



## AUDIT COMMITTEE CHARTER

### **Organization**

This charter governs the operations of the City Holding Company (company) Audit Committee. The committee will review and reassess the charter annually and obtain the approval of the company's Board of Directors (board). The committee shall be appointed annually by the board and shall serve until their successors are duly elected and qualified. Each member of the committee appointed by the board will meet regulatory requirements for independence and financial literacy with at least one committee member possessing accounting or related financial management expertise.

### **Statement of Policy**

The audit committee shall provide assistance to the board in fulfilling its oversight responsibilities to shareholders, potential shareholders, the investment community and others. This oversight relates to company's financial statements and the financial reporting process, the systems of internal accounting and financial controls, the internal audit function, the annual independent audit of the company's financial statements, and the legal, compliance and ethics programs as established by management and the board. In so doing it is the responsibility of the committee to maintain free and open communication between the committee, independent auditors, internal audit, and executive management. In discharging its oversight role, the committee is authorized to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the company and the power to retain outside counsel or other experts for this purpose. Internal audit service providers may be used to execute the internal audit plan, however the Vice President for Risk Management will be responsible for the internal audit function and shall be directly accountable to the committee.

### **Responsibilities and Processes**

The primary responsibility of the Audit Committee is to oversee the company's accounting and financial reporting processes and the audit of the financial statements on behalf of the board and report the results of their activities to the board. Management is responsible for preparing the company's financial statements, and the independent auditors are responsible for auditing those financial statements. The committee should take appropriate actions to establish an environment conducive to quality financial reporting, sound business risk practices, and ethical behavior. The committee may also perform the duties required to be performed by the fiduciary audit committee for any bank subsidiary exercising trust powers.

The following shall be the specific responsibilities and authority of the audit committee in carrying out its oversight duties. The processes are set forth as a guide with the understanding that the committee may supplement them as appropriate.

1. The committee shall have a clear understanding with management and the independent auditors that the independent auditors are ultimately accountable to the board and the Audit Committee, as representatives of company's shareholders.
2. The committee shall have sole authority and responsibility to select (subject to shareholder approval), evaluate and, where appropriate, replace the independent auditors.

3. The committee shall discuss with the auditors their independence from management and the company and the matters included in written disclosures required by the Independence Standards Board, Public Company Accounting Oversight Board, and the Securities and Exchange Commission.
4. The committee shall determine funding for and oversee the independent auditors.
5. The committee shall review compliance with the Securities and Exchange Commission's rules and other professional guidance related to services performed by the company's independent auditors. The committee shall also pre-approve all audit services and permissible non-audit services provided by the independent auditors in accordance with regulatory requirements and the committee's policies and procedures. |
6. The committee shall establish and maintain procedures that provide for the anonymous submission of employee complaints regarding accounting, internal controls or auditing matters.
7. The committee shall discuss with the Vice President for Risk Management and the independent auditors the overall scope and plans for their respective audits including the adequacy of staffing and compensation. The committee shall meet separately with the Vice President for Risk Management and the independent auditors, with and without management present, to discuss the results of their examinations.
8. If internal audit service providers are utilized to execute the internal audit plan, then the committee should review and concur with their selection, termination or replacement by management.
9. The committee shall discuss with management, the Vice President for Risk Management, and the independent auditors the adequacy and effectiveness of the accounting and financial controls, including the company's system to monitor and manage business risk, and legal and ethical compliance programs.
10. The committee shall review all interim financial statements with management and the independent auditors prior to filing of the company's Quarterly Report on Form 10-Q. The committee will also discuss the results of the quarterly review and any other matters required to be communicated to the committee by the independent auditors under generally accepted auditing standards.
11. The committee shall review with management and the independent auditors the financial statements to be included in the company's Annual Report on Form 10-K (or the annual report to shareholders if distributed prior to the filing of Form 10-K), including their judgement about the quality, not just the acceptability, of accounting principles, the reasonableness of significant judgements, and the clarity of the disclosures in the financial statements. The committee shall also discuss the results of the annual audit and any other matters required to be communicated to the committee by the independent auditors under generally accepted auditing standards.