

October 23, 2008

**Contacts:**

Financial/Investors

Christopher J. Carey, City National, 310.888.6777

[Chris.Carey@cnb.com](mailto:Chris.Carey@cnb.com)

**Conference Call:**

Today 2:00 p.m. PDT

(866) 393-6804

Conference ID: 64856245

Media

Cary Walker, City National, 213.673.7615

[Cary.Walker@cnb.com](mailto:Cary.Walker@cnb.com)

**City National Corp. Reports Third-Quarter 2008 Net Income  
Of \$16.6 Million, or \$0.34 per Share;  
Year-to-Date Net Income Totals \$96 Million, or \$1.98 per Share**

*Management Declares Quarterly Cash Dividend of \$0.48 per Share*

*Assets, Loans, Core Deposits and Brokerage Assets Increase*

**LOS ANGELES** – City National Corporation (NYSE: CYN, [www.cnb.com](http://www.cnb.com)), the parent company of wholly owned City National Bank, today reported third-quarter 2008 net income of \$16.6 million, or \$0.34 per share. Excluding charges of \$19.6 million, or \$0.40 per share, for the impairment of Fannie Mae, Freddie Mac and other securities, third-quarter net income amounted to \$36.2 million, or \$0.74 per share. In the third quarter of 2007, the company earned \$1.22 per share on net income of \$60.1 million.

Year to date, City National has earned \$96.0 million, or \$1.98 per share, on revenue of \$662.5 million. In the first nine months of 2007, the company earned net income of \$175.8 million, or \$3.56 per share, on revenue of \$674.8 million.

The company also announced today that its Board of Directors has again declared a 2008 quarterly common stock cash dividend of \$0.48 per share. The quarterly dividend is payable on November 19, 2008 to stockholders of record on November 5, 2008.

**THIRD-QUARTER 2008 HIGHLIGHTS**

- Average loans reached \$12.2 billion, up 9 percent from the same period a year ago.
- Average core deposits were \$10.5 billion, up 1 percent from the third quarter of 2007.

## City National Corp. Reports Third-Quarter 2008 Net Income

Page 2

- Third-quarter 2008 net income reflects a \$35.0 million provision for credit losses, equal to what the company recorded for the second quarter of this year. Taking into account net charge-offs of \$12.8 million, the third-quarter provision added an incremental \$23.0 million to City National's allowance for loan and lease losses. At September 30, 2008, the company's allowance was \$208.0 million, or 169 basis points of total loans and leases.
- Excluding securities impairment charges, noninterest income totaled \$82.6 million, up 2 percent from the third quarter of 2007.
- City National's net interest margin averaged 4.23 percent in the third quarter of 2008, unchanged from the second quarter of this year.
- The company remained well capitalized. Its period-end ratio of equity-to-total-assets at September 30, 2008 was 10.20 percent, compared to 10.51 percent at September 30, 2007 and 10.21 percent at June 30 of this year.

"City National recorded its 62<sup>nd</sup> consecutive quarter of profitability and has earned nearly \$100 million year-to-date," said President and Chief Executive Officer Russell Goldsmith. "The fundamentals of our business are solid and profitable. Capital, liquidity and credit reserves remain strong, but earnings this quarter were clearly impacted by securities impairment charges.

"City National is not burdened by many of the highly publicized problems, such as subprime loans, that are affecting some other financial institutions. While we remain focused on credit quality and cost control, we are, at the same time, investing in the future of our franchise by selectively adding key talent, attracting new clients and expanding relationships with existing clients, as evidenced by the addition in this quarter of \$1 billion in clients' securities, deposits and money-market investments."

<i>Dollars in millions, except per share</i>	<i>For the three months ended</i>			<i>For the three months ended</i>		
	<i>September 30,</i>		<i>%</i>	<i>June 30, 2008</i>		<i>%</i>
	<i>2008</i>	<i>2007</i>	<i>Change</i>			<i>Change</i>
<i>Earnings Per Share</i>	\$ 0.34	\$ 1.22	(72)	\$ 0.73		(53)
<i>Net Income</i>	16.6	60.1	(72)	35.5		(53)
<i>Average Assets</i>	16,120.6	15,594.9	3	16,077.2		0
<i>Return on Average Assets</i>	0.41 %	1.53 %	(73)	0.89 %		(54)
<i>Return on Average Equity</i>	3.91 %	14.69 %	(73)	8.42 %		(54)

### ASSETS

Total assets at September 30, 2008 were \$16.3 billion, up 5 percent from the third quarter of 2007.

City National's third-quarter return on average assets was 0.41 percent, compared with 1.53 percent for the same period last year, and 0.89 percent for the second quarter of 2008. The company's return on average equity was 3.91 percent, compared with 14.69 percent for the third quarter of 2007 and 8.42 percent for the second quarter of this year.

## City National Corp. Reports Third-Quarter 2008 Net Income

Page 3

### REVENUE

Revenue was \$202.9 million in the third quarter of 2008, compared with \$235.0 million in the year-ago period and \$231.6 million in the second quarter of this year. Excluding impairment charges, revenue grew slightly from the third quarter of 2007 and 2 percent from the second quarter of this year.

### NET INTEREST INCOME

Fully taxable-equivalent net interest income was \$157.1 million in the third quarter, up 2 percent from the second quarter of this year and virtually unchanged from the same period last year.

Third-quarter average loan balances reached \$12.2 billion, up 9 percent from the third quarter of 2007 and 1 percent from the second quarter of this year. Commercial loans increased 10 percent from the third quarter of last year and 1 percent from the second quarter of this year. Construction and commercial real estate loans together grew 8 percent from the third quarter of 2007 but were virtually unchanged from the second quarter of this year. Average single-family residential mortgage loans to City National's private banking clients rose 9 percent from the third quarter of 2007 and 2 percent from the second quarter of this year.

Average securities for the third quarter of 2008 totaled \$2.4 billion, down \$471 million from the same period last year and \$94 million from the second quarter of 2008. Cash flow from the investment portfolio was used to fund growth in loans. The average duration of total available-for-sale securities at September 30, 2008 was 3.4 years, compared with 3.4 years at the end of the third quarter of 2007 and 3.6 years at June 30, 2008.

At September 30, 2008, City National's prime lending rate was 5.0 percent, down 275 basis points from September 30, 2007 and unchanged from June 30, 2008.

City National's net interest margin in the third quarter of 2008 averaged 4.23 percent, unchanged from the second quarter of 2008.

<i>Dollars in millions</i>	<i>For the three months ended</i>			<i>For the three months ended</i>	
	<i>September 30,</i>		<i>%</i>	<i>June 30, 2008</i>	<i>%</i>
	<i>2008</i>	<i>2007</i>	<i>Change</i>		<i>Change</i>
<i>Average Loans and Leases</i>	\$ 12,230.6	\$ 11,191.1	9	\$ 12,058.9	1
<i>Average Total Securities</i>	2,358.9	2,830.5	(17)	2,453.2	(4)
<i>Average Earning Assets</i>	14,767.8	14,198.4	4	14,694.6	0
<i>Average Deposits</i>	11,737.1	12,442.2	(6)	11,694.7	0
<i>Average Core Deposits</i>	10,514.8	10,388.0	1	10,551.4	0
<i>Fully Taxable-Equivalent</i>					
<i>Net Interest Income</i>	157.1	158.1	(1)	154.4	2
<i>Net Interest Margin</i>	4.23 %	4.42 %	(4)	4.23 %	0

Third-quarter average deposits totaled \$11.7 billion, down 6 percent from the third quarter of last year, as the company was able to reduce its holdings of higher-cost non-core time deposits. Average deposits grew slightly from the second quarter of 2008.

## City National Corp. Reports Third-Quarter 2008 Net Income

Page 4

Both average core deposits and average noninterest-bearing deposits grew 1 percent from the third quarter of 2007 but were down slightly from the second quarter of 2008 and now equal 90 percent of the company's average deposit balances.

Title and escrow deposit balances averaged \$967 million, down \$209 million from the third quarter of 2007 and \$25 million from the second quarter of this year, due to a decline in residential and commercial real estate activity.

### NONINTEREST INCOME

Noninterest income was \$50.1 million in the third quarter of 2008, a 38 percent decline from the same period one year ago. The decline was due to impairment charges resulting from unprecedented disruption in the financial markets. One was the previously announced \$21.9 million write-down of Fannie Mae and Freddie Mac perpetual preferred investments. Third-quarter results also reflect charges of \$10.7 million for the impairment of securities held in the company's \$2.2 billion available-for-sale securities portfolio.

#### *Wealth Management*

City National's assets under management totaled \$33.1 billion as of September 30, 2008, down 11 percent from the year-earlier period. City National's money-market funds and managed fixed-income accounts grew as the result of a flight to safety by investors during a time of market volatility. However, this growth was offset by a decline in assets under management at the company's wealth management affiliates. This decline was due in part to an anticipated shift of funds by the former owner of City National's institutional asset management affiliate to its own in-house manager. Assets under management also were significantly affected by lower market valuations.

As a result of lower valuations and asset mix changes, trust and investment fees fell 11 percent from the third quarter of 2007. Brokerage and mutual fund fees rose 25 percent from the third quarter of last year, due largely to the growth of money-market fund balances. These fees grew 4 percent from the second quarter of 2008, reflecting an increase of 11 percent – or \$719 million – in brokerage assets.

<i>Dollars 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, 2008</i>	
	<i>2008</i>	<i>2007</i>			<i>2008</i>	<i>Change</i>
<i>Trust and Investment Fee Revenue</i>	\$ 33.5	\$ 37.5	(11)	\$	34.2	(2)
<i>Brokerage and Mutual Fund Fees</i>	19.5	15.5	25		18.7	4
<i>Assets Under Management (1)</i>	33,105.6	37,112.0	(11)		33,773.4	(2)
<i>Assets Under Management or Administration (1)</i>	52,367.2	59,243.5	(12)		53,509.7	(2)

(1) Excludes \$6.9 billion, \$12.1 billion, and \$9.0 billion of assets under management for an asset manager in which City National held a minority ownership interest as of September 30, 2008, September 30, 2007, and June 30, 2008, respectively.

## **City National Corp. Reports Third-Quarter 2008 Net Income**

Page 5

### *Other Noninterest Income*

Income from cash management and deposit transaction fees rose 41 percent from the same period of last year and 2 percent from the second quarter of 2008, due to the impact of declining interest rates on compensating deposit balances and the sale of additional cash management services. Fee income from foreign exchange services and letters of credit grew 3 percent from the third quarter of 2007 and was up slightly from the second quarter of this year.

Other service charges and fees were \$8.4 million in the third quarter of 2008, up 16 percent from the year-ago period.

### **NONINTEREST EXPENSE**

Third-quarter 2008 noninterest expense amounted to \$145.8 million, up 6 percent from the third quarter of 2007, and 3 percent from the second quarter of this year. The increase from last year was due in part to \$1.8 million of additional expense for FDIC premiums and a \$1.6 million settlement related to licensing of check imaging and processing technology. Excluding higher FDIC premiums and the settlement, City National's third-quarter noninterest expense grew 4 percent from the year-ago period.

### **CREDIT QUALITY**

City National recorded a \$35.0 million provision for credit losses in the third quarter of 2008, as it did in the second quarter of this year. After net charge-offs, this provision added \$23.0 million to the company's allowance for loan and lease losses. The provision reflects management's continuing assessment of the credit quality of the company's loan portfolio, which is affected by various economic trends, including continuing weakness in the housing sector. Additional factors affecting the provision include net loan charge-offs, nonaccrual loans, risk-rating migration and growth in the portfolio.

Nonaccrual loans of \$150.9 million and other-real-estate-owned (OREO) assets of \$2.3 million at September 30, 2008 totaled \$153.2 million, or 125 basis points of total loans and other nonperforming assets, up from \$115.3 million, or 95 basis points, in the second quarter and \$26.2 million, or 23 basis points, at September 30, 2007.

Third-quarter net charge-offs totaled \$12.8 million, down from \$18.9 million in the second quarter of this year. Net charge-offs were \$3.6 million in the third quarter of 2007. Loans for residential acquisition and development and construction accounted for most of the third-quarter 2008 net charge-offs.

## City National Corp. Reports Third-Quarter 2008 Net Income

Page 6

<i>Period-end Loans (in millions)</i>	<i>As of September 30, 2008</i>		<i>As of September 30, 2007</i>		<i>As of June 30, 2008</i>	
	<i>Total</i>	<i>Nonaccrual</i>	<i>Total</i>	<i>Nonaccrual</i>	<i>Total</i>	<i>Nonaccrual</i>
<i>Commercial Loans</i>	\$ 4,746.0	\$ 26.2	\$ 4,216.1	\$ 7.7	\$ 4,703.3	\$ 16.4
<i>Commercial R.E. Loans</i>	2,159.1	5.9	1,894.8	2.0	2,016.1	0.7
<i>Real Estate Construction Loans</i>	1,313.7	113.3	1,391.0	15.5	1,483.2	86.3
<i>Residential Mortgages</i>	3,364.3	0.3	3,114.3	0.4	3,319.7	0.6
<i>Equity Lines of Credit</i>	541.0	1.4	404.9	0.5	495.3	1.4
<i>Other Loans</i>	154.4	3.8	169.0	0.1	160.7	0.8
<i>Total Loans</i>	\$ 12,278.5	\$ 150.9	\$ 11,190.1	\$ 26.2	\$ 12,178.3	\$ 106.2
<i>Other Real Estate Owned</i>	\$ 2.3		\$ -		\$ 9.1	

Loans to homebuilders amounted to \$480 million, or 3.9 percent of City National's \$12.3 billion loan portfolio, at September 30, 2008. These loans generally have a guarantor or other credit enhancement support. The bank is actively managing each homebuilder loan and taking appropriate steps to mitigate risk and minimize loss exposure.

Excluding loans to homebuilders, City National's construction and commercial real estate portfolio has generally continued to perform satisfactorily. Within the construction portfolio, there is weakness in consumer-oriented property types, including for-sale housing and, to a lesser extent, retail projects. These portfolios are diverse in terms of geography and product type. They consist primarily of recourse loans to well-established real estate developers and are generally located in established urban markets. Most of these developers are clients with whom the bank has significant long-term relationships.

The company's commercial loan portfolio also continued to perform satisfactorily.

City National's residential mortgage loans and home-equity loans continue to perform well. The portfolio average loan-to-value ratios at origination are 50 percent and 53 percent, respectively. None of the loans has been originated through brokers or third parties. City National does not originate or purchase subprime or option adjustable rate mortgages.

At September 30, 2008, the allowance for loan and lease losses was \$208.0 million, or 169 basis points of total loans and leases. Consistent with its methodology, the bank maintains an additional \$23.3 million in reserves for off-balance-sheet credit commitments.

### INCOME TAXES

The company's third-quarter 2008 effective tax rate was 25.2 percent, compared to 38.4 percent in the third quarter of last year. The lower tax rate for the third quarter of this year is attributable to lower pretax income. The effective rate for the second quarter of this year was 35.6 percent.

The company expects the tax rate to return to more normal levels in the fourth quarter of this year.

**2008 YEAR-TO-DATE HIGHLIGHTS**

- Year to date, City National has earned \$96.0 million, or \$1.98 per share, compared with \$175.8 million, or \$3.56 per share for the first nine months of 2007.
- Revenue for the first nine months of this year was \$662.5 million, compared with \$674.8 million for the first three quarters of 2007.
- Fully taxable-equivalent net interest income amounted to \$464 million, down slightly from the first nine months of 2007. The company's net interest margin averaged 4.24 percent in the first nine months of 2008, down from 4.46 percent during the same period of the prior year.
- Average loans reached \$12.0 billion, up 10 percent from the first nine months of 2007.
- Average deposits for the first nine months of this year amounted to \$11.7 billion, down 5 percent from the same period of 2007. Core deposit balances totaled \$10.4 billion in the first three quarters of 2008, up 1 percent from the first nine months of 2007.
- Noninterest income totaled \$211.4 million, down 4 percent from the first nine months of 2007.
- During the first nine months of 2008, the company's provisions for loan losses totaled \$87 million. The company made no provision in the first nine months of 2007.
- Noninterest expense for the first nine months of 2008 increased 9 percent from the same period of 2007. Excluding increased FDIC costs, the settlement related to licenses for deposit processing technology and the acquisitions of both Business Bank of Nevada and Convergent Wealth Advisors, noninterest expense increased 4 percent from the same period of 2007.

**2008 OUTLOOK**

City National had a profitable third quarter, as most of its businesses continued to perform in line with expectations. The company's credit reserves, capital and liquidity remain strong.

Looking to the fourth quarter of 2008, City National expects noninterest income to slow due to declines in the equity markets. The company also anticipates subdued loan growth and pressure on its net interest margin due to lower interest rates.

Excluding the previously mentioned after-tax impairment charges of \$19.6 million, or \$0.40 per share, the company expects 2008 earnings per share of between \$3.05 and \$3.15.

## **City National Corp. Reports Third-Quarter 2008 Net Income**

Page 8

### **CAPITAL LEVELS**

City National remains well capitalized. Total risk-based capital and Tier 1 risk-based capital ratios at September 30, 2008 were 11.0 percent and 9.1 percent, respectively, compared with the minimum regulatory standards of 10.0 percent and 6.0 percent for “well-capitalized” institutions. City National’s Tier 1 leverage ratio at September 30, 2008 was 8.0 percent, well above the regulatory minimum ratio of 5.0 percent.

Total risk-based capital, Tier 1 risk-based capital and the Tier 1 leverage ratios at June 30, 2008 were 11.0 percent, 9.0 percent and 7.9 percent, respectively.

The period-end ratio of shareholders’ equity to total assets at September 30, 2008 was 10.2 percent, compared to 10.5 percent at September 30, 2007 and 10.2 percent at June 30, 2008.

### **STOCK REPURCHASE**

In the third quarter of 2008, City National did not repurchase any outstanding shares of the company’s stock. During the first three quarters of this year, it bought back 421,500 shares at an average cost of \$48.41.

### **CONFERENCE CALL**

*City National Corporation will host a conference call this afternoon to discuss third-quarter 2008 financial results. 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 (866) 393-6804 and enter Conference ID 64856245. A listen-only live broadcast of the call also will be available on the investor relations page of the company’s Website at [www.cnb.com](http://www.cnb.com). There, it will be archived and available for 12 months.*

### **ABOUT CITY NATIONAL**

City National Corporation’s wholly owned subsidiary, City National Bank, provides banking, investment and trust services through 62 offices, including 15 full-service regional centers, in Southern California, the San Francisco Bay Area, Nevada and New York City. In September, the company opened an office in Manhattan Beach, Calif. City National and its eight majority-owned investment affiliates manage or administer \$52.4 billion in client assets, including more than \$33 billion under direct management.

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

### **SAFE-HARBOR LANGUAGE**

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.

## **City National Corp. Reports Third-Quarter 2008 Net Income**

Page 9

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) unknown impact of recently enacted federal legislation (i.e., the Emergency Economic Stabilization Act ("EESA") on the financial markets, including levels of volatility and limited credit availability currently being experienced, (2) significant changes in banking laws or regulations, including, without limitation, as a result of EESA and the creation of the Troubled Asset Relief Program and the Capital Purchase Program and related executive compensation requirements, (3) more adverse than expected changes in general business and economic conditions, either nationally, regionally or locally in areas where the company conducts its business, which may affect, among other things, the level of nonperforming assets, charge-offs and provision expense, (4) unprecedented volatility in equity, fixed income and other market valuations, (5) changes in market rates and prices which may adversely impact the value of financial products including securities, loans, deposits, debt and derivative financial instruments, and other similar financial instruments, (6) changes in the interest rate environment and market liquidity which may reduce interest margins and impact funding sources, (7) increased competition in the company's markets, (8) higher-than-expected credit losses due to business losses, real estate cycles, capital market disruptions, changes in commercial real estate development and real estate prices or other economic factors, (9) changes in the financial performance and/or condition of the company's borrowers, (10) a substantial and permanent loss of either client accounts and/or assets under management at the company's investment advisory affiliates or its wealth management division, (11) soundness of other financial institutions which could adversely affect the company, (12) increases in Federal Deposit Insurance Corporation premiums due to market developments and regulatory changes, (13) protracted labor disputes in the company's markets, (14) earthquake, fire or other natural disasters affecting the condition of real estate collateral, (15) the effect of acquisitions and integration of acquired businesses and de novo branching efforts, (16) the impact of changes in regulatory, judicial or legislative tax treatment of business transactions, (17) changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or regulatory agencies, and (18) the success of the company at managing the risks involved in the foregoing.

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 Annual Report on Form 10-K for the year ended December 31, 2007 and particularly Part I, Item 1A, titled "Risk Factors."

###

# CITY NATIONAL CORPORATION



## Selected Financial Information September 30, 2008

(unaudited)

<b><u>Contents</u></b>	<b><u>Page</u></b>
Financial Highlights.....	2
Statements of Income.....	3
Quarterly Statements of Income.....	4-5
Period End Balance Sheets.....	6-7
Credit Loss Experience.....	8
Nonperforming Assets.....	9
Average Balances and Rates.....	10-11
Capital and Credit Rating Data.....	12

**CITY NATIONAL CORPORATION**  
**FINANCIAL HIGHLIGHTS**  
(unaudited)

For The Period Ended September 30,	Three Months			Nine Months		
	2008	2007	% Change	2008	2007	% Change
<b>Per Common Share</b>						
Net Income						
Basic.....	\$ 0.35	\$ 1.24	(72)	\$ 2.01	\$ 3.64	(45)
Diluted.....	0.34	1.22	(72)	1.98	3.56	(44)
Dividends.....	0.48	0.46	4	1.44	1.38	4
Book value.....				34.61	33.99	2
<b>Results of Operations: (In millions)</b>						
Interest income.....	\$ 196	\$ 230	(15)	\$ 597	\$ 670	(11)
Interest expense.....	43	76	(44)	146	216	(33)
Net interest income.....	153	154	(1)	451	454	(1)
Net interest income (Fully taxable-equivalent).....	157	158	(1)	464	467	(1)
Total revenue.....	203	235	(14)	662	675	(2)
Provision for credit losses.....	35	-	NM	87	-	NM
Net income.....	17	60	(72)	96	176	(45)
<b>Impact of Regulation G Non-GAAP Disclosures on Net Income per Share</b>						
Net income per share.....	\$ 0.34			\$ 1.98		
Add: Impairment - Fannie Mae and Freddie Mac.....	0.27			0.27		
Impairment and realized losses - other debt and equity securities.....	0.13			0.13		
Total impact of impairment charges.....	0.40			0.40		
Net income per share, excluding impairment charges.....	\$ 0.74			\$ 2.38		
<b>Financial Ratios:</b>						
Performance Ratios:						
Return on average assets .....	0.41 %	1.53 %		0.80 %	1.54 %	
Return on average shareholders' equity.....	3.91	14.69		7.59	14.86	
Period-end shareholders' equity to period-end assets.....				10.20	10.51	
Net interest margin.....	4.23	4.42		4.24	4.46	
Efficiency ratio.....	70.74	57.66		64.01	57.52	
Capital Adequacy Ratios (Period-end):						
Tier 1 leverage.....				8.01	7.80	
Tier 1 risk-based capital.....				9.13	9.57	
Total risk-based capital.....				11.04	12.01	
<b>Asset Quality Ratios:</b>						
Allowance for loan and lease losses to:						
Total loans and leases.....				1.69 %	1.36 %	
Nonaccrual loans.....				137.88	579.63	
Nonperforming assets to:						
Total loans and leases and nonperforming assets.....				1.25	0.23	
Total assets.....				0.94	0.17	
Net (charge-offs)/recoveries to						
Average total loans and leases (annualized).....	(0.42) %	(0.13) %		(0.49) %	(0.06) %	
<b>Average Balances: (In millions)</b>						
Loans and leases.....	\$ 12,231	\$ 11,191	9	\$ 11,994	\$ 10,921	10
Interest-earning assets.....	14,768	14,198	4	14,612	13,997	4
Assets.....	16,121	15,595	3	15,974	15,297	4
Core deposits.....	10,515	10,388	1	10,421	10,314	1
Deposits.....	11,737	12,442	(6)	11,651	12,312	(5)
Interest-bearing liabilities.....	8,654	8,250	5	8,526	7,992	7
Shareholders' equity.....	1,685	1,623	4	1,690	1,582	7
<b>Period-End Balances : (In millions)</b>						
Loans and leases.....	\$ 12,279	\$ 11,190	10	\$ 12,279	\$ 11,190	10
Assets.....	16,331	15,547	5	16,331	15,547	5
Core deposits.....	10,792	10,426	4	10,792	10,426	4
Deposits.....	12,168	12,181	-	12,168	12,181	-
Shareholders' equity.....	1,666	1,634	2	1,666	1,634	2
<b>Wealth Management: (In millions) (1)</b>						
Assets under management.....	\$ 33,106	\$ 37,112	(11)	\$ 33,106	\$ 37,112	(11)
Assets under management or administration.....	52,367	59,244	(12)	52,367	59,244	(12)

(1) Excludes \$6.9 billion and \$12.1 billion of assets under management for an asset manager in which City National held a minority ownership interest as of September 30, 2008 and September 30, 2007, respectively.

**CITY NATIONAL CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(unaudited)

(Dollars in thousands except per share data)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2008	2007	% Change	2008	2007	% Change
Interest income	\$ 195,606	\$ 230,066	(15)	\$ 597,065	\$ 670,133	(11)
Interest expense	42,802	76,340	(44)	145,928	216,233	(33)
Net Interest Income	152,804	153,726	(1)	451,137	453,900	(1)
Provision for Credit Losses	35,000	-	NM	87,000	-	NM
Noninterest Income						
Trust and investment fees	33,457	37,488	(11)	103,993	102,565	1
Brokerage and mutual fund fees	19,470	15,546	25	55,601	43,284	28
Cash management and deposit transaction fees	12,392	8,801	41	35,712	25,744	39
International services	8,202	7,995	3	24,065	22,020	9
Bank-owned life insurance	824	645	28	2,107	2,030	4
Other service charges and fees	8,403	7,251	16	22,190	20,630	8
Impairment loss on securities	(31,936)	-	NM	(31,936)	-	NM
Gain (loss) on sale of other assets	(198)	6,023	(103)	(390)	5,977	(107)
Gain (loss) on sale of securities	(536)	(2,516)	(79)	16	(1,381)	(101)
Total noninterest income	50,078	81,233	(38)	211,358	220,869	(4)
Noninterest Expense						
Salaries and employee benefits	89,373	84,057	6	267,072	242,945	10
Net occupancy of premises	12,719	11,837	7	36,693	31,657	16
Legal and professional fees	8,332	8,614	(3)	24,423	25,926	(6)
Information services	6,576	6,024	9	19,170	17,325	11
Depreciation and amortization	5,502	5,275	4	16,464	15,397	7
Amortization of intangibles	2,238	2,852	(22)	6,197	7,105	(13)
Marketing and advertising	5,653	5,079	11	16,608	14,860	12
Office services	2,926	3,287	(11)	9,052	8,972	1
Equipment	757	867	(13)	2,416	2,382	1
Minority interest expense	1,160	2,211	(48)	6,728	6,612	2
Other	10,521	7,294	44	25,599	20,646	24
Total noninterest expense	145,757	137,397	6	430,422	393,827	9
Income Before Taxes	22,125	97,562	(77)	145,073	280,942	(48)
Applicable Income Taxes	5,574	37,469	(85)	49,051	105,151	(53)
Net Income	\$ 16,551	\$ 60,093	(72)	\$ 96,022	\$ 175,791	(45)
Other Data:						
Earnings per common share - basic	\$ 0.35	\$ 1.24	(72)	\$ 2.01	\$ 3.64	(45)
Earnings per common share - diluted	\$ 0.34	\$ 1.22	(72)	\$ 1.98	\$ 3.56	(44)
Dividends paid per common share	\$ 0.48	\$ 0.46	4	\$ 1.44	\$ 1.38	4
Dividend payout ratio	140.24 %	37.26 %	276	72.51 %	38.18 %	90
Return on average assets	0.41 %	1.53 %	(73)	0.80 %	1.54 %	(48)
Return on average shareholders' equity	3.91 %	14.69 %	(73)	7.59 %	14.86 %	(49)
Net interest margin (Fully taxable-equivalent)	4.23 %	4.42 %	(4)	4.24 %	4.46 %	(5)
Full-time equivalent employees	3,027	2,878	5			
Impact of Regulation G Non-GAAP Disclosures on Net Income (after-tax):						
Net income	\$ 16,551			\$ 96,022		
Add: Impairment - Fannie Mae and Freddie Mac.....	13,157			13,157		
Impairment and realized losses - other debt and equity securities.....	6,436			6,436		
Total impact of impairment charges.....	19,593			19,593		
Net income, excluding impairment charges...	\$ 36,144			\$ 115,615		

**CITY NATIONAL CORPORATION**  
**CONSOLIDATED QUARTERLY STATEMENTS OF INCOME**  
(unaudited)

(Dollars in thousands except per share data)	2008			
	Third Quarter	Second Quarter	First Quarter	Year to Date
Interest Income	\$ 195,606	\$ 193,707	\$ 207,752	\$ 597,065
Interest Expense	42,802	43,539	59,587	145,928
Net Interest Income	152,804	150,168	148,165	451,137
Provision for Credit Losses	35,000	35,000	17,000	87,000
Noninterest Income				
Trust and investment fees	33,457	34,187	36,349	103,993
Brokerage and mutual fund fees	19,470	18,709	17,422	55,601
Cash management and deposit transaction fees	12,392	12,196	11,124	35,712
International services	8,202	8,176	7,687	24,065
Bank-owned life insurance	824	628	655	2,107
Other service charges and fees	8,403	8,177	5,610	22,190
Impairment loss on securities	(31,936)	-	-	(31,936)
Gain (loss) on sale of other assets	(198)	(192)	-	(390)
Gain (loss) on sale of securities	(536)	(417)	969	16
Total noninterest income	50,078	81,464	79,816	211,358
Noninterest Expense				
Salaries and employee benefits	89,373	87,520	90,179	267,072
Net occupancy of premises	12,719	12,462	11,512	36,693
Legal and professional fees	8,332	7,531	8,560	24,423
Information services	6,576	6,388	6,206	19,170
Depreciation and amortization	5,502	5,460	5,502	16,464
Amortization of intangibles	2,238	1,528	2,431	6,197
Marketing and advertising	5,653	5,360	5,595	16,608
Office services	2,926	3,140	2,986	9,052
Equipment	757	746	913	2,416
Minority interest expense	1,160	2,262	3,306	6,728
Other	10,521	9,121	5,957	25,599
Total noninterest expense	145,757	141,518	143,147	430,422
Income Before Taxes	22,125	55,114	67,834	145,073
Applicable Income Taxes	5,574	19,630	23,847	49,051
Net Income	\$ 16,551	\$ 35,484	\$ 43,987	\$ 96,022
Other Data:				
Earnings per common share - basic	\$ 0.35	\$ 0.74	\$ 0.92	\$ 2.01
Earnings per common share - diluted	\$ 0.34	\$ 0.73	\$ 0.91	\$ 1.98
Dividends paid per common share	\$ 0.48	\$ 0.48	\$ 0.48	\$ 1.44
Dividend payout ratio	140.24 %	65.40 %	52.75 %	72.51 %
Return on average assets	0.41 %	0.89 %	1.13 %	0.80 %
Return on average shareholders' equity	3.91 %	8.42 %	10.46 %	7.59 %
Net interest margin (Fully taxable-equivalent)	4.23 %	4.23 %	4.26 %	4.24 %
Full-time equivalent employees	3,027	3,013	2,959	

**CITY NATIONAL CORPORATION**  
**CONSOLIDATED QUARTERLY STATEMENTS OF INCOME**

(unaudited)

(Dollars in thousands except per share data)	2007				
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Full Year
Interest Income	\$ 223,969	\$ 230,066	\$ 225,825	\$ 214,241	\$ 894,101
Interest Expense	69,596	76,340	72,921	66,972	285,829
Net Interest Income	154,373	153,726	152,904	147,269	608,272
Provision for Credit Losses	20,000	-	-	-	20,000
Noninterest Income					
Trust and investment fees	38,188	37,488	34,823	30,254	140,753
Brokerage and mutual fund fees	16,995	15,546	13,958	13,780	60,279
Cash management and deposit transaction fees	9,517	8,801	8,472	8,471	35,261
International services	8,379	7,995	7,562	6,463	30,399
Bank-owned life insurance	660	645	761	624	2,690
Other service charges and fees	8,575	7,251	7,246	6,133	29,205
Impairment loss on securities	-	-	-	-	-
Gain (loss) on sale of other assets	12	6,023	-	(46)	5,989
Gain (loss) on sale of securities	7	(2,516)	866	269	(1,374)
Total noninterest income	82,333	81,233	73,688	65,948	303,202
Noninterest Expense					
Salaries and employee benefits	88,146	84,057	80,904	77,984	331,091
Net occupancy of premises	11,881	11,837	10,362	9,458	43,538
Legal and professional fees	10,050	8,614	8,590	8,721	35,975
Information services	6,039	6,024	5,750	5,551	23,364
Depreciation and amortization	5,535	5,275	5,122	5,000	20,932
Amortization of intangibles	1,749	2,852	2,623	1,630	8,854
Marketing and advertising	6,977	5,079	5,783	3,998	21,837
Office services	3,323	3,287	2,938	2,747	12,295
Equipment	867	867	797	718	3,249
Minority interest expense	2,244	2,211	2,325	2,076	8,856
Other	7,464	7,294	7,446	5,906	28,110
Total noninterest expense	144,275	137,397	132,640	123,789	538,101
Income Before Taxes	72,431	97,562	93,952	89,428	353,373
Applicable Income Taxes	25,509	37,469	34,799	32,883	130,660
Net Income	\$ 46,922	\$ 60,093	\$ 59,153	\$ 56,545	\$ 222,713
Other Data:					
Earnings per common share - basic	\$ 0.98	\$ 1.24	\$ 1.22	\$ 1.18	\$ 4.62
Earnings per common share - diluted	\$ 0.96	\$ 1.22	\$ 1.19	\$ 1.15	\$ 4.52
Dividends paid per common share	\$ 0.46	\$ 0.46	\$ 0.46	\$ 0.46	\$ 1.84
Dividend payout ratio	47.44 %	37.26 %	38.22 %	39.11 %	40.13 %
Return on average assets	1.19 %	1.53 %	1.54 %	1.55 %	1.45 %
Return on average shareholders' equity	11.28 %	14.69 %	14.79 %	15.10 %	13.92 %
Net interest margin (Fully taxable-equivalent)	4.42 %	4.42 %	4.46 %	4.49 %	4.45 %
Full-time equivalent employees	2,914	2,878	2,903	2,800	

**CITY NATIONAL CORPORATION**  
**CONSOLIDATED PERIOD END BALANCE SHEET**

(unaudited)

(In thousands)	2008		
	Third Quarter	Second Quarter	First Quarter
<b>Assets</b>			
Cash and due from banks	\$ 428,557	\$ 513,736	\$ 514,878
Federal funds sold	-	-	1,000
Due from banks - interest-bearing	95,993	88,149	77,567
Securities-available-for-sale	2,159,918	2,302,982	2,389,459
Trading account securities	310,251	204,825	121,152
Loans and leases:			
Commercial	4,746,035	4,703,307	4,442,448
Commercial real estate mortgages	2,159,101	2,016,090	2,011,221
Residential mortgages	3,364,332	3,319,741	3,215,871
Real estate construction	1,313,735	1,483,193	1,462,641
Equity lines of credit	540,937	495,334	449,177
Installment	154,377	160,665	173,507
Total loans and leases	12,278,517	12,178,330	11,754,865
Allowance for loan and lease losses	(208,046)	(185,070)	(168,278)
Net loans and leases	12,070,471	11,993,260	11,586,587
Premises and equipment, net	127,361	122,959	119,243
Goodwill and other intangibles	512,297	514,584	514,811
Other assets	626,020	598,763	609,335
Total assets	<u>\$ 16,330,868</u>	<u>\$ 16,339,258</u>	<u>\$ 15,934,032</u>
<b>Liabilities:</b>			
Deposits:			
Noninterest-bearing	\$ 5,744,863	\$ 5,861,823	\$ 5,680,845
Interest-bearing	6,422,797	6,034,514	6,111,524
Total deposits	12,167,660	11,896,337	11,792,369
Federal funds purchased and securities sold under repurchase agreements	1,272,359	1,221,428	1,118,478
Other short-term borrowed funds	630,673	955,000	720,992
Subordinated debt	157,769	157,080	162,813
Other long-term debt	231,321	237,867	243,439
Other liabilities	170,686	171,598	181,414
Total liabilities	14,630,468	14,639,310	14,219,505
Minority interest	33,950	32,300	32,199
<b>Shareholders' Equity</b>			
Common stock	50,966	50,972	50,982
Additional paid-in capital	415,348	421,689	419,044
Retained earnings	1,396,400	1,403,062	1,390,781
Accumulated other comprehensive loss	(38,071)	(24,853)	(3,431)
Treasury shares	(158,193)	(183,222)	(175,048)
Total shareholders' equity	1,666,450	1,667,648	1,682,328
Total liabilities and shareholders' equity	<u>\$ 16,330,868</u>	<u>\$ 16,339,258</u>	<u>\$ 15,934,032</u>

**CITY NATIONAL CORPORATION**  
**CONSOLIDATED PERIOD END BALANCE SHEET**

(unaudited)

(In thousands)	2007			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
<b>Assets</b>				
Cash and due from banks	\$ 365,918	\$ 462,151	\$ 513,463	\$ 494,231
Federal funds sold	-	-	170,000	210,000
Due from banks - interest-bearing	88,151	95,047	139,539	77,214
Securities-available-for-sale	2,462,655	2,563,983	2,797,366	2,902,385
Trading account securities	293,355	192,162	117,456	35,981
Loans and leases:				
Commercial	4,459,308	4,216,048	4,158,131	4,030,601
Commercial real estate mortgages	1,954,539	1,894,753	1,947,218	1,877,695
Residential mortgages	3,176,322	3,114,335	3,009,546	2,895,516
Real estate construction	1,429,761	1,391,034	1,309,322	1,263,059
Equity lines of credit	432,513	404,869	409,505	388,279
Installment	178,195	169,041	185,112	194,448
Total loans and leases	11,630,638	11,190,080	11,018,834	10,649,598
Allowance for loan and lease losses	(168,523)	(152,018)	(157,849)	(161,005)
Net loans and leases	11,462,115	11,038,062	10,860,985	10,488,593
Premises and equipment, net	118,067	110,779	106,672	103,259
Goodwill and other intangibles	520,127	517,396	518,918	420,197
Other assets	578,902	567,817	571,597	532,093
Total assets	<u>\$ 15,889,290</u>	<u>\$ 15,547,397</u>	<u>\$ 15,795,996</u>	<u>\$ 15,263,953</u>
<b>Liabilities:</b>				
Deposits:				
Noninterest-bearing	\$ 5,858,497	\$ 5,538,107	\$ 5,926,048	\$ 5,690,413
Interest-bearing	5,964,008	6,642,407	7,204,357	6,915,968
Total deposits	11,822,505	12,180,514	13,130,405	12,606,381
Federal funds purchased and securities				
sold under repurchase agreements	1,544,411	664,970	269,938	310,738
Other short-term borrowed funds	100,000	326,041	72,818	50,667
Subordinated debt	273,559	270,066	266,962	270,174
Other long-term debt	233,465	225,598	219,282	224,079
Other liabilities	228,067	217,301	186,212	183,185
Total liabilities	14,202,007	13,884,490	14,145,617	13,645,224
Minority interest	31,676	29,148	29,029	28,285
<b>Shareholders' Equity</b>				
Common stock	50,824	50,813	50,825	50,803
Additional paid-in capital	420,168	421,754	419,277	421,990
Retained earnings	1,369,999	1,345,337	1,307,638	1,271,092
Accumulated other				
comprehensive loss	(9,349)	(22,788)	(50,709)	(31,034)
Treasury shares	(176,035)	(161,357)	(105,681)	(122,407)
Total shareholders' equity	1,655,607	1,633,759	1,621,350	1,590,444
Total liabilities and shareholders' equity	<u>\$ 15,889,290</u>	<u>\$ 15,547,397</u>	<u>\$ 15,795,996</u>	<u>\$ 15,263,953</u>

**CITY NATIONAL CORPORATION**  
**CREDIT LOSS EXPERIENCE**  
(unaudited)

(Dollars in thousands)	2008				2007				
	Third Quarter	Second Quarter	First Quarter	Year To Date	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Full Year
<b>Allowance for Loan and Lease Losses</b>									
Balance at beginning of period	\$ 185,070	\$ 168,278	\$ 168,523	\$ 168,523	\$ 152,018	\$ 157,849	\$ 161,005	\$ 155,342	\$ 155,342
Allowance of acquired institution	-	-	-	-	-	-	-	4,513	4,513
Net (charge-offs)/recoveries:									
Commercial	(4,356)	(5,734)	(1,573)	(11,664)	(900)	(632)	(2,218)	1,247	(2,503)
Commercial real estate mortgages	-	-	12	12	9	(295)	-	-	(286)
Residential mortgages	8	10	8	25	-	-	-	-	-
Real estate construction	(8,415)	(13,196)	(10,217)	(31,828)	(2,872)	(2,654)	17	18	(5,491)
Equity lines of credit	-	-	(239)	(239)	(50)	-	-	-	(50)
Installment	(30)	4	(78)	(104)	(50)	(10)	(61)	(26)	(147)
Total net (charge-offs)/recoveries	(12,794)	(18,916)	(12,087)	(43,797)	(3,863)	(3,591)	(2,262)	1,239	(8,477)
Provision for credit losses	35,000	35,000	17,000	87,000	20,000	-	-	-	20,000
Transfers from(to) reserve for off-balance sheet credit commitments	770	708	(5,158)	(3,680)	368	(2,240)	(894)	(89)	(2,855)
Balance at end of period	<u>\$ 208,046</u>	<u>\$ 185,070</u>	<u>\$ 168,278</u>	<u>\$ 208,046</u>	<u>\$ 168,523</u>	<u>\$ 152,018</u>	<u>\$ 157,849</u>	<u>\$ 161,005</u>	<u>\$ 168,523</u>

**Net (Charge-Offs)/Recoveries to Average Total Loans and Leases: (annualized)**

Commercial	(0.37) %	(0.49) %	(0.14) %	(0.34) %	(0.08) %	(0.06) %	(0.21) %	0.12 %	(0.06) %
Commercial real estate mortgages	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	(0.06) %	0.00 %	0.00 %	(0.02) %
Residential mortgage	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Real estate construction	(2.38) %	(3.61) %	(2.81) %	(2.94) %	(0.81) %	(0.78) %	0.01 %	0.01 %	(0.43) %
Equity lines of credit	0.00 %	0.00 %	(0.22) %	(0.07) %	(0.05) %	0.00 %	0.00 %	0.00 %	(0.01) %
Installment	(0.08) %	0.01 %	(0.18) %	(0.08) %	(0.12) %	(0.02) %	(0.13) %	(0.06) %	(0.08) %
Total loans and leases	(0.42) %	(0.63) %	(0.42) %	(0.49) %	(0.13) %	(0.13) %	(0.08) %	0.05 %	(0.08) %

**Reserve for Off-Balance Sheet Credit Commitments**

Balance at beginning of period	\$ 24,154	\$ 24,862	\$ 19,704	\$ 19,704	\$ 20,072	\$ 17,832	\$ 17,005	\$ 16,424	\$ 16,424
Recovery of prior charge-off	-	-	-	-	-	-	(67)	-	(67)
Reserve of acquired institution	-	-	-	-	-	-	-	492	492
Transfers (to)/from allowance	(770)	(708)	5,158	3,680	(368)	2,240	894	89	2,855
Balance at end of period	<u>\$ 23,384</u>	<u>\$ 24,154</u>	<u>\$ 24,862</u>	<u>\$ 23,384</u>	<u>\$ 19,704</u>	<u>\$ 20,072</u>	<u>\$ 17,832</u>	<u>\$ 17,005</u>	<u>\$ 19,704</u>

**CITY NATIONAL CORPORATION**  
**NONPERFORMING ASSETS**  
(unaudited)

<b>(Dollars in thousands)</b>	<b>2008</b>			<b>2007</b>			
	<b>Third Quarter</b>	<b>Second Quarter</b>	<b>First Quarter</b>	<b>Fourth Quarter</b>	<b>Third Quarter</b>	<b>Second Quarter</b>	<b>First Quarter</b>
<b>Nonaccrual Loans</b>							
Commercial	\$ 26,184	\$ 16,444	\$ 16,293	\$ 17,103	\$ 7,673	\$ 3,998	\$ 7,024
Commercial real estate mortgages	5,878	5,903	1,841	1,621	1,970	4,732	4,783
Residential mortgages	266	549	706	387	394	378	-
Real estate construction	113,288	81,120	93,296	55,632	15,513	12,566	11,199
Equity lines of credit	1,380	1,398	1,422	679	502	452	362
Installment	3,890	763	64	139	175	182	49
Total nonaccrual loans	<u>150,886</u>	<u>106,177</u>	<u>113,622</u>	<u>75,561</u>	<u>26,227</u>	<u>22,308</u>	<u>23,417</u>
<b>Other Nonperforming Assets</b>	<u>2,279</u>	<u>9,113</u>	<u>3,812</u>	-	-	-	-
Total nonperforming assets	<u>\$ 153,165</u>	<u>\$ 115,290</u>	<u>\$ 117,434</u>	<u>\$ 75,561</u>	<u>\$ 26,227</u>	<u>\$ 22,308</u>	<u>\$ 23,417</u>
<b>Loans 90 Days or More Past Due on Accrual Status</b>	\$ 4,930	\$ 2	\$ -	\$ 1	\$ -	\$ -	\$ 199
<b>Allowance for loan and lease losses as a percentage of:</b>							
Nonaccrual loans	137.88 %	174.30 %	148.10 %	223.03 %	579.63 %	707.58 %	687.55 %
Total nonperforming assets	135.83 %	160.53 %	143.30 %	223.03 %	579.63 %	707.58 %	687.55 %
Total loans and leases	1.69 %	1.52 %	1.43 %	1.45 %	1.36 %	1.43 %	1.51 %
<b>Nonaccrual loans as a percentage of total loans</b>	1.23 %	0.87 %	0.97 %	0.65 %	0.23 %	0.20 %	0.22 %
<b>Nonperforming assets as a percentage of:</b>							
Total loans and other nonperforming assets	1.25 %	0.95 %	1.00 %	0.65 %	0.23 %	0.20 %	0.22 %
Total assets	0.94 %	0.71 %	0.74 %	0.48 %	0.17 %	0.14 %	0.15 %

**CITY NATIONAL CORPORATION**  
**AVERAGE BALANCES AND RATES**  
(unaudited)

(Dollars in millions)	2008							
	Third Quarter		Second Quarter		First Quarter		Year to Date	
	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate
<b>Assets</b>								
Interest-earning assets								
Loans and leases								
Commercial	\$ 4,727	5.30 %	\$ 4,675	5.30 %	\$ 4,456	6.28 %	\$ 4,620	5.61 %
Commercial real estate mortgages	2,095	6.52	2,009	6.50	1,975	6.84	2,027	6.62
Residential mortgages	3,335	5.62	3,271	5.57	3,179	5.61	3,262	5.60
Real estate construction	1,404	5.05	1,470	5.43	1,464	6.47	1,446	5.66
Equity lines of credit	513	4.34	470	4.45	438	5.65	474	4.78
Installment	157	5.89	164	5.88	177	6.49	165	6.10
Total loans and leases	12,231	5.53	12,059	5.57	11,689	6.20	11,994	5.76
Due from banks - interest-bearing	94	1.85	95	2.24	78	2.69	89	2.23
Federal funds sold and securities purchased under resale agreements	5	1.88	9	2.54	8	3.33	7	2.66
Securities available-for-sale	2,241	4.97	2,351	4.89	2,446	4.81	2,346	4.89
Trading account securities	118	1.94	102	1.65	78	3.11	99	2.15
Other interest-earning assets	79	5.92	79	5.24	72	5.75	77	5.63
Total interest-earning assets	14,768	5.38	14,695	5.42	14,371	5.93	14,612	5.57
Allowance for loan and lease losses	(182)		(163)		(165)		(170)	
Cash and due from banks	375		386		379		380	
Other non-earning assets	1,160		1,159		1,139		1,152	
Total assets	\$ 16,121		\$ 16,077		\$ 15,724		\$ 15,974	
<b>Liabilities and Shareholders' Equity</b>								
Interest-bearing deposits								
Interest checking accounts	\$ 826	0.72 %	\$ 867	0.70 %	\$ 823	0.69 %	\$ 839	0.70 %
Money market accounts	3,781	1.68	3,738	1.70	3,610	2.47	3,710	1.94
Savings deposits	138	0.44	133	0.28	135	0.36	135	0.36
Time deposits - under \$100,000	213	2.89	208	2.89	220	3.54	214	3.11
Time deposits - \$100,000 and over	1,222	2.45	1,143	2.94	1,329	3.99	1,231	3.15
Total interest-bearing deposits	6,181	1.72	6,089	1.80	6,117	2.55	6,129	2.02
Federal funds purchased and securities sold under repurchase agreements	1,357	2.28	1,262	2.42	1,141	3.39	1,254	2.66
Other borrowings	1,116	2.97	1,193	2.91	1,119	4.00	1,143	3.29
Total interest-bearing liabilities	8,654	1.97	8,544	2.05	8,377	2.86	8,526	2.29
Noninterest-bearing deposits	5,556		5,606		5,404		5,522	
Other liabilities	226		232		252		236	
Shareholders' equity	1,685		1,695		1,691		1,690	
Total liabilities and shareholders' equity	\$ 16,121		\$ 16,077		\$ 15,724		\$ 15,974	
Net interest spread		3.42 %		3.37 %		3.07 %		3.29 %
Net interest margin		4.23 %		4.23 %		4.26 %		4.24 %
Average prime rate		5.00 %		5.08 %		6.22 %		5.43 %

**CITY NATIONAL CORPORATION**  
**AVERAGE BALANCES AND RATES**  
(unaudited)

(Dollars in millions)	2007									
	Fourth Quarter		Third Quarter		Second Quarter		First Quarter		Year to Date	
	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate
<b>Assets</b>										
Interest-earning assets										
Loans and leases										
Commercial	\$ 4,391	7.02 %	\$ 4,303	7.42 %	\$ 4,275	7.37 %	\$ 4,146	7.25 %	\$ 4,280	7.26 %
Commercial real estate mortgages	1,925	7.01	1,897	7.31	1,932	7.36	1,758	7.39	1,879	7.26
Residential mortgages	3,155	5.61	3,063	5.59	2,975	5.49	2,885	5.40	3,020	5.52
Real estate construction	1,405	8.07	1,344	8.61	1,234	8.88	1,181	8.73	1,292	8.55
Equity lines of credit	414	6.95	406	7.63	404	7.71	394	7.86	404	7.53
Installment	171	7.11	178	7.35	191	7.51	191	7.64	183	7.41
Total loans and leases	11,461	6.75	11,191	7.04	11,011	7.05	10,555	6.99	11,058	6.95
Due from banks - interest-bearing	95	3.05	98	3.48	89	2.40	73	2.70	89	2.93
Federal funds sold and securities										
purchased under resale agreements	4	4.61	10	5.33	24	5.27	14	5.36	13	5.25
Securities available-for-sale	2,500	4.84	2,746	4.78	2,872	4.72	2,916	4.70	2,757	4.76
Trading account securities	94	4.57	84	5.23	72	5.23	54	6.09	76	5.20
Other interest-earning assets	69	6.08	69	6.15	60	6.36	48	5.96	61	6.14
Total interest-earning assets	14,223	6.36	14,198	6.55	14,128	6.53	13,660	6.48	14,054	6.48
Allowance for loan and lease losses	(151)		(157)		(162)		(157)		(157)	
Cash and due from banks	393		434		445		422		424	
Other non-earning assets	1,124		1,120		1,041		911		1,050	
Total assets	<u>\$ 15,589</u>		<u>\$ 15,595</u>		<u>\$ 15,452</u>		<u>\$ 14,836</u>		<u>\$ 15,371</u>	
<b>Liabilities and Shareholders' Equity</b>										
Interest-bearing deposits										
Interest checking accounts	\$ 805	0.69 %	\$ 778	0.68 %	\$ 804	0.56 %	\$ 749	0.48 %	\$ 784	0.60 %
Money market accounts	3,726	2.99	3,748	3.16	3,721	3.10	3,419	2.98	3,655	3.06
Savings deposits	142	0.49	146	0.49	149	0.48	155	0.47	148	0.48
Time deposits - under \$100,000	224	3.93	232	4.05	274	3.79	232	4.10	240	3.96
Time deposits - \$100,000 and over	1,514	4.38	2,054	4.75	2,066	4.81	1,872	4.72	1,876	4.68
Total interest-bearing deposits	6,411	3.01	6,958	3.32	7,014	3.28	6,427	3.18	6,703	3.20
Federal funds purchased and securities										
sold under repurchase agreements	908	4.50	672	4.99	486	5.11	582	5.27	663	4.90
Other borrowings	746	5.67	620	6.14	612	6.09	599	6.15	645	6.00
Total interest-bearing liabilities	8,065	3.42	8,250	3.67	8,112	3.61	7,608	3.57	8,011	3.57
Noninterest-bearing deposits	5,603		5,484		5,556		5,489		5,533	
Other liabilities	270		238		180		220		228	
Shareholders' equity	1,651		1,623		1,604		1,519		1,599	
Total liabilities and shareholders' equity	<u>\$ 15,589</u>		<u>\$ 15,595</u>		<u>\$ 15,452</u>		<u>\$ 14,836</u>		<u>\$ 15,371</u>	
Net interest spread		<u>2.94 %</u>		<u>2.88 %</u>		<u>2.92 %</u>		<u>2.91 %</u>		<u>2.91 %</u>
Net interest margin		<u>4.42 %</u>		<u>4.42 %</u>		<u>4.46 %</u>		<u>4.49 %</u>		<u>4.45 %</u>
Average prime rate		<u>7.52 %</u>		<u>8.18 %</u>		<u>8.25 %</u>		<u>8.25 %</u>		<u>8.05 %</u>

**CITY NATIONAL CORPORATION**  
**CAPITAL AND CREDIT RATING DATA**  
(unaudited)

	2008				2007				
	Third Quarter	Second Quarter	First Quarter	Year To Date	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Full Year
<b>Per Common Share:</b>									
Shares Outstanding (in thousands):									
Average - Basic	47,934	47,849	47,829	47,871	47,947	48,345	48,675	47,968	48,234
Average - Diluted	48,630	48,524	48,517	48,557	48,869	49,408	49,838	49,087	49,290
Period-End	48,155	47,777	47,871		47,830	48,064	48,831	48,602	
Book Value	\$ 34.61	\$ 34.90	\$ 35.14		\$ 34.61	\$ 33.99	\$ 33.20	\$ 32.72	
Closing price:									
High	\$ 65.35	\$ 51.75	\$ 60.00	\$ 65.35	\$ 72.97	\$ 78.00	\$ 78.39	\$ 75.39	\$ 78.39
Low	37.60	40.98	48.57	37.60	59.10	69.00	72.30	68.00	59.10
Period-end	54.30	42.07	49.46		59.55	69.51	76.09	73.60	

**Capital Ratios (Dollars in millions):**

Risk-based capital									
Risk-adjusted assets	\$ 13,653	\$ 13,546	\$ 13,160		\$ 12,886	\$ 12,234	\$ 12,067	\$ 11,618	
Tier I capital	\$ 1,246	\$ 1,224	\$ 1,222		\$ 1,199	\$ 1,171	\$ 1,185	\$ 1,234	
Percentage of risk adjusted assets	9.13 %	9.03 %	9.29 %		9.31 %	9.57 %	9.82 %	10.62 %	
Total capital	\$ 1,507	\$ 1,483	\$ 1,477		\$ 1,453	\$ 1,470	\$ 1,481	\$ 1,524	
Percentage of risk adjusted assets	11.04 %	10.95 %	11.22 %		11.27 %	12.01 %	12.28 %	13.12 %	
Tier I leverage ratio	8.01 %	7.89 %	8.06 %		7.97 %	7.80 %	7.97 %	8.59 %	
Period-end shareholders' equity to total period-end assets	10.20 %	10.21 %	10.56 %		10.42 %	10.51 %	10.26 %	10.42 %	
Period-end tangible shareholders' equity to total period-end tangible assets	7.30 %	7.29 %	7.57 %		7.39 %	7.43 %	7.22 %	7.88 %	
Average shareholders' equity to total average assets	10.45 %	10.54 %	10.75 %	10.58 %	10.59 %	10.41 %	10.38 %	10.24 %	10.41 %
Average tangible shareholders' equity to total average tangible assets	7.50 %	7.59 %	7.71 %	7.60 %	7.52 %	7.33 %	7.67 %	8.18 %	7.67 %

**Senior Debt Credit Ratings**

For The Period Ended September 30, 2008

	Moody's	Fitch	Standard & Poor's	DBRS
City National Bank	Aa3	A-	A	A (high)
City National Corporation	A1	A-	A-	A