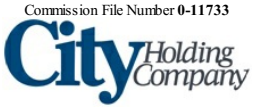
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

**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, 2024
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.☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). [ ]

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, 2024, 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 $1.6 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 24, 2025, there were 14,668,119 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 2025 annual shareholders' meeting to be held on April 30, 2025 are incorporated by reference into Part III, Items 10, 11, 12, 13, and 14.

**FORM 10-K INDEX**


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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 Factors" and the following: (1) general economic conditions, especially in the communities and markets in which we conduct our business; (2) 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; (3) changes in the real estate market, including the value of collateral securing portions of our loan portfolio; (4) changes in the interest rate environment; (5) operational risk, including cybersecurity risk and risk of fraud, data processing system failures, and network breaches; (6) changes in technology and increased competition, including competition from non-bank financial institutions; (7) changes in consumer preferences, spending and borrowing habits, demand for our products and services, and customers' performance and creditworthiness; (8) difficulty growing loan and deposit balances; (9) our ability to effectively execute our business plan, including with respect to future acquisitions; (10) changes in regulations, laws, taxes, government policies, monetary policies and accounting policies affecting bank holding companies and their subsidiaries; (11) 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; (12) regulatory enforcement actions and adverse legal actions; (13) difficulty attracting and retaining key employees; and (14) 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 97 bank branches and 941 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.

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, 2024, approximately 47% 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. At December 31, 2024, approximately 51% of the Company's loan portfolio was categorized as commercial and industrial and commercial real estate. However, there is no concentration of credits that would be considered materially detrimental to the Company's financial position or operating results.

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, 2024, City National reported $420 million of loans classified as "Commercial and Industrial".

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, 2024, City National reported $1.77 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 $197.3 million as of December 31, 2024. 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 $389.7 million as of December 31, 2024. Risk characteristics relate to the demand for business and personal travel.
- Multi-family consists of 5 or more family residential apartment lending. The portfolio totaled $240.9 million as of December 31, 2024. 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 $707.3 million while nonresidential owner-occupied commercial real estate totaled $233.5 million as of December 31, 2024. 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 Company's 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, 2024, City National was within its internally designated concentration limits. Furthermore, with the exception of loans to borrowers within the "Lessors of Nonresidential Buildings" and "Lessors of Residential Buildings and Dwellings" categories, no other NAICS industry classification exceeded 10% of total loans at December 31, 2024. Loans to "Lessors of Nonresidential Buildings" and "Lessors of Residential Buildings and Dwellings" were 14% and 11% , respectively, of total loans at December 31, 2024. Management also monitors non-owner occupied commercial real estate as a percent of risk-based capital (based upon regulatory guidance). At December 31, 2024, the Company had $1.5 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 that allow consumers to borrow against the equity in their home. These loans primarily consist of single family five- and seven-year adjustable rate mortgages with terms that amortize up to 30 years. City National also offers fixed-rate residential real estate 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. Additionally, the Company periodically purchases residential mortgage loans. The credit and collateral documents for each potential purchased loan are reviewed to ensure the credit metrics are acceptable to management. As of December 31, 2024, City National reported $1.82 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, 2024, City National reported $199.2 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, 2024, City National reported $57.8 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, 2024, City National reported $5.7 million of loans classified as "DDA Overdrafts."

City National's loan underwriting guidelines and standards are updated periodically with suggested revisions presented to City National's Board of Directors for approval. The purposes 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 97 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, 22 branches in Kentucky, 13 branches in Virginia and 4 branches in southeastern 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 southeastern 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 "fintech" 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. 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, 2024, the outstanding balance of commercial loans to markets outside of the geographical footprint of the bank's branches was approximately $420 million, or 19% of City National's outstanding commercial loan balances.

City National has approximately 13% of the deposit market share in the counties of West Virginia where its bank branches are located. In eastern Kentucky, City National has approximately 24% of the deposit market share in the counties where its bank branches are located. In Virginia, City National has approximately 5% of the deposit market share in the counties along the I-81 corridor where its bank branches are located. In Lawrence County, Ohio, where City National has three bank branches, City National has approximately 19% of the deposit market share.

The following table represents changes in population in West Virginia, Kentucky, Virginia, and Ohio counties where City National's branches are located compared to the U.S. national average according to the most recent U.S. Census Bureau estimates (in thousands):

| | 2023 (Estimate) | 2020 (Actual) | Change % |
|---|---|---|---|
| **West Virginia** | 996.6 | 1,000.6 | (0.4) % |
| **Kentucky** | 1,408.3 | 1,420.5 | (0.9) |
| **Virginia** | 237.4 | 230.8 | 2.9 |
| **Lawrence County, Ohio** | 56.1 | 58.2 | (3.6) |
| | | | |
| **U.S. National Average** | 334,914.9 | 331,449.3 | 1.0 |

**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, 2024, we employed 963 full and part-time employees (941 FTEs) across our 97 branches throughout West Virginia, Kentucky, Virginia and southeastern Ohio. Our average quarterly employee turnover rate in 2024 was under 6%. As of December 31, 2024, approximately 79% of our current workforce is female, 21% is male, our average tenure is approximately 10 years and approximately 14% 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 for certain employees, 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.).

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.

**Employee Development:** We invest in the growth and development of our employees by providing various on-site and off-site 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 difficult 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 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.

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.

**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 2022.

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 leverage ratio of tangible equity to average consolidated assets between eight and nine 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 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.

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 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 minimum required 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, 2024** | **Capital Amount** | **Ratio** | **Capital Amount** | **Ratio** | **Capital Amount** | **Ratio** |
| CET 1 Capital | | | | | | |
| City Holding Company | **$ 688,707** | **16.5 %** | **$ 291,989** | **7.0 %** | **$ 271,133** | **6.5 %** |
| City National Bank | **563,301** | **13.6 %** | **291,068** | **7.0 %** | **270,277** | **6.5 %** |
| Tier 1 Capital | | | | | | |
| City Holding Company | **688,707** | **16.5 %** | **354,558** | **8.5 %** | **333,702** | **8.0 %** |
| City National Bank | **563,301** | **13.6 %** | **353,439** | **8.5 %** | **332,649** | **8.0 %** |
| Total Capital | | | | | | |
| City Holding Company | **709,820** | **17.0 %** | **437,983** | **10.5 %** | **417,127** | **10.0 %** |
| City National Bank | **584,415** | **14.1 %** | **436,602** | **10.5 %** | **415,811** | **10.0 %** |
| Tier 1 Leverage Ratio | | | | | | |
| City Holding Company | **688,707** | **10.6 %** | **259,325** | **4.0 %** | **324,156** | **5.0 %** |
| City National Bank | **563,301** | **8.7 %** | **258,477** | **4.0 %** | **323,096** | **5.0 %** |

| | Actual | | Minimum Required - Basel III | | Required to be Considered Well Capitalized | |
|---|---|---|---|---|---|---|
| **December 31, 2023** | **Capital Amount** | **Ratio** | **Capital Amount** | **Ratio** | **Capital Amount** | **Ratio** |
| CET 1 Capital | | | | | | |
| City Holding Company | $ 627,579 | 15.7 % | $ 279,768 | 7.0 % | $ 259,875 | 6.5 % |
| City National Bank | 549,031 | 13.8 % | 278,692 | 7.0 % | 258,785 | 6.5 % |
| Tier 1 Capital | | | | | | |
| City Holding Company | 627,579 | 15.7 % | 339,718 | 8.5 % | 319,735 | 8.0 % |
| City National Bank | 549,031 | 13.8 % | 338,412 | 8.5 % | 318,505 | 8.0 % |
| Total Capital | | | | | | |
| City Holding Company | 648,646 | 16.2 % | 419,652 | 10.5 % | 399,669 | 10.0 % |
| City National Bank | 570,099 | 14.3 % | 418,038 | 10.5 % | 398,131 | 10.0 % |
| Tier 1 Leverage Ratio | | | | | | |
| City Holding Company | 627,579 | 10.2 % | 245,468 | 4.0 % | 306,835 | 5.0 % |
| City National Bank | 549,031 | 8.9 % | 245,587 | 4.0 % | 306,984 | 5.0 % |

Management believes that, as of December 31, 2024, 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, 2024, City National could pay dividends up to $48.2 million without prior regulatory permission. No dividends were paid in 2024 or 2023 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 DIF restoration plan to ensure that the fund reserve ratio reached 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 deposit assessments for the past three years is shown in the table below (in thousands).

| | For the year ended December 31, | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| FDIC insurance expense | **$ 2,892** | $ 2,922 | $ 1,673 |

The Company's FDIC insurance expense increased $1.2 million from the year ended December 31, 2022 to the year ended December 31, 2023. The increased expense was due to a final rule adopted by the FDIC in October 2022 that increased the initial base deposit insurance assessment rate schedules uniformly by 2 basis points beginning with the first quarterly assessment period of 2023. For the year ended December 31, 2024, the Company's FDIC insurance expense remained stable at $2.9 million.

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 November 2021, federal banking agencies approved a final rule requiring banking agencies to notify regulators of any "significant computer-security incident" as soon as possible and no later than 36 hours after a determination that such an incident occurred, with compliance required by May 2022. In addition, banks will have to notify at least one designated point of contact at any affected customer as soon as possible when the bank experiences any computer-security incident that has disrupted or degraded, or is reasonably likely to materially disrupt or degrade, covered services provided to such customer for four or more hours. The bank and holding company are required to determine whether an incident arises to the level of requiring notification. See Item 1C for further discussion related to the Company's risk management, strategy, and governance of cybersecurity.

**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, 2024, the executive officers of the Company were as follows:

| Name | Age | Positions Held with Registrant |
|---|---|---|
| Charles R. Hageboeck, Ph.D. | 62 | President and Chief Executive Officer, City Holding Company and City National Bank, since February 1, 2005. |
| John A. DeRito | 74 | Executive Vice President of Commercial Banking, City Holding Company and City National Bank, since June 2004. |
| David L. Bumgarner | 59 | Executive Vice President and Chief Financial Officer, City Holding Company and City National Bank, since February 2005. |
| Michael T. Quinlan, Jr. | 56 | Executive Vice President of Retail Banking, City Holding Company and City National Bank, since January 2021. |
| Jeffrey D. Legge | 60 | Executive Vice President, Chief Administration Officer and Chief Information Officer, City Holding Company and City National Bank, since December 2005. |

**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**

**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, prolonged increases in inflation, increases in the cost of capital and credit, and limitations in the availability of credit. Trade policies and tariffs could also lead to an uncertain economic environment and increase inflation, reduce consumer spending, or raise the cost of borrowing. 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 resilience, there can be no assurance that such resilience and improvement will continue or that the economies in the Company's market areas, or the United States as a whole, will not slip into a 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. Historic, and ongoing, volatility in oil and gas prices 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, and the Impacts of Interest Rate Changes Could Adversely Impact the Company.**

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 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.

**Default on the Repayment of Loans May Impact Operating Expenses and Earnings.**

The Company'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.

**Remediation Costs for Real Property Could Impact the Financial Outcomes of the Company.**

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. Though the Company conducts regular remediation evaluations in the ordinary course of business, 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.

**Changes to Interest Rates Could Impact the Financial Outcomes of the Company.**

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. Changes in interest rates may also negatively affect the ability of the Company's borrowers to repay their loans, particularly as interest rates rise and adjustable-rate loans become more expensive.

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.

**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 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 are 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 or the Issuance 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, agreements for the issuance of additional shares of the Company's common stock (such as the issuance of shares as consideration in connection with the Merger), 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, the issuance of shares as consideration in the Merger, 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 common stock of the Company will be based on 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 Technological 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 address 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, 2024, the Company's goodwill and other identifiable intangible assets were approximately $160 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, 2024. 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 managing 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. 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.

**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.

**The Company May Not Be Able to Attract and Retain Skilled Key Employees.**

The Company's success depends, in large part, on its ability to attract, retain, motivate and develop key employees. Competition for key employees is ongoing and the Company may not be able to attract, retain or hire the key employees who are wanted or needed, which may also negatively impact the Company's ability to execute identified business strategies. Because the Company operates primarily in specific geographic markets, its hiring pool is also limited by those markets. Competition for key employees may require the Company to offer higher compensation to attract or retain key employees, which may adversely affect the salaries and employee benefit costs of the Company.

Various restrictions on the compensation which may be paid to certain executive officers were imposed under the Dodd-Frank Act and other legislation and regulations. In addition, the Company's incentive compensation structure is subject to review by regulators, who may identify deficiencies in the structure or issue additional guidance on the Company's compensation practices, causing the Company to make changes that may affect its ability to offer competitive compensation to these individuals or that place it at a disadvantage to non-financial service competitors. The Company's ability to attract and retain talented employees may be affected by these restrictions, or any new executive compensation limits or regulations.

**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 and investments, (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.

Changes and additions to statutes, regulations or regulatory policies, including changes in interpretation, enforcement 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.

**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 its 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 its 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 to 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, including: 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 the Company's systems, the Company will not be able to anticipate all security breaches of these types, nor will it 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 the Company continues to increase its mobile payment and other internet-based product offerings and expand its internal usage of web-based products and applications.

A successful attack to the Company's system security or the system security of one of its critical third-party vendors could cause it serious negative consequences, including significant disruption of operations, misappropriation of confidential information, and/or damage to its computers or systems or those of its customers and counterparties. A successful security breach could result in violations of applicable privacy and other laws, financial loss to the Company or to its customers, loss of confidence in its security measures, significant litigation exposure, and harm to its 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, including the use of artificial intelligence technologies. 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. For more information on how the Company manages cybersecurity risk, please refer to Item 1C. Cybersecurity.

**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 awards. 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, Political Instability, and Other External Events Could Significantly Impact the Company's Business.**

Severe weather, natural disasters, health emergencies, acts of war or terrorism, political instability, 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.

**Climate Change Could Materially Impact the Company's Underlying Customers or the General Economic Conditions, Resulting in Impacts on the Company.**

The Company's business, as well as the operations and activities of its customers, could be negatively impacted by climate change. Climate change presents both immediate and long-term risks to the Company and its customers, and these risks are expected to increase over time. Climate change presents multi-faceted risks, including: operational risk from the physical effects of climate events on the Company and its customers' facilities and other assets; credit risk from borrowers with significant exposure to climate risk; transition risks associated with the transition to a less carbon-dependent economy; and reputational risk from stakeholder concerns about the Company's practices related to climate change, the Company's carbon footprint, and the Company's business relationships with clients who operate in carbon-intensive industries. The Company's success depends on its relationships with customers and general economic conditions. Because the Company's customer base is geographically concentrated in West Virginia, Kentucky, Virginia, and southeastern Ohio, if the customers in those geographies are physically impacted by climate change, the Company may be financially impacted as well. In addition, an economic transition to mitigate climate change on a broader scale could have a negative or destabilizing impact on the general economic conditions of the country, which could also have a negative impact on the financial outcomes of the Company.

**Item 1B. Unresolved Staff Comments**

None.

**Item 1C. Cybersecurity**

*Risk Management and Strategy*

The Company's information security program encompasses the security policies and procedures in place throughout the enterprise network to address compliance, transaction, reputation, and strategic risks. Our Information Security Officer is primarily responsible for this managing the information security program that includes identifying, assessing, and mitigating cyber threats. Our Information Security Officer reports directly to the Chief Information Officer.

Our objective for managing cybersecurity as part of the information security program is to ensure adequate procedures and proper controls are in place in order to provide an objective system for recording and aggregating information, supporting the institution's strategic goals and objectives, and protecting the security and confidentiality of the institution's customers and business activities. Our information security program leverages guidance from the National Institute of Standards and Technology ("NIST") Cybersecurity Framework, regulatory guidance, and other industry standards. The information security program is periodically reviewed by the board of directors and updated by the Information Security Officer to adapt to potential new threats and conditions.

The Company employs a combination of patch management, network security, malicious code prevention, and user awareness and training to assist with preventing cybersecurity incidents. Users are made aware of policies and procedures regarding appropriate use of networks, systems, and applications. Additionally, employees are trained in handling sensitive data and made aware of specific requirements when handling client data. Review and assessment of network infrastructure is completed, periodically. The Company, in certain instances, may rely on vendors, third-party support, or other outsourcing opportunities. Before introducing a new product or service, the internal controls and competence of a vendor, maintenance and upkeep of a third-party provider's systems, and financial condition of the third-party vendor are evaluated. Internal and external auditors and independent external partners are engaged and periodically review the Company's processes, systems, and controls, including with respect to our information security program, to assess their design and operating effectiveness and make recommendations to strengthen our risk management program.

We maintain an Incident Response Policy that provides a documented framework for bringing together and organizing the resources for dealing with any event that harms or threatens the security of information. The goal of the Incident Response Policy is to facilitate a quick and efficient response to incidents, and to limit their impact while protecting information assets. The plan defines roles and responsibilities, documents the steps necessary for effectively and efficiently managing an information security incident, and defines channels of communication. The Information Security Officer and Chief Information Officer coordinate investigations of potential cybersecurity incidents.

Our internal processes, and controls are designed to contain, mitigate, or resolve cybersecurity incidents. As of the report date, risks from cybersecurity threats have not materially affected our Company. For further discussion of risks from cybersecurity threats, see the section captioned "System Failure, Cybersecurity Breaches, Fraud and Employee Misconduct Could Subject the Company to Increased Operating Costs, as Well as Litigation and Other Potential Losses" in Item 1A. Risk Factors.

*Governance*

As mentioned, the Company's Information Security Officer is primarily responsible for managing and updating the information security program. The responsibilities for managing the information security program include cybersecurity risk assessment, assessing the types and appropriateness implemented controls and coordinating related control testing, coordinating user training with each department and the appropriateness, data storage and maintenance, incident response, and third-party risk management. Specifically, the information technology department, as a whole, consists of information security professionals with varying degrees of education and experience with senior management in department having higher professional education and experience. Individuals within the department are generally subject to professional education and certification requirements. In particular, the Company's Information Security Officer and Chief Information Officer have relevant expertise and formal training in the areas of information security and cybersecurity risk management.

Our board of directors has approved and delegated initial cybersecurity threat responses to the Incident Response Team. The Information Security Officer and Chief Information Officer are assigned as the Incident Response Team leaders

and reports summaries of key issues, including significant cybersecurity and/or privacy incidents to Incident Response Team which includes the Chief Executive Officer. If appropriate, the Chief Executive Officer will communicate the actions taken to our board of directors. Further, given the ultimate oversight of the Company's information security programs, the Chief Legal Counsel will communicate any regulatory compliance matters related to information system, including cybersecurity, to the board of directors.

**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.

As of December 31, 2024, City National owns eighty bank branch locations and leases seventeen bank branch locations, pursuant to operating leases. All of the properties are suitable and adequate for their current operations. City National also operates a loan production office leased in 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

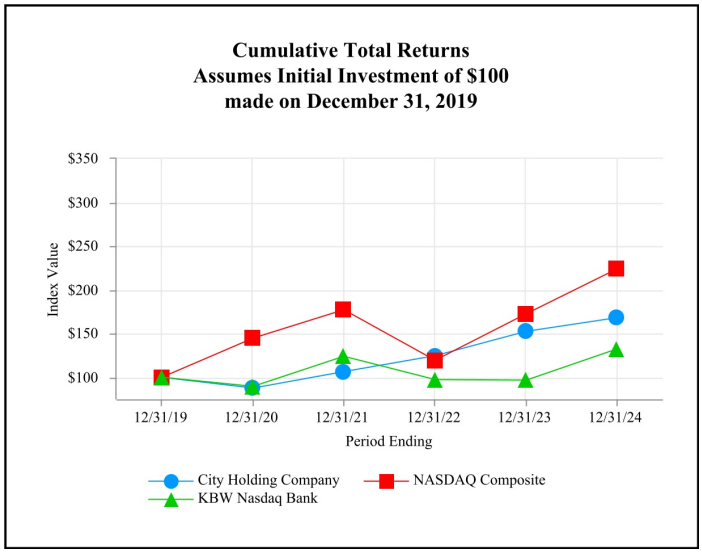
**Common Stock Market and Dividends**

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 24, 2025, there were 2,438 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 and Capital Resources" 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, 2024, City National could pay $48.2 million in dividends to the Company 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, 2024, as well as the NASDAQ Composite Index and the KBW NASDAQ Bank Index.




| | 2019 | 2020 | 2021 | 2022 | 2023 | **2024** |
|---|---|---|---|---|---|---|
| City Holding Company | $100.00 | $87.83 | $106.52 | $124.92 | $152.34 | **$168.20** |
| NASDAQ Composite Index | $100.00 | $144.92 | $177.06 | $119.45 | $172.77 | **$223.87** |
| KBW Nasdaq Bank Index | $100.00 | $89.69 | $124.06 | $97.52 | $96.65 | **$132.60** |

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.

**Unregistered Sales of Equity Securities and Use of Proceeds**

On January 31, 2024, the Board of Directors of the Company authorized the Company to buy back up to 1,000,000 shares of its common stock (approximately 7% of outstanding shares) in open market transactions at prices that are accretive to the earnings per share of continuing shareholders. No time limit was placed on the duration of the share repurchase program. As part of this authorization, the Company terminated its previous repurchase program that was approved in May 2022. There were no common stock repurchases during the quarter ended December 31, 2024.

**Item 6. Reserved**

**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 and 17 CFR § 229.1400.

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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 97 bank branches in West Virginia (58), Kentucky (22), Virginia (13) and southeastern 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, often 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. See Note Twenty-Three for additional information on the Company's reportable business segment.

**CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

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 (ii) income taxes and (iii) acquisition and preliminary purchase price accounting 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.

Allowance for Credit Losses

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 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 uses a number of economic variables in its scenarios to estimate the allowance for credit losses, with the most significant drivers being an unemployment rate forecast and qualitative adjustments. In the December 31, 2024 estimate, the Company assumed an unemployment forecast range of 4.2% to 4.8%, compared to a range of 3.8% to 4.8% utilized in the December 31, 2023 estimate. Historical loss rates from periods where the average unemployment rate matches the forecast range are considered when calculating the forecast period loss rate. Based on sensitivity of the portfolio, the change had no material impact on the reserve.

Based on sensitivity analysis of all portfolios, a 0.0050% change (slight improvement or decline on bank's scale) in all 11 qualitative risk factors (where assigned) would have a $2.2 million impact on the reserve allocation. Changing each factor by 0.01% (moderate improvement or decline) would have a $4.5 million impact. Management recognizes that these are extreme scenarios and it is very unlikely that all risk factors would change by 0.005% or 0.01% simultaneously. There were no changes to any qualitative factors for the year ended December 31, 2024.

Income Taxes

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, 2021 and forward.

The effective tax rate is calculated by taking the statutory rate and adjusting for permanent and discrete items. The discrete items can vary between periods but historically have remained consistent.

Acquisition and Preliminary Purchase Price Allocation

The calculation of the Company's acquisition and preliminary purchase price allocation is considered a critical accounting estimate as it involves a significant level of estimation and uncertainty, particularly in relation to the fair value and goodwill calculations. Under GAAP, management has up to twelve months following the date of the acquisition to finalize the fair value of acquired assets and liabilities. The measurement period ends as soon as the Company receives information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. Any subsequent adjustments to the fair value of the acquired assets and liabilities, intangible assets or other purchase accounting adjustments will result in adjustments to the goodwill recorded. As of December 31, 2024, over twelve months have occurred since the date of acquisition on March 10, 2023, and the measurement period is now complete.

**FINANCIAL SUMMARY**

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

| | **2024** | 2023 | 2022 |
|---|---|---|---|
| Net income available to common shareholders *(in thousands)* | **$ 117,101** | $ 114,365 | $ 102,071 |
| Earnings per common share, basic | **$ 7.91** | $ 7.62 | $ 6.81 |
| Earnings per common share, diluted | **$ 7.89** | $ 7.61 | $ 6.80 |
| Cash dividends declared | **$ 3.01** | $ 2.73 | $ 2.50 |
| Book value per share | **$ 49.69** | $ 45.65 | $ 39.08 |
| Dividend payout ratio | **38.1 %** | 35.9 % | 36.8 % |
| ROA* | **1.85 %** | 1.87 % | 1.71 % |
| ROE* | **16.4 %** | 18.0 % | 16.5 % |
| ROATCE* | **21.2 %** | 23.8 % | 20.3 % |

*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**

Select balance sheet fluctuations and ratios are summarized in the following table (in millions):

| | December 31, | | | |
|---|---|---|---|---|
| | **2024** | 2023 | $ Change | % Change |
| Cash and cash equivalents | **$ 225.4** | $ 156.3 | $ 69.1 | 44.2 % |
| Investment securities | **1,451.1** | 1,369.1 | 82.0 | 6.0 % |
| Gross loans | **4,274.8** | 4,125.9 | 148.9 | 3.6 % |
| Total deposits | **5,144.2** | 4,934.3 | 209.9 | 4.3 % |
| FHLB long-term advances | **150.0** | 100.0 | 50.0 | 50.0 % |

Cash and cash equivalents increased $69.1 million (44.2%) from $156.3 million at December 31, 2023, to $225.4 million at December 31, 2024 primarily due to an increase in deposit balances, cash provided by operations, and an increase in FHLB long-term advances that were partially offset by an increase in gross loans and an increase in investment balances.

Investment securities increased $82.0 million (6.0%) from $1.37 billion at December 31, 2023, to $1.45 billion at December 31, 2024 due to purchases of investment securities.

Gross loans increased $148.9 million (3.6%) from December 31, 2023 to $4.27 billion at December 31, 2024. Commercial real estate loans increased $95.2 million (5.7%), residential real estate loans increased $35.5 million (2.0%), and home equity loans increased $32.0 million (19.1%) for the year ended December 31, 2024. These increases were partially

offset by a decrease in consumer loans of $7.4 million (11.4%) and a decrease in commercial and industrial loans of $7.1 million (1.7%).

Total deposits increased $209.9 million (4.3%) from December 31, 2023 to $5.1 billion at December 31, 2024. Time deposit balances increased $208.1 million, interest-bearing demand deposit balances increased $44.2 million, and noninterest-bearing demand deposit balances increased $1.6 million. These increases were partially offset by a decrease in savings deposit balances of $44.1 million.

FHLB long-term advances increased $50.0 million from December 31, 2023 to December 31, 2024. During the year ended December 31, 2024, the Company borrowed an additional $50.0 million from the Federal Home Loan Bank.

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

| | 2024 | | | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Average Balance | Interest | Yield/ Rate | Average Balance | Interest | Yield/ Rate | Average Balance | Interest | Yield/ Rate |
| **Assets** | | | | | | | | | |
| Loan portfolio[1]: | | | | | | | | | |
| Residential real estate[2],[3] | $ 1,978,804 | $ 100,401 | 5.07 % | $ 1,899,239 | $ 88,083 | 4.64 % | $ 1,755,772 | $ 68,581 | 3.91 % |
| Commercial, financial, and agriculture[3] | 2,088,474 | 137,071 | 6.56 | 1,935,038 | 120,783 | 6.24 | 1,781,132 | 75,390 | 4.23 |
| Installment loans to individuals[3],[4] | 66,565 | 4,048 | 6.08 | 66,636 | 3,828 | 5.74 | 46,622 | 2,567 | 5.51 |
| Total loans | 4,133,843 | 241,520 | 5.84 | 3,900,913 | 212,694 | 5.45 | 3,583,526 | 146,538 | 4.09 |
| Securities: | | | | | | | | | |
| Taxable | 1,295,289 | 54,132 | 4.18 | 1,273,674 | 48,335 | 3.79 | 1,288,252 | 34,445 | 2.67 |
| Tax-exempt[5] | 158,257 | 4,153 | 2.62 | 175,383 | 4,878 | 2.78 | 218,588 | 6,217 | 2.84 |
| Total securities | 1,453,546 | 58,285 | 4.01 | 1,449,057 | 53,213 | 3.67 | 1,506,840 | 40,662 | 2.70 |
| Deposits in depository institutions | 144,134 | 7,495 | 5.20 | 142,299 | 6,382 | 4.48 | 357,184 | 3,794 | 1.06 |
| Total interest-earning assets | 5,731,523 | 307,300 | 5.36 | 5,492,269 | 272,289 | 4.96 | 5,447,550 | 190,994 | 3.51 |
| Cash and due from banks | 104,575 | | | 74,443 | | | 88,581 | | |
| Bank premises and equipment | 71,298 | | | 72,582 | | | 72,590 | | |
| Goodwill and intangible assets | 161,318 | | | 153,937 | | | 116,469 | | |
| Other assets | 299,378 | | | 329,198 | | | 271,685 | | |
| Less: allowance for credit losses | (22,804) | | | (22,089) | | | (17,687) | | |
| Total assets | $ 6,345,288 | | | $ 6,100,340 | | | $ 5,979,188 | | |
| **Liabilities** | | | | | | | | | |
| Interest-bearing demand deposits | $ 1,323,507 | $ 15,335 | 1.16 % | $ 1,291,234 | $ 11,048 | 0.86 % | $ 1,150,007 | $ 1,234 | 0.11 % |
| Savings deposits | 1,231,698 | 8,917 | 0.72 | 1,332,527 | 7,979 | 0.60 | 1,414,727 | 1,544 | 0.11 |
| Time deposits[3] | 1,149,773 | 40,277 | 3.50 | 969,329 | 18,260 | 1.88 | 983,046 | 4,666 | 0.47 |
| Short-term borrowings | 337,368 | 15,500 | 4.59 | 290,440 | 12,027 | 4.14 | 284,611 | 2,211 | 0.78 |
| FHLB long-term advances | 146,721 | 6,163 | 4.20 | 66,849 | 2,709 | 4.05 | — | — | — |
| Total interest-bearing liabilities | 4,189,067 | 86,192 | 2.06 | 3,950,379 | 52,023 | 1.32 | 3,832,391 | 9,655 | 0.25 |
| Noninterest-bearing demand deposits | 1,336,625 | | | 1,389,295 | | | 1,429,415 | | |
| Other liabilities | 107,061 | | | 125,377 | | | 98,553 | | |
| Total shareholders' equity | 712,535 | | | 635,289 | | | 618,829 | | |
| Total liabilities and shareholders' equity | $ 6,345,288 | | | $ 6,100,340 | | | $ 5,979,188 | | |
| Net interest income | | $ 221,108 | | | $ 220,266 | | | $ 181,339 | |
| Net yield on earning assets | | | 3.86 % | | | 4.01 % | | | 3.33 % |

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:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Loan fees, net | $ 494 | $ 1,366 | $ 568 |

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:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Residential real estate | **$ 202** | $ 243 | $ 298 |
| Commercial, financial, and agriculture | **3,301** | 2,276 | 642 |
| Installment loans to individuals | **21** | 41 | 45 |
| Time deposits | **110** | 535 | 83 |
| Total | **$ 3,634** | $ 3,095 | $ 1,068 |

4. Includes the Company’s consumer and DDA overdrafts loan categories.
5. Computed on a fully federal tax-equivalent basis assuming a tax rate of approximately 21%.

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

| | 2024 vs. 2023 Increase (Decrease) Due to Change In: | | | 2023 vs. 2022 Increase (Decrease) Due to Change In: | | |
|---|---|---|---|---|---|---|
| | **Volume** | **Rate** | **Net** | Volume | Rate | Net |
| **Interest-earning assets:** | | | | | | |
| Loan portfolio | | | | | | |
| Residential real estate | **$ 3,690** | **$ 8,628** | **$ 12,318** | $ 5,604 | $ 13,898 | $ 19,502 |
| Commercial, financial, and agriculture | **9,577** | **6,711** | **16,288** | 6,514 | 38,879 | 45,393 |
| Installment loans to individuals | **(4)** | **224** | **220** | 1,102 | 159 | 1,261 |
| Total loans | **13,263** | **15,563** | **28,826** | 13,220 | 52,936 | 66,156 |
| Securities: | | | | | | |
| Taxable | **820** | **4,977** | **5,797** | (390) | 14,280 | 13,890 |
| Tax-exempt[1] | **(476)** | **(249)** | **(725)** | (1,229) | (110) | (1,339) |
| Total securities | **344** | **4,728** | **5,072** | (1,619) | 14,170 | 12,551 |
| Deposits in depository institutions | **82** | **1,031** | **1,113** | (2,283) | 4,871 | 2,588 |
| Total interest-earning assets | **$ 13,689** | **$ 21,322** | **$ 35,011** | $ 9,318 | $ 71,977 | $ 81,295 |
| | | | | | | |
| **Interest-bearing liabilities:** | | | | | | |
| Interest-bearing demand deposits | **$ 276** | **$ 4,011** | **$ 4,287** | $ 152 | $ 9,662 | $ 9,814 |
| Savings deposits | **(604)** | **1,542** | **938** | (90) | 6,525 | 6,435 |
| Time deposits | **3,399** | **18,618** | **22,017** | (65) | 13,659 | 13,594 |
| Short-term borrowings | **1,943** | **1,530** | **3,473** | 45 | 9,771 | 9,816 |
| FHLB long-term advances | **3,237** | **217** | **3,454** | 2,709 | — | 2,709 |
| Total interest-bearing liabilities | **8,251** | **25,918** | **34,169** | 2,751 | 39,617 | 42,368 |
| **Net Interest Income** | **$ 5,438** | **$ (4,596)** | **$ 842** | $ 6,567 | $ 32,360 | $ 38,927 |

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

**NET INTEREST INCOME**

| | **2024** | 2023 | 2022 |
|---|---|---|---|
| Total interest income | **$ 306,429** | $ 271,264 | $ 189,688 |
| Total interest expense | **86,192** | 52,023 | 9,655 |
| Net interest income | **220,237** | 219,241 | 180,033 |

***2024 vs. 2023***

The Company's net interest income increased from $219.2 million for the year ended December 31, 2023 to $220.2 million for the year ended December 31, 2024. The Company's tax equivalent net interest income increased $0.8 million, or 0.4%, from $220.3 million for the year ended December 31, 2023 to $221.1 million for the year ended December 31, 2024. Due to increases in loan yields (net of loan fees and accretion) of 40 basis points and an increase in average loan balances ($185.5 million), net interest income increased $15.2 million and $10.3 million, respectively. Additionally, an increase in the yield on investment securities of 34 basis points increased net interest income by $4.7 million and a 72 basis point increase on deposits in depository institutions increased net interest income by $1.0 million. The acquisition of Citizens Commerce Bancshares, Inc., and its subsidiary, Citizens Commerce Bank ("Citizens") of Versailles, Kentucky, during the first quarter of 2023 added $2.8 million of net interest income during the year ended December 31, 2024.

These increases were partially offset by an increase in the cost of interest bearing liabilities (78 basis points) which decreased net interest income by $25.5 million and higher balances of interest bearing liabilities ($193.8 million) that lowered net interest income by $7.9 million. The Company's reported net interest margin decreased from 4.01% for the year ended December 31, 2023 to 3.86% for the year ended December 31, 2024.

***2023 vs. 2022***

The Company's net interest income increased from $180.0 million for the year ended December 31, 2022 to $219.2 million for the year ended December 31, 2023. The Company's tax equivalent net interest income increased $39.0 million, or 21.5%, from $181.3 million for the year ended December 31, 2022 to $220.3 million for the year ended December 31, 2023. The acquisition of Citizens during the first quarter of 2023 added $10.6 million of net interest income during the year ended December 31, 2023. Due to increases in market rates, net interest income increased by $47.2 million due to an increase in loan yields (net of loan fees and accretion) of 127 basis points, by $14.2 million due to an increase in the yield on investment securities of 97 basis points, and by $4.9 million due to a 342 basis point increase on deposits in depository institutions. In addition, net interest income increased $4.4 million due to an increase in balances of loans of $110.2 million and by $2.0 million due to additional accretion from the year ended December 31, 2022.

These increases were partially offset by an increase in the cost of interest bearing liabilities (110 basis points) which decreased net interest income by $41.6 million, lower balances of deposits in depository institutions ($214.9 million) that lowered net interest income by $2.3 million, and lower investment balances ($57.8 million) that lowered net interest income by $1.6 million. The Company's reported net interest margin increased from 3.33% for the year ended December 31, 2022 to 4.01% for the year ended December 31, 2023.

**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 principles 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. The following table reconciles fully taxable equivalent net interest income with net interest income as derived from the Company's financial statements, as well as other non-GAAP measures (dollars in thousands):

**TABLE THREE**
**NON-GAAP FINANCIAL MEASURES**
*(dollars in thousands)*

| | **2024** | 2023 | 2022 |
|---|---|---|---|
| Net interest income ("GAAP") | **$ 220,237** | $ 219,241 | $ 180,033 |
| Taxable equivalent adjustment | **871** | 1,025 | 1,306 |
| Net interest income, fully taxable equivalent | **$ 221,108** | $ 220,266 | $ 181,339 |
| | | | |
| Equity to assets ("GAAP") | **11.31 %** | 10.98 % | 9.83 % |
| Effect of goodwill and other intangibles, net | **(2.25)** | (2.41) | (1.81) |
| Tangible common equity to tangible assets | **9.06 %** | 8.57 % | 8.02 % |

**NON-INTEREST INCOME AND NON-INTEREST EXPENSE**

***2024 vs. 2023***

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

| | For the year ended December 31, | | | |
|---|---|---|---|---|
| | **2024** | 2023 | $ Change | % Change |
| Net investment security losses | **$ (2.7)** | $ (4.5) | $ 1.8 | 40 % |
| Non-interest income, excluding net investment securities (losses) gains | **76.0** | 75.1 | 0.9 | 1 % |
| Non-interest expense, excluding merger-related expenses | **147.2** | 138.4 | 8.9 | 6 % |

Non-interest income was $73.3 million for the year ended December 31, 2024, as compared to $70.6 million for the year ended December 31, 2023. In 2024, the Company reported $2.8 million of realized security losses and $0.2 million of unrealized security gains on the Company's equity securities as compared to $4.9 million realized security losses and $0.4 million of unrealized security gains on the Company's equity securities in 2023. The realized security losses during both 2024 and 2023, which lowered diluted earnings per share by $0.15 and $0.25, respectively, were executed to reposition a portion of our investment securities.

Exclusive of these realized and unrealized gains and losses, non-interest income increased $0.9 million, or 1.2%, from $75.1 million for 2023 to $76.0 million for 2024. This increase was largely attributable to an increase of $1.7 million, or 17.7%, in trust and investment management fee income and an increase of $1.5 million, or 5.3%, from service charges. Additionally, bankcard revenues increased $0.5 million, or 1.9%, from the year ended December 31, 2023. These increases were partially offset by a decrease of $2.0 million from bank owned life insurance (lower death benefits) and $0.8 million in other income.

Non-interest expenses increased $3.7 million, or 2.6%, from $143.5 million for 2023 to $147.2 million for 2024. This increase was primarily due to an increase in salaries and employee benefit expenses ($3.2 million due to salary adjustments (4.1%) and increased health insurance (5.0%)) and equipment and software related expense ($1.5 million). In addition, bankcard expense increased $1.1 million and advertising expenses increased $0.7 million. These expenses were partially offset by lower other expenses of $2.9 million that were primarily related to acquisition and integration expenses associated with the Citizens acquisition completed in 2023 ($5.2 million).

***2023 vs. 2022***

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

| | For the year ended December 31, | | | |
|---|---|---|---|---|
| | 2023 | 2022 | $ Change | % Change |
| Net investment security losses | $ (4.5) | $ (1.6) | $ (2.9) | (181)% |
| Non-interest income, excluding net investment securities (losses) gains | 75.1 | 73.7 | 1.4 | 2 % |
| Non-interest expense, less merger related expenses | 138.4 | 124.0 | 14.4 | 12 % |

Non-interest income was $70.6 million for the year ended December 31, 2023, as compared to $72.1 million for the year ended December 31, 2022. In 2023, the Company reported $4.9 million of realized security losses and $0.4 million of unrealized security gains on the Company's equity securities as compared to $1.6 million of unrealized security losses on the Company's equity securities in 2022. The realized security losses during 2023, which lowered diluted earnings per share by $0.25, were executed to reposition a portion of our investment securities.

Exclusive of these realized and unrealized gains and losses, non-interest income increased $1.4 million, or 2.0%, from $73.7 million for 2022 to $75.1 million for 2023. This increase was largely attributable to an increase of $0.8 million, or 8.7%, in trust and investment management fee income and a $0.6 million, or 2.2%, increase in bankcard revenue. In

addition, death benefits from bank owned life insurance increased $0.5 million from the year ended December 31, 2022. These increases were partially offset by a decrease of $0.6 million in service charges.

Non-interest expenses increased $19.2 million, or 15.5%, from $124.3 million for 2022 to $143.5 million for 2023. This increase was primarily due to an increase in other expenses ($9.8 million, due primarily to higher acquisition and integration expenses associated with the completed acquisition of Citizens ($5.2 million)) and salaries and employee benefit expenses ($6.6 million due to salary adjustments, Citizens personnel ($1.9 million), and increased health insurance). In addition, bankcard expense increased $1.4 million, FDIC expense increased $1.2 million and occupancy related expenses increased $0.6 million.

**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, | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Income tax expense | **$ 27.4** | $ 28.7 | $ 25.3 |
| Effective tax rate | **19.0 %** | 20.1 % | 19.8 % |

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 ($41.7 million) at December 31, 2024 and a net deferred tax asset position ($42.2 million) at December 31, 2023.

The components of the Company's net deferred tax assets 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 associated with unrealized securities losses is the tax impact of the unrealized 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 (Loss) Income. This deferred tax asset would be realized if the unrealized securities losses on the Company's securities were realized from the sales of the related securities. 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, 2024 or 2023.

**LIQUIDITY AND CAPITAL RESOURCES**

**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, 2024, City National could pay dividends up to $48.2 million without prior regulatory permission.

During 2024, 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.

The Parent Company anticipates continuing the payment of dividends, which are expected to approximate $46.5 million on an annualized basis for 2025 based on common shareholders of record at December 31, 2024 at a dividend rate of $3.16 per share for 2025. 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 $1.8 million of additional cash over the next 12 months. As of December 31, 2024, the Parent Company reported a cash balance of $117.3 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 2025.

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"), the Federal Reserve Discount Window, and other financial institutions. City National had an additional $1.5 billion and $1.9 billion available from unused portions of lines of credit with the FHLB and Federal Reserve Discount Window at December 31, 2024 and 2023, respectively. No short-term or long-term funding has been utilized with certain other financial institutions the Company maintains business relationships as of December 31, 2024 or December 31, 2023. 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. Historically, the Company has utilized derivative instruments, when appropriate, to assist this goal. During the year ending December 31, 2020, the Company entered into three $50 million swap agreements that hedged interest rate risk on certain pools of the Company's investment securities. These agreements require the Company to pay rates ranging from 0.20% to 0.24%, while receiving the federal funds effective rate in return. Interest income and changes in market valuations from these swap agreements are recognized as investment income in the accompanying statements of income. These agreements mature in October ($50 million) and November ($100 million) of 2025. During the year ending December 31, 2023, the Company entered into a $100 million swap agreement that hedged interest rate risk on certain loans of the Company. This agreement requires the Company to pay 3.60%, while receiving SOFR in return. Interest income and changes in market valuations from this swap agreement are recognized as loan interest income in the accompanying statements of income. This agreement matures in March 2026

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 $131.9 million of cash from operating activities during 2024, 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 $1.45 billion at December 31, 2024, and that greatly exceeded the Company's non-deposit sources of borrowing, which totaled $476 million.

The Company's net loan to asset ratio is 65.8% as of December 31, 2024 and deposit balances fund 79.6% of total assets as compared to 72.2% for its peers (Bank Holding Company Peer Group, as of the most recent data available as of September 30, 2024, 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 60.3% of the Company's total assets and the Company uses time deposits over $250,000 to fund 6.8% of total assets compared to its peers, which fund 10.6% of total assets with such deposits.

As the following table reflects, approximately 15% (estimated) of the Company's deposits were uninsured (either with balances above $250,000 or not collateralized by investment securities) as of December 31, 2024.

**Estimated Uninsured Deposits by Deposit Type**

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Noninterest-Bearing Demand Deposits | 17 % | 16 % |
| | | |
| Interest-Bearing Deposits | | |
| Demand Deposits | 15 % | 7 % |
| Savings Deposits | 12 % | 11 % |
| Time Deposits | 16 % | 13 % |
| **Total Deposits** | **15 %** | 12 % |

**Capital Resources**

During year ended December 31, 2024, Shareholders' Equity increased $54 million, or 7.9%, from $677 million at December 31, 2023 to $731 million at December 31, 2024. This increase was primarily due to net income of $117 million that was partially offset by cash dividends declared of $45 million, common share repurchases of $18 million, and other comprehensive losses of $5 million.

During the year ended December 31, 2024, the Company repurchased approximately 179,000 common shares at a weighted average price of $100.24 per share as part of a one million share repurchase plan authorized by the Board of Directors in January 2024. At December 31, 2024, the Company could repurchase an additional approximately 821,000 shares under the current plan.

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 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 minimum required 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, 2024** | **Capital Amount** | **Ratio** | **Capital Amount** | **Ratio** | **Capital Amount** | **Ratio** |
| CET 1 Capital | | | | | | |
| City Holding Company | **$ 688,707** | **16.5 %** | **$ 291,989** | **7.0 %** | **$ 271,133** | **6.5 %** |
| City National Bank | **563,301** | **13.6 %** | **291,068** | **7.0 %** | **270,277** | **6.5 %** |
| Tier 1 Capital | | | | | | |
| City Holding Company | **688,707** | **16.5 %** | **354,558** | **8.5 %** | **333,702** | **8.0 %** |
| City National Bank | **563,301** | **13.6 %** | **353,439** | **8.5 %** | **332,649** | **8.0 %** |
| Total Capital | | | | | | |
| City Holding Company | **709,820** | **17.0 %** | **437,983** | **10.5 %** | **417,127** | **10.0 %** |
| City National Bank | **584,415** | **14.1 %** | **436,602** | **10.5 %** | **415,811** | **10.0 %** |
| Tier 1 Leverage Ratio | | | | | | |
| City Holding Company | **688,707** | **10.6 %** | **259,325** | **4.0 %** | **324,156** | **5.0 %** |
| City National Bank | **563,301** | **8.7 %** | **258,477** | **4.0 %** | **323,096** | **5.0 %** |

| | Actual | | Minimum Required - Basel III | | Required to be Considered Well Capitalized | |
|---|---|---|---|---|---|---|
| December 31, 2023 | Capital Amount | Ratio | Capital Amount | Ratio | Capital Amount | Ratio |
| CET 1 Capital | | | | | | |
| City Holding Company | $ 627,579 | 15.7 % | $ 279,768 | 7.0 % | $ 259,875 | 6.5 % |
| City National Bank | 549,031 | 13.8 % | 278,692 | 7.0 % | 258,785 | 6.5 % |
| Tier 1 Capital | | | | | | |
| City Holding Company | 627,579 | 15.7 % | 339,718 | 8.5 % | 319,735 | 8.0 % |
| City National Bank | 549,031 | 13.8 % | 338,412 | 8.5 % | 318,505 | 8.0 % |
| Total Capital | | | | | | |
| City Holding Company | 648,646 | 16.2 % | 419,652 | 10.5 % | 399,669 | 10.0 % |
| City National Bank | 570,099 | 14.3 % | 418,038 | 10.5 % | 398,131 | 10.0 % |
| Tier 1 Leverage Ratio | | | | | | |
| City Holding Company | 627,579 | 10.2 % | 245,468 | 4.0 % | 306,835 | 5.0 % |
| City National Bank | 549,031 | 8.9 % | 245,587 | 4.0 % | 306,984 | 5.0 % |

As of December 31, 2024, 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, 2024, 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.

**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 FHLB long-term advances 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 FOUR**
**CONTRACTUAL OBLIGATIONS**

The composition of the Company's contractual obligations as of December 31, 2024 is presented in the following table (in thousands):

| | Contractual Maturity in | | |
|---|---|---|---|
| | Less than One Year | Greater than One Year | Total |
| Noninterest-bearing demand deposits | $ 1,344,449 | $ — | $ 1,344,449 |
| Interest-bearing demand deposits[1] | 1,335,361 | — | 1,335,361 |
| Savings deposits[1] | 1,215,744 | — | 1,215,744 |
| Time deposits[1] | 1,168,807 | 99,056 | 1,267,863 |
| Short-term borrowings[1] | 339,372 | — | 339,372 |
| FHLB long-term advances[1] | 6,206 | 164,092 | 170,298 |
| Low income housing tax credits ("LIHTCs") funding commitments | 9,333 | 6,940 | 16,273 |
| Supplemental employee retirement plans | 526 | 5,262 | 5,788 |
| Deferred compensation plans | 172 | 3,797 | 3,969 |
| Real estate leases | 1,059 | 7,804 | 8,863 |
| **Total Contractual Obligations** | $ 5,421,029 | $ 286,951 | $ 5,707,980 |

(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, 2024. 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, 2024 was $1.3 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.

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 2024 and 2023, 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.

**INVESTMENTS**

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. These securities are collateralized by both residential and commercial properties. The mortgage-backed securities in which the Company has invested are predominantly issued by government-sponsored agencies such as Fannie Mae, Freddie Mac and Ginnie Mae.

The Company's municipal bond portfolio of $184 million as of December 31, 2024 has an average tax equivalent yield of 2.58% with an average maturity of 11.2 years. The average dollar amount invested in each security is $1.3 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 25% of the portfolio, while 75% has no additional credit support. Management aggregates by issuer, and re-underwrites all securities greater than $1 million in the portfolio on an annual basis, using the same guidelines that are used to underwrite its commercial loans. Revenue bonds were 58% of the portfolio, while the remaining 42% were general obligation bonds. Geographically, the portfolio supports the

Company's footprint, with 17% of the portfolio being from municipalities throughout West Virginia, and the remainder from communities in Texas, Washington, Ohio and various other states.

The weighted average market 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 | $ 5,470 | 3.04 % | $ 27,241 | 3.40 % | $ 35,300 | 3.68 % | $ 115,740 | 1.85 % |
| Mortgage-backed securities: | | | | | | | | |
| U.S. government agencies | 1 | 6.35 | 105,135 | 2.90 | 255,610 | 3.09 | 841,335 | 3.50 |
| Private label | — | — | — | — | 74 | — | 4,859 | 3.88 |
| Trust preferred securities | — | — | — | — | — | — | 4,746 | 6.46 |
| Corporate securities | 9,939 | 4.88 | 13,176 | 2.73 | 2,680 | 5.97 | — | — |
| **Total Debt Securities available-for-sale** | $ 15,410 | 4.23 % | $ 145,552 | 2.98 % | $ 293,664 | 3.19 % | $ 966,680 | 3.32 % |

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 FIVE**
**LOAN PORTFOLIO**

Loans increased $148.9 million (3.6%) from December 31, 2023 to $4.27 billion at December 31, 2024. The composition of the Company's loan portfolio as of the dates indicated follows (in thousands):

| | **2024** | 2023 |
|---|---|---|
| Commercial and industrial | **$ 419,838** | $ 426,951 |
| | | |
| 1-4 Family | **197,258** | 206,237 |
| Hotels | **389,660** | 357,142 |
| Multi-family | **240,943** | 189,165 |
| Non Residential Non-Owner Occupied | **707,265** | 680,590 |
| Non Residential Owner Occupied | **233,497** | 240,328 |
| Commercial real estate | **1,768,623** | 1,673,462 |
| | | |
| Residential real estate | **1,823,610** | 1,788,149 |
| Home equity | **199,192** | 167,201 |
| Consumer | **57,816** | 65,246 |
| DDA overdrafts | **5,697** | 4,914 |
| Total loans | **$ 4,274,776** | $ 4,125,923 |

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 decreased $7.1 million from December 31, 2023 to December 31, 2024.

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 $95.2 million to $1.77 billion at December 31, 2024. At December 31, 2024, $24.7 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 $197.3 million as of December 31, 2024. 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 $389.7 million as of December 31, 2024. 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 $240.9 million as of December 31, 2024. 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 $707.3 million while nonresidential owner-occupied commercial real estate totaled $233.5 million as of December 31, 2024. 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, 2024, City National was within its internally designated concentration limits. As of December 31, 2024, City National's loans to borrowers within the Lessors of Nonresidential Buildings (14%) and Lessors of Residential Buildings and Dwellings (11%) categories exceeded 10% of total loans. No other NAICS industry classification exceeded 10% of total loans as of December 31, 2024. Management also monitors non-owner occupied commercial real estate as a percent of risk based capital (based upon regulatory guidance). At December 31, 2024, the Company had $1.5 billion of commercial loans classified as non-owner occupied and was within its designated concentration threshold.

Residential real estate loans increased $35.5 million from December 31, 2023 to $1.82 billion at December 31, 2024. Residential real estate loans include loans for the purchase or refinance of consumers' residence and first-priority home equity loans that allow consumers to borrow against the equity in their home. These loans primarily consist of single family five- and seven-year adjustable rate mortgages with terms that amortize up to 30 years. City National also offers fixed-rate residential real estate 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. Additionally, the Company periodically purchases residential mortgage loans. The credit and collateral documents for each potential purchased loan are reviewed to ensure the credit metrics are acceptable to management. At December 31, 2024, $7.5 million of the residential real estate loans were for properties under construction.

Home equity loans increased $32.0 million from December 31, 2023 to $199 million at December 31, 2024. 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 $7.4 million from 2023 to $58 million at December 31, 2024.

The following table shows the scheduled maturity of loans outstanding as of December 31, 2024 (in thousands):

| | Within One Year | After One But Within Five Years | After Five Years Through Fifteen Years | After Fifteen Years | Total |
|---|---|---|---|---|---|
| Commercial and industrial | $ 105,112 | $ 251,336 | $ 51,138 | $ 12,252 | $ 419,838 |
| 1-4 Family | 21,128 | 23,353 | 68,707 | 84,070 | 197,258 |
| Hotels | 50,621 | 166,427 | 135,243 | 37,369 | 389,660 |
| Multi-family | 5,085 | 117,799 | 86,201 | 31,858 | 240,943 |
| Non Residential Non-Owner Occupied | 31,193 | 222,526 | 347,713 | 105,833 | 707,265 |
| Non Residential Owner Occupied | 16,830 | 33,721 | 97,831 | 85,115 | 233,497 |
| Commercial real estate | 124,857 | 563,826 | 735,695 | 344,245 | 1,768,623 |
| Residential real estate | 1,339 | 15,235 | 178,853 | 1,628,183 | 1,823,610 |
| Home equity | 1,200 | 6,560 | 44,498 | 146,934 | 199,192 |
| Consumer and DDA Overdrafts | 4,382 | 36,204 | 17,188 | 5,739 | 63,513 |
| Total loans | $ 236,890 | $ 873,161 | $ 1,027,372 | $ 2,137,353 | $ 4,274,776 |

The maturity table above is based on actual loan maturity dates and does not consider prepayments or any other assumptions.

| Loans maturing after one year with interest rates that are: | Fixed until Maturity | Variable or adjustable | Total |
|---|---|---|---|
| Commercial and industrial | $ 161,701 | $ 153,025 | $ 314,726 |
| 1-4 Family | 21,351 | 154,779 | 176,130 |
| Hotels | 87,537 | 251,502 | 339,039 |
| Multi-family | 67,420 | 168,438 | 235,858 |
| Non Residential Non-Owner Occupied | 73,468 | 602,604 | 676,072 |
| Non Residential Owner Occupied | 31,446 | 185,221 | 216,667 |
| Commercial real estate | 281,222 | 1,362,544 | 1,643,766 |
| Residential real estate | 259,763 | 1,562,508 | 1,822,271 |
| Home equity | 32,277 | 165,715 | 197,992 |
| Consumer and DDA Overdrafts | 51,095 | 8,036 | 59,131 |
| Total loans | $ 786,058 | $ 3,251,828 | $ 4,037,886 |

The maturity table above is based on actual loan maturity dates and does not consider prepayments or any other assumptions.

**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 current expected credit losses model ("CECL") applies 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.

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.

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 Allowance for Credit Losses "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 Allowance for Credit Losses, the Company recorded a provision for credit losses of $1.8 million for the year ended December 31, 2024 and $3.2 million for the year ended December 31, 2023.

During the year ended December 31, 2024, the Company recognized a $2.0 million charge-off related to a commercial loan for a movie theater that had been originated in September 2014. The loan had paid according to terms, but cash flows began deteriorating during the COVID-19 crisis which began in 2020. Due to further operating weaknesses during 2024, the loan was transferred to non-accrual status and after the $2.0 million charge-off, the loan has an outstanding balance of approximately $6.7 million at December 31, 2024. The Company has only one other loan to a movie theater and the outstanding balance of that performing loan is under $5.0 million.

The provision for credit losses recognized during 2024 related primarily to the aforementioned movie theater ($2.0 million), loan growth during the year ending December 31, 2024, and an increase in the loss rate for residential real estate loans. These increases were partially offset by $1.7 million of reversals of reserves due primarily to payoffs on purchase credit deteriorated loans during the year ending December 31, 2024. Additionally, the provision for credit losses for the year ended December 31, 2023 included $2.0 million of credit loss expense associated with loans acquired from Citizens.

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, 2024 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 SIX**
**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.

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | **Amount** | **Percent of Loans in Each Category to Total Loans** | Amount | Percent of Loans in Each Category to Total Loans |
| Commercial and industrial | **$ 4,541** | **10 %** | $ 4,474 | 10 % |
| 1-4 Family | **1,366** | **5** | 1,402 | 5 |
| Hotels | **2,355** | **9** | 2,211 | 9 |
| Multi-family | **1,390** | **6** | 1,002 | 5 |
| Non Residential Non-Owner Occupied | **3,001** | **16** | 4,077 | 16 |
| Non Residential Owner Occupied | **1,725** | **5** | 2,453 | 6 |
| Commercial real estate | **9,837** | **41** | 11,145 | 41 |
| Residential real estate | **5,798** | **43** | 5,398 | 43 |
| Home equity | **643** | **5** | 490 | 4 |
| Consumer | **314** | **1** | 269 | 2 |
| DDA overdrafts | **789** | — | 969 | — |
| **Allowance for Credit Losses** | **$ 21,922** | **100 %** | $ 22,745 | 100 % |

The ACL decreased from $22.7 million at December 31, 2023 to $21.9 million at December 31, 2024. The allowance attributed to the commercial real estate loan portfolio decreased $1.3 million from $11.1 million at December 31, 2023 to $9.8 million at December 31, 2024. This decrease was due to a reduction in reserves for purchase credit deteriorated loans that was partially offset by loan growth and the aforementioned movie theater charge off during the year ended December 31, 2024.

The following table shows asset quality ratios as of December 31, 2024 and 2023:

| | **2024** | 2023 |
|---|---|---|
| Net charge offs to average loans | **0.06 %** | 0.01 % |
| Provision for credit losses to average loans | **0.04** | 0.08 |
| Allowance for credit losses to non-performing loans | **154.26** | 290.56 |
| Allowance for credit losses to total loans | **0.51** | 0.55 |
| Non-performing assets as a percentage of total loans and OREO | **0.35** | 0.21 |

**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 Twenty-Three 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 $150 million of goodwill at December 31, 2024 and December 31, 2023. No impairment was required to be recognized in 2024 or 2023, as the estimated fair value of the Company has continued to exceed its book value.

**CERTIFICATES OF DEPOSIT**

The Company has time certificates of deposit that meet or exceed the FDIC insurance limit of $250,000 totaling an estimated $441.9 million at December 31, 2024. Scheduled maturities of uninsured time certificates of deposit are estimated at December 31, 2024 and are summarized in the table below (in thousands).

**TABLE SEVEN**
**MATURITY DISTRIBUTION OF UNINSURED CERTIFICATES OF DEPOSIT**

| | Amounts |
|---|---|
| Three months or less | $ 50,418 |
| Over three months through six months | 68,370 |
| Over six months through twelve months | 49,746 |
| Over twelve months | 11,605 |
| Total | $ 180,139 |

**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, 2024, approximately 23% of total assets, or $1.5 billion, 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, 2024, approximately $51 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.

**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 SOFR 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 in the form of 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 at least 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 more than 15% within a 12-month period, assuming an immediate parallel increase or decrease of 100 to 300 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, 2024** | | |
| **+300** | **7.50** | **3.2 %** |
| **+200** | **6.50** | **5.9** |
| **+100** | **5.50** | **7.0** |
| **-100** | **3.50** | **-2.9** |
| **-200** | **2.50** | **-7.8** |
| **-300** | **1.50** | **-13.2** |
| | | |
| December 31, 2023 | | |
| +300 | 8.50 % | -4.5 % |
| +200 | 7.50 | -2.4 |
| +100 | 6.50 | -1.6 |
| -100 | 4.50 | -7.2 |
| -200 | 3.50 | -8.3 |
| -300 | 2.50 | -13.9 |

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 2025 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 behave relative to an increase or decrease in rates compared to what would otherwise occur if rates remain stable.

**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, 2024 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, 2024, 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 audit report on the effectiveness of internal control over financial reporting. This report appears on page 54.

February 26, 2025

| | |
|---|---|
| /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, 2024 and 2023, the related consolidated statements of income, comprehensive income (loss), changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2024, 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, 2024, 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, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024 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, 2024, based on criteria established in Internal Control – Integrated Framework: (2013) issued by COSO.

**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 audits 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 audits 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 financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the 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 it relates.

**Allowance for Credit Losses – Qualitative Factors**

As more fully described in Notes One and Six of the consolidated financial statements, the Company's allowance for credit losses represents management's best estimate of expected losses in the loan portfolio. Estimates of expected credit losses for loans are based on reasonable and supportable forecasts of future economic conditions, historical loss experience and qualitative factors.

Management estimates the allowance for credit losses 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 (i.e., qualitative adjustments) 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.

The principal consideration resulting in our determination that auditing the allowance for credit losses qualitative adjustments is a critical audit matter is the high degree of subjectivity involved in management's assessment of the risk of loss associated with each adjustment, and the determination of the adjustment amounts to historical loss rates.

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

- Testing the effectiveness of controls over the Company's preparation and review of the allowance for credit loss calculation, specifically testing controls over the adherence to the framework aligned with the risk of loss, 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 process for developing the qualitative factors, including alignment to the established framework, assessing the relevance and reliability of data used to develop the factors, and evaluating for reasonableness the judgments and assumptions used in the determination of the adjustment amounts.

/s/ Crowe LLP
We have served as the Company's auditor since 2019.
Washington, D.C.
February 26, 2025

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

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| **Assets** | | |
| Cash and due from banks | **$ 117,580** | $ 123,033 |
| Interest-bearing deposits in depository institutions | **107,809** | 33,243 |
| **Cash and Cash Equivalents** | **225,389** | 156,276 |
| Investment securities available for sale, at fair value (amortized cost $1,570,449 and $1,479,545, net of allowance for credit losses of $0 at December 31, 2024 and December 31, 2023, respectively) | **1,421,306** | 1,338,137 |
| Other securities | **29,803** | 30,966 |
| **Total Investment Securities** | **1,451,109** | 1,369,103 |
| Gross loans | **4,274,776** | 4,125,923 |
| Allowance for credit losses | **(21,922)** | (22,745) |
| **Net Loans** | **4,252,854** | 4,103,178 |
| Bank owned life insurance | **120,887** | 118,122 |
| Premises and equipment, net | **70,539** | 72,146 |
| Accrued interest receivable | **20,650** | 20,290 |
| Deferred tax assets, net | **41,704** | 42,216 |
| Goodwill and other intangible assets, net | **160,044** | 162,568 |
| Other assets | **116,283** | 124,153 |
| **Total Assets** | **$ 6,459,459** | $ 6,168,052 |
| **Liabilities** | | |
| Deposits: | | |
| Noninterest-bearing | **$ 1,344,449** | $ 1,342,804 |
| Interest-bearing: | | |
| Demand deposits | **1,335,220** | 1,291,011 |
| Savings deposits | **1,215,358** | 1,259,457 |
| Time deposits | **1,249,123** | 1,040,990 |
| **Total Deposits** | **5,144,150** | 4,934,262 |
| Short-term borrowings: | | |
| FHLB short-term advances | **—** | 25,000 |
| Securities sold under agreements to repurchase | **325,655** | 309,856 |
| FHLB long-term advances | **150,000** | 100,000 |
| Other liabilities | **108,990** | 121,868 |
| **Total Liabilities** | **5,728,795** | 5,490,986 |
| **Commitments and contingencies - see Note Fifteen** | | |
| **Shareholders' Equity** | | |
| Preferred stock, par value $25 per share: 500,000 shares authorized; 0 issued | **—** | — |
| Common stock, par value $2.50 per share: 50,000,000 shares authorized; 19,047,548 shares issued at December 31, 2024 and 2023, less 4,342,108 and 4,215,731 shares in treasury, respectively | **47,619** | 47,619 |
| Capital surplus | **176,506** | 177,424 |
| Retained earnings | **852,757** | 780,299 |
| Treasury stock | **(230,499)** | (217,737) |
| Accumulated other comprehensive loss: | | |
| Unrealized loss on securities available-for-sale | **(114,277)** | (107,958) |
| Underfunded pension liability | **(1,442)** | (2,581) |
| **Total Accumulated Other Comprehensive (Loss) Income** | **(115,719)** | (110,539) |
| **Total Shareholders' Equity** | **730,664** | 677,066 |
| **Total Liabilities and Shareholders' Equity** | **$ 6,459,459** | $ 6,168,052 |

*To be read with the attached 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 | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| **Interest Income** | | | |
| Interest and fees on loans | **$ 241,521** | $ 212,693 | $ 146,538 |
| Interest on investment securities: | | | |
| Taxable | **54,132** | 48,335 | 34,445 |
| Tax-exempt | **3,281** | 3,854 | 4,911 |
| Interest on deposits in depository institutions | **7,495** | 6,382 | 3,794 |
| **Total Interest Income** | **306,429** | 271,264 | 189,688 |
| | | | |
| **Interest Expense** | | | |
| Interest on deposits | **64,529** | 37,287 | 7,444 |
| Interest on short-term borrowings | **15,500** | 12,027 | 2,211 |
| Interest on FHLB long-term advances | **6,163** | 2,709 | — |
| **Total Interest Expense** | **86,192** | 52,023 | 9,655 |
| **Net Interest Income** | **220,237** | 219,241 | 180,033 |
| Provision for credit losses | **1,820** | 3,243 | 474 |
| **Net Interest Income After Provision for Credit Losses** | **218,417** | 215,998 | 179,559 |
| | | | |
| **Non-Interest Income** | | | |
| Net (losses) gains on sale of investment securities | **(2,825)** | (4,908) | 4 |
| Unrealized gains (losses) recognized on equity securities still held | **175** | 432 | (1,585) |
| Service charges | **29,225** | 27,751 | 28,335 |
| Bankcard revenue | **28,500** | 27,960 | 27,349 |
| Trust and investment management fee income | **11,255** | 9,563 | 8,798 |
| Bank owned life insurance | **3,992** | 6,037 | 5,559 |
| Other income | **3,012** | 3,794 | 3,617 |
| **Total Non-Interest Income** | **73,334** | 70,629 | 72,077 |
| | | | |
| **Non-Interest Expense** | | | |
| Salaries and employee benefits | **76,363** | 73,163 | 66,536 |
| Occupancy related expenses | **9,615** | 9,831 | 9,246 |
| Equipment and software related expenses | **13,173** | 11,629 | 11,791 |
| FDIC insurance expense | **2,892** | 2,922 | 1,673 |
| Advertising | **3,821** | 3,112 | 3,405 |
| Bankcard expenses | **8,509** | 7,447 | 6,032 |
| Postage, delivery, and statement mailings | **2,730** | 2,526 | 2,362 |
| Office supplies | **1,809** | 1,945 | 1,744 |
| Legal and professional fees | **2,162** | 2,035 | 2,194 |
| Telecommunications | **2,312** | 2,411 | 2,616 |
| Repossessed asset losses, net of expenses | **246** | 28 | 59 |
| Other tax-related matters | **7,677** | 6,190 | 4,859 |
| Merger related costs | — | 5,150 | 268 |
| Other expenses | **15,926** | 15,132 | 11,517 |
| **Total Non-Interest Expense** | **147,235** | 143,521 | 124,302 |

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

| | Year Ended December 31 | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| **Income Before Income Taxes** | **$ 144,516** | $ 143,106 | $ 127,334 |
| Income tax expense | **27,415** | 28,741 | 25,263 |
| **Net Income Available to Common Shareholders** | **$ 117,101** | $ 114,365 | $ 102,071 |
| | | | |
| Basic earnings per common share | **$ 7.91** | $ 7.62 | $ 6.81 |
| Diluted earnings per common share | **$ 7.89** | $ 7.61 | $ 6.80 |

*To be read with the attached notes to consolidated financial statements.*

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

| | Year Ended December 31 | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Net income available to common shareholders | **$ 117,101** | $ 114,365 | $ 102,071 |
| *Available-for-Sale Securities* | | | |
| Unrealized (loss) gain on available-for-sale securities arising during period | **(11,092)** | 21,442 | (192,359) |
| Reclassification adjustment for net losses (gains) | **2,825** | 4,908 | (4) |
| Other comprehensive (loss) income related to available-for-sale securities | **(8,267)** | 26,350 | (192,363) |
| *Defined Benefit Pension Plan* | | | |
| Net gain (loss) arising during period | **1,128** | 777 | (697) |
| Reclassification adjustment for amortization of actuarial net gains in net periodic pension cost | **372** | 344 | 780 |
| Change in underfunded pension liability | **1,500** | 1,121 | 83 |
| Other comprehensive (loss) income before income taxes | **(6,767)** | 27,471 | (192,280) |
| Tax effect | **1,587** | (6,522) | 46,532 |
| Other comprehensive (loss) income, net of tax | **(5,180)** | 20,949 | (145,748) |
| Comprehensive income (loss), net of tax | **$ 111,921** | $ 135,314 | $ (43,677) |

*To be read with the attached 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) Income | Total Shareholders' Equity |
|---|---|---|---|---|---|---|
| Balances at December 31, 2021 | $ 47,619 | $ 170,942 | $ 641,826 | $ (193,542) | $ 14,260 | $ 681,105 |
| Net income | — | — | 102,071 | — | — | 102,071 |
| Other comprehensive loss, net of tax | — | — | — | — | (145,748) | (145,748) |
| Cash dividends declared ($2.50 per share) | — | — | (37,201) | — | — | (37,201) |
| Stock-based compensation expense, net | — | 3,276 | — | — | — | 3,276 |
| Restricted awards granted | — | (2,821) | — | 2,821 | — | — |
| Exercise of 15 stock options | — | (417) | — | 1,215 | — | 798 |
| Purchase of 325 treasury shares | — | — | — | (26,449) | — | (26,449) |
| Balances at December 31, 2022 | $ 47,619 | $ 170,980 | $ 706,696 | $ (215,955) | $ (131,488) | $ 577,852 |
| | | | | | | |
| Balances at December 31, 2022 | $ 47,619 | $ 170,980 | $ 706,696 | $ (215,955) | $ (131,488) | $ 577,852 |
| Adoption of ASU No. 2022-2 | — | — | 175 | — | — | 175 |
| Balances at January 1, 2023 | 47,619 | 170,980 | 706,871 | (215,955) | (131,488) | 578,027 |
| Net income | — | — | 114,365 | — | — | 114,365 |
| Other comprehensive income, net of tax | — | — | — | — | 20,949 | 20,949 |
| Cash dividends declared ($2.73 per share) | — | — | (40,937) | — | — | (40,937) |
| Stock-based compensation expense, net | — | 3,213 | — | — | — | 3,213 |
| Restricted awards granted | — | (3,848) | — | 3,848 | — | — |
| Purchase of 667 treasury shares | — | — | — | (60,134) | — | (60,134) |
| Acquisition of Citizens Commerce Bancshares, Inc. (667 shares) | — | 7,079 | — | 54,504 | — | 61,583 |
| Balances at December 31, 2023 | $ 47,619 | $ 177,424 | $ 780,299 | $ (217,737) | $ (110,539) | $ 677,066 |
| | | | | | | |
| **Balances at December 31, 2023** | **$ 47,619** | **$ 177,424** | **$ 780,299** | **$ (217,737)** | **$ (110,539)** | **$ 677,066** |
| **Net income** | **—** | **—** | **117,101** | **—** | **—** | **117,101** |
| **Other comprehensive loss, net of tax** | **—** | **—** | **—** | **—** | **(5,180)** | **(5,180)** |
| **Cash dividends declared ($3.01 per share)** | **—** | **—** | **(44,643)** | **—** | **—** | **(44,643)** |
| **Stock-based compensation expense, net** | **—** | **3,522** | **—** | **—** | **—** | **3,522** |
| **Restricted awards granted** | **—** | **(4,030)** | **—** | **4,030** | **—** | **—** |
| **Exercise of 11 stock options** | **—** | **(410)** | **—** | **1,104** | **—** | **694** |
| **Purchase of 179 treasury shares** | **—** | **—** | **—** | **(17,896)** | **—** | **(17,896)** |
| **Balances at December 31, 2024** | **$ 47,619** | **$ 176,506** | **$ 852,757** | **$ (230,499)** | **$ (115,719)** | **$ 730,664** |

*To be read with the attached notes to consolidated financial statements.*

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

| | Year Ended December 31 | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Net income available to common shareholders | **$ 117,101** | $ 114,365 | $ 102,071 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Amortization and (accretion), net | **8,984** | 6,165 | 10,451 |
| Provision for credit losses | **1,820** | 3,243 | 474 |
| Depreciation of premises and equipment | **4,215** | 4,556 | 5,325 |
| Deferred income tax expense (benefit) | **381** | (2,764) | 1,469 |
| Net periodic employee benefit cost | **62** | 52 | 256 |
| Unrealized and realized securities losses | **2,650** | 4,476 | 1,581 |
| Stock-based compensation expense | **3,522** | 3,213 | 3,276 |
| Excess tax benefit from stock-compensation expense | **387** | 228 | (292) |
| Increase in value of bank-owned life insurance | **(3,992)** | (6,037) | (5,559) |
| Loans held for sale: | | | |
| Loans originated for sale | **(10,107)** | (11,159) | (31,150) |
| Proceeds from the sale of loans originated for sale | **10,221** | 11,306 | 31,475 |
| Gain on sale of loans | **(114)** | (147) | (325) |
| Change in accrued interest receivable | **(360)** | (1,136) | (2,660) |
| Change in other assets | **5,036** | 14,422 | (20,643) |
| Change in other liabilities | **(7,910)** | (3,203) | 20,068 |
| **Net Cash Provided by Operating Activities** | **131,896** | 137,580 | 115,817 |
| Net increase in loans | **(147,840)** | (223,785) | (102,991) |
| Securities available-for-sale | | | |
| Purchases | **(294,934)** | (93,681) | (519,262) |
| Proceeds from sales | **33,394** | 205,627 | — |
| Proceeds from maturities and calls | **169,200** | 119,090 | 210,912 |
| Other securities | | | |
| Purchases | **(268)** | (8,029) | (302) |
| Proceeds from sales | **1,599** | 536 | 449 |
| Proceeds from maturities and calls | **—** | 780 | — |
| Purchases of premises and equipment | **(2,706)** | (2,962) | (2,141) |
| Proceeds from the disposals of premises and equipment | **98** | 283 | 190 |
| Proceeds from bank-owned life insurance policies | **1,541** | 10,856 | 6,045 |
| Payments for low income housing tax credits | **(12,344)** | (8,051) | (3,352) |
| Acquisition of Citizens Commerce Bancshares, Inc. | **—** | 14,016 | — |
| **Net Cash (Used in) Provided by Investing Activities** | **(252,260)** | 14,680 | (410,452) |
| Net increase (decrease) in noninterest-bearing deposits | **1,645** | (68,906) | (21,710) |
| Net increase (decrease) in interest-bearing deposits | **208,353** | (165,414) | (33,677) |
| Net (decrease) increase in short-term borrowings | **(9,201)** | 37,392 | (21,494) |
| Proceeds from long-term debt | **50,000** | 100,000 | — |
| Purchases of treasury stock | **(17,896)** | (60,134) | (26,449) |
| Proceeds from exercise of stock options | **694** | — | 798 |
| Other financing activities | **(636)** | 1,071 | (762) |
| Dividends paid | **(43,482)** | (39,993) | (36,702) |
| **Net Cash Provided by (Used in) Financing Activities** | **189,477** | (195,984) | (139,996) |
| **Increase (Decrease) in Cash and Cash Equivalents** | **69,113** | (43,724) | (434,631) |
| Cash and cash equivalents at beginning of period | **156,276** | 200,000 | 634,631 |
| **Cash and Cash Equivalents at End of Period** | **$ 225,389** | $ 156,276 | $ 200,000 |

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

| | Year Ended December 31 | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| **Supplemental Cash Flow Information:** | | | |
| Interest paid | **$ 83,804** | $ 49,134 | $ 9,467 |
| Income taxes paid | **28,040** | 32,813 | 22,434 |
| Acquisition | | | |
| Identifiable assets acquired (net of purchase consideration) | $ — | $ 320,099 | $ — |
| Liabilities assumed | — | 307,617 | — |
| Goodwill | — | 40,821 | — |
| Core deposit intangible | — | 8,278 | — |

*To be read with the attached 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 also invests in certain limited partnerships that operate qualified low-income housing tax credit developments and solar tax credit projects. 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 97 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.

On March 10, 2023, the Company acquired 100% of the outstanding common shares of Citizens Commerce Bancshares, Inc. ("Citizens") and its principal banking subsidiary, Citizens Commerce Bank of Versailles, Kentucky. See Note Three for additional information on the acquisition.

**Cash and Due from Banks:** The Company considers cash, due from banks, and interest-bearing deposits in depository institutions as cash and cash equivalents.

**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 is 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 (loss) 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.

Changes in the allowance for credit losses are recorded as a provision for (or recovery 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 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 non-performing 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 restructured loan 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.

**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:** Land is stated at cost. The remaining items included within 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. 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. As of December 31, 2024 and 2023, the amount of OREO included in Other Assets was $0.8 million and $0.7 million, respectively.

**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 and loans. The gains or losses on these hedges are recognized in current earnings as fair value change. Realized gains (losses) from derivative assets and liabilities are classified as operating activities in the Consolidated Statements of Cash Flows.

**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 $43.8 million and $44.6 million at December 31, 2024 and 2023, respectively. The unfunded commitments associated with these investments were $19.1 million and $27.9 million at December 31, 2024 and 2023, 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 restricted stock awards issued to employees is based upon the fair value of the award at the date of grant. 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 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

In June 2022, the FASB issued ASU 2022-03, "*Fair Value Measurement Topic 820: Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*." The FASB issued this ASU to (1) clarify the guidance in Topic 820, Fair Value Measurement, when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security, (2) amend a related illustrative example, and (3) introduce new disclosure requirements for equity securities subject to contractual sale restrictions that are measured at fair value in accordance with Topic 820. The amendments in this ASU clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The amendments in this ASU also require the following disclosures for equity securities subject to contractual sale restrictions: (1) the fair value of equity securities subject to contractual sale restrictions reflected in the balance sheet; (2) the nature and remaining duration of the restriction(s); and (3) the circumstances that could cause a lapse in the restriction(s). This ASU became effective for the Company on March 31, 2024. The adoption of ASU No. 2022-03 did not have a material impact to the Company's financial statements.

In March 2023, the FASB issued ASU No. 2023-02, *"Investments - Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures using the Proportional Amortization Method."* The amendments in this update permit reporting entities to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. This ASU became effective for the Company on January 1, 2024. The Company did not elect to account for their tax equity investments using the proportional amortization method and as such, ASU No. 2023-02 did not have an impact on the Company's financial statements.

In November 2023, the FASB issued ASU No. 2023-07, *"Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures"*. The amendment requires companies to disclose significant segment expenses that are regularly provided to the chief operating decision maker. This ASU became effective for the Company on December 31, 2024. The Company has one reportable segment and as such, adoption of ASU No. 2023-07 did not have a material impact on the Company's financial statements. See Note Twenty-Three for additional information.

Pending Adoption

In December 2023, the FASB issued ASU No. 2023-09, "*Income Taxes (Topic 740): Improvements to Income Tax Disclosures*". The amendment requires companies to disclose, on an annual basis, specific categories in the effective tax rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. In addition, ASU 2023-09 requires companies to disclose additional information about income taxes paid. ASU 2023-09 will be effective for annual periods beginning January 1, 2025 and will be applied on a prospective basis with the option to apply the standard retrospectively. The adoption of ASU No. 2023-09 is not expected to have a material impact on the Company's financial statements, but will impact our income tax disclosures

In March 2024, the FASB issued ASU No. 2024-01, "*Stock Compensation (Topic 718): Scope Application of Profits Interest Awards*". The amendment clarifies how an entity determines whether a profits interest or similar award is within the scope of ASC 718 or not a share-based payment arrangement and therefore within the scope of other guidance. This ASU will become effective for the Company on March 31, 2025. The adoption of ASU No. 2024-01 is not expected to have a material impact on the Company's financial statements.

In March 2024, the FASB issued ASU No. 2024-02, "*Codification Improvements: Amendments to Remove References to the Concepts Statements*". The amendment removes various references to the FASB's Concepts Statements from the FASB's Accounting Standards Codification (Codification or GAAP). This ASU will become effective for the Company on March 31, 2025. The adoption of ASU No. 2024-02 is not expected to have a material impact on the Company's financial statements

In November 2024, the FASB issued ASU No. 2024-03, "*Expense Disaggregation Disclosures (Topic 230): Disaggregation of Income Statement Expenses*". The amendment requires disclosure of disaggregated information about specific expense categories underlying certain income statement expense line items. This ASU will become effective for the Company on December 31, 2027. The adoption of ASU No. 2024-03 is not expected to have a material impact on the Company's financial statements.

**NOTE THREE - ACQUISITION AND PURCHASE PRICE ALLOCATION**

On March 10, 2023, the Company acquired 100% of the outstanding common shares of Citizens, and its principal banking subsidiary, Citizens Commerce Bank of Versailles, Kentucky, in order to strengthen the Company's market presence in the Lexington, Kentucky area. The acquisition of Citizens was structured as a stock transaction in which the Company issued approximately 0.7 million shares, valued at approximately $61.6 million.

The following table summarizes the consideration paid for Citizens and the amounts of the assets acquired and liabilities assumed as of the date of acquisition (in thousands):

| | | |
|---|---|---|
| Consideration: | | |
| Common stock | $ | 61,570 |
| Cash | | 13 |
| | | 61,583 |
| | | |
| Identifiable assets: | | |
| Cash and cash equivalents | | 14,041 |
| Investment securities | | 41,008 |
| FHLB stock | | 620 |
| Loans | | 251,406 |
| Fixed assets | | 3,237 |
| Bank owned life insurance | | 2,966 |
| Deferred tax assets, net | | 1,623 |
| Other assets | | 5,198 |
| Total identifiable assets | | 320,099 |
| | | |
| Identifiable liabilities: | | |
| Deposits | | 299,251 |
| Short-term borrowings | | 6,500 |
| Other liabilities | | 1,864 |
| Total identifiable liabilities | | 307,615 |
| | | |
| Net identifiable assets (liabilities) | | 12,484 |
| Goodwill | | 40,821 |
| Core deposit intangible | | 8,278 |
| | $ | 61,583 |

*Investment Securities*

Citizen's entire investment portfolio of $41 million was sold shortly after the acquisition date and resulted in a $0.7 million realized gain.

*Acquired Loans*

The fair value of net assets acquired includes fair value adjustments to certain receivables that were not considered impaired as of the acquisition date. The fair value adjustments were determined using discounted contractual cash flows. However, the Company believes that there was not deterioration of credit at the date of acquisition. As such, these receivables were not considered impaired at the acquisition date and were not subject to the guidance relating to purchased credit deteriorated loans, which have shown evidence of credit deterioration since origination. Receivables acquired that were not subject to these requirements include non-impaired loans with a fair value of $246.4 million on the date of acquisition.

In connection with the completion of the acquisition of Citizens during the year ended December 31, 2023, the Company recorded $2.0 million of credit loss expense associated with loans acquired from Citizens in its total provision for credit losses.

The fair value of purchased financial assets with credit deterioration ("PCD") was $4.9 million on the date of acquisition. The gross contractual amounts receivable relating to the purchased financial asset with credit deterioration was

$8.5 million. The Company estimates, on the date of acquisition, that $3.6 million of the contractual cash flows specific to the purchased financial assets with credit deterioration will not be collected.

*Assumed Deposits*

The fair values of non-time deposits approximated their carrying value at the acquisition date. For time deposits, the fair values were estimated based on discounted cash flows, using interest rates that were being offered at the time of acquisition compared to the contractual interest rates. Based on this analysis, management recorded a premium on time deposits acquired of $0.6 million which is being amortized over 5 years.

*Core Deposit Intangible*

The Company believes that the customer relationships with the deposits acquired have an intangible value. In connection with the acquisition, the Company recorded a core deposit intangible asset of $8.3 million. The core deposit intangible asset represents 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, deposit retention and the cost of the deposit base. The core deposit intangible is being amortized over 10 years.

*Goodwill*

Under GAAP, management has up to twelve months following the date of the acquisition to finalize the fair value of acquired assets and liabilities. The measurement period ends as soon as the Company receives information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. Any subsequent adjustments to the fair value of the acquired assets and liabilities, intangible assets or other purchase accounting adjustments will result in adjustments to the goodwill recorded. As of December 31, 2024, over twelve months have occurred since the date of acquisition on March 10, 2023, and the measurement period is now complete. The following table summarizes adjustments to goodwill subsequent to December 31, 2023 (in thousands):

| | Goodwill |
|---|---|
| Balance at December 31, 2023 | $ 149,902 |
| Adjustment to goodwill acquired in conjunction with the acquisition of Citizens | (140) |
| Balance at December 31, 2024 | $ 149,762 |

**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, 2024 | | | | December 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | **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:* | | | | | | | | |
| Obligations of states and | | | | | | | | |
| political subdivisions | **$ 199,131** | **$ 139** | **$ 15,519** | **$ 183,751** | $ 228,456 | $ 371 | $ 16,089 | $ 212,738 |
| Mortgage-backed securities: | | | | | | | | |
| U.S. government agencies | **1,334,755** | **1,993** | **134,667** | **1,202,081** | 1,211,484 | 2,362 | 125,753 | 1,088,093 |
| Private label | **5,096** | **—** | **163** | **4,933** | 6,997 | — | 293 | 6,704 |
| Trust preferred securities | **4,605** | **141** | **—** | **4,746** | 4,599 | — | 321 | 4,278 |
| Corporate securities | **26,862** | **144** | **1,211** | **25,795** | 28,009 | 137 | 1,822 | 26,324 |
| **Total Securities** | | | | | | | | |
| **Available-for-Sale** | **$ 1,570,449** | **$ 2,417** | **$ 151,560** | **$ 1,421,306** | $ 1,479,545 | $ 2,870 | $ 144,278 | $ 1,338,137 |

The Company's other investment securities include marketable equity and non-marketable equity securities held for investment. At December 31, 2024 and 2023, the Company held $6.2 million and $7.5 million, respectively, in marketable equity securities, respectively. Changes in the fair value of the marketable equity securities are recorded in "unrealized gain (losses) 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, 2024 and 2023, the Company held $23.6 million and $23.5 million, respectively, in non-marketable equity securities. These securities are carried at cost due to the restrictions placed on their transferability. The Company held no certificates of deposits for investment at December 31, 2024 and 2023.

The majority of the Company's investment securities are mortgage-backed securities. These securities are collateralized by both residential and commercial properties. The mortgage-backed securities in which the Company has invested are predominantly issued by government-sponsored agencies such as Fannie Mae, Freddie Mac, and Ginnie Mae. At December 31, 2024 and 2023, 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, 2024 and 2023. 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, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | 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 | **$ 19,724** | **$ 422** | **$ 151,508** | **$ 15,097** | **$ 171,232** | **$ 15,519** |
| Mortgage-backed securities: | | | | | | |
| U.S. Government agencies | **114,560** | **12,669** | **710,651** | **121,998** | **825,211** | **134,667** |
| Private Label | **—** | **—** | **4,933** | **163** | **4,933** | **163** |
| Trust preferred securities | **—** | **—** | **—** | **—** | **—** | **—** |
| Corporate securities | **—** | **—** | **24,035** | **1,211** | **24,035** | **1,211** |
| Total available-for-sale | **$ 134,284** | **$ 13,091** | **$ 891,127** | **$ 138,469** | **$ 1,025,411** | **$ 151,560** |

| | December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | 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 | $ 7,591 | $ 66 | $ 180,560 | $ 16,023 | $ 188,151 | $ 16,089 |
| Mortgage-backed securities: | | | | | | |
| U.S. Government agencies | 2,046 | 10,271 | 741,011 | 115,482 | 743,057 | 125,753 |
| Private Label | — | — | 4,738 | 293 | 4,738 | 293 |
| Trust preferred securities | — | — | 4,278 | 321 | 4,278 | 321 |
| Corporate securities | — | — | 24,609 | 1,822 | 24,609 | 1,822 |
| Total available-for-sale | $ 9,637 | $ 10,337 | $ 955,196 | $ 133,941 | $ 964,833 | $ 144,278 |

As of December 31, 2024, management does not intend to sell any impaired security and it is not more than likely that it will be required to sell any impaired security 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 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, 2024, management believes the unrealized losses detailed in the table above are temporary and no allowance for credit losses has been recognized in the Company's securities. 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.

The amortized cost and estimated fair value of debt securities at December 31, 2024, 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 | $ 15,521 | $ 15,409 |
| Due after one year through five years | 153,680 | 145,551 |
| Due after five years through ten years | 316,167 | 293,665 |
| Due after ten years | 1,085,081 | 966,681 |
| | $ 1,570,449 | $ 1,421,306 |

Proceeds from sales, gross gains and gross losses recognized by the Company from investment security transactions are summarized in the table below (in thousands):

| | For the year ended December 31, | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Proceeds on sales of available for sale securities | **$ 33,394** | $ 205,627 | $ — |
| Gross unrealized gains recognized on equity securities still held | **$ 517** | $ 769 | $ 38 |
| Gross unrealized losses recognized on equity securities still held | **(342)** | (337) | (1,623) |
| Net unrealized gains (losses) recognized on equity securities still held | **$ 175** | $ 432 | $ (1,585) |
| Gross realized gains | **$ 5** | $ 996 | $ 4 |
| Gross realized losses | **(2,830)** | (5,904) | — |
| Net realized investment security (losses) gains | **$ (2,825)** | $ (4,908) | $ 4 |

During November 2023, the Company repositioned a portion of its investment portfolio and recorded sales of mortgage-backed securities that resulted in a pre-tax realized loss of $5.0 million. The carrying value of the securities sold on the Company's balance sheet was $107.4 million.

Similarly, during December 2024, the Company further repositioned a portion of its investment portfolio and recorded sales of non-taxable municipal securities and a mortgage-backed security that resulted in a pre-tax realized loss of $2.8 million. The carrying value of the securities sold on the Company's balance sheet was $36 million.

The carrying value of securities pledged to secure public deposits and for other purposes as required or permitted by law approximated $694 million and $709 million at December 31, 2024 and 2023, respectively.

**NOTE FIVE – LOANS**

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

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Commercial and industrial | **$ 419,838** | $ 426,951 |
| | | |
| 1-4 Family | **197,258** | 206,237 |
| Hotels | **389,660** | 357,142 |
| Multi-family | **240,943** | 189,165 |
| Non Residential Non-Owner Occupied | **707,265** | 680,590 |
| Non Residential Owner Occupied | **233,497** | 240,328 |
| Commercial real estate | **1,768,623** | 1,673,462 |
| | | |
| Residential real estate | **1,823,610** | 1,788,149 |
| Home equity | **199,192** | 167,201 |
| Consumer | **57,816** | 65,246 |
| DDA overdrafts | **5,697** | 4,914 |
| Gross loans | **4,274,776** | 4,125,923 |
| Allowance for credit losses | **(21,922)** | (22,745) |
| Net loans | **$ 4,252,854** | $ 4,103,178 |
| | | |
| Construction loans included in: | | |
| Residential real estate | **$ 7,547** | $ 23,066 |
| Commercial real estate | **24,681** | 2,459 |

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.

**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, 2024, 2023 and 2022 (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.

| | Beginning Balance | Charge-offs | Recoveries | Provision for (recovery of) credit losses | Ending Balance |
|---|---|---|---|---|---|
| **December 31, 2024** | | | | | |
| Commercial and industrial | **$ 4,474** | **$ (672)** | **$ 88** | **$ 651** | **$ 4,541** |
| | | | | | |
| 1-4 Family | **1,402** | **(177)** | **211** | **(70)** | **1,366** |
| Hotels | **2,211** | **—** | **—** | **144** | **2,355** |
| Multi-family | **1,002** | **—** | **—** | **388** | **1,390** |
| Non Residential Non-Owner Occupied | **4,077** | **(3)** | **9** | **(1,082)** | **3,001** |
| Non Residential Owner Occupied | **2,453** | **(1,800)** | **161** | **911** | **1,725** |
| Commercial real estate | **11,145** | **(1,980)** | **381** | **291** | **9,837** |
| | | | | | |
| Residential real estate | **5,398** | **(423)** | **258** | **565** | **5,798** |
| Home equity | **490** | **(228)** | **77** | **304** | **643** |
| Consumer | **269** | **(182)** | **162** | **65** | **314** |
| DDA overdrafts | **969** | **(1,570)** | **1,446** | **(56)** | **789** |
| | **$ 22,745** | **$ (5,055)** | **$ 2,412** | **$ 1,820** | **$ 21,922** |

| | Beginning Balance | Impact of Adopting ASU 2022-02 | PCD Loan Reserves | Charge-offs | Recoveries | Provision for (recovery of) credit losses | Ending Balance |
|---|---|---|---|---|---|---|---|
| December 31, 2023 | | | | | | | |
| Commercial and industrial | $ 3,568 | $ 12 | $ — | $ (153) | $ 836 | $ 211 | $ 4,474 |
| | | | | | | | |
| 1-4 Family | 566 | (1) | — | (340) | 50 | 1,127 | 1,402 |
| Hotels | 2,332 | — | — | (40) | — | (81) | 2,211 |
| Multi-family | 380 | — | 500 | — | — | 122 | 1,002 |
| Non Residential Non-Owner Occupied | 2,019 | — | 1,536 | — | 171 | 351 | 4,077 |
| Non Residential Owner Occupied | 1,315 | — | 775 | — | 56 | 307 | 2,453 |
| Commercial real estate | 6,612 | (1) | 2,811 | (380) | 277 | 1,826 | 11,145 |
| | | | | | | | |
| Residential real estate | 5,427 | (138) | — | (209) | 47 | 271 | 5,398 |
| Home equity | 290 | (46) | — | (400) | 47 | 599 | 490 |
| Consumer | 110 | (2) | — | (187) | 123 | 225 | 269 |
| DDA Overdrafts | 1,101 | — | — | (1,645) | 1,402 | 111 | 969 |
| | $ 17,108 | $ (175) | $ 2,811 | $ (2,974) | $ 2,732 | $ 3,243 | $ 22,745 |

| | Beginning Balance | Charge-offs | Recoveries | Provision for (recovery of) credit losses | Ending Balance |
|---|---|---|---|---|---|
| December 31, 2022 | | | | | |
| Commercial and industrial | $ 3,480 | $ (562) | $ 334 | $ 316 | $ 3,568 |
| | | | | | |
| 1-4 Family | 598 | (55) | 160 | (137) | 566 |
| Hotels | 2,426 | — | — | (94) | 2,332 |
| Multi-family | 483 | — | — | (103) | 380 |
| Non Residential Non-Owner Occupied | 2,319 | — | 47 | (347) | 2,019 |
| Non Residential Owner Occupied | 1,485 | — | — | (170) | 1,315 |
| Commercial real estate | 7,311 | (55) | 207 | (851) | 6,612 |
| | | | | | |
| Residential real estate | 5,716 | (265) | 99 | (123) | 5,427 |
| Home equity | 517 | (279) | 56 | (4) | 290 |
| Consumer | 106 | (63) | 107 | (40) | 110 |
| DDA Overdrafts | 1,036 | (2,624) | 1,513 | 1,176 | 1,101 |
| | $ 18,166 | $ (3,848) | $ 2,316 | $ 474 | $ 17,108 |

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.

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

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 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 a borrower is unable to meet the contractual terms of its 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 net realizable value of collateral exceeds the principal balance and related accrued interest, and the loan is in the process of collection.

Generally for all loan classes, interest income during the period the loan is non-performing is recorded on a cash basis after recovery of principal is reasonably assured. Cash payments received on non-performing 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, the borrower 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.

The following table presents the amortized cost basis of loans on non-accrual status and loans past due over 90 days still accruing as of December 31, 2024 (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 | $ 590 | $ 2,571 | $ |
| 1-4 Family | — | 134 | |
| Hotels | — | — | |
| Multi-family | — | — | |
| Non Residential Non-Owner Occupied | — | 346 | |
| Non Residential Owner Occupied | 6,012 | 1,341 | |
| Commercial Real Estate | 6,012 | 1,821 | |
| Residential Real Estate | — | 2,823 | |
| Home Equity | — | 212 | |
| Consumer | — | — | |
| Total | $ 6,602 | $ 7,427 | $ |

The following table presents the amortized cost basis of loans on non-accrual status and loans past due over 90 days still accruing as of December 31, 2023 (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 | $ 1,000 | $ 1,211 | $ — |
| 1-4 Family | — | 521 | — |
| Hotels | — | — | — |
| Multi-family | — | — | — |
| Non Residential Non-Owner Occupied | — | 446 | — |
| Non Residential Owner Occupied | — | 1,420 | — |
| Commercial Real Estate | — | 2,387 | — |
| Residential Real Estate | — | 2,849 | 214 |
| Home Equity | — | 111 | 56 |
| Consumer | — | — | — |
| Total | $ 1,000 | $ 6,558 | $ 270 |

The Company recognized no interest income on non-accrual loans during each of the years ended December 31, 2024, 2023, and 2022, respectively.

As of December 31, 2024, the Company had one commercial and industrial loan and three owner occupied commercial real estate loans that were considered individually evaluated collateral-dependent loans totaling $6.6 million. The Company had one commercial and industrial individually evaluated collateral-dependent loan recorded at $1.0 million as of December 31, 2023. 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. The fair value of the collateral on the one commercial and industrial individually evaluated collateral-dependent loan exceeded the carrying amount and as a result, no allowance was recorded.

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, residential and home equity 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. Commercial loans are generally charged off when the loan becomes 120 days past due. Open-end consumer loans are generally charged off when the loan becomes 90 days past due.

The following presents the aging of the amortized cost basis in past-due loans as of December 31, 2024 and 2023 by class of loan (in thousands):

| | December 31, 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | 30-59 Past Due | 60-89 Past Due | 90+ Past Due | Total Past Due | Current Loans | Non-accrual | Total Loans |
| Commercial and industrial | $ — | $ — | $ — | $ — | $ 416,677 | $ 3,161 | $ 419,838 |
| 1-4 Family | 106 | — | — | 106 | 197,018 | 134 | 197,258 |
| Hotels | — | — | — | — | 389,660 | — | 389,660 |
| Multi-family | — | — | — | — | 240,943 | — | 240,943 |
| Non Residential Non-Owner Occupied | — | — | — | — | 706,919 | 346 | 707,265 |
| Non Residential Owner Occupied | 134 | — | — | 134 | 226,010 | 7,353 | 233,497 |
| Commercial real estate | 240 | — | — | 240 | 1,760,550 | 7,833 | 1,768,623 |
| Residential real estate | 6,014 | 842 | 156 | 7,012 | 1,813,775 | 2,823 | 1,823,610 |
| Home equity | 687 | 189 | 26 | 902 | 198,078 | 212 | 199,192 |
| Consumer | 145 | 128 | — | 273 | 57,543 | — | 57,816 |
| Overdrafts | 384 | 7 | — | 391 | 5,306 | — | 5,697 |
| Total | $ 7,470 | $ 1,166 | $ 182 | $ 8,818 | $ 4,251,929 | $ 14,029 | $ 4,274,776 |

| | December 31, 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | 30-59 Past Due | 60-89 Past Due | 90+ Past Due | Total Past Due | Current Loans | Non-accrual | Total Loans |
| Commercial and industrial | $ 185 | $ 250 | $ — | $ 435 | $ 424,305 | $ 2,211 | $ 426,951 |
| 1-4 Family | 67 | 25 | — | 92 | 205,624 | 521 | 206,237 |
| Hotels | — | — | — | — | 357,142 | — | 357,142 |
| Multi-family | — | — | — | — | 189,165 | — | 189,165 |
| Non Residential Non-Owner Occupied | — | — | — | — | 680,144 | 446 | 680,590 |
| Non Residential Owner Occupied | 623 | — | — | 623 | 238,285 | 1,420 | 240,328 |
| Commercial real estate | 690 | 25 | — | 715 | 1,670,360 | 2,387 | 1,673,462 |
| Residential real estate | 7,034 | 811 | 214 | 8,059 | 1,777,241 | 2,849 | 1,788,149 |
| Home equity | 1,020 | 159 | 56 | 1,235 | 165,855 | 111 | 167,201 |
| Consumer | 129 | — | — | 129 | 65,117 | — | 65,246 |
| Overdrafts | 355 | 9 | — | 364 | 4,550 | — | 4,914 |
| Total | $ 9,413 | $ 1,254 | $ 270 | $ 10,937 | $ 4,107,428 | $ 7,558 | $ 4,125,923 |

Loan Restructurings

The Company adopted the accounting guidance in ASU No. 2022-02, effective as of January 1, 2023, which eliminates the recognition and measurement of troubled debt restructurings ("TDRs"). Due to the removal of the TDR designation, the Company evaluates all loan restructurings according to the accounting guidance for loan modifications to determine if the restructuring results in a new loan or a continuation of the existing loan. Loan modifications to borrowers experiencing financial difficulty that result in a direct change in the timing or amount of contractual cash flows include situations where there is principal forgiveness, interest rate reductions, other-than-insignificant payment delays, term extensions, and combinations of the listed modifications. Therefore, the disclosures related to loan restructurings are only for modifications that directly affect cash flows. As of December 31, 2024, the Company had one loan considered to be a restructured loan with a total balance of $0.2 million. The Company had no loan modifications that were considered restructured loans as of December 31, 2023.

A loan that is considered a restructured loan may be subject to the individually evaluated loan analysis, otherwise, the restructured loan will remain in the appropriate segment in the allowance for credit losses model and associated reserves will be adjusted based on changes in the discounted cash flows resulting from the modification of the restructured loan.

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, 2024 is as follows (in thousands ) with the loans acquired from Citizens categorized by their origination date. Retail and mortgage loans are considered performing if they are less than 90 days delinquent and non-performing if they are 90 days or more delinquent.

| | Term Loans Amortized Cost Basis by Origination Year and Risk Level | | | | | | Revolving Loans Amortized | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 | Prior | Cost Basis | Total |
| *Commercial and industrial* | | | | | | | | |
| Pass | $ 65,161 | $ 63,650 | $ 26,201 | $ 62,445 | $ 36,440 | $ 21,148 | $ 109,869 | $ 384,914 |
| Special mention | 60 | 5 | — | — | — | — | — | 65 |
| Substandard | 1,134 | 452 | 1,926 | 548 | 2,449 | 2,051 | 26,299 | 34,859 |
| Total | $ 66,355 | $ 64,107 | $ 28,127 | $ 62,993 | $ 38,889 | $ 23,199 | $ 136,168 | $ 419,838 |
| YTD Gross Charge-offs | | **$ —** | **$ 6** | **$ 99** | **$ 69** | **$ —** | **$ 248** | **$ 250** | **$ 672** |
| *Commercial real estate - 1-4 Family* | | | | | | | | |
| Pass | | $ 39,992 | $ 28,545 | $ 38,562 | $ 27,846 | $ 18,218 | $ 29,102 | $ 10,011 | $ 192,276 |
| Special mention | | — | — | 180 | — | 842 | 613 | — | 1,635 |
| Substandard | | — | — | 1,688 | 411 | 312 | 936 | — | 3,347 |
| Total | | $ 39,992 | $ 28,545 | $ 40,430 | $ 28,257 | $ 19,372 | $ 30,651 | $ 10,011 | $ 197,258 |
| YTD Gross Charge-offs | | **$ —** | **$ —** | **$ —** | **$ —** | **$ —** | **$ 177** | **$ —** | **$ 177** |
| *Commercial real estate - Hotels* | | | | | | | | |
| Pass | | $ 46,980 | $ 48,278 | $ 78,225 | $ 31,161 | $ 6,742 | $ 152,896 | $ 288 | $ 364,570 |
| Special mention | | — | — | — | — | — | — | — | — |
| Substandard | | — | — | — | — | — | 25,090 | — | 25,090 |
| Total | | $ 46,980 | $ 48,278 | $ 78,225 | $ 31,161 | $ 6,742 | $ 177,986 | $ 288 | $ 389,660 |
| YTD Gross Charge-offs | | **$ —** | **$ —** | **$ —** | **$ —** | **$ —** | **$ —** | **$ —** | **$ —** |
| *Commercial real estate - Multi-family* | | | | | | | | |
| Pass | | $ 73,914 | $ 6,939 | $ 18,191 | $ 19,174 | $ 56,587 | $ 63,314 | $ 1,825 | $ 239,944 |
| Special mention | | — | — | — | — | — | — | — | — |
| Substandard | | — | — | 542 | 457 | — | — | — | 999 |
| Total | | $ 73,914 | $ 6,939 | $ 18,733 | $ 19,631 | $ 56,587 | $ 63,314 | $ 1,825 | $ 240,943 |
| YTD Gross Charge-offs | | **$ —** | **$ —** | **$ —** | **$ —** | **$ —** | **$ —** | **$ —** | **$ —** |

| | Term Loans Amortized Cost Basis by Origination Year and Risk Level | | | | | | Revolving Loans Amortized Cost Basis | Total |
|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 | Prior | | |
| *Commercial real estate - Non Residential Non-Owner Occupied* | | | | | | | | |
| Pass | $ 76,051 | $ 110,212 | $ 115,753 | $ 92,783 | $ 53,513 | $ 213,886 | $ 16,284 | $ 678,482 |
| Special mention | — | — | 839 | 92 | 486 | 24,108 | — | 25,525 |
| Substandard | 73 | 15 | — | 139 | — | 3,031 | — | 3,258 |
| Total | $ 76,124 | $ 110,227 | $ 116,592 | $ 93,014 | $ 53,999 | $ 241,025 | $ 16,284 | $ 707,265 |
| YTD Gross Charge-offs | **$ —** | **$ —** | **$ —** | **$ —** | **$ —** | **$ 3** | **$ —** | **$ 3** |
| *Commercial real estate - Non Residential Owner Occupied* | | | | | | | | |
| Pass | $ 23,376 | $ 45,011 | $ 28,830 | $ 38,061 | $ 15,154 | $ 58,846 | $ 3,938 | $ 213,216 |
| Special mention | — | — | — | — | — | 2,029 | — | 2,029 |
| Substandard | — | 3,713 | 842 | 1,950 | 1,167 | 10,221 | 359 | 18,252 |
| Total | $ 23,376 | $ 48,724 | $ 29,672 | $ 40,011 | $ 16,321 | $ 71,096 | $ 4,297 | $ 233,497 |
| YTD Gross Charge-offs | **$ —** | **$ —** | **$ —** | **$ —** | **$ —** | **$ 1,800** | **$ —** | **$ 1,800** |
| *Commercial real estate - Total* | | | | | | | | |
| Pass | $ 260,313 | $ 238,984 | $ 279,562 | $ 209,025 | $ 150,213 | $ 518,042 | $ 32,346 | $ 1,688,485 |
| Special mention | — | — | 1,019 | 92 | 1,327 | 26,751 | — | 29,189 |
| Substandard | 73 | 3,728 | 3,073 | 2,958 | 1,479 | 39,279 | 359 | 50,949 |
| Total | $ 260,386 | $ 242,712 | $ 283,654 | $ 212,075 | $ 153,019 | $ 584,072 | $ 32,705 | $ 1,768,623 |
| YTD Gross Charge-offs | **$ —** | **$ —** | **$ —** | **$ —** | **$ —** | **$ 1,980** | **$ —** | **$ 1,980** |
| *Residential real estate* | | | | | | | | |
| Performing | $ 230,045 | $ 209,641 | $ 355,495 | $ 283,509 | $ 223,004 | $ 451,144 | $ 67,949 | $ 1,820,787 |
| Non-performing | 179 | 91 | 44 | 628 | — | 1,521 | 360 | 2,823 |
| Total | $ 230,224 | $ 209,732 | $ 355,539 | $ 284,137 | $ 223,004 | $ 452,665 | $ 68,309 | $ 1,823,610 |
| YTD Gross Charge-offs | **$ —** | **$ —** | **$ 89** | **$ —** | **$ 4** | **$ 220** | **$ 110** | **$ 423** |
| *Home equity* | | | | | | | | |
| Performing | $ 31,751 | $ 25,164 | $ 11,344 | $ 5,232 | $ 2,832 | $ 7,346 | $ 115,311 | $ 198,980 |
| Non-performing | — | — | — | — | — | — | 212 | 212 |
| Total | $ 31,751 | $ 25,164 | $ 11,344 | $ 5,232 | $ 2,832 | $ 7,346 | $ 115,523 | $ 199,192 |
| YTD Gross Charge-offs | **$ —** | **$ —** | **$ —** | **$ —** | **$ 27** | **$ 162** | **$ 39** | **$ 228** |

| | Term Loans Amortized Cost Basis by Origination Year and Risk Level | | | | | | Revolving Loans Amortized Cost Basis | |
|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 | Prior | | Total |
| *Consumer* | | | | | | | | |
| Performing | $ 17,621 | $ 21,062 | $ 11,628 | $ 2,374 | $ 1,456 | $ 1,180 | $ 2,495 | $ 57,816 |
| Non-performing | — | — | — | — | — | — | — | — |
| Total | $ 17,621 | $ 21,062 | $ 11,628 | $ 2,374 | $ 1,456 | $ 1,180 | $ 2,495 | $ 57,816 |
| YTD Gross Charge-offs | **$ 4** | **$ 45** | **$ 40** | **$ 4** | **$ 10** | **$ 78** | **$ 1** | **$ 182** |

Based on the most recent analysis performed, the risk category of loans by class of loans at December 31, 2023 is as follows (in thousands):

| | Term Loans Amortized Cost Basis by Origination Year and Risk Level | | | | | | Revolving Loans Amortized Cost Basis | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2020 | 2019 | Prior | | Total |
| *Commercial and industrial* | | | | | | | | |
| Pass | $ 70,494 | $ 47,473 | $ 76,605 | $ 47,688 | $ 21,820 | $ 18,328 | $ 111,546 | $ 393,954 |
| Special mention | — | 33 | — | 2,600 | 22 | — | 70 | 2,725 |
| Substandard | 379 | 2,748 | 854 | 775 | 923 | 1,538 | 23,055 | 30,272 |
| Total | $ 70,873 | $ 50,254 | $ 77,459 | $ 51,063 | $ 22,765 | $ 19,866 | $ 134,671 | $ 426,951 |
| *Commercial real estate - 1-4 Family* | | | | | | | | |
| Pass | $ 38,143 | $ 53,907 | $ 32,058 | $ 21,363 | $ 12,073 | $ 29,846 | $ 13,967 | $ 201,357 |
| Special mention | 565 | 451 | — | 1,167 | — | 730 | 250 | 3,163 |
| Substandard | — | 77 | — | 250 | 131 | 1,259 | — | 1,717 |
| Total | $ 38,708 | $ 54,435 | $ 32,058 | $ 22,780 | $ 12,204 | $ 31,835 | $ 14,217 | $ 206,237 |
| *Commercial real estate - Hotels* | | | | | | | | |
| Pass | $ 47,739 | $ 82,200 | $ 33,560 | $ 3,327 | $ 58,384 | $ 101,740 | $ 305 | $ 327,255 |
| Special mention | — | — | — | — | — | — | — | — |
| Substandard | — | — | — | 4,020 | 23,604 | 2,263 | — | 29,887 |
| Total | $ 47,739 | $ 82,200 | $ 33,560 | $ 7,347 | $ 81,988 | $ 104,003 | $ 305 | $ 357,142 |
| *Commercial real estate - Multi-family* | | | | | | | | |
| Pass | $ 6,925 | $ 21,320 | $ 28,268 | $ 63,750 | $ 38,007 | $ 29,814 | $ 1,081 | $ 189,165 |
| Special mention | — | — | — | — | — | — | — | — |
| Substandard | — | — | — | — | — | — | — | — |
| Total | $ 6,925 | $ 21,320 | $ 28,268 | $ 63,750 | $ 38,007 | $ 29,814 | $ 1,081 | $ 189,165 |

| | Term Loans Amortized Cost Basis by Origination Year and Risk Level | | | | | | Revolving Loans Amortized Cost Basis | Total |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2020 | 2019 | Prior | | |
| *Commercial real estate - Non Residential Non-Owner Occupied* | | | | | | | | |
| Pass | $ 117,515 | $ 119,382 | $ 99,210 | $ 59,083 | $ 64,332 | $ 156,941 | $ 32,111 | $ 648,574 |
| Special mention | — | — | 102 | 731 | 165 | 24,747 | — | 25,745 |
| Substandard | — | — | 145 | 2,395 | 79 | 3,652 | — | 6,271 |
| Total | $ 117,515 | $ 119,382 | $ 99,457 | $ 62,209 | $ 64,576 | $ 185,340 | $ 32,111 | $ 680,590 |
| *Commercial real estate - Non Residential Owner Occupied* | | | | | | | | |
| Pass | $ 41,481 | $ 34,320 | $ 42,203 | $ 16,990 | $ 21,772 | $ 52,363 | $ 6,060 | $ 215,189 |
| Special mention | — | — | 164 | — | 2,880 | 431 | 188 | 3,663 |
| Substandard | 3,957 | 909 | 2,010 | 1,212 | 1,335 | 11,792 | 261 | 21,476 |
| Total | $ 45,438 | $ 35,229 | $ 44,377 | $ 18,202 | $ 25,987 | $ 64,586 | $ 6,509 | $ 240,328 |
| *Commercial real estate - Total* | | | | | | | | |
| Pass | $ 251,802 | $ 311,129 | $ 235,298 | $ 164,514 | $ 194,569 | $ 370,704 | $ 53,522 | $ 1,581,538 |
| Special mention | 565 | 451 | 266 | 1,898 | 3,045 | 25,909 | 438 | 32,572 |
| Substandard | 3,957 | 986 | 2,155 | 7,877 | 25,148 | 18,968 | 261 | 59,352 |
| Total | $ 256,324 | $ 312,566 | $ 237,719 | $ 174,289 | $ 222,762 | $ 415,581 | $ 54,221 | $ 1,673,462 |
| *Residential real estate* | | | | | | | | |
| Performing | $ 234,802 | $ 392,865 | $ 314,617 | $ 250,030 | $ 109,736 | $ 410,925 | $ 72,324 | $ 1,785,299 |
| Non-performing | 161 | 119 | 183 | 26 | 713 | 1,349 | 299 | 2,850 |
| Total | $ 234,963 | $ 392,984 | $ 314,800 | $ 250,056 | $ 110,449 | $ 412,274 | $ 72,623 | $ 1,788,149 |
| *Home equity* | | | | | | | | |
| Performing | $ 29,611 | $ 13,921 | $ 6,218 | $ 3,826 | $ 2,510 | $ 5,108 | $ 105,896 | $ 167,090 |
| Non-performing | — | — | — | 14 | — | — | 97 | 111 |
| Total | $ 29,611 | $ 13,921 | $ 6,218 | $ 3,840 | $ 2,510 | $ 5,108 | $ 105,993 | $ 167,201 |
| *Consumer* | | | | | | | | |
| Performing | $ 33,700 | $ 18,293 | $ 4,531 | $ 3,148 | $ 2,120 | $ 1,645 | $ 1,809 | $ 65,246 |
| Non-performing | — | — | — | — | — | — | — | — |
| Total | $ 33,700 | $ 18,293 | $ 4,531 | $ 3,148 | $ 2,120 | $ 1,645 | $ 1,809 | $ 65,246 |

**NOTE SEVEN – PREMISES AND EQUIPMENT**

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

| | Estimated Useful Life | 2024 | 2023 |
|---|---|---|---|
| Land | | $ 35,163 | $ 35,135 |
| Buildings and improvements | 10 to 30 yrs. | 102,342 | 101,279 |
| Equipment | 3 to 10 yrs. | 39,810 | 45,773 |
| | | 177,315 | 182,187 |
| Less: accumulated depreciation | | (106,776) | (110,041) |
| | | $ 70,539 | $ 72,146 |

The depreciation expense for the years ended December 31, 2024, 2023, and 2022 was $4.2 million, $4.6 million, and $5.3 million, respectively.

There was no impairment of the Company's premises and equipment for the years ended December 31, 2024, December 31, 2023, and December 31, 2022.

**NOTE EIGHT – GOODWILL AND OTHER INTANGIBLE ASSETS**

The Company completed its annual assessment of the carrying value of goodwill during 2024 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):

| | 2024 | 2023 |
|---|---|---|
| Beginning balance | $ 149,902 | $ 108,941 |
| Goodwill acquired in conjunction with the acquisition of Citizens Commerce (preliminary) | (140) | 40,961 |
| Ending balance | $ 149,762 | $ 149,902 |

See Note Three for additional information on the acquisition of Citizens Commerce.

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):

| | 2024 | 2023 |
|---|---|---|
| Gross carrying amount | $ 29,462 | $ 29,462 |
| Accumulated amortization | (19,180) | (16,796) |
| | $ 10,282 | $ 12,666 |

| | | |
|---|---|---|
| Beginning balance | $ 12,666 | $ 6,793 |
| Core deposit intangible acquired in conjunction with the acquisition of Citizens Commerce | — | 8,272 |
| Amortization expense | (2,384) | (2,399) |
| Ending balance | $ 10,282 | $ 12,666 |

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):

| | |
|---|---|
| 2025 | $ 2,172 |
| 2026 | 1,953 |
| 2027 | 1,855 |
| 2028 | 1,713 |
| 2029 | 674 |
| Thereafter | 1,915 |
| | $ 10,282 |

**NOTE NINE – SCHEDULED MATURITIES OF TIME DEPOSITS**

Scheduled maturities of the Company's time deposits outstanding at December 31, 2024 are summarized as follows (in thousands):

| | |
|---|---|
| 2025 | $ 1,151,813 |
| 2026 | 50,795 |
| 2027 | 27,058 |
| 2028 | 11,879 |
| 2029 | 7,397 |
| Over five years | 181 |
| | $ 1,249,123 |

The Company's time deposits that meet or exceed the FDIC insurance limit of $250,000 were $441.9 million and $338.4 million at December 31, 2024 and 2023, respectively.

**NOTE TEN – BORROWINGS**

The Company had short-term and long-term funding with the Federal Home Loan Bank ("FHLB") in the form of collateralized advances in conjunction with FHLB stock ownership. 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.

Additionally, the Company had other short-term borrowings throughout 2024 from federal funds purchased from the Federal Reserve Discount Window which provide a source of short-term funds to ensure adequate liquidity. Federal funds purchased are short-term borrowings from correspondent banks that typically mature within one to ninety days and are collateralized by similar qualifying assets required for FHLB collateralized advances. Interest on federal funds purchased is set daily by the correspondent bank based on prevailing market rates.

Further, the Company utilizes securities sold under agreements to repurchase as a liquidity management tool. Securities sold under agreements to repurchase include interests in government agency and municipal securities. These agreements mature daily at par.

The Company has approximately 35,900 shares of FHLB stock at par value as of December 31, 2024. Purchases of FHLB stock are required based on the Company's maximum borrowing capacity with the FHLB. In addition to the short-term and long-term collateralized advances, FHLB stock entitles the Company to receive dividends declared by the FHLB.

Collateral pledged to the FHLB and Federal Reserve Discount Window was approximately $1.7 billion at December 31, 2024 and $2.0 billion at December 31, 2023 and consisted primarily of 1-4 family residential property loans. City National had an additional $1.5 billion and $1.9 billion available from unused portions of lines of credit with the FHLB and Federal Reserve Discount Window at December 31, 2024 and 2023, respectively. No short-term or long-term funding has been utilized with certain other financial institutions the Company maintains business relationships as of December 31, 2024 or December 31, 2023.

*Short-term borrowings*

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

| | **2024** | 2023 | 2022 |
|---|---|---|---|
| Balance at end of year: | | | |
| Securities sold under agreements to repurchase | **$ 325,655** | $ 309,856 | $ 290,964 |
| FHLB short-term advances | **—** | 25,000 | — |
| | | | |
| Weighted-average interest rate at end of year: | | | |
| Securities sold under agreements to repurchase | **4.74 %** | 3.86 % | 0.76 % |
| FHLB short-term advances | **—** | 5.63 | — |
| | | | |
| Average balance outstanding during the year: | | | |
| Securities sold under agreements to repurchase | **$ 336,447** | $ 289,480 | $ 284,570 |
| FHLB short-term advances | **908** | 847 | 3 |
| Federal Funds purchased | **13** | 113 | 38 |
| | | | |
| Weighted-average interest rate during the year: | | | |
| Securities sold under agreements to repurchase | **4.59 %** | 4.13 % | 0.78 % |
| FHLB short-term advances | **5.74** | 5.76 | 0.26 |
| Federal Funds purchased | **4.66** | 5.74 | 0.25 |

*Long-term borrowings*

The Company's long-term collateralized advances from the FHLB and related weighted-average interest rates are as follows (dollars in thousands):

| | **2024** | 2023 |
|---|---|---|
| Balance at end of year: | | |
| FHLB long-term advances | **$ 150,000** | $ 100,000 |
| | | |
| Weighted-average interest rate at end of year: | | |
| FHLB long-term advances | **4.14 %** | 4.01 % |

As of December 31, 2024, the maturities of the FHLB long-term advances are as follows (in thousands):

| | |
|---|---|
| 2025 | $ — |
| 2026 | — |
| 2027 | 50,000 |
| 2028 | 50,000 |
| 2029 and thereafter | 50,000 |
| | $ 150,000 |

**NOTE ELEVEN – DERIVATIVE INSTRUMENTS**

The Company has exposure to certain risks arising from both its business operations and economic conditions, including interest rate risk, which are managed through use of derivative instruments. The Company maintains non-hedging interest swap derivatives with customer counterparties. Additionally, the Company has fair value hedge derivative instruments on certain available-for-sale securities and loan relationships.

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 received collateral with a value of $57.3 million and $55.6 million as of December 31, 2024 and December 31, 2023, respectively.

*Non-hedging interest rate derivatives*

As of December 31, 2024 and 2023, 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) which are included within "other assets" and "other liabilities" in the accompanying consolidated balance sheets:

| | **December 31, 2024** | | December 31, 2023 | |
|---|---|---|---|---|
| | **Notional Amount** | **Fair Value** | **Notional Amount** | **Fair Value** |
| Non-hedging interest rate derivatives: | | | | |
| Customer counterparties: | | | | |
| Loan interest rate swap - assets | **$ 43,075** | **$ 1,264** | $ 61,242 | $ 2,176 |
| Loan interest rate swap - liabilities | **623,844** | **49,993** | 555,693 | 46,402 |
| | | | | |
| Non-hedging interest rate derivatives: | | | | |
| Financial institution counterparties: | | | | |
| Loan interest rate swap - assets | **641,844** | **51,075** | 573,693 | 47,555 |
| Loan interest rate swap - liabilities | **43,075** | **1,264** | 61,242 | 2,176 |

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Change in Fair Value Non-Hedging Interest Rate Derivatives: | | | |
| Other income - derivative assets | **$ 2,766** | $ (14,016) | $ 37,537 |
| Other income - derivative liabilities | **(2,766)** | 14,016 | (37,537) |
| Other expense - derivative liabilities | **(70)** | (306) | 1,219 |

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.

*Fair Value Hedges*

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 and the amortized cost of the hedged assets was $282.5 million and $303.7 million at December 31, 2024 and 2023, respectively. During the years ended December 31, 2024 and 2023, the fair value hedge agreements were effective. The gains or losses on these hedges are recognized in current earnings as fair value changes.

The following table summarizes the financial statement impact of these derivative instruments (in thousands):

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Investment securities available for sale, at fair value | **$ (4,740)** | $ (10,075) |
| Other assets | **4,581** | 10,095 |
| Cumulative adjustment to Interest on investment securities | **159** | (20) |

In addition to the agreements entered into in the year ended December 31, 2020, the Company has less than $0.1 million of other fair value hedges to reduce the interest rate risk associated with the change in fair value of certain investment securities as of December 31, 2024 and 2023.

During the twelve months ended December 31, 2023, the Company entered into a fair value hedge agreement to reduce the interest rate risk associated with the change in fair value of certain loans. The total notional amount of these agreements was $100 million. During the twelve months ended December 31, 2024, the fair value hedge agreements were effective. The gains or losses on these hedges are recognized in current earnings as fair value changes.

The following table summarizes the financial statement impact of these derivative instruments (in thousands):

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Gross loans | **$ (582)** | **$ (691)** |
| Other assets | **566** | **675** |
| Cumulative adjustment to Interest and fees on loans | **16** | **16** |

**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):

| | 2024 | 2023 |
|---|---|---|
| Allowance for credit losses | **$ 4,495** | $ 4,553 |
| Deferred compensation payable | **3,441** | 3,336 |
| Accrued expenses | **2,365** | 2,575 |
| Unrealized securities losses | **34,973** | 33,524 |
| Other | **6,910** | 8,602 |
| **Total Deferred Tax Assets** | **52,184** | 52,590 |
| Goodwill and other intangible assets | **3,080** | 4,180 |
| Other | **7,400** | 6,194 |
| **Total Deferred Tax Liabilities** | **10,480** | 10,374 |
| **Deferred Tax Assets, net** | **$ 41,704** | $ 42,216 |

No material valuation allowances for deferred tax assets were recorded at December 31, 2024 or 2023 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):

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Current: | | | |
| Federal | **$ 23,883** | $ 27,156 | $ 20,481 |
| State | **3,151** | 4,349 | 3,313 |
| Total current tax expense | **27,034** | 31,505 | 23,794 |
| Total deferred tax expense | **381** | (2,764) | 1,469 |
| **Income tax expense** | **$ 27,415** | $ 28,741 | $ 25,263 |

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):

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Computed federal taxes at statutory rate | **$ 30,348** | $ 30,052 | $ 26,740 |
| State income taxes, net of federal tax benefit | **2,577** | 3,225 | 2,871 |
| Tax effects of: | | | |
| Tax-exempt interest income | **(732)** | (925) | (1,142) |
| Bank-owned life insurance | **(818)** | (1,268) | (1,167) |
| Income tax credits | **(4,008)** | (2,747) | (1,904) |
| Other items, net | **48** | 404 | (135) |
| **Income tax expense** | **$ 27,415** | $ 28,741 | $ 25,263 |
| **Effective tax rate** | **19.0 %** | 20.1 % | 19.8 % |

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 $0.4 million over the next 12 months. A reconciliation of the beginning and ending balance of unrecognized tax benefits is as follows (in thousands):

| | 2024 | 2023 |
|---|---|---|
| Beginning balance | **$ 1,256** | $ 1,619 |
| Additions for current year tax positions | **309** | 230 |
| Increases (decreases) for prior year tax positions | **78** | (44) |
| Decreases related to lapse of applicable statute of limitation | **(368)** | (549) |
| Ending balance | **$ 1,275** | $ 1,256 |

Interest and penalties on income tax uncertainties are included in income tax expense. During 2024, 2023 and 2022, the provision related to interest and penalties was not material in any period. The balance of accrued interest and penalties at December 31, 2024 and 2023 was approximately $1.0 million.

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, 2021 and forward.

**NOTE THIRTEEN – EMPLOYEE BENEFIT PLANS**

Pursuant to the terms of the City Holding Company 2023 Incentive Plan (the "2023 Plan"), the Compensation Committee of the Board of Directors, or its delegate, may, from time-to-time, grant stock options, stock appreciation rights, ("SARs"), restricted stock units, or stock awards (collectively, the "awards") to employees, directors and individuals who provide service to the Company (collectively, "Plan Participants"). The 2023 Plan was approved by the shareholders in April 2023 and replaced the City Holding 2013 Incentive Plan (the "2013 Plan") that expired in April 2023. A maximum of 600,000 shares of the Company's common stock may be issued under the 2023 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, combination, reclassification, recapitalization 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 fair market value 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 2023 Plan, all outstanding awards shall immediately vest. As of December 31, 2024, approximately 546,000 shares were still available to be issued under the 2023 Plan.

*Stock Options*

During the year ended December 31, 2024, 11,074 stock options were exercised. The Company had 512 outstanding and exercisable options issued as of December 31, 2024 at a weighted average exercise price of $66.32 per share. All previously issued stock options granted under the 2013 Plan that was replaced by the 2023 Plan were fully vested prior to December 31, 2022.

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 2024 and 2022, all shares issued in connection with stock option exercises were issued from available treasury stock. No stock options were exercised during 2023.

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

The Company records 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, except for RSUs and PSUs, 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, 2024, the criteria were probable of being met. During 2024, 2023, 2022, all shares issued in connection with restricted shares, RSUs, and PSUs were issued from available treasury stock.

The Board of Directors, annually, grants the named executive officers ("NEOs") of the Company RSUs and 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:

| | 2024 | | 2023 | | 2022 | |
|---|---|---|---|---|---|---|
| | **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 | **135,558** | | 140,606 | | 146,755 | |
| Granted | **37,239** | **$ 98.20** | 35,358 | $ 91.46 | 33,327 | $ 77.21 |
| Forfeited/Vested | **(37,848)** | | (40,406) | | (39,476) | |
| Outstanding at December 31 | **134,949** | | 135,558 | | 140,606 | |

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

| | For the year ended December 31, | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Stock-based compensation expense associated with restricted shares, RSUs and PSUs | **$ 3,218** | $ 3,047 | $ 2,817 |

| At period-end: | **2024** |
|---|---|
| Unrecognized stock-based compensation expense | **$ 5,355** |
| Weighted average period in which the above amount is expected to be recognized | **3.1** years |

*401(k) Plan*

The Company provides retirement benefits to its employees through matching contributions to 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, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| Expense associated with the Company's 401(k) Plan | **$ 1,289** | $ 1,246 | $ 1,138 |

| At period-end: | | | |
|---|---|---|---|
| Number of shares of the Company's common stock held by the 401(k) Plan | **158,486** | 165,489 | 168,332 |

*Defined Benefit Plan*

The Company maintains a defined benefit pension plan (the "Defined Benefit Plan"), which was inherited from the Company's acquisition of the plan sponsor (Horizon Bancorp, Inc.). The Horizon Defined Benefit Plan was frozen in 1999 and maintains a December 31st year-end for purposes of computing its benefit obligations.

Primarily as a result of the interest rate environment and mortality table revisions, the estimated fair value of plan assets exceeded the benefit obligation at December 31, 2024 and at December 31, 2023.

The following table summarizes activity within the Company's Defined Benefit Plan (dollars in thousands):

| | Pension Benefits | |
|---|---|---|
| | **2024** | 2023 |
| Change in fair value of plan assets: | | |
| Fair value at beginning of measurement period | **$ 12,351** | $ 11,460 |
| Actual gain on plan assets | **1,495** | 1,839 |
| Benefits paid | **(993)** | (948) |
| Fair value at end of measurement period | **12,853** | 12,351 |
| | | |
| Change in benefit obligation: | | |
| Benefit obligation at beginning of measurement period | **(11,051)** | (11,229) |
| Interest cost | **(518)** | (549) |
| Actuarial gain (loss) | **44** | (43) |
| Assumption changes | **417** | (178) |
| Benefits paid | **993** | 948 |
| Benefit obligation at end of measurement period | **(10,115)** | (11,051) |
| | | |
| Funded status | **$ 2,738** | $ 1,300 |
| | | |
| Weighted-average assumptions for benefit obligation: | | |
| Discount rate | **5.47 %** | 4.93 % |
| Expected long-term rate of return | **6.75 %** | 6.75 % |
| | | |
| Weighted-average assumptions for net periodic pension cost: | | |
| Discount rate | **4.93 %** | 5.14 % |
| 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, 2024 and 2023.

The following table presents the components of the net periodic pension cost of the Company's Defined Benefit Plan, which is recognized in Other Expenses in the Consolidated Statements of Income (in thousands). Since the Company's Defined Benefit Plan is frozen, there is no service cost component.

| | **2024** | 2023 | 2022 |
|---|---|---|---|
| Interest cost | **$ 518** | $ 549 | $ 362 |
| Expected return on plan assets | **(828)** | (840) | (886) |
| Net amortization and deferral | **372** | 343 | 780 |
| **Net Periodic Pension Cost** | **$ 62** | $ 52 | $ 256 |

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

| | **2024** | 2023 | 2022 |
|---|---|---|---|
| Net actuarial gain | **$ 1,500** | $ 1,121 | $ 83 |
| Deferred tax expense | **(361)** | (280) | (20) |
| Other comprehensive income, net of tax | **$ 1,139** | $ 841 | $ 63 |

Amounts recognized as a component of accumulated other comprehensive (loss) income as of December 31, 2024 and 2023 were as follows (in thousands):

| | 2024 | 2023 |
|---|---|---|
| Net actuarial loss | **$ 1,898** | $ 3,398 |
| Deferred tax benefit | **(456)** | (817) |
| Amounts included in accumulated other comprehensive loss, net of tax | **$ 1,442** | $ 2,581 |

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 |
|---|---|
| 2025 | $ 1,003 |
| 2026 | 987 |
| 2027 | 970 |
| 2028 | 955 |
| 2029 | 938 |
| 2030 through 2034 | 4,145 |

The major categories of assets in the Company's Defined Benefit Plan 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 |
|---|---|---|---|---|
| **2024** | | | | |
| Cash and cash equivalents | **$ 108** | **$ 108** | **$ —** | **$ —** |
| Common stocks | **8,751** | **8,751** | — | — |
| Corporate bonds | **3,994** | **—** | **3,994** | **—** |
| Total | **$ 12,853** | **$ 8,859** | **$ 3,994** | **$ —** |
| 2023 | | | | |
| Cash and cash equivalents | $ 62 | $ 62 | $ — | $ — |
| Common stocks | 9,487 | 9,487 | — | — |
| Corporate bonds | 2,802 | — | 2,802 | — |
| Total | $ 12,351 | $ 9,549 | $ 2,802 | $ — |

*Horizon Defined Benefit Plan (Investment Strategy)*

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, 2024, the plan assets were invested in equity securities (68%) and fixed income securities (31%), 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, 2024 (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, 2024, 2023 and 2022. 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 | 86.92% |
| Funded status for plan inherited with Poage acquisition | 81.05% |

*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, 2024. The liability was $1.5 million and $1.4 million at December 31, 2024 and 2023, 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 | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Cost of other post-retirement benefits | **$ 222** | $ 231 | $ 251 |
| | | | |
| At period-end: | | | |
| Other post-retirement benefit liability (included in Other Liabilities) | **4,857** | 5,175 | |
| Cash surrender value of insurance policies (included in Other Assets) | **4,649** | 4,841 | |

**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, 2023 | Principal Additions | Principal Reductions | December 31, 2024 |
|---|---|---|---|---|
| Related Party Loans | $ 6,809 | $ — | $ (506) | $ 6,303 |

Additionally, the unfunded commitments on the related party loans remained stable at $5.7 million as of December 31, 2024 and 2023, respectively.

**NOTE FIFTEEN – COMMITMENTS AND CONTINGENCIES**

*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 certain 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, 2024** | December 31, 2023 |
|---|---|---|
| Commitments to extend credit: | | |
| Home equity lines | **$ 248,664** | $ 243,893 |
| Commercial real estate | **141,967** | 52,002 |
| Other commitments | **347,744** | 316,200 |
| Standby letters of credit | **2,170** | 4,916 |
| Commercial letters of credit | **8,432** | 6,117 |

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*

The Company is engaged in various legal actions through its normal 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 legal actions will have an immaterial impact on financial results, either positive or negative, or that no material legal actions may be presented in the future. As of December 31, 2024, management expects the resolution of current legal actions will not have a material impact on the Company's financial statements.

**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, 2024 and December 31, 2023, no such shares were outstanding, nor were any expected to be issued.

**NOTE SEVENTEEN – REGULATORY REQUIREMENTS, RESTRICTIONS ON DIVIDENDS 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, 2024, City National could pay dividends up to $48.2 million without prior regulatory permission.

During 2024, 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, 2024, the Parent Company reported a cash balance of approximately $117.3 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 2025.

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 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 minimum required 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, 2024** | **Capital Amount** | **Ratio** | **Capital Amount** | **Ratio** | **Capital Amount** | **Ratio** |
| CET 1 Capital | | | | | | |
| City Holding Company | **$ 688,707** | **16.5 %** | **$ 291,989** | **7.0 %** | **$ 271,133** | **6.5 %** |
| City National Bank | **563,301** | **13.6 %** | **291,068** | **7.0 %** | **270,277** | **6.5 %** |
| Tier 1 Capital | | | | | | |
| City Holding Company | **688,707** | **16.5 %** | **354,558** | **8.5 %** | **333,702** | **8.0 %** |
| City National Bank | **563,301** | **13.6 %** | **353,439** | **8.5 %** | **332,649** | **8.0 %** |
| Total Capital | | | | | | |
| City Holding Company | **709,820** | **17.0 %** | **437,983** | **10.5 %** | **417,127** | **10.0 %** |
| City National Bank | **584,415** | **14.1 %** | **436,602** | **10.5 %** | **415,811** | **10.0 %** |
| Tier 1 Leverage Ratio | | | | | | |
| City Holding Company | **688,707** | **10.6 %** | **259,325** | **4.0 %** | **324,156** | **5.0 %** |
| City National Bank | **563,301** | **8.7 %** | **258,477** | **4.0 %** | **323,096** | **5.0 %** |

| | Actual | | Minimum Required - Basel III | | Required to be Considered Well Capitalized | |
|---|---|---|---|---|---|---|
| **December 31, 2023:** | **Capital Amount** | **Ratio** | **Capital Amount** | **Ratio** | **Capital Amount** | **Ratio** |
| CET 1 Capital | | | | | | |
| City Holding Company | $ 627,579 | 15.7 % | $ 279,768 | 7.0 % | $ 259,875 | 6.5 % |
| City National Bank | 549,031 | 13.8 % | 278,692 | 7.0 % | 258,785 | 6.5 % |
| Tier 1 Capital | | | | | | |
| City Holding Company | 627,579 | 15.7 % | 339,718 | 8.5 % | 319,735 | 8.0 % |
| City National Bank | 549,031 | 13.8 % | 338,412 | 8.5 % | 318,505 | 8.0 % |
| Total Capital | | | | | | |
| City Holding Company | 648,646 | 16.2 % | 419,652 | 10.5 % | 399,669 | 10.0 % |
| City National Bank | 570,099 | 14.3 % | 418,038 | 10.5 % | 398,131 | 10.0 % |
| Tier 1 Leverage Ratio | | | | | | |
| City Holding Company | 627,579 | 10.2 % | 245,468 | 4.0 % | 306,835 | 5.0 % |
| City National Bank | 549,031 | 8.9 % | 245,587 | 4.0 % | 306,984 | 5.0 % |

As of December 31, 2024, 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, 2024, management believes that City Holding and City National meet all capital adequacy requirements.

**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 Company 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 not 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 amounts 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. 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 by 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, 2024.

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 individually evaluated loans reported at the fair value of the underlying collateral if repayment is expected solely from the collateral. Collateral values are estimated using Level 3 inputs based on observable market data for both real estate collateral and non-real estate collateral. The following table presents assets and liabilities measured at fair value (in thousands):

| | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **December 31, 2024** | | | | |
| **Recurring fair value measurements** | | | | |
| *Financial Assets* | | | | |
| Obligations of states and political subdivisions | **$ 183,751** | **$ —** | **$ 183,751** | **$ —** |
| Mortgage-backed securities: | | | | |
| U.S. Government agencies | **1,202,081** | **—** | **1,202,081** | **—** |
| Private label | **4,933** | **—** | **4,933** | **—** |
| Trust preferred securities | **4,746** | **—** | **4,746** | **—** |
| Corporate securities | **25,795** | **—** | **25,795** | **—** |
| Marketable equity securities | **6,157** | **1,682** | **4,475** | **—** |
| Derivative assets | **57,491** | **—** | **57,491** | **—** |
| *Financial Liabilities* | | | | |
| Derivative liabilities | **51,257** | **—** | **51,257** | **—** |
| **Nonrecurring fair value measurements** | | | | |
| *Non-Financial Assets* | | | | |
| Other real estate owned | **754** | **—** | **—** | **754** |

| | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| December 31, 2023 | | | | |
| Recurring fair value measurements | | | | |
| *Financial Assets* | | | | |
| Obligations of states and political subdivisions | $ 212,738 | $ — | $ 212,738 | $ — |
| Mortgage-backed securities: | | | | |
| U.S. Government agencies | 1,088,093 | — | 1,088,093 | — |
| Private label | 6,704 | — | 4,833 | 1,871 |
| Trust preferred securities | 4,278 | — | 4,278 | — |
| Corporate securities | 26,324 | — | 26,324 | — |
| Marketable equity securities | 7,538 | 3,093 | 4,445 | — |
| Derivative assets | 60,527 | — | 60,527 | — |
| *Financial Liabilities* | | | | |
| Derivative liabilities | 48,578 | — | 48,578 | — |
| Nonrecurring fair value measurements | | | | |
| *Non-Financial Assets* | | | | |
| Other real estate owned | 731 | — | — | 731 |

*Changes in Level 3 Fair Value Measurements*

The following table presents the changes in Level 3 assets recorded at fair value on a recurring basis during the periods indicated (in thousands):

| | **2024** | 2023 |
|---|---|---|
| Beginning balance | **$ 1,871** | $ 2,459 |
| Changes in fair value | **—** | 95 |
| Changes due to principal reduction | **(1,871)** | (683) |
| Ending balance | **$ —** | $ 1,871 |

No transfers into or out of Level 3 of the fair value hierarchy occurred during the year ended December 31, 2024 or 2023.

The Company's financial assets and liabilities measured at fair value on a nonrecurring basis using significant unobservable inputs (Level 3) include individually evaluated loans that were remeasured 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. The fair value of individually evaluated 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 individually evaluated 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. Generally, the Company has applied collateral discounts, ranging from 10% to 30%. As of December 31, 2024, the Company had one commercial and industrial loan and three owner occupied commercial real estate loans that were considered individually evaluated collateral-dependent loans and were recorded at $6.6 million. For the year ended December 31, 2023, the collateral discount on the one collateral-dependent individually evaluated loan was recorded at $1.0 million. During the years ended December 31, 2024 and 2023, 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.

*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). 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, 2024** | | | | | |
| Assets: | | | | | |
| Cash and cash equivalents | **$ 225,389** | **$ 225,389** | **$ 225,389** | **$ —** | **—** |
| Securities available-for-sale | **1,421,306** | **1,421,306** | **—** | **1,421,306** | **—** |
| Marketable equity securities | **6,157** | **6,157** | **1,682** | **4,475** | **—** |
| Net loans | **4,252,854** | **4,126,124** | **—** | **—** | **4,126,124** |
| Accrued interest receivable | **20,650** | **20,650** | **—** | **20,650** | **—** |
| Derivative assets | **57,491** | **57,491** | **—** | **57,491** | **—** |
| | | | | | |
| Liabilities: | | | | | |
| Deposits | **5,144,150** | **5,039,503** | **3,799,701** | **1,239,802** | **—** |
| Short-term debt | **325,655** | **325,655** | **—** | **325,655** | **—** |
| FHLB long-term advances | **150,000** | **149,137** | **—** | **149,137** | **—** |
| Accrued interest payable | **6,798** | **6,798** | **—** | **6,798** | **—** |
| Derivative liabilities | **51,257** | **51,257** | **—** | **51,257** | **—** |
| | | | | | |
| December 31, 2023 | | | | | |
| Assets: | | | | | |
| Cash and cash equivalents | $ 156,276 | $ 156,276 | $ 156,276 | $ — | — |
| Securities available-for-sale | 1,338,137 | 1,338,137 | — | 1,336,266 | 1,871 |
| Marketable equity securities | 7,538 | 7,538 | 3,093 | 4,445 | — |
| Net loans | 4,103,178 | 3,922,638 | — | — | 3,922,638 |
| Accrued interest receivable | 20,290 | 20,290 | — | 20,290 | — |
| Derivative assets | 60,527 | 60,527 | — | 60,527 | — |
| | | | | | |
| Liabilities: | | | | | |
| Deposits | 4,934,262 | 4,617,487 | 3,591,458 | 1,026,029 | — |
| Short-term debt | 334,856 | 334,856 | — | 334,856 | — |
| FHLB long-term advances | 100,000 | 99,928 | — | 99,928 | — |
| Accrued interest payable | 4,301 | 4,301 | — | 4,301 | — |
| Derivative liabilities | 48,578 | 48,578 | — | 48,578 | — |

**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, | |
|---|---|---|
| | **2024** | 2023 |
| **Assets** | | |
| Cash | **$ 117,331** | $ 63,988 |
| Investment securities available for sale, at fair value | **382** | 1,781 |
| Investment in subsidiaries | **624,363** | 620,757 |
| Loans, net | **305** | 372 |
| Deferred tax asset, net | **279** | 182 |
| Other assets | **534** | 1,193 |
| **Total Assets** | **$ 743,194** | $ 688,273 |
| | | |
| **Liabilities** | | |
| Dividends payable | **$ 11,853** | $ 10,692 |
| Other liabilities | **677** | 515 |
| **Total Liabilities** | **12,530** | 11,207 |
| | | |
| **Total Shareholders' Equity** | **730,664** | 677,066 |
| **Total Liabilities and Shareholders' Equity** | **$ 743,194** | $ 688,273 |

**Condensed Statements of Comprehensive Income (Loss)**

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| **Income** | | | |
| Dividends from subsidiaries | **$ 113,000** | $ 108,895 | $ 90,500 |
| Realized and unrealized investment securities gains (losses) | **149** | (302) | (52) |
| Other income | **181** | 98 | 99 |
| | **113,330** | 108,691 | 90,547 |
| **Expenses** | | | |
| Other expenses | **2,399** | 2,024 | 2,077 |
| | **2,399** | 2,024 | 2,077 |
| **Income Before Income Tax Benefit and Equity in Undistributed Net Income (Excess Dividends) of Subsidiaries** | **110,931** | 106,667 | 88,470 |
| Income tax benefit | **(567)** | (650) | (604) |
| **Income Before Equity in Undistributed Net Income (Excess Dividends) of Subsidiaries** | **111,498** | 107,317 | 89,074 |
| Equity in undistributed net income (excess dividends) of subsidiaries | **5,603** | 7,048 | 12,997 |
| **Net Income** | **$ 117,101** | $ 114,365 | $ 102,071 |
| **Total Comprehensive Income (Loss)** | **$ 111,921** | $ 135,316 | $ (43,677) |

**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, | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| **Operating Activities** | | | |
| Net income | **$ 117,101** | $ 114,365 | $ 102,071 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Unrealized and realized investment securities (gains) losses | **(149)** | 302 | 52 |
| (Benefit) provision for deferred income taxes | **(97)** | (150) | (136) |
| Stock based compensation | **3,522** | 3,213 | 3,277 |
| Change in other assets | **660** | 128 | (465) |
| Change in other liabilities | **(3,022)** | (4,134) | (1,851) |
| (Equity in undistributed net income) excess dividends of subsidiaries | **(5,603)** | (7,048) | (12,997) |
| **Net Cash Provided by Operating Activities** | **112,412** | 106,676 | 89,951 |
| | | | |
| **Investing Activities** | | | |
| Proceeds from sales of available for sale securities | **—** | — | 61 |
| Proceeds from sales of other investments | **1,548** | **447** | — |
| Net decrease in loans | **67** | 52 | 55 |
| Acquisition of Citizens Commerce Bancshares, Inc. | **—** | 2,343 | — |
| **Net Cash Provided by Investing Activities** | **1,615** | 2,842 | 116 |
| | | | |
| **Financing Activities** | | | |
| Dividends paid | **(43,482)** | (39,993) | (36,702) |
| Purchases of treasury stock | **(17,896)** | (60,134) | (26,449) |
| Exercise of stock options | **694** | — | 797 |
| **Net Cash Used in Financing Activities** | **(60,684)** | (100,127) | (62,354) |
| **Increase in Cash and Cash Equivalents** | **53,343** | 9,391 | 27,713 |
| Cash and cash equivalents at beginning of year | **63,988** | 54,597 | 26,884 |
| **Cash and Cash Equivalents at End of Year** | **$ 117,331** | $ 63,988 | $ 54,597 |

**NOTE TWENTY – 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, | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| Net income available to common shareholders | **$ 117,101** | $ 114,365 | $ 102,071 |
| Less: earnings allocated to participating securities | **(1,069)** | (1,036) | (958) |
| Net earnings allocated to common shareholders | **$ 116,032** | $ 113,329 | $ 101,113 |
| | | | |
| Distributed earnings allocated to common shares outstanding | **$ 43,857** | $ 40,121 | $ 36,619 |
| Undistributed earnings allocated to common shares outstanding | **72,175** | 73,208 | 64,494 |
| Net earnings allocated to common shareholders | **$ 116,032** | $ 113,329 | $ 101,113 |
| | | | |
| Average shares outstanding, basic | **14,676** | 14,868 | 14,847 |
| Effect of dilutive securities | **21** | 23 | 26 |
| Average shares outstanding, diluted | **14,697** | 14,891 | 14,873 |
| | | | |
| Basic earnings per share | **$ 7.91** | $ 7.62 | $ 6.81 |
| Diluted earnings per share | **$ 7.89** | $ 7.61 | $ 6.80 |

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-ONE – ACCUMULATED OTHER COMPREHENSIVE LOSS**

The activity in accumulated other comprehensive (loss) income 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 23% for 2024 and 2023.

| | Accumulated Other Comprehensive (Loss) Income | | |
|---|---|---|---|
| | Defined Benefit Pension Plans | Unrealized Gains (Losses) on Securities Available-for-Sale | Total |
| Balance at December 31, 2022 | $ (3,422) | $ (128,066) | $ (131,488) |
| Other comprehensive income (loss) before reclassifications, net of tax | 841 | 16,366 | 17,207 |
| Amounts reclassified from other comprehensive (loss) income, net of tax | — | 3,742 | 3,742 |
| | 841 | 20,108 | 20,949 |
| Balance at December 31, 2023 | $ (2,581) | $ (107,958) | $ (110,539) |
| Other comprehensive income (loss) before reclassifications, net of tax | **1,139** | **(8,482)** | **(7,343)** |
| Amounts reclassified from other comprehensive (loss) income, net of tax | — | **2,163** | **2,163** |
| | **1,139** | **(6,319)** | **(5,180)** |
| Balance at December 31, 2024 | **$ (1,442)** | **$ (114,277)** | **$ (115,719)** |

| | Amounts reclassified from Other Comprehensive (Loss) Income December 31, | | | Affected line item in the Consolidated Statements of Income |
|---|---|---|---|---|
| | **2024** | 2023 | 2022 | |
| *Securities available-for-sale:* | | | | |
| Net securities losses (gains) reclassified into earnings | **$ 2,825** | $ 4,908 | $ (4) | Net (losses) gains on sale of investment securities |
| Related income tax (benefit) expense | **(662)** | (1,166) | 1 | Income tax expense (benefit) |
| Net effect on accumulated other comprehensive (loss) income | **$ 2,163** | $ 3,742 | $ (3) | |

**NOTE TWENTY-TWO – 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 non-transaction-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 | **2024** | 2023 | 2022 |
|---|---|---|---|---|
| **Major revenue streams** | | | | |
| Service charges | At a point in time and over time | **$ 29,225** | $ 27,751 | $ 28,335 |
| Bankcard revenue | At a point in time | **28,500** | 27,960 | 27,349 |
| Trust and investment management fee income | Over time | **11,255** | 9,563 | 8,798 |
| Other income | At a point in time and over time | **3,012** | 3,794 | 3,617 |
| Net revenue from contracts with customers | | **71,992** | 69,068 | 68,099 |
| Non-interest income within the scope of other GAAP topics | | **1,342** | 1,561 | 3,978 |
| Total non-interest income | | **$ 73,334** | $ 70,629 | $ 72,077 |

**NOTE TWENTY-THREE – REPORTABLE SEGMENT**

The Company conducts its business activities through community banking. Community banking revolves around serving the community and customers where the bank has branches and offices. Community banking consists of lending, depository, and trust relationships.

The Company's chief executive officer is in charge of allocating the Company's resources and assessing the Company's performance, and as such, has been identified as the chief operating decision maker. The chief operating decision maker regularly reviews a multitude of reports that have a varying level of combined detail on products offered, however, all of the information and activity reviewed fall under the definition of community banking.

Based on the business activities and information reviewed by the chief operating decision maker, the Company has one reportable segment - Community Banking.

The accounting policies of the community banking segment are the same as those for the Company described in Note One. In accordance with ASC 280, the Company has concluded that consolidated net income is the measure of segment profit or loss that is required to be reported because it is the measure determined in accordance with measurement principles that are most consistent with US GAAP. As the Company only has one reportable segment, total segment net income and total segment assets are equivalent to the results disclosed in the accompanying Consolidated Statements of Income (reported as "Income Available to Common Shareholders" and Consolidated Balance Sheets (reported as "Total Assets"), respectively.

**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 53 of the Annual Report on Form 10-K of City Holding Company for the year ended December 31, 2024.
(b) The attestation report of the Company's independent registered public accounting firm appears on page 54 of the Annual Report on Form 10-K of City Holding Company for the year ended December 31, 2024.
(c) The Company did not have any changes in internal control over financial reporting during its fourth quarter for the year ending December 31, 2024, 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**

*Rule 10b-1(c) Plan*

During the three months ended December 31, 2024, the following directors adopted trading arrangements, all of which are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) as those terms are defined in Regulation S-K, Item 408:

- Robert D. Fisher, a member of our board of directors, adopted a non-discretionary stock purchase plan on December 1, 2024. The plan, which expires December 1, 2025, provides for purchase the Company's stock, subject to certain purchase restrictions. The aggregate number of shares of the Company's stock to be purchased depends on stock price.
- William H. File, a member of our board of directors, adopted a non-discretionary stock purchase plan on December 1, 2024. The plan, which expires December 1, 2025, provides for purchase the Company's stock, subject to certain purchase restrictions. The aggregate number of shares of the Company's stock to be purchased depends on stock price.
- Tracy W. Hylton II, a member of our board of directors, adopted a non-discretionary stock purchase plan on December 1, 2024. The plan, which expires December 1, 2025, provides for purchase the Company's stock, subject to certain purchase restrictions. The aggregate number of shares of the Company's stock to be purchased depends on stock price.
- Diane W. Strong-Treister, a member of our board of directors, adopted a non-discretionary stock purchase plan on December 1, 2024. The plan, which expires December 1, 2025, provides for purchase the Company's stock, subject to certain purchase restrictions. The aggregate number of shares of the Company's stock to be purchased depends on stock price
- Javier A. Reyes, a member of our board of directors, adopted a non-discretionary stock purchase plan on December 1, 2024. The plan, which expires December 1, 2025, provides for purchase the Company's stock, subject to certain purchase restrictions. The aggregate number of shares of the Company's stock to be purchased depends on stock price.

During the three months ended December 31, 2024, none of our directors or officers informed us of the termination of a Rule 10b5-1 trading arrangement. Additionally, none of our directors or officers informed us of the adoption or termination of a non-Rule 10b5-1 trading arrangement.

*Insider Trading Policies and Procedures*

The Company has adopted insider trading policies and procedures governing the purchase, sale, and/or dispositions of City Holdings' securities by directors, officers and employees, or the registrant itself, that are reasonably designed to promote compliance with insider trading laws, rules and regulations, and listing standards.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

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 "DELINQUENT SECTION 16(A) REPORTS" in the Company's 2025 Proxy Statement, which will be filed no later than 120 days after December 31, 2024, and is hereby incorporated by reference.

In December 2009, the Company adopted its current 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 III, Item 12, 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," "PAY VERSUS PERFORMANCE" and "CEO PAY RATIO" in the Company's 2025 Proxy Statement, which will be filed no later than 120 days after 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**

Certain 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 2025 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, 2024, 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 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 | 512 | $ 66.32 | 546,004 |
| Plans not approved by shareholders | — | — | — |
| Total | 512 | $ 66.32 | 546,004 |

**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 2025 Proxy Statement, which will be filed no later than 120 days after 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 2025 Proxy Statement, which will be filed no later than 120 days after 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 (PCAOB ID: 173). 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" beginning on page 118 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 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(b) | 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). |
| 2(c) | Agreement and Plan of Merger, dated as of October 18, 2022 by and between City Holding Company and Citizens Commerce Bancshares, Inc. (attached to, and incorporated by reference from, City Holding Company's Form 8-K dated October 18, 2022, and filed with the Securities and Exchange Commission on October 18, 2022). |
| 3(a) | Amended and Restated Articles of Incorporation of City Holding Company (attached to, and incorporated by reference from City Holding Company's Form 10-Q Quarterly Report for the quarter ending September 30, 2021, filed November 4, 2021 with the Securities Exchange Commission). |
| 3(b) | 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 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(c) | City Holding Company's 2023 Incentive Plan (attached to, and incorporated by reference from, City Holding Company's Definitive Proxy Statement, filed March 27, 2023 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 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(f) | 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(g) | 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(h) | 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). |
| 10(i) | Change in Control Agreement for David L. Bumgarner, effective as of May 4, 2022 (attached to and incorporated by reference from City Holding Company's Form 10Q, Quarterly Report for the period ended March 31, 2022 filed May 5, 2022 with the Securities and Exchange Commission). |
| 10(j) | Change in Control Agreement for Jeffrey D. Legge, effective as of May 4, 2022 (attached to and incorporated by reference from City Holding Company's Form 10Q, Quarterly Report for the period ended March 31, 2022 filed May 5, 2022 with the Securities and Exchange Commission). |

| | |
|---|---|
| 10(k) | Change in Control Agreement for Michael T. Quinlan, Jr., effective as of May 4, 2022 (attached to and incorporated by reference from City Holding Company's Form 10Q, Quarterly Report for the period ended March 31, 2022 filed May 5, 2022 with the Securities and Exchange Commission). |
| 14(a) | City Holding Company Code of Ethics |
| 19(a) | City Holding Company Insider Trading Policy |
| 21 | Subsidiaries of City Holding Company |
| 23 | Consent of Crowe 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 |
| 97(a) | City Holding Company Executive Officer Clawback Policy |
| 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 26, 2025

**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 26, 2025. 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/ J. Thomas Jones
J. Thomas Jones
Director

/s/ Gregory A. Burton
Gregory A. Burton
Director

/s/ James M. Parsons
James M. Parsons
Director

Charles W. Fairchilds
Director

/s/ Javier A. Reyes, Ph.D.
Javier A. Reyes
Director

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

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

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

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

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

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

/s/ James A. Hoyer
James A. Hoyer
Director