



October 15, 2003

## Contacts

Financial/Investors

Frank Pekny (City National) 310-888-6700

Ian Campbell (Abernathy MacGregor Group) 213-630-6550

Media

Cary Walker (City National) 213-833-4715

*NOTE: City National Corporation will host a conference call this afternoon to discuss results for the third quarter of 2003. The call will begin at 2:00 p.m. PDT. Analysts and investors may dial in and participate in the question/answer session. To access the call, please dial (877) 313-6466. 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.*

## **City National Corporation Reports Record Net Income of \$52.5 Million and EPS of \$1.05 for the Third Quarter of 2003**

### **Third quarter EPS up 12 percent over prior year**

**LOS ANGELES** — City National Corporation (NYSE: CYN), parent company of wholly owned City National Bank, today reported record net income of \$52.5 million, or \$1.05 per share, for the third quarter of 2003 compared with net income of \$48.7 million, or \$0.94 per share, for the third quarter of 2002 on fewer common shares outstanding this year.

For the first nine months of 2003, City National Corporation reported net income of \$142.2 million, or \$2.85 per share, compared with net income of \$138.7 million, or \$2.69 per share for the first nine months of 2002.

## **HIGHLIGHTS**

- In light of improved credit quality, no provision for credit losses was recorded in the third quarter of 2003 compared with \$20.5 million in the prior year as nonaccrual loans declined 21 percent; selected higher-risk credits were paid, charged off or sold; charge-offs were lower and recoveries were higher than expected; and loans declined by 1 percent from the end of the prior quarter. The year-to-date provision for credit losses was \$29.0 million compared with \$49.5 million for the first nine months of 2002. The allowance for credit losses to total loans was 2.20 percent at September 30, 2003.

## **City National Corporation Reports Record Net Income of \$52.5 Million for the Third Quarter of 2003**

- Average core deposits for the first nine months were up 23 percent from the same period last year. Third-quarter average core deposits were up 23 percent from a year ago and 6 percent from the prior quarter.
- Average securities for the first nine months were up 46 percent from the same period last year due to significantly higher deposit balances and modest loan demand. The average duration of total available-for-sale securities at September 30, 2003 was 3.2 years. Average loans for the first nine months were essentially unchanged from the same period last year and period-end loan balances were down \$48.1 million from the last quarter.
- Net interest income for the first nine months of 2003 increased slightly over the first nine months of 2002, but was 2 percent lower in the third quarter compared with the same period last year. This decline is consistent with the 18-basis-point compression in the net interest margin to 4.61 percent during the third quarter of 2003.
- Noninterest income excluding gains on sale of loans, assets and securities rose 18 percent for the first nine months over the same period last year. This continued increase was primarily due to the acquisition of Convergent Capital Management (“CCM”) on April 1, 2003. Third-quarter noninterest income, excluding gains on the sale of loans, assets and securities, was 23 percent higher than the third quarter of 2002 and 3 percent higher than the second quarter of 2003.
- Exposure to syndicated non-relationship commercial and purchased media and telecommunication loans declined 40 percent from June 30, 2003 to \$31.2 million at September 30, 2003 out of a total loan portfolio of \$7.5 billion.

“City National’s third-quarter earnings growth reflects significant improvements in our credit quality and the solid performance of our business overall, especially the increase in noninterest income and deposits” said Chief Executive Officer Russell Goldsmith. “Nonaccrual loan levels, net charge-offs and the quality of our loan portfolio also improved markedly in this quarter. These and other factors such as our strong reserves, combined to preclude the need for a provision for credit losses at this time.

“As the economy improves further and business confidence gains more momentum, City National is particularly well-positioned as California’s premier private and business bank to grow revenues, earnings, assets and shareholder value. This was underscored to a degree by Moody’s recent upgrade of the company’s senior debt.”

## City National Corporation Reports Record Net Income of \$52.5 Million for the Third Quarter of 2003

<i>\$ in millions, except per share</i>	<i>For the three months ended September 30,</i>			<i>% Change</i>	<i>For the three months ended September 30,</i>			<i>% Change</i>
	<i>2003</i>	<i>2002</i>			<i>2003</i>	<i>2002</i>		
<i>Earnings Per Share</i>	\$ 1.05	\$ 0.94	12		\$ 0.93	\$ 2.85	\$ 2.69	6
<i>Net Income</i>	52.5	48.7	8		46.1	142.2	138.7	3
<i>Average Assets</i>	12,418.7	10,964.1	13		11,914.9	11,941.5	10,749.8	11
<i>Return on Average Assets</i>	1.68 %	1.76 %	(5)		1.55 %	1.59 %	1.72 %	(8)
<i>Return on Average Equity</i>	18.28	17.65	4		16.33	16.83	18.01	(7)

Return on average assets for the third quarter and the first nine months of 2003 declined compared with the same periods last year due to an increase in average assets, primarily lower-yielding securities. The lower return on average shareholders' equity for the first nine months was due primarily to a higher level of shareholders' equity from retained net income and from the exercise of stock options, net of treasury share repurchases.

### ASSETS

Average assets are higher, primarily due to an increase in deposits which were invested in the securities portfolio and to a lesser extent, Federal funds sold. Total assets at September 30, 2003 increased 14 percent to a record \$12.8 billion from \$11.3 billion at September 30, 2002.

### REVENUES

Revenues (net interest income plus noninterest income) for the first nine months of 2003, increased 4 percent to \$513.3 million compared with \$492.7 million for the first nine months of 2002, primarily due to the acquisition of CCM. Third-quarter revenues increased 5 percent to \$173.9 million from \$165.7 million in the third quarter of 2002. Revenues increased 1 percent from the second quarter of 2003.

### NET INTEREST INCOME

Fully taxable-equivalent net interest income for the first nine months of 2003 was \$395.0 million compared with \$394.9 million for the first nine months of 2002. Net interest income for the third quarter of 2003 was \$132.4 million on a fully taxable-equivalent basis, a 2 percent decrease from \$135.2 million in the third quarter of 2002 due to lower interest rates and lower commercial loan demand.

## City National Corporation Reports Record Net Income of \$52.5 Million for the Third Quarter of 2003

	For the three months ended				For the three	For the nine months ended		
	September 30,		%		months ended	September 30,		%
\$ in millions	2003	2002	Change		June 30, 2003	2003	2002	Change
Average Loans	\$ 7,558.8	\$ 7,958.3	(5)	\$	7,793.9	\$ 7,770.8	\$ 7,772.7	0
Average Securities	3,247.0	1,936.6	68		2,900.8	2,866.2	1,963.7	46
Average Deposits	10,320.8	8,772.8	18		9,774.9	9,826.7	8,422.3	17
Average Core Deposits	9,323.5	7,565.7	23		8,763.1	8,808.0	7,138.6	23
Fully Taxable-Equivalent								
Net Interest Income	132.4	135.2	(2)		130.8	395.0	394.9	0
Net Interest Margin	4.61 %	5.35 %	(14)		4.79 %	4.82 %	5.35 %	(10)

Average loans for the first nine months of 2003 were just slightly lower than the same period last year. However, average loans for the third quarter of 2003 declined 5 percent compared with the same period last year and 3 percent from the prior quarter, due to continued modest loan demand. Compared with the first nine months of 2002 averages, commercial loans decreased 5 percent, residential first mortgage loans rose 3 percent, real estate mortgage loans rose 5 percent, and real estate construction loans rose 5 percent. Compared with the prior-year third-quarter averages, commercial loans declined 11 percent, residential first mortgage loans rose 1 percent, real estate mortgage loans declined 1 percent, and real estate construction loans declined 3 percent due to payoffs on completed construction projects. Compared with the prior quarter, average residential first mortgage loans and installment loans increased while all other loan categories decreased.

Period-end September 30, 2003 loans declined \$48.1 million from June 30, 2003, representing a slowing in the decline in the total loan portfolio and the modest growth seen in certain areas, compared with the \$242.6 million decline between June 30, 2003 and March 31, 2003.

Average securities, principally with low current yields and short maturities, for the first nine months and third quarter of 2003 increased 46 percent and 68 percent over the same periods last year due to higher deposit balances and modest loan demand. As of September 30, 2003, unrealized gains on securities available-for-sale were \$27.7 million. In addition, the average duration of total available-for-sale securities at September 30, 2003 was 3.2 years compared to 2.3 years at June 30, 2003, consistent with our expectations given the change in interest rates from June to September.

Average deposits continued to increase over the prior-year periods as well as from the prior quarter. Average core deposits represented 90 percent of the total average deposit base for the third quarter of 2003, compared with 86 percent for the third quarter of 2002 and 90 percent for the second quarter of 2003. New clients and higher client balances maintained as deposits to pay for services contributed to the continued growth of deposits.

The net interest margin narrowed due to prepayment and refinancing activity and low interest rates.

## **City National Corporation Reports Record Net Income of \$52.5 Million for the Third Quarter of 2003**

As part of the company's long-standing asset liability management strategy, its "plain vanilla" interest rate swaps hedging loans, deposits and borrowings, with a notional value of \$1,051.4 million, added \$8.1 million to net interest income in the third quarter of 2003. That compared with \$8.2 million in the third quarter of 2002 and \$7.5 million for the second quarter of 2003. These net interest income amounts included \$5.8 million, \$3.7 million and \$5.2 million, respectively, for interest swaps qualifying as fair-value hedges. Income from swaps qualifying as cash-flow hedges was \$2.3 million for the third quarter of 2003, compared with \$4.5 million for the third quarter of 2002 and \$2.3 million for the second quarter of 2003. For the first nine months of 2003, interest rate swaps added \$23.1 million to net interest income, compared with \$24.6 million for the first nine months of 2002. These amounts included \$15.5 million and \$10.6 million, respectively, for interest swaps qualifying as fair value hedges. Income from existing swaps qualifying as cash flow hedges of loans expected to be recorded in net interest income within the next 12 months is \$7.8 million.

Interest recovered on nonaccrual and charged-off loans included in net interest income for the first nine months of 2003 was \$2.3 million compared with \$1.4 million for the first nine months of 2002. Interest income recovered was \$1.3 million for the third quarter of 2003, compared with \$0.4 million for the third quarter of 2002 and \$0.4 million for the second quarter of 2003, respectively.

The Bank's prime rate was 4.00 percent as of September 30, 2003, compared with 4.75 percent a year earlier.

### **NONINTEREST INCOME**

The company continues to emphasize growth in noninterest income through both the development of its existing business and acquisitions. For the first nine months of 2003, noninterest income including gains on the sale of loans, assets and securities increased 19 percent to \$129.3 million, up from \$108.9 million for the first nine months of 2002 primarily as a result of the acquisition of CCM. Noninterest income increased 32 percent to \$45.3 million for the third quarter of 2003, up from \$34.2 million for the third quarter of 2002. Noninterest income increased slightly over the second quarter of 2003.

Noninterest income as a percentage of total revenues for the first nine months and third quarter of 2003 was 25 percent and 26 percent, respectively, compared with 22 percent and 21 percent for the first nine months and third quarter of 2002 and 26 percent for the second quarter of 2003.

## City National Corporation Reports Record Net Income of \$52.5 Million for the Third Quarter of 2003

### *Trust and Investment Fee Revenue*

<i>\$ in millions</i>	<i>At or for the three months ended September 30,</i>		<i>% Change</i>	<i>At or for the three months ended June 30, 2003</i>	<i>For the nine months ended September 30,</i>		<i>% Change</i>
	<i>2003</i>	<i>2002</i>			<i>2003</i>	<i>2002</i>	
<i>Trust and Investment Fee Revenue</i>	\$ 23.4	\$ 15.3	53	\$ 21.5	\$ 60.4	\$ 45.3	33
<i>Assets Under Administration</i>	27,485.8	19,067.2	44	26,237.3			
<i>Assets Under Management (1)(2)</i>	12,653.0	7,022.0	80	12,531.3			

(1) Included above in assets under administration

(2) Excludes \$2,115 and \$1,896 million of assets under management

for the CCM minority owned asset managers as of September 30, 2003 and June 30, 2003, respectively

Assets under management at September 30, 2003 increased primarily due to the CCM acquisition in April. New business, aided by strong relative investment performance and higher market values, also contributed to the increase. The revenue increases for both the first nine months and third quarter of 2003 were driven by higher balances under management or administration. Increases in market values are reflected in fee income primarily on a trailing-quarter basis.

### *Other Noninterest Income*

Cash management and deposit transaction fees for the first nine months and third quarter of 2003 increased 6 percent and 7 percent over the same periods last year, respectively. Strong growth in deposits and higher sales of cash management products contributed to this growth. Cash management and deposit transaction fees for the third quarter of 2003 were essentially unchanged from the previous quarter.

For the first nine months of 2003, international services fees were 7 percent higher than the first nine months of 2002. International services fees for the third quarter 2003 were up 2 percent over the same period last year and decreased 3 percent from the second quarter of 2003. Higher foreign exchange income fueled the year-over-year revenue growth while trade-finance revenue was down from 2002.

For the first nine months of 2003, \$2.7 million in gains on the sale of loans and other assets and gains on the sale of securities were realized compared with \$1.3 million in gains for the first nine months of 2002. There were essentially no gains for the third quarter of 2003 compared with a loss of \$2.6 million for the third quarter of 2002 and a gain of \$1.3 million for the second quarter of 2003.

## **NONINTEREST EXPENSE**

Noninterest expense for the first nine months of 2003 increased 10 percent to \$269.1 million, up from \$243.7 million for the first nine months of 2002. Noninterest expense was \$92.3 million in the third quarter of 2003, up 12 percent from \$82.2 million for the third quarter of 2002 and up 1 percent from \$91.3 million for the second quarter of 2003. Expenses grew primarily because of the addition of CCM, the issuance of restricted stock awards in the second quarter of 2003 and to a lesser extent the company's expansion, principally into New York. Excluding the expenses of CCM and the New York office, expenses were up less than 5 percent for the first nine months of 2003 over 2002.

For the first nine months of 2003, the company's efficiency ratio was 51.93 percent compared with the more favorable 48.49 percent for the same period last year. The efficiency ratio for the third quarter of 2003 was 52.92 percent, compared with 48.65 percent for the third quarter of 2002 and 52.53 percent for the second quarter of 2003. The increase in the efficiency ratio is primarily attributable to the acquisition of CCM.

## **INCOME TAXES**

The effective tax rate for the first nine months of 2003 was 32.9 percent, compared with 30.1 percent for all of 2002. The higher effective tax rate for this year reflects the absence of certain tax benefits recognized in 2002. The third quarter of 2002 included \$4.6 million of such benefits that contributed to an effective tax rate of 22.5 percent for that quarter.

## **CREDIT QUALITY**

The company's decision to make no provision for credit losses in the third quarter of 2003 was attributable to the improving credit quality of the portfolio; nonaccrual loan levels declining by 21%; selected higher risk credits being paid, charged off or sold; a lower level of charge-offs; higher-than-expected recoveries; loans declining by 1 percent from the prior quarter end; management's ongoing assessment of the credit quality of the portfolio and a more stable economic environment. Management believes the allowance for credit losses is adequate to cover risks in the portfolio at September 30, 2003.

## City National Corporation Reports Record Net Income of \$52.5 Million for the Third Quarter of 2003

<i>\$ in millions</i>	<i>At or for the three months ended September 30,</i>			<i>At or for the three months ended September 30,</i>			<i>%</i>
	<i>2003</i>	<i>2002</i>	<i>Change</i>	<i>June 30, 2003</i>	<i>2003</i>	<i>2002</i>	
<i>Provision For Credit Losses</i>	\$ -	\$ 20.5	(100)	\$ 11.5	\$ 29.0	\$ 49.5	(41)
<i>Net Loan Charge-Offs</i>	(4.7)	(19.0)	(75)	(10.1)	(27.3)	(42.0)	(35)
<i>Annualized Percentage of Net Charge-Offs to Average Loans</i>	0.25 %	0.95 %	(74)	0.52 %	0.47 %	0.72 %	(35)
<i>Nonperforming Assets</i>	\$ 54.7 (1)	\$ 50.6	8	\$ 69.6			
<i>Percentage of Nonaccrual Loans and ORE to Total Loans and ORE</i>	0.72 %	0.64 %	13	0.92 %			
<i>Allowance for Credit Losses</i>	\$ 166.2	\$ 159.2	4	\$ 170.9			
<i>Percentage of Allowance for Credit Losses to Outstanding Loans</i>	2.20 %	2.00 %	10	2.25 %			
<i>Percentage of Allowance for Credit Losses to Nonaccrual Loans</i>	304.08	317.25	(4)	246.37			

(1) An additional \$6.7 million loan was paid in full on October 1, 2003

For the first nine months of 2003, net charge-offs were \$27.3 million, down from \$42.0 million for the same period last year. Net charge-offs for the third quarter of 2003 were \$4.7 million, including \$4.5 million relating to the company's syndicated non-relationship commercial and purchased media and telecommunication loan portfolio. This compares with \$19.0 million and \$2.0 million, respectively, for the third quarter of 2002.

Nonaccrual loans fell this quarter primarily due to payoffs. Approximately 27 percent of the nonperforming assets were loans to Northern California clients as of September 30, 2003. Approximately 16 percent were three syndicated non-relationship commercial and purchased media and telecommunication loans totaling \$8.7 million, which compared with four loans totaling \$14.7 million at June 30, 2003 and 4 percent was one dairy loan for \$2.2 million. The remaining 53 percent were loans to other borrowers with no major industry concentrations.

At September 30, 2003, the Company's loan portfolio included approximately \$950 million of credits to borrowers located in Northern California, including approximately \$500 million of loans managed in Northern California offices. In addition, the portfolio included approximately \$150 million in outstanding dairy loans and \$31.2 million of syndicated non-relationship commercial and purchased media and telecommunication loans, the latter down from \$52.2 million at June 30, 2003.

## OUTLOOK

Management currently expects net income per diluted common share for 2003 to be approximately 8 to 10 percent higher than net income per diluted common share for 2002 based on the business indicators below:



## **City National Corporation Reports Record Net Income of \$52.5 Million for the Third Quarter of 2003**

- Average loan growth flat to 2 percent
- Average deposit growth 13 to 16 percent
- Net interest margin 4.75 to 4.85 percent
- Provision for credit losses \$29 million to \$35 million
- Noninterest income growth 18 to 21 percent
- Noninterest expense growth 9 to 12 percent
- Effective tax rate 32 to 34 percent

### **CAPITAL LEVELS**

Total risk-based capital and Tier 1 risk-based capital ratios at September 30, 2003 were 14.94 percent and 10.76 percent, compared with the minimum “well-capitalized” capital ratios of 10 percent and 6 percent, respectively. The company's Tier 1 leverage ratio at September 30, 2003 of 7.37 percent exceeded the regulatory minimum of 5 percent required for a “well-capitalized” institution. Total risk-based capital, Tier 1 risk-based capital and the Tier 1 leverage ratios at June 30, 2003 were 14.45 percent, 10.21 percent and 7.17 percent, respectively.

On September 25, 2003, Moody’s Investors Service upgraded the ratings of City National Corporation senior debt to A3 from Baa1. Moody’s also upgraded City National Bank’s deposits to A2 from A3. The rating service cited City National’s strengthening core profitability, broadening business franchise, improving risk management and liquidity.

### **STOCK REPURCHASE**

On January 22, 2003, the Board of Directors authorized a one-million-share stock buyback program. No shares were repurchased during the third quarter of 2003. A total of 750,100 shares have been repurchased under this program at an average cost of \$42.47 per share, leaving 249,900 shares available for repurchase. The shares purchased under the buyback programs will be reissued for acquisitions, upon the exercise of stock options, and for other general corporate purposes. On July 15, 2003, the Board of Directors authorized the repurchase of 500,000 additional shares of City National Corporation stock, following completion of the Company’s current buyback initiative. There were 1,545,450 treasury shares at September 30, 2003.

### **ABOUT CITY NATIONAL**

City National Corporation is a financial services company with \$12.8 billion in total assets. Its wholly owned subsidiary, City National Bank, is the second largest independent bank headquartered in California. As California’s Premier Private and Business Bank<sup>SM</sup>, City National provides banking, investment and trust services through 54 offices, including 12 full-service regional centers, in Southern California, the San Francisco Bay Area, and New York

## **City National Corporation Reports Record Net Income of \$52.5 Million for the Third Quarter of 2003**

City. The company also has \$27.5 billion in investment and trust assets under management or administration at September 30, 2003.

For more information about City National, visit the company's Web site 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) changes in interest rates, (2) significant changes in banking laws or regulations, (3) increased competition in the company's market, (4) other-than-expected credit losses, (5) earthquake or other natural disasters impacting the condition of real estate collateral, (6) the effect of acquisitions and integration of acquired businesses, (7) the impact of proposed and/or recently adopted changes in regulatory, judicial, or legislative matters, including recent changes in California legislative tax treatment of business transactions, and (8) unknown economic impacts caused by the State of California's budget issues. Management cannot predict at this time the severity or duration of the effects of the recent business slowdown on our specific business activities and profitability. Weaker or a further decline in capital and consumer spending, and related recessionary trends 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 June 30, 2003, 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)**

	September 30,		
	2003	2002	% Change
<b>Assets</b>			
Cash and due from banks	\$ 497,392	\$ 480,884	3
Federal funds sold	717,200	268,000	168
Securities	3,501,398	2,046,020	71
Loans (net of allowance for credit losses of \$166,209 and \$159,173)	7,375,938	7,807,628	(6)
Other assets	738,600	671,235	10
Total assets	<u>\$ 12,830,528</u>	<u>\$ 11,273,767</u>	14
<b>Liabilities and Shareholders' Equity</b>			
Noninterest-bearing deposits	\$ 5,365,335	\$ 4,200,997	28
Interest-bearing deposits	5,420,366	4,925,725	10
Total deposits	10,785,701	9,126,722	18
Federal funds purchased and securities sold under repurchase agreements	103,346	231,389	(55)
Other short-term borrowed funds	15,125	294,125	(95)
Subordinated debt	303,393	301,917	-
Other long-term debt	278,664	68,897	304
Other liabilities / minority interest	160,500	124,862	29
Total liabilities	11,646,729	10,147,912	15
Shareholders' equity	1,183,799	1,125,855	5
Total liabilities and shareholders' equity	<u>\$ 12,830,528</u>	<u>\$ 11,273,767</u>	14
Book value per share	\$ 24.29	\$ 22.44	8
Number of shares at period end	48,740,418	50,163,305	(3)

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

	For the three months ended September 30,			For the nine months ended September 30,		
	2003	2002	% Change	2003	2002	% Change
Interest income	\$ 142,361	\$ 154,616	(8)	\$ 432,370	\$ 458,485	(6)
Interest expense	(13,700)	(23,092)	(41)	(48,368)	(74,692)	(35)
Net interest income	128,661	131,524	(2)	384,002	383,793	-
Provision for credit losses	-	(20,500)	(100)	(29,000)	(49,500)	(41)
Net interest income after provision for credit losses	128,661	111,024	16	355,002	334,293	6
Noninterest income	45,268	34,178	32	129,296	108,859	19
Noninterest expense	(92,333)	(82,155)	12	(269,061)	(243,730)	10
Minority interest	(1,717)	(217)	691	(3,257)	(374)	771
Income before taxes	79,879	62,830	27	211,980	199,048	6
Income taxes	(27,376)	(14,145)	94	(69,741)	(60,367)	16
Net income	<u>\$ 52,503</u>	<u>\$ 48,685</u>	8	<u>\$ 142,239</u>	<u>\$ 138,681</u>	3
Net income per share, basic	<u>\$ 1.08</u>	<u>\$ 0.97</u>	11	<u>\$ 2.93</u>	<u>\$ 2.80</u>	5
Net income per share, diluted	<u>\$ 1.05</u>	<u>\$ 0.94</u>	12	<u>\$ 2.85</u>	<u>\$ 2.69</u>	6
Dividends paid per share	<u>\$ 0.28</u>	<u>\$ 0.20</u>	40	<u>\$ 0.69</u>	<u>\$ 0.59</u>	17
Shares used to compute per share net income, basic	48,537,386	50,107,163		48,541,349	49,586,859	
Shares used to compute per share net income, diluted	50,176,559	51,898,897		49,941,668	51,594,818	

**CITY NATIONAL CORPORATION**

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

Period end	September 30,		
	2003	2002	% Change
<b>Loans</b>			
Commercial	\$ 3,143,489	\$ 3,572,267	(12)
Residential first mortgage	1,803,424	1,746,649	3
Real estate mortgage	1,887,423	1,910,277	(1)
Real estate construction	622,941	661,698	(6)
Installment	84,870	75,910	12
Total loans	<u>\$ 7,542,147</u>	<u>\$ 7,966,801</u>	(5)
<b>Deposits</b>			
Noninterest-bearing	\$ 5,365,335	\$ 4,200,997	28
Interest-bearing, core	4,451,820	3,826,919	16
Total core deposits	9,817,155	8,027,916	22
Time deposits - \$100,000 and over	968,546	1,098,806	(12)
Total deposits	<u>\$ 10,785,701</u>	<u>\$ 9,126,722</u>	18
<b>Credit Quality</b>			
Nonaccrual loans and ORE			
Nonaccrual loans	\$ 54,659	\$ 50,173	9
ORE	-	460	(100)
Total nonaccrual loans and ORE	<u>\$ 54,659</u> (1)	<u>\$ 50,633</u>	8
<b>Total nonaccrual loans and ORE to total loans and ORE</b>			
	0.72	0.64	13
<b>Loans past due 90 days or more on accrual status</b>			
	<u>\$ 3,023</u>	<u>\$ 8,906</u>	(66)

(1) An additional \$6.7 million loan was paid in full on October 1, 2003

Allowance for Credit Losses	For the three months ended September 30,			For the nine months ended September 30,		
	2003	2002	% Change	2003	2002	% Change
Beginning balance	\$ 170,927	\$ 157,647	8	\$ 164,502	\$ 142,862	15
Additions from acquisition	-	-	-	-	8,787	N/M
Provision for credit losses	-	20,500	(100)	29,000	49,500	(41)
Charge-offs	(7,599)	(20,268)	(63)	(36,692)	(47,425)	(23)
Recoveries	2,881	1,294	123	9,399	5,449	72
Net charge-offs	<u>(4,718)</u>	<u>(18,974)</u>	(75)	<u>(27,293)</u>	<u>(41,976)</u>	(35)
Ending Balance	<u>\$ 166,209</u>	<u>\$ 159,173</u>	4	<u>\$ 166,209</u>	<u>\$ 159,173</u>	4
<b>Total net charge-offs to average loans (annualized)</b>				(0.47)	(0.72)	(35)
<b>Allowance for credit losses to total loans</b>				2.20	2.00	10
<b>Allowance for credit losses to nonaccrual loans</b>				304.08	317.25	(4)

**CITY NATIONAL CORPORATION****SELECTED FINANCIAL INFORMATION (unaudited) (Dollars in thousands)**

	For the three months ended September 30,			For the nine months ended September 30,		
	2003	2002	% Change	2003	2002	% Change
<b>Average Balances</b>						
Loans						
Commercial	\$ 3,191,405	\$ 3,598,795	(11)	\$ 3,383,367	\$ 3,573,657	(5)
Residential first mortgage	1,754,877	1,733,693	1	1,748,237	1,695,501	3
Real estate mortgage	1,890,996	1,900,612	(1)	1,902,117	1,803,924	5
Real estate construction	634,300	651,174	(3)	659,157	628,239	5
Installment	87,221	73,984	18	77,970	71,382	9
Total loans	<u>\$ 7,558,799</u>	<u>\$ 7,958,258</u>	(5)	<u>\$ 7,770,848</u>	<u>\$ 7,772,703</u>	-
Securities	\$ 3,247,019	\$ 1,936,582	68	\$ 2,866,150	\$ 1,963,666	46
Interest-earning assets	11,390,370	10,015,119	14	10,960,019	9,869,411	11
Assets	12,418,660	10,964,142	13	11,941,489	10,749,782	11
Core deposits	9,323,541	7,565,699	23	8,808,012	7,138,607	23
Deposits	10,320,828	8,772,826	18	9,826,659	8,422,254	17
Shareholders' equity	1,139,440	1,094,381	4	1,129,645	1,029,611	10
<b>Noninterest income</b>						
Trust and investment fee revenue	\$ 23,412	\$ 15,287	53	\$ 60,397	\$ 45,297	33
Cash management and deposit transaction fees	10,661	9,929	7	32,238	30,323	6
International services	4,845	4,747	2	14,192	13,257	7
Bank owned life insurance	747	737	1	2,192	2,129	3
Other	5,551	6,028	(8)	17,621	16,532	7
Subtotal - core	45,216	36,728	23	126,640	107,538	18
Gain (loss) on sale of loans and assets	16	(3,756)	(100)	118	(757)	(116)
Gain on sale of securities	36	1,206	(97)	2,538	2,078	22
Total	<u>\$ 45,268</u>	<u>\$ 34,178</u>	32	<u>\$ 129,296</u>	<u>\$ 108,859</u>	19
<b>Total revenue</b>	<u>\$ 173,929</u>	<u>\$ 165,702</u>	5	<u>\$ 513,298</u>	<u>\$ 492,652</u>	4
<b>Noninterest expense</b>						
Salaries and employee benefits	\$ 55,261	\$ 49,109	13	\$ 161,582	\$ 146,221	11
All Other						
Net occupancy of premises	8,142	6,837	19	22,973	19,512	18
Professional	6,821	5,418	26	20,026	15,829	27
Information services	4,749	4,200	13	13,304	13,221	1
Depreciation	3,315	3,268	1	9,453	9,996	(5)
Marketing and advertising	3,060	3,259	(6)	9,725	9,358	4
Office services	2,504	2,231	12	7,472	7,060	6
Amortization of intangibles	2,365	1,976	20	6,568	5,547	18
Equipment	528	599	(12)	1,832	1,870	(2)
Other operating	5,588	5,258	6	16,126	15,116	7
Total all other	37,072	33,046	12	107,479	97,509	10
Total	<u>\$ 92,333</u>	<u>\$ 82,155</u>	12	<u>\$ 269,061</u>	<u>\$ 243,730</u>	10
<b>Selected Ratios</b>						
For the Period						
Return on average assets	1.68 %	1.76 %	(5)	1.59 %	1.72 %	(8)
Return on average shareholders' equity	18.28	17.65	4	16.83	18.01	(7)
Net interest margin	4.61	5.35	(14)	4.82	5.35	(10)
Efficiency ratio (1)	52.92	48.65	9	51.93	48.49	7
Dividend payout ratio	25.94	20.03	30	23.58	20.86	13
Period End						
Tier 1 risk-based capital ratio				10.76	10.16	6
Total risk-based capital ratio				14.94	14.61	2
Tier 1 leverage ratio				7.37	7.88	(6)

(1) 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).

(Released to Business Wire this date)