

# CITY NATIONAL CORPORATION

California's Premier Private and Business Bank®



2002  
SUMMARY ANNUAL  
REPORT

## FINANCIAL HIGHLIGHTS

<i>Dollars in thousands, except per share amounts</i>	2002	2001	Increase (Decrease) Amount
<b>FOR THE YEAR</b>			
Net income	\$ 183,100	\$ 146,170	\$ 36,930
Adjusted net income*	183,100	159,038	24,062
Net income per common share, basic	3.69	3.05	0.64
Net income per common share, diluted	3.56	2.96	0.60
Net income — new GAAP			
per common share, diluted*	3.56	3.22	0.34
Dividends per common share	0.78	0.74	0.04
<b>AT YEAR END</b>			
Assets	\$11,870,392	\$10,176,316	\$1,694,076
Deposits	9,839,698	8,131,202	1,708,496
Loans	7,999,470	7,159,206	840,264
Securities	2,226,656	1,814,839	411,817
Shareholders' equity	1,109,959	890,577	219,382
Book value per common share	22.66	18.50	4.16
<b>AVERAGE BALANCES</b>			
Assets	\$10,891,575	\$ 9,328,512	\$1,563,063
Deposits	8,639,546	7,067,984	1,571,562
Loans	7,822,653	6,713,315	1,109,338
Securities	1,968,498	1,656,028	312,470
Shareholders' equity	1,049,393	825,344	224,049
<b>SELECTED RATIOS</b>			
Return on average assets	1.68%	1.57%	0.11%
Return on average shareholders' equity	17.45	17.71	(0.26)
Adjusted return on average assets*	1.68	1.70	(0.02)
Adjusted return on average shareholders' equity*	17.45	19.27	(1.82)
Tier 1 leverage ratio	7.55	7.26	0.29
Total risk-based capital ratio	14.26	14.08	0.18
Dividend payout ratio per common share	21.10	24.26	(3.16)
Adjusted dividend payout ratio per common share*	21.10	22.30	(1.20)
Net interest margin	5.30	5.26	0.04
Efficiency ratio	49.20	54.08	(4.88)
Adjusted efficiency ratio*	49.20	51.86	(2.66)
<b>AT YEAR END</b>			
Assets under management	\$ 7,407,003	\$ 7,651,037	\$ (244,034)
Assets under management or administration	19,513,299	18,785,619	727,680

\*Adjusted excludes goodwill amortization in years prior to 2002 to reflect both periods on a comparable basis in accordance with "new GAAP."



City National Corporation Vice Chairman and CEO Russell Goldsmith (left) and Chairman Bram Goldsmith in front of City National's Pershing Square building in the heart of Los Angeles. City National has been serving clients from the 24-story building since it opened in 1967.

## TO OUR SHAREHOLDERS,

In 2002, City National Bank further strengthened its position as California's Premier Private and Business Bank, achieving record earnings for the seventh consecutive year and double-digit percentage increases in assets, loans, deposits, revenue, noninterest income and shareholders' equity. We also continued to invest in this company's future—expanding into new markets, enhancing our banking and wealth management capabilities and increasing our rigorous attention to credit quality and operational risk.

City National's success is testimony to the powerful combination of growing markets, a sound business model, a compelling value proposition and an attractive client base—a combination that fuels our commitment to achieving consistent, quality earnings growth while enhancing future opportunities.

Our performance reflects the hard work, effectiveness and expertise of Team City National. Despite challenging economic conditions, our 2,250 colleagues turned in another year of significant growth and progress, underscoring their dedication to creating value for our shareholders, clients and the communities we serve. As a result, City National has become the second largest independent bank headquartered in California.

It therefore seems appropriate in this year's report to place particular emphasis on representatives of the superb talent found throughout our organization, which has almost doubled in size while our assets have more than quadrupled during the past seven and a half years. We have worked to build, develop, retain and reward the outstanding team of remarkable men and women who deliver upon our promise of trusted advice, strong relationships and complete financial solutions. Every day they apply the skill and expertise needed to grow our unique brand of business and personal banking.

In 2002, this organization again created value by continuing to execute the eight long-standing strategies that we discussed in last year's report:

- Retaining and broadening relationships with our clients;
- Increasing the number of our top-tier client relationships;
- Growing noninterest income;
- Making focused and disciplined acquisitions;
- Emphasizing credit quality and risk management;
- Enhancing productivity by utilizing technology and controlling costs;
- Investing in the talent and leadership capabilities of our colleagues; and
- Maintaining a clear commitment to integrity and strong corporate values.

As this year's report makes clear, our performance in 2002 created a stronger foundation for years to come.

## FINANCIAL HIGHLIGHTS

For the entire financial services industry, 2002 presented a number of formidable challenges. Uncertain economic conditions, softer loan demand, credit quality concerns and low interest rates placed continuing pressure on earnings growth. Yet City National grew net income 15 percent year-over-year on a comparable basis, which adjusts prior-year results for the new accounting standards for goodwill amortization.

In 2002, net income rose to \$183.1 million, bringing our five-year compounded annual growth rate to 17 percent. Earnings per share reached \$3.56, a 10.6 percent increase over the previous year's comparable figure of \$3.22.

Net interest income on a fully taxable-equivalent basis increased 18 percent to \$530.1 million, reflecting the solid growth of average loans and average deposits. Lower-cost average core deposits rose a remarkable 32 percent.

Noninterest income increased 11 percent to \$146.3 million, thanks largely to the continuing growth of our trust, investment, international and cash management activities.

In 2002, City National grew while enhancing productivity. Total expenses grew 11 percent on a comparable basis, reflecting the acquisition costs of both Civic BanCorp and our new banking office in New York City, as well as the addition of new colleagues—most notably in private banking and wealth management. Nonetheless, our efficiency ratio improved to 49.2 percent.

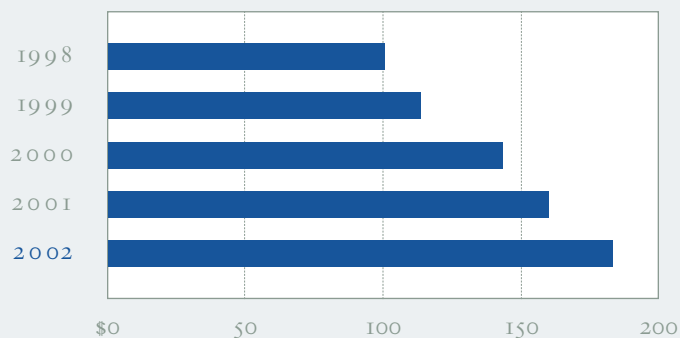
Despite a sluggish economy, City National continued to grow while investing for the long term.

We also continued to maintain a strong capital position. City National Corporation's total risk-based capital ratio was 14.26 percent, while our Tier 1 risk-based capital ratio came to 9.87 percent at year-end. Our Tier 1 leverage ratio stood at 7.55 percent. All three ratios easily exceeded the regulatory requirements for "well-capitalized" institutions.

For the ninth consecutive year, City National's Board of Directors increased the company's dividend. Effective in January 2003, the annual rate is 82 cents per share.

As we have done for seven years, the company also enhanced shareholder value by repurchasing stock. During 2002, the company repurchased 1.4 million shares of its stock at an average price of about \$44.00. This brought to almost 9 million the number of City National Corporation shares that we have bought back since 1995, at an average price of about \$28.50. Regularly raising the dividend and repurchasing stock are important elements of our capital management program. In January 2003, the

NET INCOME—NEW GAAP (\$ MILLIONS)



City National achieved its seventh consecutive year of record earnings in 2002. Net income grew at a five-year compounded annual rate of 17 percent.

Board authorized the company to repurchase an additional 1 million shares. Historically, repurchased shares have been used advantageously for acquisitions, stock options and other general corporate purposes.

Our performance in 2002 reflects several other major accomplishments that warrant consideration.

### *Growing Our Businesses*

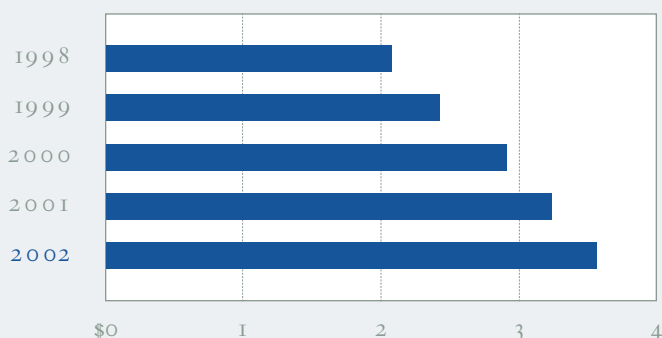
In 2002, total average loans grew 17 percent to \$7.8 billion. Only about one-third of this increase came as the result of our Civic BanCorp acquisition, which was completed in February 2002.

City National also reported very strong deposit growth. Deposits averaged \$8.6 billion in 2002. The company's five-year compounded annual growth rate of 19 percent for average deposits goes a long way toward explaining our success despite declining interest rates.

Thanks in part to a very substantial low-cost deposit base—one that reflects the soundness and viability of our business model, and the depth and quality of our client relationships and our services and products—City National's net interest margin is among the industry's highest. In 2002, it was 5.30 percent, up from 5.26 percent in 2001. Clearly, our effective balance sheet management made a meaningful contribution as well.

Also noteworthy is the fact that again last year we met our goal of adding new private and business banking clients.

EARNINGS PER DILUTED SHARE—NEW GAAP (\$)



The company delivered consistent, quality earnings growth in 2002, with earnings per diluted share reaching \$3.56, for a five-year compounded annual growth rate of 16 percent.

## Team City National...

Puts clients at the center of everything we do. Surrounding each of our clients is a team of smart, seasoned City National colleagues who build relationships based on trust, expertise, outstanding capabilities, highly personal service and results.

From left to right: GEORGE H. BENTER, JR., PRESIDENT AND CHIEF OPERATING OFFICER; DALLAS HAUN, EXECUTIVE VICE PRESIDENT, SOUTH COAST AND INLAND EMPIRE REGIONS; GWEN MILLER, SENIOR VICE PRESIDENT, ENTERTAINMENT DIVISION; SUSAN TEN EYCK MALLORY, SENIOR VICE PRESIDENT, COMMERCIAL BANKING SERVICES-SAN DIEGO; DAVID M. LAWRENCE, SENIOR VICE PRESIDENT, PRIVATE CLIENT SERVICES-SAN FRANCISCO; AND KEVIN P. DUNIGAN, EXECUTIVE VICE PRESIDENT, CORE BANKING DIVISION



*“Collaboration is everything at City National. Solutions don’t arise in a vacuum. They’re born from the collective knowledge and creativity of our colleagues, who have real relationships*

*with our clients. Not a day goes by when we don’t serve as the trusted advisor to those who have turned to us for help with their financial needs.”*

**GEORGE H. BENTER, JR.,**

PRESIDENT AND CHIEF OPERATING OFFICER

## Combining solid financial and risk management...

That strives for consistent, measured growth with sound balance sheet management, rigorous credit quality standards and disciplined expense control. Our goal is to provide the best possible results for our shareholders, our clients and our colleagues.

From left to right: HENG W. CHEN, EXECUTIVE VICE PRESIDENT, FINANCE; JEFFERY L. PUCHALSKI, EXECUTIVE VICE PRESIDENT AND SENIOR RISK MANAGEMENT OFFICER; CHRISTOPHER J. WARMUTH, EXECUTIVE VICE PRESIDENT AND CHIEF CREDIT OFFICER; FRANK P. PEKNY, VICE CHAIRMAN AND CHIEF FINANCIAL OFFICER; MICHAEL B. CAHILL, EXECUTIVE VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY; AND STEPHEN D. McAVOY, SENIOR VICE PRESIDENT AND CONTROLLER



*“We have a responsibility to grow this company with a sense of financial integrity and stewardship that meets the highest standards. Consistent, quality earnings growth is our mantra, and we live it daily. It’s a promise we’ve made to ourselves, to our clients and to our shareholders. And it’s a promise we will keep.”* FRANK P. PEKNY,

VICE CHAIRMAN AND CHIEF FINANCIAL OFFICER

In addition to organic growth, City National continues to expand by making disciplined acquisitions. Our ongoing commitment to carefully selected and constructed acquisitions is a key part of our long-term growth. All 10 of them to date have been successful.

### *Managing Credit Quality*

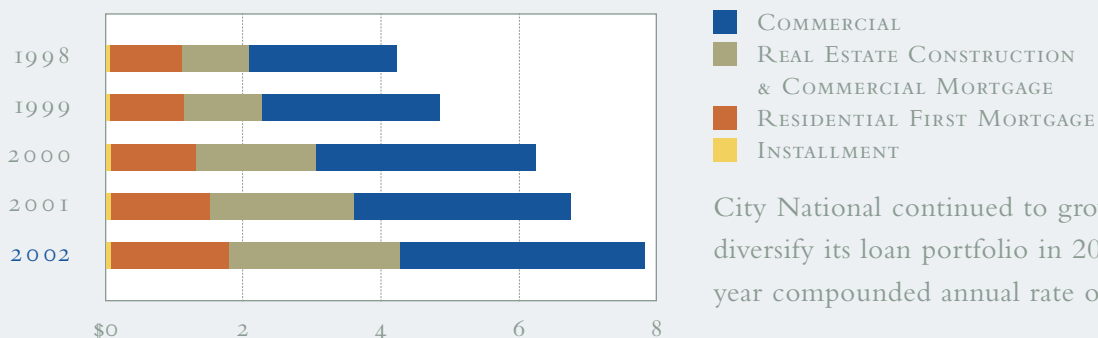
Economic conditions in 2002 tested the credit quality of banks throughout the United States, and City National was no exception. The ratio of our net charge-offs to total average loans rose to 0.69 percent, up from 0.41 percent in 2001. At the same time, nonperforming assets increased to 0.90 percent of total loans, up from 0.54 percent in 2001.

As we have grown and diversified our loan portfolio, we also have maintained an appropriate reserve. We added \$67.0 million in provision for credit losses in 2002, bringing our total reserve to \$164.5 million or 2.06 percent of total loans at year-end.

In recent years we took decisive steps to reduce our exposure to purchased, syndicated non-relationship loans. We also dramatically reduced our syndicated media and telecommunications portfolio. In the aggregate, these two portfolios now account for just over 1 percent of City National's total loans. We should also note that the majority of our net credit losses in the past few years came from loans in which we participated, rather than loans our colleagues originated with relationship clients.

To build on City National's long-standing commitment to credit quality, last year we hired a new Chief Credit Officer, Chris Warmuth, who brings extensive experience and a well-informed perspective on credit administration. Under his leadership, we

AVERAGE LOANS (\$ BILLIONS)



City National continued to grow and diversify its loan portfolio in 2002, for a five-year compounded annual rate of 18 percent.

are introducing a series of initiatives designed to further strengthen accountability among line managers and to ensure a credit process that is clear, consistent, effective and efficient.

We combine conservative but constructive underwriting standards with an understanding of our clients and their industries, as well as a commitment to identifying potential difficulties before they become full-fledged problems.

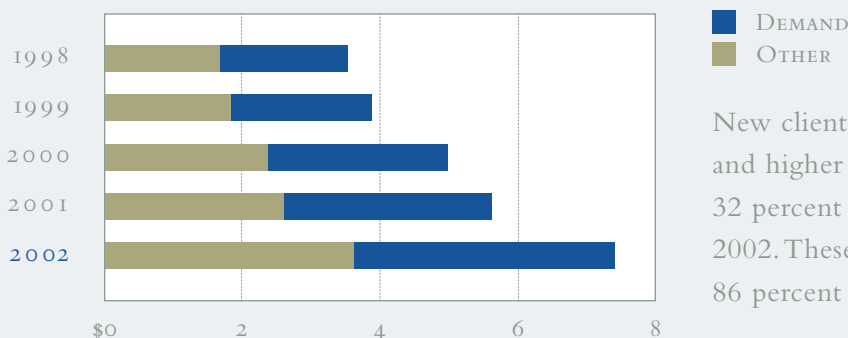
*Expanding Wealth Management Capabilities*

In 2002, assets under management or administration grew to \$19.5 billion. Our managed assets fell 3 percent to \$7.4 billion, primarily because of lower money market account balances. During the past five years, however, managed assets have grown at a compounded annual rate of 45 percent.

This growth over time speaks to the success of our business model, the quality of our expanding capabilities and the growth opportunity we have with our clients. Last year, fully one-half of City National’s new wealth management business came from within the bank—referred by colleagues or other satisfied clients. In addition to enabling us to better serve our private banking clients, the growth of our wealth management business clearly helps to generate relatively stable and more diversified noninterest income. Some 42 percent of our company’s noninterest income last year came from trust and investment fees, and we see opportunities for significant additional growth in the years ahead.

At the end of 2002, we took further steps to enhance our wealth management capabilities. Shelley Thompson joined our company as Director of Wealth Management. We also added several other new senior investment and trust executives.

AVERAGE CORE DEPOSITS (\$ BILLIONS)



New clients, the acquisition of Civic BanCorp and higher account balances contributed to a 32 percent increase in average core deposits in 2002. These low-cost deposits now comprise 86 percent of total average deposits.

With knowledge and expertise...

That provide true added value. For nearly 50 years, we've focused on developing the resources, regional contacts, depth and diversity of industry expertise to serve a select and growing client base of California entrepreneurs and professionals.

From left to right: PHIL PETROZZI, SENIOR VICE PRESIDENT, SPECIALTY DEPOSITS; MARTHA HENDERSON, EXECUTIVE VICE PRESIDENT, ENTERTAINMENT DIVISION; ROBERT BRANT, EXECUTIVE VICE PRESIDENT, NORTHERN CALIFORNIA REGION AND TECHNOLOGY BANKING; RICHARD WEISS, SENIOR VICE PRESIDENT AND CHIEF INVESTMENT OFFICER; ROBERT D. PATTERSON, EXECUTIVE VICE PRESIDENT, SAN FERNANDO VALLEY/ VENTURA REGION, AGRIBUSINESS AND FRANCHISE FINANCE; AND STANLEY J. KAFKA, EXECUTIVE VICE PRESIDENT, REAL ESTATE DIVISION



*“This is a company that knows its clients’ businesses and the communities they serve. California is a leader in everything from entertainment to agriculture, manufacturing to real*

*estate, and international trade to professional services. It’s our job to understand and meet the financial needs of those who drive this state’s economy. Our clients appreciate that.”* MARTHA HENDERSON,

EXECUTIVE VICE PRESIDENT, ENTERTAINMENT DIVISION

## And investments for future growth...

To build a foundation for the long term by continuing to support strategic acquisitions; establishing full-service regional centers in selected markets; recruiting, developing and retaining top talent; and employing technology and operational systems tailored to meet the needs of our clients and colleagues.

From left to right: VERNON C. KOZLEN, EXECUTIVE VICE PRESIDENT, ASSET MANAGEMENT DEVELOPMENT; THOMAS R. MILLER, EXECUTIVE VICE PRESIDENT, MARKETING DIVISION; JAN R. CLOYDE, EXECUTIVE VICE PRESIDENT, BANKING SERVICES DIVISION; JOHN BEALE, EXECUTIVE VICE PRESIDENT AND CHIEF INFORMATION OFFICER; KATE DWYER, EXECUTIVE VICE PRESIDENT, HUMAN RESOURCES DIVISION; AND RICHARD SHIER, SENIOR VICE PRESIDENT, OPERATIONS SERVICES GROUP



*“At City National, there is a common drive to improve and build upon what we’ve accomplished. We invest strategically and responsibly in the talent, technology, resources and capabilities that allow us to work more productively and effectively to serve our clients better, in more places and with more success than ever before. Best of all, we know it works because our clients tell us so.”*

JAN R. CLOYDE,

EXECUTIVE VICE PRESIDENT, BANKING SERVICES DIVISION

In January 2003, we reached a definitive agreement to purchase Convergent Capital Management (CCM), a private Chicago-based company that holds majority interests in eight diversified asset management firms and minority interests in two others. The 10 firms are located in California, Illinois, Michigan, Texas and Hawaii. Together they manage assets of \$6.5 billion. The acquisition of CCM is expected to nearly double City National's assets under management, and to grow noninterest income from 22 percent of total revenue to 25 percent. Between 1997 and 2002, CCM's revenues grew at a compounded annual rate of 19 percent.

The purchase of CCM is scheduled to close in the second quarter of 2003. It will add to the considerable talent we have assembled for our growing asset management business.

Like Reed, Conner & Birdwell, a Los Angeles-based investment firm that we acquired in December 2000, CCM's affiliates will continue to operate independently and retain a meaningful interest in their own success.

These acquisitions build upon almost a decade in which City National has steadily expanded its wealth management capabilities to meet the investment needs of our private clients. Our efforts have not gone unnoticed. For the past two years, *Barron's* has recognized City National Bank in its annual survey of America's top 40 wealth managers.

## A UNIQUE FORMULA FOR SUCCESS

As we begin our 50th year in business, City National has a number of important advantages that position us well for the future.



### *A Large and Growing Market*

Despite current economic challenges, there is no market more attractive over the long term than California. The state is home to about 500,000 households with investable assets of \$1 million or more, and 80 percent of them are located in the 12 counties we serve. It is the world's fifth largest economy, with 34 million people and hundreds of thousands of small and mid-sized companies. California is remarkable not only for its size, wealth, entrepreneurial talent and creative strength but also its economic diversity. It leads the nation in everything from entertainment and international trade to agriculture, biotech and technology, defense and aerospace.

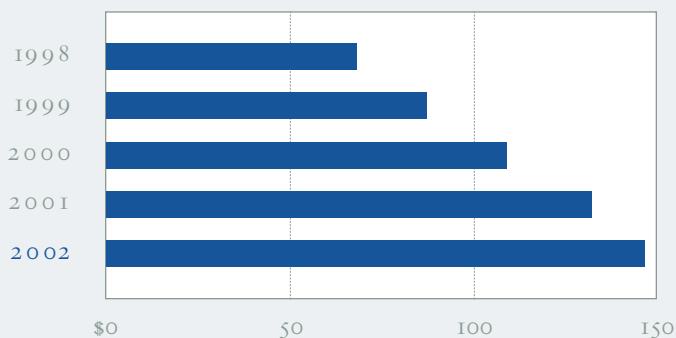
### *A Clear and Focused Value Proposition*

City National is California's Premier Private and Business Bank. We offer a unique brand of relationship banking to a focused market of affluent entrepreneurs, business owners, professionals and investors. Our colleagues serve these clients by combining the capabilities and expertise often found at larger financial institutions with outstanding personal service. City National has carved out a strong competitive position that enables us to attract new private and business banking clients and to deepen relationships with those who already bank with us.

Clients are at the center of everything we do. Our colleagues are responsible not only for meeting clients' immediate needs, but also for understanding their financial goals and then directing all of our appropriate resources to help them on *The way up*<sup>®</sup>.

City National's competitive advantage is, in part, our total focus on the client and a relatively seamless resource of business and private bankers who can provide our

NONINTEREST INCOME (\$ MILLIONS)



Higher sales of wealth management, cash management and international products and services contributed to an 11 percent increase in noninterest income last year, bringing the five-year compounded annual growth rate to 22 percent.

To provide complete financial solutions...

And develop broad-based relationships with our clients. From private banking, asset management, investment services and estate planning to business banking, commercial credit, cash management and foreign exchange, we've broadened our capabilities to meet all of our clients' financial needs, both personal and business.

From left to right: NADILEE RUSSELL, SENIOR VICE PRESIDENT, CASH MANAGEMENT; PAIGE SERDEN, SENIOR VICE PRESIDENT, REAL ESTATE DIVISION; JEFFREY SMITH, EXECUTIVE VICE PRESIDENT, WESTSIDE REGION; SHELLEY B. THOMPSON, EXECUTIVE VICE PRESIDENT, WEALTH MANAGEMENT; MARK MAYERS, SENIOR VICE PRESIDENT, INTERNATIONAL DEPARTMENT; AND TOM DEVANEY, SENIOR VICE PRESIDENT, CITY LOAN CENTER



*“There’s a bond between City National and its clients unlike any I’ve experienced in my career. This company anticipates clients’ needs and brings together the resources and capabilities they need—*

*before they even have to ask. It really is quite remarkable.”* SHELLEY B. THOMPSON,

EXECUTIVE VICE PRESIDENT, WEALTH MANAGEMENT

clients with what they need from one regional center, with a local team that actually knows them, their businesses, their industries and even their families. This is a team that can deliver the financial solutions and advice that work best for clients, including the full range of financial services and products that they need now and as their financial and investment needs evolve in the future.

The business owner who comes to City National for credit, cash management and international trade finance will gain access to an array of outstanding private banking, estate planning and investment advisory services as well. Similarly, our private banking and investment clients receive easy access to a host of business solutions tailored to meet their overall financial objectives.

Others talk about “relationship banking,” but our team delivers it. The evidence is clear: among City National’s top-tier clients, more than half take advantage of four or more of our seven product categories. What’s more, nearly one-third of our new top-tier clients come to us through referrals from our current clients.

#### OPPORTUNITIES

The strength of both our value proposition and our business model coupled with successful execution by our colleagues and the loyalty of our clients has produced a track record of consistent, quality earnings growth that Team City National will work hard to carry forward.

Our many opportunities now include expanding client relationships through a growing array of capabilities, infrastructure, offices and colleagues, and adding new top-tier clients in Southern California, the San Francisco Bay Area and New York City. They also include further expansion of our noninterest income.

We expect to realize growth in 2003 and beyond, in part, because of the investments we have made in the past 15 months. Since January 2002, we’ve added four new offices and created three new full-service regional centers in Oakland, Palo Alto and Walnut Creek to build out our San Francisco Bay Area franchise. With the addition of Civic BanCorp, we doubled our assets in the Bay Area to \$1 billion, but beyond that, we added private bankers and branch colleagues to fill out our two-tier delivery system and to provide both branch banking and our brand of premier private and business banking there. We opened a new operations center in the Bay Area as well

to bring the same level of service and efficiency to Northern California and to give us an important business continuity center for the entire bank.

In December 2002, we opened a new private banking office in New York City, our first office outside of California, to better serve our bi-coastal clients and create other growth opportunities in that outstanding market.

We hired new and highly talented Private Client Services bankers in San Diego and Orange County, and for our new East Bay team. In a related step, to better deliver wealth management and private banking, we created and staffed our new Private Client Advisor positions.

We also continued our strong commitment to lending to small businesses, including minority- and women-owned businesses, and broadened our business banking product array with enhancements to Online Cash Management and Online Letters of Credit—with more in the pipeline for 2003. We invested substantially to enhance and upgrade our technology and to build our brand and our client base through our successful advertising and direct mail efforts.

#### ACKNOWLEDGMENTS

As we move into 2003 and beyond, City National is committed to the highest principles of business, accounting and corporate governance. As a nationally chartered banking association, as well as a publicly held corporation listed on the New York Stock Exchange, we have a particularly strong determination to uphold appropriate ethical standards and preserve the trust of our clients and communities. Likewise, we are fully committed to providing our shareholders and the investment community with timely, accurate and complete financial information.

While our standards have always been strong, working with our Board of Directors we have strengthened our corporate governance practices in light of evolving guidelines and new legislation. With that in mind, we want to express our deep appreciation to our company's dedicated Directors for their integrity, independence and invaluable counsel.

As we look to the future, we want to thank two distinguished Directors who retired from our Board in 2002. Chuck Rickershauser served with great distinction and

dedication for 20 years. Bill Richardson heeded the call to return to public service and was elected Governor of New Mexico. Both men made many contributions to the growth and success of City National, and we are grateful for their service.

We are very pleased to welcome Ken Coleman, who joined our Board as its newest member in February 2003. Ken brings to our Board years of considerable experience and expertise in technology, board service and Northern California.

Finally, we want to express deep appreciation to our clients, our colleagues, our shareholders and the communities that we serve. For almost 50 years, City National has built real value for each of these key constituencies. The credit for that success belongs to everyone involved on Team City National since the bank opened its doors on January 4, 1954.

As we look forward to the celebration of City National's 50th anniversary next January, we are mindful of the success, skills, dedication, effectiveness and collective capabilities of our Board of Directors, Executive Committee and all of our colleagues; the new opportunities that we have in our markets; the loyalty of our remarkable clients; and the much valued support of our shareholders. All this, and much more, makes us quite optimistic about this company's ability to create even greater value for all who will be involved with City National over the next 50 years.

Sincerely,



**BRAM GOLDSMITH**  
CHAIRMAN  
CITY NATIONAL CORPORATION



**RUSSELL GOLDSMITH**  
VICE CHAIRMAN AND CEO  
CITY NATIONAL CORPORATION  
CHAIRMAN AND CEO  
CITY NATIONAL BANK

March 6, 2003

## CONDENSED CONSOLIDATED STATEMENT OF INCOME

	<i>For the year ended December 31,</i>		
<i>In thousands, except per share data</i>	2002	2001	2000
Interest income	\$609,700	\$625,248	\$646,288
Interest expense	94,444	191,094	239,772
Net interest income	515,256	434,154	406,516
Provision for credit losses	67,000	35,000	21,500
Net interest income after provision for credit losses	448,256	399,154	385,016
Noninterest income	146,293	132,384	109,484
Noninterest expense	332,591	313,395	294,770
Income before taxes	261,958	218,143	199,730
Income taxes	78,858	71,973	68,070
Net income	<u>\$183,100</u>	<u>\$146,170</u>	<u>\$131,660</u>
Net income per share, basic	\$ 3.69	\$ 3.05	\$ 2.79
Net income per share, diluted	\$ 3.56	\$ 2.96	\$ 2.72
Shares used to compute net income			
per share, basic	49,563	47,896	47,178
Shares used to compute net income			
per share, diluted	51,389	49,376	48,393
Dividends per share	\$ 0.78	\$ 0.74	\$ 0.70

## CONDENSED CONSOLIDATED BALANCE SHEET

	<i>December 31,</i>	
<i>Dollars in thousands</i>	2002	2001
<b>ASSETS</b>		
Cash and cash equivalents	\$ 957,273	\$ 723,018
Securities	2,226,656	1,814,839
Net loans	7,834,968	7,016,344
Other	851,495	622,115
Total assets	<u>\$11,870,392</u>	<u>\$10,176,316</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Deposits	\$ 9,839,698	\$ 8,131,202
Borrowings	764,329	1,053,563
Other	156,406	100,974
Total liabilities	10,760,433	9,285,739
Shareholders' equity	1,109,959	890,577
Total liabilities and shareholders' equity	<u>\$11,870,392</u>	<u>\$10,176,316</u>

**CONDENSED CONSOLIDATED STATEMENT OF  
CHANGES IN SHAREHOLDERS' EQUITY**

<i>Dollars in thousands</i>	<i>For the year ended December 31,</i>	
	2002	2001
Beginning balance	\$ 890,577	\$743,648
Net income	183,100	146,170
Issuance of shares for acquisition	69,986	—
Other comprehensive income net of tax	29,726	22,167
Issuance of shares for stock options	25,019	14,967
Tax benefit from stock options	9,715	4,482
Repurchased shares, net	(59,528)	(5,394)
Cash dividends	(38,636)	(35,463)
Ending balance	\$1,109,959	\$890,577

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

<i>Dollars in thousands</i>	<i>For the year ended December 31,</i>		
	2002	2001	2000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income	\$ 183,100	\$ 146,170	\$ 131,660
Adjustments to net income	1,403	233	59,080
Net cash provided by operating activities	184,503	146,403	190,740
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Purchases) and sales or maturities of securities, net	(327,513)	(241,016)	(286,171)
Loan originations net of principal collections	(535,316)	(721,902)	(726,238)
Other, net	35,497	26,185	212,969
Net cash used by investing activities	(827,332)	(936,733)	(799,440)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net increase in deposits	1,270,033	722,532	1,037,568
Net (decrease) increase in borrowings	(319,804)	264,892	(112,260)
Cash dividends paid	(38,636)	(35,463)	(32,846)
Other, net	(34,509)	9,573	(22,126)
Net cash provided by financing activities	877,084	961,534	870,336
Net increase in cash and cash equivalents	234,255	171,204	261,636
Cash and cash equivalents at beginning of year	723,018	551,814	290,178
Cash and cash equivalents at end of year	\$ 957,273	\$ 723,018	\$ 551,814

## DATA ON COMMON STOCK

The principal market for the Corporation's common stock, where it is listed and trades under the symbol "CYN," is the New York Stock Exchange. Information concerning the range of high and low sales prices for the Corporation's common stock, and the dividends declared, for each quarterly period within the past two fiscal years, is set forth below.

<i>Quarter Ended</i>	<u>High</u>	<u>Low</u>	<u>Dividends Declared</u>
2002			
March 31	\$53.18	\$45.40	\$0.195
June 30	56.42	50.10	0.195
September 30	54.58	43.49	0.195
December 31	48.39	40.10	0.195
2001			
March 31	\$40.31	\$32.97	\$0.185
June 30	45.00	35.50	0.185
September 30	49.75	39.11	0.185
December 31	47.19	37.25	0.185

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders of  
City National Corporation:



We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of City National Corporation and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of income and comprehensive income, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2002 (not presented herein), and in our report dated January 17, 2003 (which contains an explanatory paragraph that states that the Company changed its accounting for goodwill and other intangible assets in 2002 and derivatives and hedging activities in 2001), we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

**KPMG LLP**

Los Angeles, California  
January 17, 2003

## FORM 10-K

Shareholders also receive the Corporation's Annual Report on Form 10-K for the year ended December 31, 2002, which is filed with the Securities and Exchange Commission and includes our financial statements. If you request, we will send a copy to you without charge. The Annual Report on Form 10-K includes a list of exhibits filed with the Securities and Exchange Commission, but does not include the exhibits. If you wish to receive copies of the exhibits, we will send them to you upon payment of our expenses for doing so. Please write to:

Stephen D. McAvoy, City National Bank, City National Center, 400 N. Roxbury Drive,  
Beverly Hills, CA 90210.

You also may send your request by facsimile to (213) 347-2645 or by email to  
investor\_relations@cnb.com.

## BOARD OF DIRECTORS

**Bram Goldsmith**  
Chairman of the Board  
City National Corporation

**Russell Goldsmith**  
Chairman of the Board and  
Chief Executive Officer  
City National Bank  
Vice Chairman and  
Chief Executive Officer  
City National Corporation

**George H. Benter, Jr.**  
President and Chief Operating Officer  
City National Bank  
President  
City National Corporation

**Richard L. Bloch**  
President  
Piñon Farm, Inc.

**Stuart D. Buchalter**  
Of Counsel,  
Buchalter, Nemer, Fields & Younger, P.C.

**Kenneth L. Coleman**  
Founder, Chairman and  
Chief Executive Officer  
ITM Software Corporation

**Michael L. Meyer**  
Chief Executive Officer  
Michael L. Meyer Company

**Ronald L. Olson**  
Partner  
Munger, Tolles & Olson, L.L.P.

**Bob Tuttle**  
Managing Partner  
Tuttle-Click Automotive Group

**Andrea L. Van de Kamp**  
Senior Vice President and  
Chairman of West Coast Operations  
Sotheby's, Inc.

**Kenneth Ziffren**  
Senior Partner  
Ziffren, Brittenham, Branca, Fischer,  
Gilbert-Lurie & Stiffelman L.L.P.

## EXECUTIVE COMMITTEE

**Russell Goldsmith**  
Chairman of the Board and  
Chief Executive Officer  
City National Bank  
Vice Chairman and  
Chief Executive Officer  
City National Corporation

**Bram Goldsmith**  
Chairman of the Board  
City National Corporation

**George H. Benter, Jr.**  
President and Chief Operating Officer  
City National Bank  
President  
City National Corporation

**John Beale**  
Executive Vice President  
Chief Information Officer

**Robert Brant**  
Executive Vice President  
Northern California Region

**Michael B. Cahill**  
Executive Vice President  
General Counsel and Secretary  
City National Bank and  
City National Corporation

**Heng W. Chen**  
Executive Vice President, Finance  
City National Bank  
Assistant Treasurer  
City National Corporation

**Jan R. Cloyde**  
Executive Vice President  
Banking Services Division

**Kevin P. Dunigan**  
Executive Vice President  
Core Banking Division

**Kate Dwyer**  
Executive Vice President  
Human Resources Division

**Dallas Haun**  
Executive Vice President  
South Coast Region and  
Inland Empire Region

**Martha Henderson**  
Executive Vice President  
Entertainment Division

**Stanley J. Kafka**  
Executive Vice President  
Real Estate Division

**Vernon C. Kozlen**  
Executive Vice President  
Asset Management Development

**Thomas R. Miller**  
Executive Vice President  
Marketing Division

**Robert D. Patterson**  
Executive Vice President  
San Fernando Valley/Ventura Region

**Frank P. Pekny**  
Vice Chairman and  
Chief Financial Officer  
City National Bank  
Executive Vice President and  
Chief Financial Officer  
City National Corporation

**Jeffery L. Puchalski**  
Executive Vice President  
Senior Risk Management Officer

**Jeffrey Smith**  
Executive Vice President  
Westside Region

**Shelley B. Thompson**  
Executive Vice President  
Wealth Management

**Christopher J. Warmuth**  
Executive Vice President  
Chief Credit Officer

## BANKING OFFICES

Alameda County	<i>Long Beach-Golden Shore*</i> Teresa Granados, Manager (562) 624-8600	<i>Valencia</i> Elizabeth Hopp, Manager (661) 291-3160	<i>La Jolla*</i> Nahid Aminzai, Manager (858) 642-4900
<i>Fremont</i> Diane Hensley, Manager (510) 574-1900	<i>Long Beach-Marina</i> Belinda Moffatt, Manager (562) 936-5800	<i>Van Nuys</i> Peggy Hiestand, Manager (818) 756-3260	<i>San Diego</i> Margaret Oppliger, Manager (619) 238-7460
<i>Oakland*</i> Matt Ching, Manager (510) 287-3140	<i>Los Angeles:</i> <i>Fairfax</i> Fernando Linares, Manager (323) 634-7200	<i>West Hollywood</i> Jeri O'Shea, Manager (310) 888-6800	San Francisco County  <i>San Francisco*</i> Joe Sedillo, Manager (415) 576-2700
<i>San Leandro</i> Mike LeVien, Manager (510) 347-3410	<i>Library Tower*</i> Sara Buen Abad, Manager (213) 553-8200	<i>West Los Angeles</i> Nancy Smylie-Harmon, Manager (310) 888-6900	San Mateo County
Contra Costa County	<i>Los Angeles Airport</i> Catherine Wachter, Manager (310) 342-4500	<i>Westwood</i> Michael Gintz, Manager (310) 888-6950	<i>Burlingame</i> Wyman Wong, Manager (650) 696-6400
<i>Walnut Creek*</i> Kevin Louie, Manager (925) 274-2740	<i>Olympic/Burlington</i> Walter McBeth, Manager (213) 427-5357	<i>Woodland Hills</i> Carl Nelson, Manager (818) 227-4300	Santa Clara County
Los Angeles County	<i>Pershing Square</i> Mel Merrick, Manager (213) 347-2200	Orange County	<i>Palo Alto*</i> (650) 812-8300
<i>Beverly Hills*</i> Philip Mora, Manager (310) 888-6000	<i>Pasadena</i> Jeffrey Johnson, Manager (626) 432-7100	<i>Irvine</i> Peter Meyers, Manager (949) 862-7000	Tulare County  <i>Tulare</i> Randal B. Irwin, SVP (559) 684-4366
<i>Burbank</i> Denise Marchese, Manager (818) 238-2400	<i>Santa Monica</i> Nicolette Schwartz, Manager (310) 264-2900	<i>Irvine-Orange County Airport*</i> James McCloskey, Manager (949) 223-4004	Ventura County  <i>Camarillo</i> Brian Fitzwilliam, Manager (805) 384-2100
<i>Century City</i> Barbara Villalpando, Manager (310) 888-6850	<i>Sherman Oaks*</i> Erich Klein, Manager (818) 382-1400	<i>Irvine Spectrum</i> Sajeda Simjee, VP (949) 754-1524	<i>Oxnard*</i> Alice Madrid, Manager (805) 981-2700
<i>Century City-Avenue of the Stars</i> Frank Caruso, Manager (310) 282-7850	<i>Studio City</i> Kathleen Atkinson, Manager (818) 487-7500	<i>La Palma</i> Marla Young, Manager (714) 228-7700	<i>Ventura</i> Maribeth Butler, Manager (805) 677-4200
<i>Century City-Plaza Towers</i> A.J. Kroener, Manager (310) 282-7800	<i>Studio City Convenience Center</i> Kathleen Atkinson, Manager (818) 487-7500	<i>Los Alamitos</i> Karyn Cecchini, Manager (562) 936-5840	<i>Westlake Village</i> Denis Weber, Manager (805) 777-8740
<i>Chatsworth</i> Affie Bahar, Manager (818) 773-4440	<i>Sun Valley</i> John Zieglansberger, Manager (818) 252-3020	Riverside County	
<i>City of Commerce</i> Irma Castaneda, Manager (323) 838-4000	<i>Torrance</i> Joan Hockenbary, Manager (310) 793-5700	<i>Riverside*</i> David Fisher, Manager (909) 276-8800	
<i>City of Industry</i> Tim Nguyen, Manager (562) 463-2000	<i>Universal City</i> Edward Munoz, Manager (818) 487-1040	San Bernardino County	New York
<i>Encino</i> Arpy Zakarian, Manager (818) 905-4100		<i>Ontario</i> Ernie Hwang, SVP (909) 476-7980	<i>New York</i> Private Banking Office Frank Baudille, SVP (917) 322-5200
<i>Glendale</i> Monika Rye, Manager (818) 265-5620		San Diego County	
		<i>Carlsbad</i> Robert Cafaro, Manager (760) 918-2140	

\* Banking Office is located in a City National Regional Center. Regional Centers are full-service financial centers staffed with experienced colleagues who offer a broad array of services, including personal banking, business banking and wealth management services—as well as industry-specific services—to better serve clients.

## REGIONAL CENTERS

### *City National Center, Beverly Hills*

Damien Doss, SVP  
Private Client Services  
(310) 888-6099

Kevin McCarthy, SVP  
Private Client Services  
(310) 888-6126

Scott Kelley, SVP  
Commercial Banking Services  
(310) 888-6536

Ray Forgette, SVP  
Century City Office  
(310) 888-6111

### *East Bay Regional Center, Oakland*

Jean Blomberg, SVP  
Private Client Services  
(510) 287-3163

Steve Shelton, SVP  
Commercial Banking Services  
(510) 287-3166

Michael Skubic, SVP  
Commercial Banking Services  
(510) 287-3150

Tony Mesones, VP  
Fremont Office  
(510) 574-1905

### *Inland Empire Regional Center, Riverside*

Bruce Wachtel, SVP  
Commercial Banking & Private Client Services  
(909) 276-8865

Ernie Hwang, SVP  
Ontario Office  
(909) 476-7980

### *Long Beach Regional Center*

Nancy Lawson-Casemore, SVP  
Private Client Services  
(562) 624-8670

Stephen A. Kwtoski, SVP  
Commercial Banking Services  
(562) 624-8648

### *Los Angeles Regional Center*

Pauline Schiff, SVP  
Private Client Services  
(213) 553-8232

Michael G. Krcelic, SVP  
Commercial Banking Services  
(213) 615-8312

### *Orange County Regional Center, Irvine*

Noel Hamilton, SVP  
Private Client Services  
(949) 223-4053

Thomas B. Rogers, SVP  
Commercial Banking Services  
(949) 223-4055

Kristine Chung, SVP  
North Orange County Office  
(714) 228-7750

### *Palo Alto Regional Center*

Jean Blomberg, SVP  
Private Client Services  
(650) 812-8300

Timothy A. White, VP  
Commercial Banking Services  
(650) 812-8300

### *San Diego Regional Center, La Jolla*

Cathy Mendis, SVP  
Private Client Services  
(858) 642-4915

Susan Ten Eyck Mallory, SVP  
Commercial Banking Services  
(858) 642-4970

### *San Fernando Valley Regional Center, Sherman Oaks*

Dennis G. Isleib, SVP  
Commercial Banking & Private Client Services  
(818) 382-1507

### *San Francisco Regional Center*

David M. Lawrence, SVP  
Private Client Services  
(415) 576-2733

Ed Obuchowski, SVP  
Commercial Banking Services  
(415) 576-3987

Dan O'Brien, SVP  
Burlingame Office  
(650) 696-6406

### *Ventura County Regional Center, Oxnard*

Jeffrey D. Paul, SVP  
Commercial Banking & Private Client Services  
(805) 981-2780

### *Walnut Creek Regional Center*

Jean Blomberg, SVP  
Private Client Services  
(925) 274-2762

Arlene Gould, SVP  
Commercial Banking Services  
(925) 274-5120

## CITY NATIONAL SECURITIES, INC. MEMBER NASD/SIPC

Michael Nunnelee  
(800) 280-1464

## SPECIALIZED SERVICES

### *Agribusiness*

Jim Ramirez, SVP  
(213) 615-8369

### *Cash Management*

Nadilee Russell, SVP  
(213) 347-2600  
(415) 576-2761

### *Community Reinvestment*

Jeffery L. Puchalski, EVP  
(213) 347-2400

### *Dairy Industries Group*

Randal B. Irwin, SVP  
(559) 684-4366  
(909) 476-7995

### *Entertainment*

Martha Henderson, EVP  
(310) 888-6200

### *Franchise Finance*

Michael Tyminski, SVP  
(818) 382-1585

### *Government Lending*

Phil Bond, SVP  
(213) 347-2211  
(800) 722-5945

### *Income Property Group/ Mortgage Banking Services*

Allen Matchie, SVP  
(213) 833-4818

### *International*

Mark Mayers, SVP  
(213) 347-2324  
(415) 576-2520

### *Leasing*

John R. Hoetger, VP  
(310) 888-6615

### *Real Estate Division*

Stanley J. Kafka, EVP  
(310) 888-6500

### *Specialty Deposits*

Phil Petrozzi, SVP  
(714) 228-7720

### *Technology Banking*

Robert Brant, EVP  
(415) 576-2775

## REED, CONNER & BIRDWELL, LLC

Donn B. Conner, President  
(310) 478-4005

City National is California's Premier Private and Business Bank,  
providing entrepreneurs, their businesses and their families  
with complete financial solutions on *The way up*.

CITY NATIONAL CORPORATION  
CITY NATIONAL CENTER  
400 NORTH ROXBURY DRIVE  
BEVERLY HILLS, CA 90210



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