

CITY NATIONAL CORP  
Form 10-Q  
May 09, 2005

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

---

FORM 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2005

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-10521

---

CITY NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

95-2568550  
(I.R.S. Employer  
Identification No.)

City National Center  
400 North Roxbury Drive, Beverly Hills, California  
(Address of principal executive offices)

90210  
(Zip Code)

Registrant's telephone number, including area code (310) 888-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES  NO

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

YES  NO

Edgar Filing: CITY NATIONAL CORP - Form 10-Q

Number of shares of common stock outstanding at April 30, 2005 **49,045,584**

---

## PART 1 FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

CITY NATIONAL CORPORATION  
CONSOLIDATED BALANCE SHEET

|   | March 31,<br>2005<br>(Unaudited) | December 31,<br>2004 | March 31,<br>2004<br>(Unaudited) |
|---|----------------------------------|----------------------|----------------------------------|
| Dollars in thousands, except per share amounts  |                                  |                      |                                  |
| <b>Assets</b>   |                                  |                      |                                  |
| Cash and due from banks   | \$ 386,999                       | \$ 240,492           | \$ 472,541                       |
| Federal funds sold  | 190,000                          | 427,000              | 519,000                          |
| Due from banks interest-bearing   | 36,982                           | 236,362              | 34,570                           |
| Securities available-for-sale cost \$4,085,560; \$4,114,620 and \$3,563,508 at March 31, 2005, December 31, 2004 and March 31, 2004, respectively                               | 4,018,969                        | 4,114,298            | 3,612,173                        |
| Trading account securities  | 37,490                           | 75,878               | 39,549                           |
| Loans   | 8,585,463                        | 8,494,187            | 7,967,639                        |
| Less allowance for credit losses  | 147,607                          | 148,568              | 154,498                          |
| Net loans   | 8,437,856                        | 8,345,619            | 7,813,141                        |
| Premises and equipment, net   | 68,354                           | 68,624               | 60,175                           |
| Deferred tax asset  | 132,143                          | 102,196              | 60,049                           |
| Goodwill  | 251,494                          | 253,740              | 253,737                          |
| Intangibles   | 39,622                           | 41,063               | 46,120                           |
| Bank-owned life insurance   | 65,809                           | 64,969               | 63,510                           |
| Affordable housing investments  | 60,898                           | 62,864               | 65,831                           |
| Other assets  | 188,272                          | 193,693              | 186,085                          |
| Customers acceptance liability  | 3,150                            | 4,715                | 4,617                            |
| Total assets  | \$ 13,918,038                    | \$ 14,231,513        | \$ 13,231,098                    |
| <b>Liabilities</b>  |                                  |                      |                                  |
| Demand deposits   | \$ 6,069,061                     | \$ 6,026,428         | \$ 5,525,627                     |
| Interest checking deposits  | 828,510                          | 889,512              | 833,003                          |
| Money market deposits   | 3,585,904                        | 3,760,142            | 3,535,809                        |
| Savings deposits  | 194,928                          | 196,366              | 196,153                          |
| Time deposits under \$100,000   | 182,277                          | 181,618              | 195,053                          |
| Time deposits \$100,000 and over  | 901,944                          | 932,849              | 849,032                          |
| Total deposits  | 11,762,624                       | 11,986,915           | 11,134,677                       |
| Federal funds purchased and securities sold under repurchase agreements   | 155,645                          | 204,654              | 88,063                           |
| Other short-term borrowings   | 125                              | 125                  | 50,125                           |
| Subordinated debt   | 280,068                          | 288,934              | 300,758                          |
| Long-term debt  | 224,829                          | 230,416              | 239,804                          |
| Reserve for unfunded credit commitments   | 12,944                           | 11,751               | 10,574                           |
| Other liabilities   | 132,945                          | 129,106              | 135,370                          |
| Acceptances outstanding   | 3,150                            | 4,715                | 4,617                            |
| Total liabilities   | 12,572,330                       | 12,856,616           | 11,963,988                       |
| Minority interest in consolidated subsidiaries  | 25,525                           | 26,362               | 27,180                           |
| <b>Commitments and contingencies</b>  |                                  |                      |                                  |
| <b>Shareholders' Equity</b>   |                                  |                      |                                  |
| Preferred Stock authorized 5,000,000; none outstanding  |                                  |                      |                                  |
| Common Stock-par value \$1.00; authorized 75,000,000; Issued 50,712,226; 50,589,408 and 50,583,124 shares at March 31, 2005, December 31, 2004 and March 31, 2004, respectively | 50,712                           | 50,589               | 50,583                           |
| Additional paid-in capital  | 419,505                          | 410,216              | 409,235                          |
| Accumulated other comprehensive income  | (43,288)                         | (1,352)              | 32,237                           |
| Retained earnings   | 995,688                          | 957,987              | 849,859                          |
| Deferred equity compensation  | (19,893)                         | (12,262)             | (14,343)                         |
| Treasury shares, at cost 1,334,703; 1,042,629; and 1,754,657 shares at March 31, 2005, December 31, 2004 and March 31, 2004, respectively                                       | (82,541)                         | (56,643)             | (87,641)                         |
| Total shareholders' equity  | 1,320,183                        | 1,348,535            | 1,239,930                        |
| Total liabilities and shareholders' equity  | \$ 13,918,038                    | \$ 14,231,513        | \$ 13,231,098                    |

See accompanying Notes to the Unaudited Consolidated Financial Statements.



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

|   | <b>For the three months ended</b> |             |
|---|-----------------------------------|-------------|
|   | <b>March 31,</b>                  |             |
|   | <b>2005</b>                       | <b>2004</b> |
|   | <b>In thousands, except per</b>   |             |
|   | <b>share amounts</b>              |             |
| <b>Interest Income</b>  |                                   |             |
| Loans   | \$ 125,257                        | \$ 105,986  |
| Securities available-for-sale   | 41,750                            | 37,201      |
| Trading account securities  | 217                               | 38          |
| Federal funds sold and securities purchased under resale agreements     | 211                               | 432         |
| Due from banks interest-bearing   | 215                               | 140         |
| Total interest income   | 167,650                           | 143,797     |
| <b>Interest Expense</b>   |                                   |             |
| Deposits  | 15,243                            | 9,752       |
| Federal funds purchased and securities sold under repurchase agreements | 1,456                             | 244         |
| Other short-term borrowings   | 4                                 | 173         |
| Subordinated debt   | 2,208                             | 1,217       |
| Other long-term debt  | 2,313                             | 1,439       |
| Total interest expense  | 21,224                            | 12,825      |
| Net interest income   | 146,426                           | 130,972     |
| Provision for credit losses   |                                   |             |
| Net interest income after provision for credit losses                   | 146,426                           | 130,972     |
| <b>Noninterest Income</b>   |                                   |             |
| Trust and investment fees   | 19,437                            | 15,588      |
| Brokerage and mutual fund fees  | 9,868                             | 8,726       |
| Cash management and deposit transaction charges                         | 9,010                             | 11,098      |
| International services  | 4,888                             | 5,126       |
| Bank-owned life insurance   | 864                               | 831         |
| Gain on sale of loans and assets  | 23                                |             |
| Gain on sale of securities  | 255                               | 629         |
| Other   | 6,013                             | 4,572       |
| Total noninterest income  | 50,358                            | 46,570      |