

 **CITY NATIONAL CORPORATION**



1996
*Summary Annual
Report*

Financial Highlights

Dollars in thousands, except per share data

		1996	1995	Increase (Decrease) Amount
FOR THE YEAR	Net income	\$ 66,563	\$ 48,792	\$ 17,771
	Net income, per common share	1.47	1.06	0.41
	Dividends, per common share	0.36	0.26	0.10
AT YEAREND	Assets	\$ 4,216,496	\$ 4,157,551	\$ 58,945
	Deposits	3,386,523	3,248,035	138,488
	Loans	2,839,435	2,346,611	492,824
	Securities	811,092	975,407	(164,315)
	Shareholders' equity	400,747	366,957	33,790
	Book value, per common share	9.13	8.19	0.94
AVERAGE BALANCES	Assets	\$ 3,821,314	\$ 2,849,807	\$ 971,507
	Deposits	2,871,870	2,062,412	809,458
	Loans	2,539,323	1,758,671	780,652
	Securities	839,564	705,122	134,442
	Shareholders' equity	373,491	350,551	22,940
SELECTED RATIOS	Return on average assets	1.74%	1.71%	0.03%
	Return on average shareholders' equity	17.82	13.92	3.90
	Tier 1 leverage	9.75	11.17	(1.42)
	Tier 1 risk-based capital	13.26	13.60	(0.34)
	Total risk-based capital	14.55	14.91	(0.36)
	Dividend payout ratio, per share	24.49	24.53	(0.04)
	Net interest margin	5.87	6.26	(0.39)
Efficiency ratio	57.92	59.38	(1.46)	

City National Corporation's principal subsidiary is City National Bank which, since its founding in 1954, has evolved into the largest independent bank headquartered in Southern California. Recognized as the area's premier business bank, City National serves a clearly defined customer base of small- to mid-size businesses, professionals, high-net-worth individuals, entrepreneurs, the entertainment and real estate sectors and other Southern California-based industries. The bank meets the needs of these growing markets with a focus on relationship banking that extends throughout its comprehensive range of banking and investment services and products.

At year end 1996, City National's assets were in excess of \$4.2 billion. With the integration of Ventura County National, Riverside National and Frontier Banks, acquired in early 1997, City National today has 33 branches for commercial and personal banking in Los Angeles, Orange, Riverside, San Diego and Ventura counties.

The Company's shares trade on the New York Stock Exchange (symbol "CYN"). Its cash dividend was recently increased to its current quarterly rate of eleven cents per share. The Company had approximately 1,600 employees and 2,380 shareholders of record on January 31, 1997.

To Our Shareholders

For City National Corporation, 1996 was a record year. In 1996, we achieved the highest earnings in our 43 year history. In the same year we became Southern California's largest independent bank.

We earned \$66.6 million for the entire year, a 36% increase over 1995. In fact, we exceeded our net income for 1995 in the first three quarters of 1996. Significantly, we achieved these record earnings while also investing in the future.

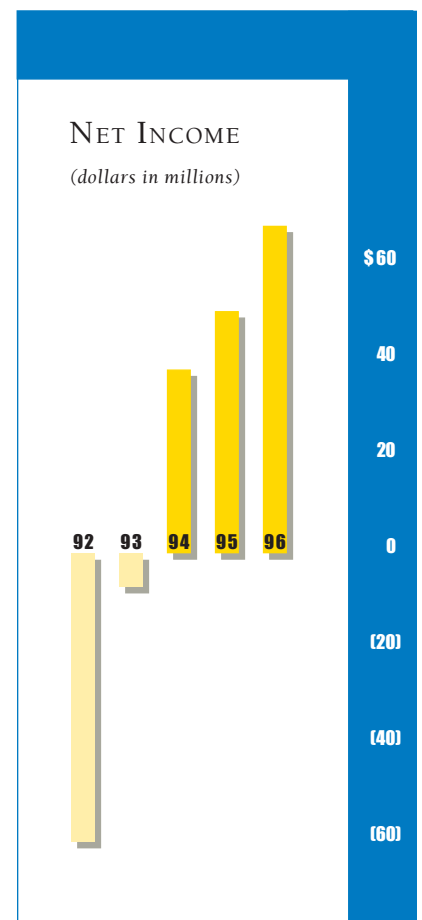
In 1996, we successfully integrated First Los Angeles Bank into our organization. In the same year we reached agreements to merge with Ventura County National Bancorp and Riverside National Bank—the two largest independent banks in their respective counties. These three mergers, which are now completed, combined with our internal growth, have increased our branch system from 16 to 33 offices and our assets to \$4.7 billion.

In 1996, we established a new perception of City National as the new local leader in Southern California, while reinforcing our traditional identity as a business bank, a private bank and a relationship bank.

In 1996, we utilized our strong capital position to fund these three acquisitions, to complete our initial buy-back of 2.4 million shares of our stock for \$32.3 million and to increase the Corporation's dividend 29% in January 1996 and another 22% a year later.

In 1996, our continued commitment to credit quality resulted in no additions to our loan loss provision and the continued strengthening of the quality of our portfolio, even after absorbing First Los Angeles' loans.

For 1997 and into the next century, our overall mission is to be Southern California's premier financial services company. To do that, we will continue to pursue our four overall strategic priorities: 1) extend our franchise appropriately within Southern California; 2) build upon our local leadership position in Southern California; 3) continue to deliver superior and improv-

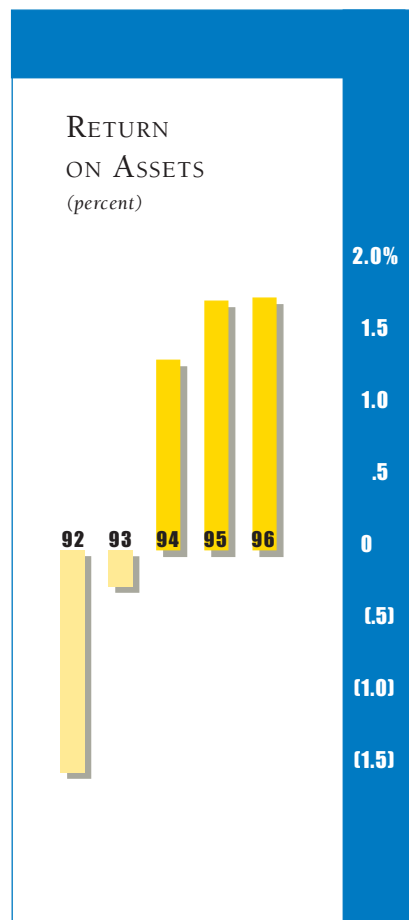


ing financial returns to our shareholders and, 4) manage our capital effectively.

Today City National’s franchise extends from Ventura County in the north to the Mexican Border in the south, from the Pacific Ocean in the west into Riverside and the Inland Empire in the east.

City National’s offices are in five counties that contain the 11th largest economy in the world, with a gross regional product exceeding \$350 billion. It is a robust, recovered, diverse economy driven both by key industries we have long specialized in, such as entertainment and real estate, and by thousands of the kinds of entrepreneurial businesses we serve so well, in fields ranging from agriculture to the Internet, from aerospace to apparel, from doctors to lawyers, from high tech to life sciences, from business managers to manufacturers, and much more.

Recent data indicate that Southern California’s economic growth over the next several years will be more vigorous than the nation’s as a whole. Much of the advance will be derived from the development and expansion of these small and mid-sized businesses, plus the continuing growth in the global entertainment industry, which is headquartered here.



In this region these businesses are not adequately served by the many community banks with assets below a billion dollars, who are restricted by low credit limits and few, if any, specialty practices. And many of these businesses and entrepreneurs find themselves poorly served by the indifference and bureaucracy, the ATMs and 800 numbers common to the huge, transaction-oriented banking behemoths.

City National is almost uniquely positioned in our region between these two extremes—large enough to fulfill the credit needs of our region’s growing businesses and entrepreneurs, while at the same time providing a real, meaningful relationship with outstanding bankers on a long-term basis. Personal, professional and responsive relationship banking has always been a principal attribute of this organization. In that context, we deliver

world-class products and services, such as foreign exchange and investments, to clients competing in this regional or global economy.

City National's strong and improved position in the financial landscape of Southern California provides us with a dynamic long-term opportunity to grow our revenues and our market share in 1997 and beyond, into the next century.

By extending our franchise at the start of 1997 outside of Los Angeles, Orange and San Diego counties into Ventura and the Inland Empire, we have added markets that together contain more than two million people and more than 3,000 small-to mid-size businesses. These counties are also projected to be the fastest growing in our region in the next few years. Fortunately, we were able to enter these counties by adding two banks that share our focus on business and private banking and our belief in strong relationships and superior service for clients. We believe there is a strong need in these growing communities for the enhanced capabilities and relationship approach to banking that we provide.

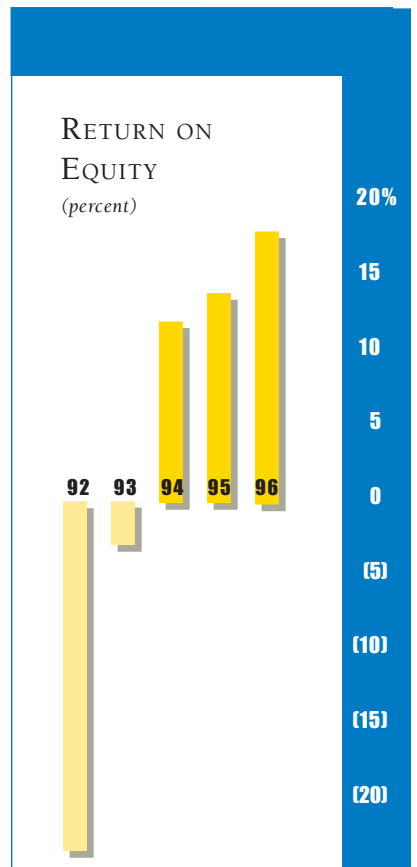
We are very pleased to welcome so many new shareholders, clients and colleagues from Ventura and Riverside to City National.

Not all our expansion has been geographic. In 1996, we significantly increased our ability to serve the specialized needs of our customers. We added two highly respected banking teams: one in agribusiness and one in foreign exchange. In addition, many outstanding, experienced bankers joined City National in our trust, investment, commercial banking, and branch divisions.

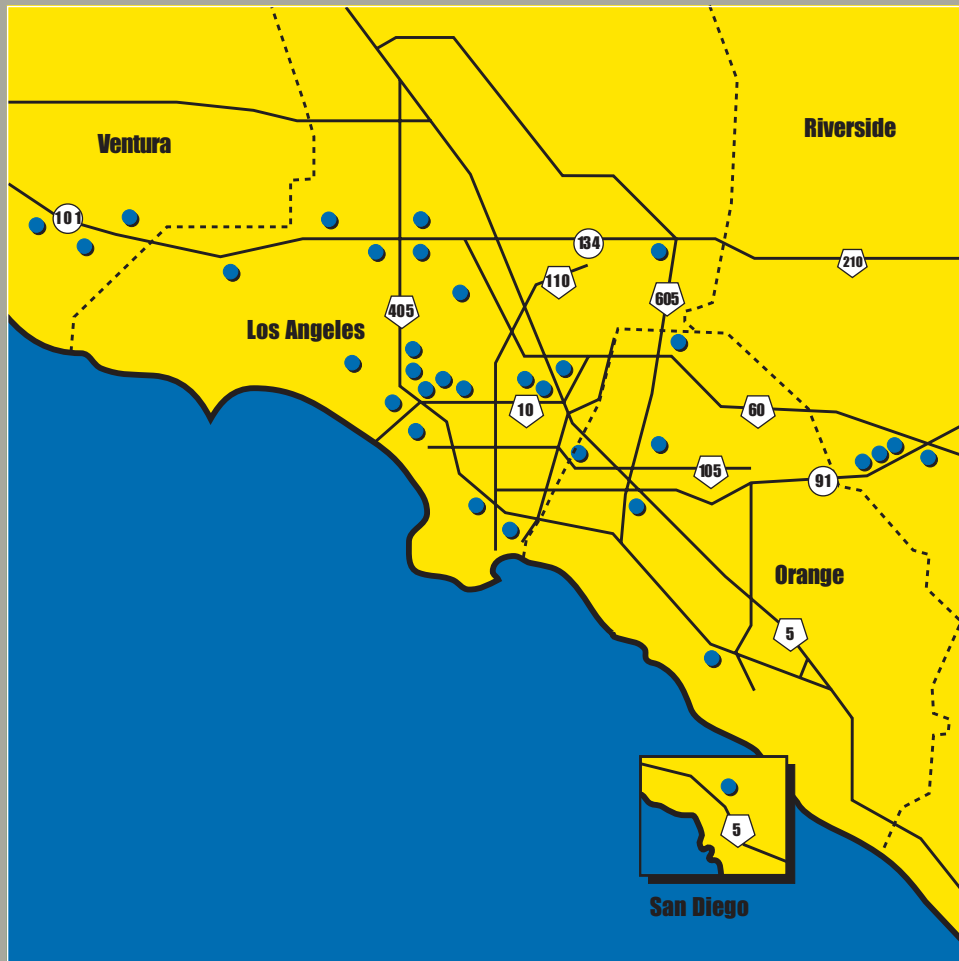
Some of the other significant financial benchmarks for the bank—and City National's 1996 results in these categories—are as follows:

- Net income of \$66.6 million produced earnings per share of \$1.47. In January 1997, we raised our quarterly dividend to \$0.11 per share, up 22%.
- Total average assets were \$3.8 billion for 1996, an increase of 34.1% over 1995. Average loans and core

FINANCIAL HIGHLIGHTS

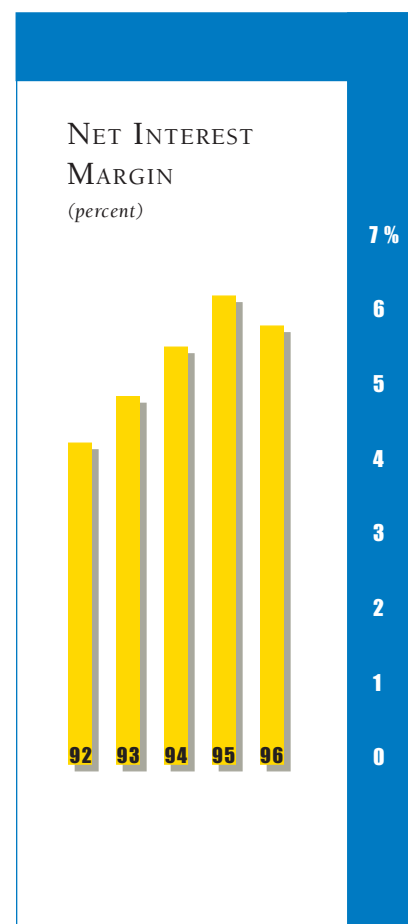


FROM VENTURA COUNTY TO THE MEXICAN BORDER,
FROM THE PACIFIC OCEAN INTO THE INLAND EMPIRE,
WHEREVER YOUR BUSINESS TAKES YOU IN SOUTHERN
CALIFORNIA, CITY NATIONAL IS THERE TO HELP.



deposits increased 44.4% and 30.5%, respectively, due in part to the recovering economy in Southern California as well as the acquisition of First Los Angeles Bank (First LA) in December 1995.

- Full-year 1996 earnings included strong increases in net interest income and non-interest income, reflective of the 34% increase in average earning assets. Earnings were also higher due to a \$4.2 million reduction in income tax expense from the recognition of deferred tax benefits. Excluding tax benefits referred to above, which will not recur in 1997, earnings were up 28% over the prior year period. The return on average assets was 1.74% in 1996 compared with 1.71% in 1995, while the return on average common equity rose to 17.82% from 13.92% in 1995.
- Non-interest income, excluding sales of securities and a leveraged lease, for 1996 was \$42.7 million, up from \$35.2 million last year. Investment services income and service fee income on deposit accounts were the primary contributors to the increase.
- No credit loss provision was recorded during either 1996 or 1995 as overall credit quality continued to improve.
- For the full year, non-interest expense, excluding OREO, was \$144.8 million, compared with \$118.7 million in 1995. A significant portion of the increase between the years was due to the acquisition of First LA.
- While non-performing assets (non-accrual loans and OREO) increased slightly to \$56.7 million at December 31, 1996 from \$55.6 million a year earlier, non-performing assets as a percent of total loans and related balances improved to 1.98% at December 31, 1996, compared with 2.36% a year earlier.
- The allowance for credit losses at December 31, 1996 totaled \$130.1 million, or 4.58% of outstanding loans, compared with \$131.5 million, or 5.60%, at December 31, 1995. The allowance for credit losses as a percentage of non-accrual loans increased to 313% at December 31, 1996, as compared with 273% the prior year.



Full-year 1996 net chargeoffs were \$1.4 million compared with net recoveries of \$7.1 million in 1995.

- The Corporation's Tier 1 capital ratio at December 31, 1996 was 13.26%, while its leverage ratio was 9.75%. The ratios have decreased from the prior year due to the acquisition of First LA and a share repurchase program, but continue to be substantially above the minimum capital ratio requirements for a "well-capitalized" institution.

**IMPROVING
CAPABILITIES
AND
OPPORTUNITY**

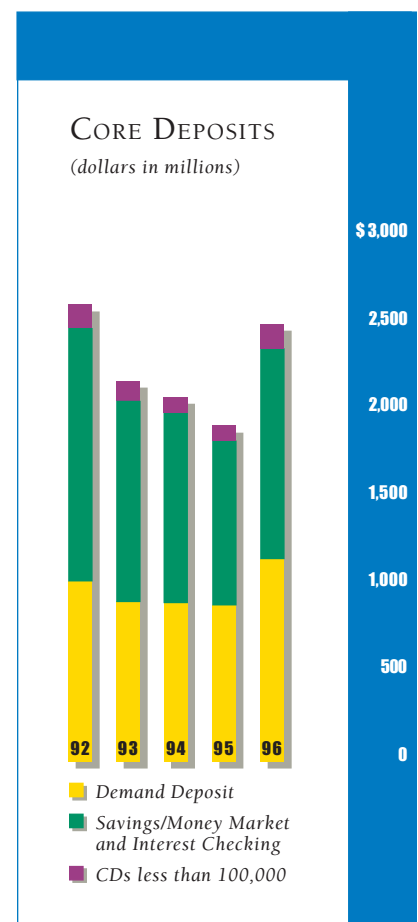
We began 1996 with an outstanding, proven team of 1,300 dedicated, effective and responsive banking professionals. In light of the opportunities presented by the bank mergers in our region during 1996, we aggressively added a number of excellent bankers to enhance our successful management team.

To our strong senior leadership team, our Executive Committee, we were very pleased to add Bob Brant, to lead and expand our Metro Los Angeles, Orange and San Diego counties regions; Kate Dwyer, to head Human Resources; Vern Kozlen, to run and grow City National Investments; and in January 1997, following the merger, Jim Robinson, the president and CEO of Riverside National Bank, joined us to run our new Inland Empire region.

Many other talented lenders, leaders and officers also joined City National to help it remain the premier banking team in Southern California.

In 1996, we also laid the groundwork for investment in our information systems and technology, during 1997. This will be a fundamental leap forward in our capabilities and productivity, in our cost control and improvement in services and products in the years ahead.

We are committed to providing our clients and our colleagues with state-of-the-art tools to manage their businesses successfully while actually achieving cost reductions and enhanced efficiencies from both our new, out-sourced information systems, and the re-engineering of some of our internal processes.



STRATEGY AND
PLANNING COMMITTEE

(left to right):

*George H. Benter Jr.,
Bram Goldsmith, Russell
Goldsmith, Frank P. Pekny*



City National's record results in 1996 reflect the fact that our entire organization is increasing its effectiveness and getting the job done very well.

In spite of ongoing challenges and competition, we begin 1997 confident that City National, with its strengthened team of bankers, its expanded geographic reach and market presence in Southern California, its strong fundamentals, its compelling competitive position, its clear identity as the local banking leader, its focus as a relationship-driven business and private bank, and its outstanding financial strength, will continue to be a great opportunity for our shareholders and our colleagues in the future, as demonstrated by our very significant success in 1996.

We want to express our deep appreciation to all of the people who are the heart of City National, our clients, shareholders, Directors, and our outstanding team of banking professionals. Together they made 1996 both the best year in the history of City National Corporation and the basis for an even better year in 1997. Thank you.

Sincerely,

Bram Goldsmith

CHAIRMAN

CITY NATIONAL CORPORATION

Russell Goldsmith

VICE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

CITY NATIONAL CORPORATION

MARCH 7, 1997

Selected Financial Information

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Dollars in thousands, except per share data

<i>As of or for the Year Ended December 31,</i>		<i>1996</i>	<i>1995</i>	<i>1994</i>	<i>1993</i>	<i>1992</i>
STATEMENT OF OPERATIONS DATA	Interest income	\$ 282,123	\$ 217,594	\$ 181,825	\$ 169,792	\$ 233,049
	Interest expense	82,389	55,331	38,414	41,996	84,433
	Net interest income	199,734	162,263	143,411	127,796	148,616
	Provision for credit losses	—	—	7,535	60,163	128,878
	Noninterest income (other than gains and losses on securities transactions)	43,808	35,162	36,180	45,810	45,365
	Gains (losses) on securities transactions	187	(596)	(3,383)	—	1,629
	Noninterest expense (other than ORE and consolidation charge)	144,795	118,684	121,296	129,226	150,546
	Consolidation charge	—	—	—	12,000	—
	ORE expense (income)	(200)	(608)	(5,297)	(4,489)	8,788
	Income (loss) from continuing operations before taxes	99,134	78,753	52,674	(23,294)	(92,602)
	Income taxes (benefit)	32,571	29,961	15,511	(9,260)	(32,450)
	Income (loss) from continuing operations	66,563	48,792	37,163	(14,034)	(60,152)
	Income from discontinued operations	—	—	—	7,128	804
	Net income (loss)	\$ 66,563	\$ 48,792	\$ 37,163	\$ (6,906)	\$ (59,348)
PER SHARE DATA	Income (loss) per share from continuing operations	\$ 1.47	\$ 1.06	\$ 0.81	\$ (0.35)	\$ (1.87)
	Net income (loss) per share	1.47	1.06	0.81	(0.17)	(1.84)
	Cash dividends declared	0.36	0.26	0.05	—	—
	Book value per share	9.13	8.19	7.32	6.62	7.07
	Shares used to compute income (loss) per share	45,146	45,886	45,626	39,580	32,240
BALANCE SHEET DATA — AT PERIOD END	Assets	\$4,216,496	\$4,157,551	\$3,012,775	\$3,100,626	\$3,514,102
	Loans	2,839,435	2,346,611	1,643,918	1,628,803	2,167,992
	Securities	811,092	975,407	749,435	904,481	443,922
	Interest-earning assets	3,844,834	3,784,245	2,716,524	2,838,698	3,105,978
	Deposits	3,386,523	3,248,035	2,417,762	2,526,767	2,911,276
	Shareholders' equity	400,747	366,957	330,721	298,074	227,944
BALANCE SHEET DATA — AVERAGE BALANCES	Assets	\$3,821,314	\$2,849,807	\$2,831,471	\$2,944,461	\$3,918,949
	Loans	2,539,323	1,758,671	1,537,997	1,762,663	2,403,657
	Securities	839,564	705,122	854,823	517,059	548,734
	Interest-earning assets	3,505,422	2,624,436	2,594,241	2,623,164	3,550,920
	Deposits	2,871,870	2,062,412	2,241,175	2,380,106	3,133,109
	Shareholders' equity	373,491	350,551	313,196	260,649	259,629
ASSET QUALITY	Nonaccrual loans	\$ 41,543	\$ 48,124	\$ 58,801	\$ 79,303	\$ 253,089
	ORE	15,116	7,439	4,726	2,052	8,637
	Total nonaccrual loans and ORE	\$ 56,659	\$ 55,563	\$ 63,527	\$ 81,355	\$ 261,726
	Assets held for accelerated disposition	\$ —	\$ —	\$ —	\$ 17,450	\$ —
PERFORMANCE RATIOS	Return on average assets	1.74%	1.71%	1.31%	(0.23)%	(1.51)%
	Return on average shareholders' equity	17.82	13.92	11.87	(2.65)	(22.84)
	Net interest spread	4.47	4.84	4.60	4.12	3.44
	Net interest margin	5.87	6.26	5.57	4.92	4.30
	Average shareholders' equity to average assets	9.77	12.30	11.06	8.85	6.62
ASSET QUALITY RATIOS	Nonaccrual loans to total loans	1.46%	2.05%	3.58%	4.87%	11.67%
	Nonaccrual loans and ORE to total assets	1.34	1.34	2.11	2.62	7.45
	Allowance for credit losses to total loans	4.58	5.60	6.41	6.78	6.28
	Allowance for credit losses to nonaccrual loans	313.14	273.28	179.15	139.34	53.77
	Net charge offs (recoveries) to average loans	0.06	(0.40)	0.83	4.78	4.93

Condensed Consolidated Balance Sheet

Dollars in thousands, except share amounts

	December 31,	1996	1995
ASSETS	Cash and due from banks	\$ 331,046	\$ 339,737
	Interest-bearing deposits in other banks	10,978	80,696
	Federal funds sold and securities purchased under resale agreements	151,200	351,803
	Investment securities (market value \$194,655 in 1996 and \$110,524 in 1995)	195,229	110,006
	Securities available-for-sale (cost \$619,580 in 1996 and \$862,276 in 1995)	615,863	865,401
	Trading account securities	32,129	29,728
	Loans	2,839,435	2,346,611
	Less allowance for credit losses	130,089	131,514
	Net loans	2,709,346	2,215,097
	Leveraged leases	6,147	8,400
	Premises and equipment, net	24,196	23,607
	Customers' acceptance liability	2,339	2,656
	Other real estate	15,116	7,439
	Deferred tax asset	65,291	64,420
Other assets	57,616	58,561	
Total assets	\$ 4,216,496	\$ 4,157,551	
LIABILITIES	Demand deposits	\$ 1,642,558	\$ 1,490,934
	Interest checking deposits	386,211	380,230
	Money market deposits	714,127	801,369
	Savings deposits	136,691	89,042
	Time deposits-under \$100,000	146,076	142,731
	Time deposits-\$100,000 and over	360,860	343,729
	Total deposits	3,386,523	3,248,035
	Federal funds purchased and securities sold under repurchase agreements	194,549	258,353
	Other short-term borrowings	148,642	195,100
	Long-term debt	34,800	25,000
	Other liabilities	48,896	61,450
	Acceptances outstanding	2,339	2,656
Total liabilities	3,815,749	3,790,594	
COMMITMENTS AND CONTINGENCIES			
SHAREHOLDERS' EQUITY	Preferred Stock authorized – 5,000,000, none outstanding	–	–
	Common Stock-par value – \$1.00; authorized – 75,000,000		
	Issued – 46,302,782 shares in 1996 and 45,553,724 shares in 1995	46,303	45,554
	Additional paid-in capital	275,610	266,829
	Unrealized gain (loss) on available for sale securities	(2,149)	1,955
	Retained earnings	113,266	62,518
	Treasury shares, at cost – 2,394,600 shares in 1996 and 762,500 shares in 1995	(32,283)	(9,899)
	Total shareholders' equity	400,747	366,957
Total liabilities and shareholders' equity	\$ 4,216,496	\$ 4,157,551	

Condensed Consolidated Statement of Income

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In thousands, except per share amounts

For the year ended December 31,

	1996	1995	1994	
INTEREST INCOME	Interest and fees on loans	\$ 224,702	\$ 168,862	\$ 130,129
	Interest on federal funds sold and securities purchased under resale agreements	3,562	7,013	7,264
	Interest on investments securities:			
	U. S. Treasury and federal agency securities	6,829	25,853	32,521
	Municipal securities	2,607	1,091	848
	Other securities	2,089	2,280	1,566
	Interest on securities available-for-sale	40,485	10,480	8,301
	Interest on trading account	1,849	2,015	1,196
Total	282,123	217,594	181,825	
INTEREST EXPENSE	Interest on deposits	54,756	32,039	29,023
	Interest on federal funds purchased and securities sold under repurchase agreements	12,835	16,404	8,552
	Interest on other short-term borrowings	12,835	5,829	839
	Interest on long-term debt	1,963	1,059	—
	Total	82,389	55,331	38,414
	Net interest income	199,734	162,263	143,411
Provision for credit losses	—	—	7,535	
Net interest income after provision for credit losses	199,734	162,263	135,876	
NONINTEREST INCOME	Service charges on deposit accounts	10,798	8,073	9,294
	Investment services income	11,453	8,779	7,168
	Trust fees	7,176	6,496	6,762
	Gain (loss) on sale of assets	1,124	(83)	1,494
	Gain (loss) on sale of securities	187	(596)	(3,383)
	All other income	13,257	11,897	11,462
	Total	43,995	34,566	32,797
NONINTEREST EXPENSE	Salaries and other employee benefits	77,011	65,375	64,396
	Professional	13,698	8,836	8,264
	Net occupancy of premises	8,976	7,923	10,286
	Data processing	8,659	7,476	7,202
	Promotion	5,563	4,419	2,962
	Depreciation	5,143	4,120	4,145
	Office supplies	4,828	3,955	4,658
	FDIC insurance	2	2,486	5,774
	Equipment	2,249	2,272	2,653
	Other operating	18,666	11,822	10,956
	ORE (income)	(200)	(608)	(5,297)
	Total	144,595	118,076	115,999
	Income before income taxes	99,134	78,753	52,674
Income tax expense	32,571	29,961	15,511	
Net income	\$ 66,563	\$ 48,792	\$ 37,163	
Net income per share	\$ 1.47	\$ 1.06	\$ 0.81	
Shares used to compute income per share	45,146	45,886	45,626	
Dividends per share	\$ 0.36	\$ 0.26	\$ 0.05	

Condensed Consolidated Statement of Cash Flows

Dollars in thousands

For the year ended December 31,

1996

1995

1994

**CASH FLOWS
FROM OPERATING
ACTIVITIES**

Net income	\$ 66,563	\$ 48,792	\$ 37,163
Adjustment to net income:			
Provision for credit losses	–	–	7,535
Writedowns on ORE	229	96	–
Gain on sales of ORE	(325)	(1,055)	(5,597)
Depreciation	5,143	4,120	4,145
Net (increase) decrease in trading securities	(2,401)	(4,197)	14,234
Net (increase) decrease in deferred tax benefits	(871)	(6,077)	(10,200)
Prepaid income taxes	(4,932)	–	–
Net increase in other liabilities (assets)	(24,699)	(6,277)	165
Other, net	18,362	6,047	35,745
Net cash provided by operating activities	57,069	41,449	83,190

**CASH FLOWS
FROM INVESTING
ACTIVITIES**

Net (increase) decrease in short-term investments	69,718	(80,022)	(25)
Purchase of securities available-for-sale	(418,339)	(184,905)	(249,087)
Sales and maturities of securities available-for-sale	656,100	160,413	151,961
Maturities of investment securities	34,819	181,615	532,297
Purchase of investment securities	(123,706)	(32,951)	(313,786)
Purchase of residential mortgage loans	(250,726)	(178,084)	(187,623)
Sale of residential mortgage loans	62,717	–	–
(Loan originations) and principal collections, net	(340,802)	(206,580)	118,765
Proceeds from sales of ORE	5,730	6,489	20,543
Proceeds from sale of leveraged leases	1,824	329	5,141
Net cash from acquisitions	–	95,624	–
Other, net	31,049	17,688	33,661
Net cash provided (used) by investing activities	(271,616)	(220,384)	111,847

**CASH FLOWS
FROM FINANCING
ACTIVITIES**

Net increase (decrease) in federal funds purchased and securities sold under repurchase agreements	(63,804)	83,633	(20,339)
Net increase (decrease) in deposits	138,488	33,717	(109,005)
Net increase in short-term borrowings	(46,458)	145,000	35,000
Proceeds from issuance of long-term debt	9,800	25,000	–
Proceeds from issuance of common stock	7,847	3,131	1,147
Stock repurchases	(22,384)	(9,899)	–
Cash dividends paid	(15,815)	(11,755)	(2,258)
Other, net	(2,421)	5,967	(3,405)
Net cash provided (used) by financing activities	5,253	274,794	(98,860)
Net decrease in cash and cash equivalents	(209,294)	95,859	96,177
Cash and cash equivalents at beginning of year	691,540	595,681	499,504
Cash and cash equivalents at end of year	\$ 482,246	\$ 691,540	\$ 595,681

**SUPPLEMENTAL
DISCLOSURES OF
CASH FLOW
INFORMATION**

Cash paid (received) during the year for:			
Interest	\$ 82,535	\$ 53,198	\$ 38,406
Income taxes	31,750	36,248	4,444
Non-cash investing activities:			
Transfer from loans to foreclosed assets	15,608	2,465	4,023
Transfers from investment securities to securities available-for-sale	–	402,304	–
Non-cash financing activities:			
Proceeds from mortgages payable	–	–	(26,319)

Condensed Consolidated Statement of Changes in Shareholders' Equity

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Dollars in thousands

	Shares issued	Common stock	Additional paid-in capital	Unrealized gain (loss) on securities available- for-sale	Retained earnings (deficit)	Treasury stock	Total shareholders' equity
Balances, December 31, 1993	45,027,417	\$45,027	\$262,471	\$ —	\$ (9,424)	\$ —	\$298,074
Net income	—	—	—	—	37,163	—	37,163
Stock options exercised	165,261	166	981	—	—	—	1,147
Tax benefit from stock options	—	—	159	—	—	—	159
Cash dividends	—	—	—	—	(2,258)	—	(2,258)
Change in unrealized gain (loss) on securities available-for-sale	—	—	—	(3,564)	—	—	(3,564)
Balances, December 31, 1994	45,192,678	45,193	263,611	(3,564)	25,481	—	330,721
Net income	—	—	—	—	48,792	—	48,792
Stock options exercised	361,046	361	2,770	—	—	—	3,131
Tax benefit from stock options	—	—	448	—	—	—	448
Cash dividends	—	—	—	—	(11,755)	—	(11,755)
Change in unrealized gain (loss) on securities available-for-sale	—	—	—	5,519	—	—	5,519
Repurchased shares	—	—	—	—	—	(9,899)	(9,899)
Balances, December 31, 1995	45,553,724	45,554	266,829	1,955	62,518	(9,899)	366,957
Net income	—	—	—	—	66,563	—	66,563
Stock options exercised	749,058	749	7,098	—	—	—	7,847
Tax benefit from stock options	—	—	1,683	—	—	—	1,683
Cash dividends	—	—	—	—	(15,815)	—	(15,815)
Change in unrealized gain (loss) on securities available-for-sale	—	—	—	(4,104)	—	—	(4,104)
Repurchased shares	—	—	—	—	—	(22,384)	(22,384)
Balances, December 31, 1996	46,302,782	\$46,303	\$275,610	\$ (2,149)	\$113,266	\$ (32,283)	\$400,747

KPMG Peat Marwick LLP

The Board of Directors
City National Corporation

We have audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of City National Corporation and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 1996, (not presented herein) and in our report dated January 24, 1997, 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 Peat Marwick LLP

Los Angeles, California
January 24, 1997

Officers and Directors

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BOARD OF DIRECTORS

Bram Goldsmith
Chairman of the Board
City National Corporation

Richard L. Bloch
President
Piñon Farms, Inc.

Charles E. Rickershauser Jr.
Chairman of the Board
PS Group, Inc.

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

Mirion P. Bowers, M.D.
Owner, Perry and Associates

Edward Sanders
Attorney and Principal
Sanders, Barnet, Goldman,
Simons & Mosk

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

Stuart D. Buchalter
Of Counsel, Buchalter,
Nemer, Fields & Younger

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

Burton S. Horwitch
Chairman
Deena, Inc.

Kenneth Ziffren
Partner
Ziffren, Brittenham,
Branca & Fischer

EXECUTIVE COMMITTEE

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

Kate Dwyer
Senior Vice President
Human Resources

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

Bram Goldsmith
Chairman of the Board
City National Corporation

Martha Henderson
Executive Vice President
Entertainment Banking

John B. Ricci
Senior Vice President
Core Banking Division

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

Stanley J. Kafka
Executive Vice President
Real Estate

James Robinson
Executive Vice President
Inland Empire Commercial Banking
Center

Leland Boles
Regional Senior Vice President
Orange County Commercial
Banking Center

Vernon C. Kozlen
Executive Vice President
City National Investments

Richard H. Sheehan Jr.
Senior Vice President, Secretary and
General Counsel
City National Bank and
City National Corporation

Robert Brant
Executive Vice President
Los Angeles Metropolitan Region,
Orange and San Diego County
Commercial Banking Centers

Robert A. Moore
Executive Vice President
Credit Group

Roberta J. Swan
Executive Vice President
Operations Administration

Heng W. Chen
Senior Vice President, Finance
and Controller

Robert D. Patterson
Regional Senior Vice President
San Fernando Valley and Ventura
County Commercial
Banking Centers

Fredrick Taff
Executive Vice President,
Westside Commercial Banking
Center

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

**COMMERCIAL
BANKING CENTERS**

**Downtown Los Angeles
Commercial Banking Center**
606 S. Olive St.
Los Angeles, CA 90014
Robert Brant, EVP
(213) 347-2250

**San Fernando Valley
Commercial Banking Center**
16133 Ventura Blvd.
Encino, CA 91436
Robert Patterson, RSVP
(818) 905-4137

**South Orange County
Commercial Banking Center**
4100 MacArthur Blvd.
Newport Beach, CA 92660
Wally Nielsen, VP
(714) 440-7600

**Inland Empire Commercial
Banking Center**
3484 Central Avenue
Riverside, CA 92506
James Robinson, EVP
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**San Gabriel Valley Commercial
Banking Center**
13191 Crossroads Parkway North
City of Industry, CA 91746
Richard Dean, SVP
(562) 463-2000

**Ventura Commercial
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500 Esplanade Drive
Oxnard, CA 93030
Carl Raggio, SVP
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**Orange County Commercial
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14241 East Firestone Blvd.
La Mirada, CA 90638
Lee Boles, RSVP
(562) 483-5961

**South Bay Commercial
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3424 Carson St.
Torrance, CA 90503
Jon Spallino, VP
(310) 793-5700

**Westside Commercial
Banking Center**
City National Center
400 N. Roxbury Drive
Beverly Hills, CA 90210
Rick Taff, EVP
(310) 888-6100

**San Diego Commercial
Banking Center**
8950 Villa La Jolla Drive
La Jolla, CA 92037
Thomas La Hay, SVP
(619) 642-4950

**SPECIALIZED
BANKING SERVICES**

Agribusiness Unit
606 South Olive Street
Los Angeles, CA 90014
Debbie Jett Kessel, VP
(213) 347-2231

**Entertainment Banking
City National Center**
400 North Roxbury Drive
Beverly Hills, CA 90210
Martha Henderson, EVP
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Residential Mortgage Center
12555 West Jefferson Boulevard
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Herschel Ritzman, SVP
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Dorcas Shaktman, VP
(213) 427-5181

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**Small Business
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Kristine Chung, SVP
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City National Center**
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Vernon Kozlen, EVP
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Stanley Kafka, EVP
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Specialty Deposits
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City of Commerce, CA 90040
Phil Petrozzi, SVP
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LOS ANGELES COUNTY

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1950 Avenue of the Stars
Los Angeles, CA 90067
Nicolette Schwartz, Manager
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Janice Geringer, Manager
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Kenneth Melcher, Manager
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City of Commerce, CA 90040
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La Mirada, CA 90638
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Los Angeles, CA 90015
Dan McCutcheon, Manager
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9229 Sunset Blvd.
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Jeri O'Shea, Manager
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Torrance
3424 Carson St.
Torrance, CA 90503
Patrick Pearson, Manager
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131 W. Anaheim St.
Wilmington, CA 90744
Robert Briggs, Manager
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Bonnie Snyder Rubin, Manager
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John Batiste, Manager
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ORANGE COUNTY

La Palma
One Centerpointe Drive
La Palma, CA 90623
Marla Young, Manager
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Ted Bremner, Manager
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Riverside, CA 92505
David Fisher, Manager
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Magnolia
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Riverside, CA 92506
Susan Daries, Manager
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Riverside Main
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Riverside, CA 92506
Michael Vanderpool, Manager
(909) 276-8800

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Riverside, CA 92507
Cinthy Howard, Manager
(909) 276-8930

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Denis Weber, Manager
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Oxnard, CA 93030
Mark Dufresne, Manager
(805) 981-2600

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Ventura, CA 93003
Maribeth Butler, Manager
(805) 656-5991

Westlake Village
2655 Townsgate Rd.
Westlake Village, CA 91361
Christy Cortes, Manager
(805) 497-4144

Market Data on Common Stock

The Corporation's common stock is listed and traded principally on the New York Stock Exchange under the symbol "CYN." 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>	<i>High</i>	<i>Low</i>	<i>Dividends Declared</i>
1996	March 31	\$ 14.13	\$ 12.63	\$.09
	June 30	16.50	15.50	.09
	September 30	19.00	14.63	.09
	December 31	22.25	17.38	.09
1995	March 31	\$ 12.38	\$ 10.00	\$.05
	June 30	11.75	9.75	.07
	September 30	15.38	11.25	.07
	December 31	14.25	12.63	.07

FORM 10-K For shareholders and others interested in information beyond that shown in this report, the Company's Annual Report on Form 10-K for 1996, required to be filed with the Securities and Exchange Commission, may be obtained without charge by writing to:

Heng Chen
Senior Vice President
Finance Division, City National Bank
City National Center
400 North Roxbury Drive
Beverly Hills, CA 90210

Or by visiting our Web Site at:
<http://www.cityntl.com>



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