRANCH	21 DICK HUFF LANE	VERONA	VA	24482	AUGUSTA	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	4154611	WAYNESBORO BRANCH	2934 WEST MAIN STREET	WAYNESBORO	VA	22980	WAYNESBORO CITY	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	4156839	JUBAL EARLY BRANCH	1830 VALLEY AVENUE	WINCHESTER	VA	22601	WINCHESTER CITY	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	4156820	WOODSTOCK BRANCH	1001 SOUTH MAIN STREET	WOODSTOCK	VA	22664	SHENANDOAH	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	756222	ALDERSON BRANCH	2213 ALTA DRIVE	ALDERSON	WV	24910	GREENBRIER	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	2647726	BEAVER BRANCH	212 AIRPORT RD	BEAVER	WV	25813	RALEIGH	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	2647735	EISENHOWER BRANCH	902 NORTH EISENHOWER DRIVE	BECKLEY	WV	25801	RALEIGH	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	2619536	HARPER ROAD BRANCH	1723 HARPER ROAD	BECKLEY	WV	25801	RALEIGH	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	757827	MAIN & KANAWHA BRANCH	101 SOUTH KANAWHA STREET	BECKLEY	WV	25801	RALEIGH	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	805625	PARK AVENUE BRANCH	1 PARK AVENUE	BECKLEY	WV	25801	RALEIGH	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	3354049	SOPHIA WAL-MART BRANCH	1881 ROBERT C BYRD DRIVE	BECKLEY	WV	25801	RALEIGH	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	2112167	BERKELEY SPRINGS BRANCH	149 NORTH WASHINGTON STREET	BERKELEY SPRINGS	WV	25411	MORGAN	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	947226	CROSS ROADS BRANCH	5517 ROBERT C BYRD DRIVE	BRADLEY	WV	25818	RALEIGH	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	2529831	BRIDGEPORT BRANCH	1216 JOHNSON AVE	BRIDGEPORT	WV	26330	HARRISON	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	2112176	CHARLES TOWN BRANCH	1034 SOUTH GEORGE STREET	CHARLES TOWN	WV	25414	JEFFERSON	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	770321	CROSS LANES BRANCH	308 GOFF MOUNTAIN ROAD	CHARLESTON	WV	25313	KANAWHA	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	3679742	DOWNTOWN CHARLESTON BRANCH	10 HALE STREET, SUITE 100	CHARLESTON	WV	25301	KANAWHA	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	2456786	MARMET BRANCH	9005 MACCORKLE AVENUE, S.E.	CHARLESTON	WV	25315	KANAWHA	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	4191625	SOUTH CHARLESTON BRANCH	4110 MACCORKLE AVENUE, SW	CHARLESTON	WV	25309	KANAWHA	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	2024756	SOUTH HILLS BRANCH	1004 BRIDGE ROAD	CHARLESTON	WV	25314	KANAWHA	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	3298844	SOUTHRIDGE WALMART CENTER BRANCH	2700 MOUNTAINEER BLVD	CHARLESTON	WV	25309	KANAWHA	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	

ok		Full Service	2615613	VIRGINIA STREET BRANCH	817 VIRGINIA STREET EAST	CHARLESTON	WV	25301	KANAWHA	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	1973941	WESTSIDE BRANCH	120 KANAWHA BOULEVARD WEST	CHARLESTON	WV	25302	KANAWHA	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	2519449	CLARKSBURG BRANCH	115 WEST MAIN STREET	CLARKSBURG	WV	26301	HARRISON	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	2615604	DUNBAR OFFICE	304 10TH ST	DUNBAR	WV	25064	KANAWHA	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	2331119	ELEANOR BRANCH	946 ROOSEVELT BLVD	ELEANOR	WV	25070	PUTNAM	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	1163667	GASSAWAY BRANCH	324 ELK ST	GASSAWAY	WV	26624	BRAXTON	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	493929	GAULEY BRIDGE BRANCH	1 MAIN STREET	GAULEY BRIDGE	WV	25085	FAYETTE	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	772334	GLASGOW BRANCH	102 MELROSE DRIVE	GLASGOW	WV	25086	KANAWHA	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	2428617	HAMLIN BRANCH	8028 LYNN AVENUE	HAMLIN	WV	25523	LINCOLN	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	382322	HINTON BRANCH	515 STOKES DRIVE	HINTON	WV	25951	SUMMERS	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	233125	20TH STREET BRANCH	1900 THIRD AVENUE	HUNTINGTON	WV	25703	CABELL	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	2448606	PEA RIDGE BRANCH	5263 US ROUTE 60 EAST	HUNTINGTON	WV	25705	CABELL	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	232623	UNIVERSITY BRANCH	1751 FIFTH AVENUE	HUNTINGTON	WV	25703	CABELL	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	3830879	HURRICANE BRANCH	39 RAYMOND PEAK WAY	HURRICANE	WV	25526	PUTNAM	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	3085932	INWOOD BRANCH	142 SADER DRIVE	INWOOD	WV	25428	BERKELEY	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	565228	LEWISBURG BRANCH	109 SOUTH JEFFERSON STREET	LEWISBURG	WV	24901	GREENBRIER	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	2568036	NORTH LEWISBURG BRANCH	130 PIERCY DRIVE	LEWISBURG	WV	24901	GREENBRIER	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	762139	MARLINTON BRANCH	300 EIGHTH STREET	MARLINTON	WV	24954	POCAHONTAS	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	2448624	EDWIN MILLER BLVD BRANCH	255 ADMINISTRATIVE DRIVE	MARTINSBURG	WV	25404	BERKELEY	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	3615094	KING STREET BRANCH	1700 WEST KING STREET	MARTINSBURG	WV	25401	BERKELEY	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	1982363	RALEIGH STREET BRANCH	420 SOUTH RALEIGH STREET	MARTINSBURG	WV	25401	BERKELEY	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	898832	MASON BRANCH	1711 SECOND STREET	MASON	WV	25260	MASON	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	889139	MILTON BRANCH	1041 CHURCH ST	MILTON	WV	25541	CABELL	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	892531	MONTGOMERY BRANCH	320 4TH AVENUE	MONTGOMERY	WV	25136	FAYETTE	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	5288661	MORGANTOWN BRANCH	1182 PINEVIEW DRIVE	MORGANTOWN	WV	26505	MONONGALIA	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	959434	NEW HAVEN BRANCH	413 5TH STREET	NEW HAVEN	WV	25265	MASON	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	3680270	PRINCETON BRANCH	191 GREASY RIDGE ROAD	OAKVALE	WV	24739	MERCER	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	1016138	POINT PLEASANT BRANCH	2212 JACKSON AVENUE	POINT PLEASANT	WV	25550	MASON	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	967532	RAINELLE BRANCH	1218 MAIN STREET	RAINELLE	WV	25962	GREENBRIER	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	3443587	POTOMAC MARKET PLACE BRANCH	75 WEST VIRGINIA WAY	RANSON	WV	25438	JEFFERSON	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Limited Service	1494923	RIPLEY (REMOTE LOCATION)	110 SOUTH CHURCH STREET	RIPLEY	WV	25271	JACKSON	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	907435	RIPLEY BRANCH	108 NORTH CHURCH STREET	RIPLEY	WV	25271	JACKSON	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	3591947	RIPLEY WAL-MART BRANCH	200 ACADEMY DRIVE	RIPLEY	WV	25271	JACKSON	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	1878765	FAIRLEA-KROGER BRANCH	176 RED OAKS SHOPPING CENTER	RONCEVERTE	WV	24970	GREENBRIER	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	942520	RUPERT BRANCH	709 NICHOLAS ST (US ROUTE 60)	RUPERT	WV	25984	GREENBRIER	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	2069757	ST ALBANS BRANCH	560 4TH STREET	SAINT ALBANS	WV	25177	KANAWHA	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	2468930	TEAYS VALLEY BRANCH	100 POPLAR FORK ROAD	SCOTT DEPOT	WV	25560	PUTNAM	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	2600888	FLATWOODS BRANCH	3859 SUTTON LANE	SUTTON	WV	26601	BRAXTON	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	15134	SUTTON BRANCH	101 SECOND STREET	SUTTON	WV	26601	BRAXTON	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	2371683	WAYNE BRANCH	10366 ROUTE 152	WAYNE	WV	25570	WAYNE	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	792734	WEST HAMLIN BRANCH	6888 MCCLELLAN ST	WEST HAMLIN	WV	25571	LINCOLN	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	
ok		Full Service	735236	WINFIELD BRANCH	74 WALL STREET	WINFIELD	WV	25213	PUTNAM	UNITED STATES	Not Required	Not Required	CITY NATIONAL BANK OF WEST VIRGINIA	1011526	