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## **City National Corporation Reports Record Net Income of \$206.3 Million or \$4.04 Per Share For 2004**

### **Net Income Increases 11 Percent Year Over Year**

### **Assets Exceed \$14 Billion for the First Time**

**LOS ANGELES** — City National Corporation (NYSE: CYN), parent company of wholly owned City National Bank, today reported its ninth consecutive year of record net income. Net income totaled \$206.3 million, or \$4.04 per share in 2004, compared with \$186.7 million, or \$3.72 per share in 2003. Included in the results was an after-tax non-cash charge of \$4.8 million, or \$0.09 a share, for “other-than-temporary impairment” on perpetual fixed-rate preferred securities that had no impact on shareholders’ equity.

## **2004 FINANCIAL HIGHLIGHTS**

- Average deposits grew 12 percent, exceeding \$11 billion for the first time, and core deposits increased 15 percent over 2003.
- Average loans exceeded \$8 billion for the first time, an increase of \$389.3 million, or 5 percent from the prior year.
- Revenues increased 6 percent over 2003.
- No provision for credit losses was recorded for 2004 due to continued strong credit quality. In 2003, the company recorded a provision for credit losses of \$29.0 million.
- Assets under management increased 19 percent to \$16.2 billion, and assets under administration and management increased 22 percent to \$35.1 billion.

## City National Corporation Reports Record Net Income of \$206.3 Million for 2004

<i>Dollars in millions, except per share</i>	<i>For the twelve months ended December 31,</i>		<i>%</i>
	<i>2004</i>	<i>2003</i>	<i>Change</i>
<i>Earnings Per Share</i>	\$ 4.04	\$ 3.72	9
<i>Net Income</i>	206.3	186.7	11
<i>Average Assets (1)</i>	13,396.0	12,156.1	10
<i>Return on Average Assets (1)</i>	1.54 %	1.54 %	0
<i>Return on Average Equity</i>	16.34	16.27	0

*(1) As of September 30, 2004, the company reclassified the reserve for unfunded credit commitments from the allowance for loan losses to other liabilities. Amounts presented prior to the third quarter of 2004 have been reclassified to conform with the presentation in the current reporting period.*

“We are pleased to report our ninth consecutive year of record earnings and even greater strength in our capital position, credit quality, and other key metrics,” said Chief Executive Officer Russell Goldsmith. “City National’s double-digit net income growth over the prior year also reflected significant growth in deposits, primarily core deposits, as well as higher noninterest income and the absence of a provision for credit losses. We are particularly encouraged by a solid increase both in total loans and commercial loans in the fourth quarter.

“Completing our 50<sup>th</sup> year with over \$14 billion in bank assets, these strong results demonstrate that City National has built a very solid foundation for continuing growth. With our outstanding team of 2,400 colleagues, we look forward to building additional shareholder value in 2005 by providing our clients with the excellent service and extensive capabilities of California’s premier private and business bank.”

Fourth-quarter 2004 net income was \$49.7 million, or \$0.97 per share, compared with \$44.4 million, or \$0.87 per share for the fourth quarter of 2003 and \$53.5 million, or \$1.04 per share for the third quarter of 2004. During the fourth quarter of 2003, \$8.1 million, or \$0.16 per share of net state tax benefits recognized during the first three quarters of 2003 relating to the company’s two REITs, was reversed. Included in fourth-quarter 2004 results was the after-tax non-cash charge of \$4.8 million, or \$0.09 a share, for “other-than-temporary impairment” on perpetual fixed-rate preferred securities issued by government sponsored enterprises.

The following table shows the growth of earnings per share with and without the 2003 REITs tax charge and the 2004 “other-than-temporary impairment” charge discussed above:

## City National Corporation Reports Record Net Income of \$206.3 Million for 2004

	<i>For the three months ended</i> <i>December 31,</i>		<i>%</i>
	<i>2004</i>	<i>2003</i>	<i>Change</i>
<i>Without the REITs Tax Charge and the "Other-Than-Temporary Impairment" Charge</i>	\$ 1.06	\$ 1.03	3
<i>With the REITs Tax Charge and the "Other-Than-Temporary Impairment" Charge</i>	\$ 0.97	\$ 0.87	11

During the fourth quarter of 2004, the company increased its resources devoted to risk management to enhance its policies and procedures to fully comply with the requirements of the Bank Secrecy Act, and the USA Patriot Act. Significant corrective results were accomplished in 2004 and these efforts will be enhanced during 2005. The company expects to enter into an agreement with bank regulators in the near term pertaining to these matters but the company does not know whether this will include any monetary assessment. The current expected expense of these compliance activities is included in this announcement's 2005 Outlook.

## ASSETS

Average assets of \$13.4 billion for 2004 were \$1.2 billion, or 10 percent higher than 2003, primarily due to an increase in average securities and loans. Total assets at December 31, 2004 increased 9 percent to \$14.2 billion from \$13.0 billion at December 31, 2003.

## REVENUES

Revenues (net interest income plus noninterest income) for 2004 increased 6 percent to \$730.2 million due to higher net interest income and wealth management fees.

## NET INTEREST INCOME

Fully taxable-equivalent net interest income for 2004 was \$559.5 million, up 6 percent from \$529.0 million for 2003. This, in part, reflected a 125-basis-point increase in interest rates during 2004 and in the growth of City National's loans and securities. The bank's prime rate was 5.25 percent as of December 31, 2004. Net interest margin was 4.54 percent in 2004, 20 basis points lower than it was in 2003. The change was due to a 24 percent increase in holdings of average securities as strong deposit growth exceeded the demand for loans during most of the year.

## City National Corporation Reports Record Net Income of \$206.3 Million for 2004

	<i>For the twelve months ended</i>		
	<i>December 31,</i>		<i>%</i>
<i>Dollars in millions</i>	<i>2004</i>	<i>2003</i>	<i>Change</i>
<i>Average Loans</i>	\$ 8,118.5	\$ 7,729.2	5
<i>Average Securities</i>	3,689.0	2,976.7	24
<i>Average Deposits</i>	11,275.0	10,045.3	12
<i>Average Core Deposits</i>	10,425.5	9,042.3	15
<i>Fully Taxable-Equivalent</i>			
<i>Net Interest Income</i>	559.5	529.0	6
<i>Net Interest Margin</i>	4.54 %	4.74 %	(4)

Period-end December 31, 2004 loans increased \$611.4 million from December 31, 2003, reflecting growth in residential and commercial real estate-related borrowings.

Compared with the prior-year averages, residential mortgage loans rose 17 percent, real estate construction loans rose 19 percent, and commercial real estate mortgage loans rose 6 percent. Commercial loans decreased 6 percent partially due to the virtual elimination of the company's dairy loan portfolio, which began the year at \$151.7 million and ended the year at \$7.9 million.

The company's "plain vanilla" interest rate swaps, which are part of its long-standing asset-liability management strategy of hedging loans, deposits and borrowings, were \$1.3 billion at December 31, 2004, compared with \$1.1 billion at December 31, 2003 and \$1.0 billion at September 30, 2004.

## NONINTEREST INCOME

Noninterest income for 2004 was 4 percent higher than the prior year due primarily to the strength of wealth management income. This increase is attributable to higher trust and investment fees from higher assets under management or administration. Noninterest income was impacted by the \$8.2 million non-cash charge on certain perpetual fixed-rate preferred securities. Noninterest income as a percentage of total revenues was 25 percent for 2004 and 26 percent for 2003.

### *Wealth Management*

Trust and investment fees increased 45 percent over 2003 primarily due to higher customer balances under management or administration. Assets under management at December 31, 2004 increased 19 percent to \$16.2 billion from last year primarily due to new business, strong relative investment performance, and higher market values. Results for 2004 include the operation of Convergent Capital Management, LLC ("CCM") for the entire year, while 2003 results only include the operations of CCM beginning April 1, 2003, the date the acquisition was completed.

## City National Corporation Reports Record Net Income of \$206.3 Million for 2004

<i>Dollars in millions</i>	<i>At or for the twelve months ended December 31,</i>		<i>%</i>
	<i>2004</i>	<i>2003</i>	<i>Change</i>
<i>Trust and Investment Fee Revenue</i>	\$ 68.4	\$ 47.1	45
<i>Brokerage and Mutual Fund Fees</i>	37.7	36.6	3
<i>Assets Under Management (1)</i>	16,185.2	13,610.8	19
<i>Assets Under Administration and Management</i>	35,092.7	28,835.3	22
<i>(1) Excludes \$4,227 and \$2,858 million of assets under management for the CCM minority owned asset managers as of December 31, 2004 and December 31, 2003, respectively</i>			

### *Other Noninterest Income*

Cash management and deposit transaction fees totaled \$41.4 million in 2004, down 5 percent from 2003. Contributing to the year-over-year decrease were higher deposit balances maintained to offset fees and an increase in the earnings credit for deposits under analysis.

International service fees for 2004 were 7 percent higher over the prior year primarily due to both higher letter of credit fees and foreign exchange income.

Other income for 2004 was 22 percent lower than 2003 primarily due to lower participating mortgage loan fees. Participating mortgage loan fees are earned upon completion and repayment of debt for certain real estate construction projects. In these cases, City National lends a portion of the equity requirement and receives a share of the profits in return.

For 2004, the company recorded \$5.9 million in net losses on the sale of loans, assets and debt repurchase and on the sale or write down of securities, compared with \$3.2 million in gains for 2003.

## **NONINTEREST EXPENSE**

Noninterest expense for 2004 totaled \$395.4 million, a 9 percent increase from 2003. The increase was due primarily to higher restricted stock expense, net occupancy expense for premises and higher risk management costs for complying with the Bank Secrecy Act, USA Patriot Act and Sarbanes-Oxley 404 requirements.

For 2004, the efficiency ratio was 53.89 percent compared with 52.15 percent for 2003.

## **INCOME TAXES**

The 2004 effective tax rate was 37.4 percent, compared with 36.6 percent for 2003. The effective tax rate reflects changes in the mix of tax rates applicable to income before tax. As previously reported, the California Franchise Tax Board has taken the position that certain real estate investment trust and registered investment company tax deductions shall be disallowed under California law adopted in the fourth quarter of 2003. While management continues to believe that the tax benefits realized in previous years were appropriate, the company deemed it prudent to participate in the statutory Voluntary Compliance Initiative—Option 2, requiring payment of all California taxes and interest on these disputed 2000 through 2002 tax years, and permitting the company to claim a refund for these years while avoiding certain potential penalties. The company's strategic and financial positions remain unchanged from the previously reported period.

## **FOURTH-QUARTER FINANCIAL HIGHLIGHTS**

- Average deposits and core deposits for the fourth quarter of 2004 grew 12 percent and 14 percent, respectively, from the fourth quarter of 2003. Average deposits and core deposits increased 4 percent over the third quarter of 2004 due to continued strong bank-wide growth. Average core deposits represented 93 percent of average deposit balances for the fourth quarter of 2004.
- Fourth-quarter 2004 average loans increased 10 percent from the same period last year and 2 percent from the third quarter of 2004. Compared with the prior year fourth-quarter averages, residential mortgage loans rose 17 percent, commercial real estate mortgage loans rose 8 percent, and real estate construction loans rose 34 percent. Commercial loans were essentially unchanged partially due to the payoff of dairy loans previously announced. Compared with the third quarter of 2004, all loan categories increased.

During the fourth quarter, loans increased from September 30, 2004 by \$320.1 million, or 4 percent.

- Revenue for the fourth quarter of 2004 increased 5 percent over the same period last year. The net interest margin for the fourth quarter of 2004 increased slightly to 4.54 percent from 4.52 percent for the year-ago quarter. It increased 8 basis points from the third quarter of 2004.
- No provision for credit losses was recorded for the fourth quarter of 2004 due to continued strong credit quality. The fourth quarter of 2003 and the third quarter of 2004 also included no provision for credit losses.
- Noninterest income for the fourth quarter of 2004 declined 13 percent to \$41.8 million from the same period last year and decreased 12 percent from the third quarter of 2004

## **City National Corporation Reports Record Net Income of \$206.3 Million for 2004**

primarily due to the \$8.2 million non-cash charge on the perpetual fixed-rate preferred securities. Wealth management fees continued to increase during the quarter. Noninterest income as a percentage of total revenues was 22 percent in the fourth quarter of 2004.

- Fourth-quarter 2004 noninterest expense was up 13 percent from the fourth quarter of 2003 and 10 percent over the third quarter of 2004 due primarily to higher restricted stock expense, higher net occupancy expense for premises and higher risk management costs for complying with Bank Secrecy Act, USA Patriot Act and Sarbanes-Oxley 404 requirements.

### **CREDIT QUALITY**

The company made no provision for credit losses in 2004. This was attributable to the continued strong credit quality of its \$8.5 billion loan portfolio, low level of net charge-offs, management's ongoing assessment of the credit quality of the portfolio, and an improving economic environment. Nonaccrual loans as of December 31, 2004 were \$34.6 million, down 18 percent from December 31, 2003, and down 2 percent from September 30, 2004.

At September 30, 2004, the company reclassified a portion of its allowance for loan losses to reserve for unfunded commitments included in other liabilities. The process used to determine the adequacy of the reserve for unfunded credit commitments is consistent with the process for the allowance for loan losses.

At December 31, 2004, the allowance for loan losses was \$148.6 million or 1.75 percent of outstanding loans. The reserve for unfunded credit commitments was \$11.8 million.

## City National Corporation Reports Record Net Income of \$206.3 Million for 2004

<i>Dollars in millions</i>	<i>At or for the twelve months ended December 31,</i>		<i>%</i>
	<i>2004</i>	<i>2003</i>	<i>Change</i>
<i>Provision For Credit Losses</i>	\$ -	\$ 29.0	(100)
<i>Net Loan Charge-Offs</i>	5.7	27.5	(79)
<i>Annualized Percentage of Net Charge-offs to Average Loans</i>	0.07 %	0.36 %	(81)
<i>Nonperforming Assets</i>	\$ 34.6	\$ 42.3	(18)
<i>Percentage of Nonaccrual Loans and ORE to Total Loans and ORE</i>	0.41 %	0.54 %	(24)
<i>Allowance for Loan Losses (1)</i>	\$ 148.6	\$ 156.0	(5)
<i>Reserve for Off-Balance Sheet Credit Commitments (1)</i>	\$ 11.8	\$ 10.0	18
<i>Percentage of Allowance for Loan Losses to Outstanding Loans (1)</i>	1.75 %	1.98 %	(12)
<i>Percentage of Allowance for Loan Losses to Nonaccrual Loans (1)</i>	428.92	369.07	16

(1) As of September 30, 2004, the company reclassified the reserve for unfunded credit commitments from the allowance for loan losses to other liabilities. Amounts presented prior to the third quarter of 2004 have been reclassified to conform with the presentation in the current reporting period.

## OUTLOOK FOR 2005

Management currently expects the growth of net income per share for 2005 to be approximately 11 percent to 14 percent higher than net income per share for 2004. This is based on current economic conditions, business indicators and an expectation that the Fed Funds Rate will rise by an additional 75 basis points during 2005.

Average loans are expected to grow at a rate faster than in 2004 while average deposits in 2005 are expected to grow at a slower rate than in 2004. Net interest income in 2005 is expected to grow at a much higher rate as a result of interest rate increases that occurred in 2004 and expected rate increases for 2005 as well as increased loan balances. Management expects that a provision for credit losses will be required in 2005 as average loan balances grow. Noninterest income is expected to grow at about the 2004 growth rate exclusive of the “other-than-temporary” impairment charge on securities. Noninterest expense is expected to grow at about the same rate in 2005 compared with 2004. This includes higher risk management costs. It also includes higher premises costs relating to the opening of three new offices in Southern California as well as continuing consolidation of operations and colleagues at City National Plaza in downtown Los Angeles. Also expected to contribute to noninterest expense growth are the continued recognition of the cost of restricted stock grants and the cost of stock option expense



## **City National Corporation Reports Record Net Income of \$206.3 Million for 2004**

beginning in the second half of 2005. The effective tax rate is expected to be about the same in 2005 as it was in 2004.

### **CAPITAL LEVELS**

Total risk-based capital and Tier 1 risk-based capital ratios at December 31, 2004 were 15.11 percent and 11.51 percent, compared with the minimum “well capitalized” capital ratios of 10 percent and 6 percent, respectively. The company's Tier 1 leverage ratio at December 31, 2004 was 7.83 percent. Total risk-based capital, Tier 1 risk-based capital and the Tier 1 leverage ratios at September 30, 2004 were 14.99 percent, 11.35 percent and 7.80 percent, respectively.

Shareholders' equity to assets as of December 31, 2004 was 9.5 percent compared with 9.4 percent as of December 31, 2003.

Accumulated other comprehensive income at December 31, 2004 was a loss of \$1.4 million compared with income of \$12.9 million at December 31, 2003, and \$3.7 million at September 30, 2004. The average duration of total available-for-sale securities at December 31, 2004 was 3.0 years compared to 3.4 years at December 31, 2003.

### **STOCK REPURCHASE**

As previously announced, the company has board authorization to repurchase 1,009,500 of its outstanding shares as of December 31, 2004. During 2004, 740,400 of outstanding shares were repurchased at an average cost of \$59.19. There were no shares repurchased during the fourth quarter of 2004. There were 1,042,629 treasury shares at December 31, 2004.

### **CONFERENCE CALL**

*City National Corporation will host a conference call this afternoon to discuss results for the year and fourth quarter of 2004. The call will begin at 2:00 p.m. PST or 5:00 p.m. EST. Analysts and investors may dial in and participate in the question/answer session. To access the call, please dial (866) 800-8652 and enter pass code 16742230. A listen-only live broadcast of the call also will be available on the investor relations page of the company's website at [www.cnb.com](http://www.cnb.com). There, it will be archived and available for 12 months.*

### **ABOUT CITY NATIONAL**

City National Corporation is a financial services company with \$14.2 billion in total assets. Its wholly owned subsidiary, City National Bank, is California's Premier Private and Business Bank<sup>SM</sup>. The bank provides banking, investment, and trust services through its 52 offices,

## **City National Corporation Reports Record Net Income of \$206.3 Million for 2004**

including 12 full-service regional centers, in Southern California, the San Francisco Bay Area and New York City. The company and its affiliates manage or administer \$35.1 billion in client trust and investment assets, including \$16.2 billion under management.

For more information about City National, visit the company's Website at [cnb.com](http://www.cnb.com/) <http://www.cnb.com/>.

This news release contains forward-looking statements about the company for which the company claims the protection of the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995.

Forward-looking statements are based on management's knowledge and belief as of today and include information concerning the company's possible or assumed future financial condition, and its results of operations, business and earnings outlook. These forward-looking statements are subject to risks and uncertainties. A number of factors, some of which are beyond the company's ability to control or predict, could cause future results to differ materially from those contemplated by such forward-looking statements. These factors include (1) the unknown economic impact of state budget issues, (2) changes in interest rates, (3) significant changes in banking laws or regulations, (4) the risk management costs of complying with Sarbanes-Oxley 404 and with Anti-Money Laundering, USA Patriot Act requirements, (5) increased competition in the company's market, (6) other-than-expected credit losses due to real estate cycles or other economic events, (7) earthquake or other natural disasters affecting the condition of real estate collateral, (8) the effect of acquisitions and integration of acquired businesses, and (9) the impact of changes in regulatory, judicial, or legislative tax treatment of business transactions. Management cannot predict at this time the extent of the economic recovery, and a slowing or reversal could adversely affect our performance in a number of ways including decreased demand for our products and services and increased credit losses. Likewise, changes in deposit interest rates, among other things, could slow the rate of growth or put pressure on current deposit levels. Forward-looking statements speak only as of the date they are made, and the company does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the statements are made, or to update earnings guidance including the factors that influence earnings.

For a more complete discussion of these risks and uncertainties, see the company's Quarterly Report on Form 10-Q for the quarter-ended September 30, 2004, and particularly the section of Management's Discussion and Analysis therein titled "Cautionary Statement for Purposes of the 'Safe Harbor' Provisions of the Private Securities Litigation Reform Act of 1995."

**CITY NATIONAL CORPORATION**

**CONSOLIDATED BALANCE SHEET (unaudited) (Dollars in thousands, except per share amount)**

	December 31,			September 30, 2004
	2004	2003	% Change	
<b>Assets</b>				
Cash and due from banks	\$ 240,492	\$ 461,443	(48)	\$ 410,694
Federal funds sold	427,000	240,000	78	890,000
Due from banks - interest bearing	236,362	405,747	(42)	37,890
Securities	4,190,176	3,457,189	21	3,830,502
Loans (net of allowance for loan losses of \$148,568; \$156,015 and \$148,056) (1)	8,345,619	7,726,727	8	8,026,081
Other assets	791,864	737,107	7	786,233
Total assets (1)	<u>\$ 14,231,513</u>	<u>\$ 13,028,213</u>	9	<u>\$ 13,981,400</u>
<b>Liabilities and Shareholders' Equity</b>				
Noninterest-bearing deposits	\$ 6,026,428	\$ 5,486,668	10	\$ 5,922,689
Interest-bearing deposits	5,960,487	5,450,395	9	5,942,864
Total deposits	11,986,915	10,937,063	10	11,865,553
Federal funds purchased and securities sold under repurchase agreements	204,654	111,713	83	71,570
Other short-term borrowed funds	125	65,135	(100)	50,125
Subordinated debt	288,934	295,723	(2)	291,073
Other long-term debt	230,416	230,555	-	231,882
Reserve for off-balance sheet credit commitments (1)	11,751	9,971	18	12,295
Other liabilities / minority interest	160,183	158,797	1	145,675
Total liabilities (1)	12,882,978	11,808,957	9	12,668,173
Shareholders' equity				
Common stock, paid-in capital, retained earnings, treasury shares and deferred equity compensation	1,349,887	1,206,353	12	1,309,544
Accumulated other comprehensive income (loss)	(1,352)	12,903	(110)	3,683
Total shareholders' equity	<u>1,348,535</u>	<u>1,219,256</u>	11	<u>1,313,227</u>
Total liabilities and shareholders' equity (1)	<u>\$ 14,231,513</u>	<u>\$ 13,028,213</u>	9	<u>\$ 13,981,400</u>
Book value per share	\$ 27.31	\$ 24.85	10	\$ 26.73
Number of shares at period end	49,378,904	49,060,593	1	49,127,167

(1) As of September 30, 2004, the company reclassified the reserve for unfunded credit commitments from the allowance for loan losses to other liabilities. Amounts presented prior to the third quarter of 2004 have been reclassified to conform with the presentation in the current reporting period.

**CONSOLIDATED STATEMENT OF INCOME (unaudited) (Dollars in thousands, except per share amount)**

	For the three months ended December 31,			For the twelve months ended December 31,		
	2004	2003	% Change	2004	2003	% Change
Interest income	\$ 162,919	\$ 143,355	14	\$ 604,325	\$ 575,725	5
Interest expense	(17,619)	(12,742)	38	(58,437)	(61,110)	(4)
Net interest income	145,300	130,613	11	545,888	514,615	6
Provision for credit losses	-	-	-	-	(29,000)	(100)
Net interest income after provision for credit losses	145,300	130,613	11	545,888	485,615	12
Noninterest income	41,789	47,929	(13)	184,265	177,225	4
Noninterest expense	(107,463)	(95,117)	13	(395,410)	(364,178)	9
Minority interest	(584)	(782)	(25)	(4,992)	(4,039)	24
Income before taxes	79,042	82,643	(4)	329,751	294,623	12
Income taxes	(29,296)	(38,205)	(23)	(123,429)	(107,946)	14
Net income	<u>\$ 49,746</u>	<u>\$ 44,438</u>	12	<u>\$ 206,322</u>	<u>\$ 186,677</u>	11
Net income per share, diluted	<u>\$ 0.97</u>	<u>\$ 0.87</u>	11	<u>\$ 4.04</u>	<u>\$ 3.72</u>	9
Dividends paid per share	<u>\$ 0.32</u>	<u>\$ 0.28</u>	14	<u>\$ 1.28</u>	<u>\$ 0.97</u>	32
Shares used to compute per share net income, diluted	51,386,299	50,965,884		51,074,008	50,197,722	
Net income per share, diluted	\$ 0.97	\$ 0.87	11	\$ 4.04	\$ 3.72	9
Eliminate REITs charge reversing benefit in the first three quarters of the year	-	0.16	N/M	-	-	N/M
Eliminate other-than-temporary impairment on GSE	0.09	-	N/M	0.09	-	N/M
Adjusted net income per share, diluted (1)	<u>\$ 1.06</u>	<u>\$ 1.03</u>	3	<u>\$ 4.13</u>	<u>\$ 3.72</u>	11

(1) This is presented to aid in evaluation of financial performance

**CITY NATIONAL CORPORATION**

**SELECTED FINANCIAL INFORMATION (unaudited) (Dollars in thousands)**

	For the three months ended			For the twelve months ended		
	December 31,			December 31,		
	2004	2003	% Change	2004	2003	% Change
<b>Average Balances</b>						
<b>Loans</b>						
Commercial	\$ 3,143,644	\$ 3,129,296	-	\$ 3,136,538	\$ 3,319,328	(6)
Commercial real estate mortgage	1,850,250	1,719,375	8	1,827,221	1,727,554	6
Residential mortgage	2,197,680	1,878,248	17	2,081,066	1,781,006	17
Real estate construction	826,116	614,300	34	767,841	647,851	19
Equity lines of credit	245,513	180,259	36	216,206	173,937	24
Installment	93,354	83,939	11	89,604	79,474	13
Total loans	<u>\$ 8,356,557</u>	<u>\$ 7,605,417</u>	10	<u>\$ 8,118,476</u>	<u>\$ 7,729,150</u>	5
<b>Securities</b>						
Due from banks - interest bearing	\$ 4,012,183	\$ 3,278,831	22	\$ 3,689,024	\$ 2,976,741	24
Interest-earning assets	91,817	145,460	(37)	63,042	66,755	(6)
Assets (1)	13,039,640	11,749,593	11	12,334,521	11,159,034	11
Core deposits	14,120,530	12,766,528	11	13,395,995	12,156,145	10
Deposits	11,074,428	9,737,343	14	10,425,528	9,042,255	15
Shareholders' equity	11,938,672	10,693,959	12	11,275,017	10,045,267	12
	1,330,614	1,200,390	11	1,262,562	1,147,477	10
<b>Noninterest income</b>						
Trust and investment fees	\$ 19,264	\$ 14,235	35	\$ 68,366	\$ 47,113	45
Brokerage and mutual fund fees	9,909	9,082	9	37,677	36,601	3
Cash management and deposit transaction fees	9,024	10,642	(15)	41,386	43,513	(5)
International services	5,425	5,144	5	20,784	19,336	7
Bank owned life insurance	678	773	(12)	2,812	2,965	(5)
Other	5,204	7,557	(31)	19,119	24,545	(22)
Subtotal - core	49,504	47,433	4	190,144	174,073	9
Gain (loss) on sale of loans and assets/debt repurchase	-	(40)	(100)	9	78	(88)
Gain (loss) on sale of securities	(7,715)	536	(1,539)	(5,888)	3,074	(292)
Total	<u>\$ 41,789</u>	<u>\$ 47,929</u>	(13)	<u>\$ 184,265</u>	<u>\$ 177,225</u>	4
<b>Total revenue</b>	<u>\$ 187,089</u>	<u>\$ 178,542</u>	5	<u>\$ 730,153</u>	<u>\$ 691,840</u>	6
<b>Noninterest expense</b>						
Salaries and employee benefits	\$ 60,926	\$ 55,912	9	\$ 239,583	\$ 217,494	10
All Other						
Net occupancy of premises	10,045	8,435	19	33,126	31,408	5
Professional	11,347	7,204	58	31,765	27,230	17
Information services	5,170	4,699	10	18,802	18,003	4
Depreciation	3,503	3,343	5	13,619	12,796	6
Marketing and advertising	4,513	3,499	29	15,498	13,224	17
Office services	2,955	2,485	19	10,305	9,957	3
Amortization of intangibles	1,798	2,654	(32)	7,080	9,222	(23)
Equipment	581	519	12	2,460	2,351	5
Other operating	6,625	6,367	4	23,172	22,493	3
Total all other	46,537	39,205	19	155,827	146,684	6
Total	<u>\$ 107,463</u>	<u>\$ 95,117</u>	13	<u>\$ 395,410</u>	<u>\$ 364,178</u>	9
<b>Selected Ratios</b>						
<b>For the Period</b>						
Return on average assets (1)	1.40 %	1.38 %	1	1.54 %	1.54 %	-
Return on average shareholders' equity	14.87	14.69	1	16.34	16.27	-
Efficiency ratio (2)	56.69	52.77	7	53.89	52.15	3
Dividend payout ratio	31.81	30.94	3	30.50	25.33	20
<b>Period End (1)</b>						
Tier 1 risk-based capital ratio				11.51	10.80	7
Total risk-based capital ratio				15.11	14.85	2
Tier 1 leverage ratio				7.83	7.48	5

(1) As of September 30, 2004, the company reclassified the reserve for unfunded credit commitments from the allowance for loan losses to other liabilities. Amounts presented prior to the third quarter of 2004 have been reclassified to conform with the presentation in the current reporting period.

(2) The efficiency ratio is defined as noninterest expense excluding ORE expense divided by total revenue (net interest income on a tax-equivalent basis and noninterest income).

**CITY NATIONAL CORPORATION**

**SELECTED FINANCIAL INFORMATION (unaudited) (Dollars in thousands)**

Period end	December 31,			September 30,		
	2004	2003	% Change	2004		
<b>Loans</b>						
Commercial	\$ 3,158,369	\$ 3,222,444	(2)	\$ 3,020,235		
Commercial real estate mortgage	1,892,823	1,813,519	4	1,852,472		
Residential mortgage	2,248,742	1,937,979	16	2,167,623		
Real estate construction	847,364	637,595	33	797,109		
Equity lines of credit	255,194	188,710	35	242,050		
Installment	91,695	82,495	11	94,648		
Total loans	<u>\$ 8,494,187</u>	<u>\$ 7,882,742</u>	8	<u>\$ 8,174,137</u>		
<b>Deposits</b>						
Noninterest-bearing	\$ 6,026,428	\$ 5,486,668	10	\$ 5,922,689		
Interest-bearing, core	<u>5,027,638</u>	<u>4,510,194</u>	11	<u>5,083,550</u>		
Total core deposits	11,054,066	9,996,862	11	11,006,239		
Time deposits - \$100,000 and over	<u>932,849</u>	<u>940,201</u>	(1)	<u>859,314</u>		
Total deposits	<u>\$ 11,986,915</u>	<u>\$ 10,937,063</u>	10	<u>\$ 11,865,553</u>		
<b>Yields and Rates for the Period</b>						
<div> <div>For the three months ended</div> <div>December 31,</div> <div>2004</div> <div>2003</div> <div>% Change</div> </div> <div> <div>For the twelve months ended</div> <div>December 31,</div> <div>2004</div> <div>2003</div> <div>% Change</div> </div>						
Loans	5.68 %	5.51 %	3	5.52 %	5.75 %	(4)
Securities	4.35	4.55	(4)	4.40	4.72	(7)
Interest-earning assets	5.08	4.95	3	5.01	5.29	(5)
Interest-bearing deposits	0.87	0.69	26	0.76	0.86	(12)
Other borrowings	2.77	1.86	49	2.23	2.13	5
Total interest bearing liabilities	1.05	0.80	31	0.90	0.99	(9)
Net interest margin	4.54	4.52	0	4.54	4.74	(4)
<b>Credit Quality</b>						
<div> <div>December 31,</div> <div>2004</div> <div>2003</div> <div>% Change</div> </div> <div> <div>September 30,</div> <div>2004</div> </div>						
Nonaccrual loans and ORE						
Nonaccrual loans	\$ 34,638	\$ 42,273	(18)	\$ 35,269		
ORE	-	-	-	-		
Total nonaccrual loans and ORE	<u>\$ 34,638</u>	<u>\$ 42,273</u>	(18)	<u>\$ 35,269</u>		
Total nonaccrual loans and ORE to total loans and ORE	0.41	0.54	(24)	0.43		
Loans past due 90 days or more on accrual status	<u>\$ 142</u>	<u>\$ 2,043</u>	(93)	<u>\$ 3,586</u>		
<b>Allowance for Loan Losses</b>						
<div> <div>For the three months ended</div> <div>December 31,</div> <div>2004</div> <div>2003</div> <div>% Change</div> </div> <div> <div>For the twelve months ended</div> <div>December 31,</div> <div>2004</div> <div>2003</div> <div>% Change</div> </div>						
Beginning balance	\$ 148,056	\$ 156,563	(5)	\$ 156,015	\$ 156,598	-
Provision for credit losses (2)	544	(325)	(267)	(1,780)	26,933	(107)
Charge-offs	(6,339)	(3,330)	90	(28,525)	(40,022)	(29)
Recoveries	6,307	3,107	103	22,858	12,506	83
Net charge-offs	<u>(32)</u>	<u>(223)</u>	(86)	<u>(5,667)</u>	<u>(27,516)</u>	(79)
Ending Balance	<u>\$ 148,568</u>	<u>\$ 156,015</u>	(5)	<u>\$ 148,568</u>	<u>\$ 156,015</u>	(5)
<b>Reserve for Off-Balance Sheet Credit Commitments</b>						
Beginning balance	\$ 12,295	\$ 9,646	27	\$ 9,971	\$ 7,904	26
Provision	(544)	325	(267)	1,780	2,067	(14)
Ending Balance	<u>\$ 11,751</u>	<u>\$ 9,971</u>	18	<u>\$ 11,751</u>	<u>\$ 9,971</u>	18
Total net charge-offs to average loans (annualized)	0.00	(0.01)	(100)	(0.07)	(0.36)	(81)
Allowance for loan losses to total loans				1.75	1.98	(12)
Allowance for loan losses to nonaccrual loans				428.92	369.07	16
Allowance for credit losses to nonaccrual loans (1)				462.84	392.65	18

As of September 30, 2004, the company reclassified the reserve for unfunded credit commitments from the allowance for loan losses to other liabilities. Amounts presented prior to the third quarter of 2004 have been reclassified to conform to the presentation in the current reporting period.

(1) Allowance for credit losses equals allowance for loan losses and reserves off-balance sheet credit

(2) Including reclass from/(to) reserve for unfunded credit commitments.

(Released to Business Wire this date)