CITY NATIONAL CORP
Form 424B2
May 05, 2009

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee (1)
Common Stock, par value $1.00 per share	3,220,000	$39.00	$125,580,000.00	$7,007.37

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933

Filed Pursuant to Rule 424(b)(2)
Registration Statement No. 333-156275

Prospectus Supplement
To Prospectus dated December 18, 2008

2,800,000 Shares

City National Corporation

Common Stock

We are selling 2,800,000 shares of our common stock, par value $1.00 per share. We will receive all of the net proceeds from the sale of our common stock.

Our common stock is listed on the New York Stock Exchange under the symbol "CYN." The closing price of our common stock on the New York Stock Exchange on May 1, 2009 was $35.51 per share.

The underwriters have an option to purchase a maximum of 420,000 additional shares to cover over-allotments of shares.

Investing in our common stock involves risks. See Risk Factors on page S-7.

These shares of common stock will not be savings accounts, deposits or other obligations of any bank or non-bank subsidiary of ours and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Us
Per Share	$ 39.00	$ 1.755	$ 37.245
Total	$ 109,200,000.00	$ 4,914,000.00	$ 104,286,000.00

Delivery of the shares of common stock will be made on or about May 8, 2009.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement and accompanying prospectus is truthful or complete, Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

Credit Suisse **Merrill Lynch & Co.**

Co-Manager

Sandler O'Neill + Partners, L.P.

The date of this prospectus supplement is May 5, 2009.

Table of Contents

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT

PROSPECTUS

4

You should rely only on the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. We have not authorized anyone to provide you with information that is different. This prospectus supplement and accompanying prospectus may only be used where it is legal to sell these securities. The information contained in this prospectus supplement and accompanying prospectus or incorporated by reference herein and therein may be accurate only as of their respective dates.

We are not making an offer of the shares of common stock covered by this prospectus supplement in any jurisdiction where the offer is not permitted.

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is the prospectus supplement, which describes the specific terms of the offering. The second part is the prospectus, which describes more general information, some of which may not apply to the offering. You should read both this prospectus supplement and the accompanying prospectus, together with the additional information described under the heading "Where You Can Find More Information" below.

All references in this prospectus supplement to "City National," "we," "us," "our" or similar references mean City National Corporation and its successors, and include our consolidated subsidiaries where the context so requires.

If the information set forth in this prospectus supplement differs in any way from the information set forth in the accompanying prospectus, you should rely on the information set forth in this prospectus supplement.

Currency amounts in this prospectus supplement are stated in U.S. dollars.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly, and current reports, proxy statements, and other information with the Securities and Exchange Commission, which we refer to in this document as the "SEC." Our SEC filings are available to the public over the Internet at the SEC's web site at *http://www.sec.gov* and on the investor relations page of our website at *http://www.cnb.com*. Except for those SEC filings incorporated by reference in this prospectus, none of the other information on our website is part of this prospectus. You may also read and copy any document we file with the SEC at its public reference facilities at 100 F Street N.E., Washington, D.C. 20549. You can also obtain copies of the documents upon the payment of a duplicating fee to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities.

INFORMATION INCORPORATED BY REFERENCE

The SEC allows us to incorporate by reference much of the information that we file with it, which means that we can disclose important information to you by referring you to those publicly available documents. The information that we incorporate by reference is an important part of this prospectus supplement. Some information contained in this prospectus supplement updates the information incorporated by reference, and information that we file in the future with the SEC will automatically modify, supersede or update this prospectus supplement. In other words, in the case of a conflict or inconsistency between information in this prospectus supplement and/or information incorporated by reference into this prospectus supplement, you should rely on the information contained in the document that was filed later.

This prospectus supplement incorporates by reference the documents listed below and any information we file (but not furnish) with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") after the initial filing of this prospectus supplement until the termination of the offering of these securities:

- Annual Report on Form 10-K for the year ended December 31, 2008 (including information specifically incorporated by reference into the Annual Report on Form 10-K from our definitive proxy statement filed on April 3, 2009);

- Quarterly Report on Form 10-Q for the period ending March 31, 2009;

- Current Report on Form 8-K/A filed on April 1, 2009; and

Table of Contents

The description of our common stock, which is registered under Section 12 of the Exchange Act, in our Form 8-A filed with the SEC on April 20, 1990, including any subsequently filed amendments and reports updating such description.

Upon written or oral request, we will provide at no cost to the requester a copy of any or all of the information that has been incorporated by reference in this prospectus but not delivered with the prospectus. You may make a request by facsimile to (213) 673-7622, by email to investor_relations@cnb.com, by writing to us at the following address or calling the following telephone number:

City National Corporation
555 South Flower Street, 9th Floor
Los Angeles, California 90071
Attention: Investor Relations
(213) 673-7615

Table of Contents

FORWARD-LOOKING STATEMENTS

This prospectus supplement includes and incorporates by reference forward-looking statements for which we claim the protection of the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995. These statements are based on the beliefs and assumptions of our management, and on information currently available to management. Forward-looking statements include information concerning our possible or assumed future results of operations, and statements preceded by, followed by, or that include the words "will," "believes," "expects," "anticipates," "intends," "plans," "estimates," or similar expressions.

Forward-looking statements are based on our management's knowledge and belief as of today and include information concerning our possible or assumed future financial condition, and our 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 our ability to control or predict, could cause future results to differ materially from those contemplated by such forward-looking statements. These factors include (1) continuation or worsening of current recessionary conditions, as well as continued turmoil in the financial markets, (2) continued volatility and deterioration of the capital and credit markets, (3) significant changes in banking laws or regulations, including, without limitation, as a result of the Emergency Economic Stabilization Act and the creation of and possible amendments to the Troubled Asset Relief Program, including the Capital Purchase Program and related executive compensation requirements, (4) continued weakness in the real estate market, including the markets for commercial and residential real estate, which may affect, among other things, the level of nonperforming assets, charge-offs and provision expense, (5) unprecedented volatility in equity, fixed income and other market valuations, (6) 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, (7) changes in the interest rate environment and market liquidity which may reduce interest margins and impact funding sources, (8) increased competition in our markets, (9) changes in the financial performance and/or condition of City National Bank's borrowers, (10) a substantial and permanent loss of either client accounts and/or assets under management at our investment advisory affiliates or our wealth management division, (11) soundness of other financial institutions which could adversely affect us, (12) increases in Federal Deposit Insurance Corporation premiums due to market developments and regulatory changes, (13) protracted labor disputes in our 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, (18) the effect of pandemic flu on the global economy and (19) our success at managing the risks involved in the foregoing.

You should not place undue reliance on the forward-looking statements, since they are based on current expectations. Actual results may differ materially from those currently expected or anticipated.

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions. Our future results and shareholder values may differ materially from those expressed in these forward-looking statements. Forward-looking statements speak only as of the date they are made, and we do not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the statements are made.

For a more complete discussion of these risks and uncertainties, see "Risk Factors" on page S-7 and our Annual Report on Form 10-K for the year ended December 31, 2008 and particularly Part I, Item 1A, titled "Risk Factors."

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

The following summary is qualified in its entirety by the more detailed information included elsewhere or incorporated by reference into this prospectus supplement or the accompanying prospectus. Because this is a summary, it may not contain all of the information that is important to you. You should read the entire prospectus supplement and the accompanying prospectus, including the section entitled "Risk Factors" and the documents incorporated by reference before making an investment decision.

City National Corporation

City National, a Delaware corporation organized in 1968, is a bank holding company and a financial holding company under the Gramm-Leach-Bliley Financial Modernization Act of 1999. We provide a wide range of banking, investing and trust services to our clients through our wholly-owned banking subsidiary, City National Bank. City National Bank, which has conducted business since 1954, is a national banking association headquartered in Beverly Hills, California and operating through 63 offices, including 15 full-service regional centers, in Southern California, the San Francisco Bay area, Nevada and New York City. City National and its eight majority-owned investment affiliates manage or administer nearly $46 billion in client investment assets, including $28.4 billion under direct management.

As of March 31, 2009, we had consolidated total assets of $16.93 billion, total deposits of $13.69 billion, total equity of $2.08 billion and loan balances of $12.31 billion. We focus on providing affluent individuals and entrepreneurs, their businesses and their families with complete financial solutions. Our mission is to provide this banking and financial experience through an uncommon dedication to extraordinary service, proactive advice and total financial solutions.

As a registered financial holding company, we are subject to the supervision of the Federal Reserve. We are required to file with the Federal Reserve reports and other information regarding our business operations and the business operations of our subsidiaries.

Our principal executive office is located at City National Center, 400 North Roxbury Drive, Beverly Hills, California 90210, telephone number: (310) 888-6000.

Recent Developments

On April 23, 2009, we announced our financial results for the quarter ended March 31, 2009. The following presents an overview of those operating results.

We reported net income for the quarter of $7.5 million, and net income available to common shareholders of $2.0 million, or $0.04 per share, which reflects the dividend paid on preferred stock under the United States Treasury Department's Capital Purchase Program ("CPP"), compared to net income in the first quarter of 2008 of $44.0 million or $0.91 per share. Specific significant items impacting 2009 first quarter performance are described below. These significant items are subject to the risks and uncertainties relating to our business described under "Risk Factors" in this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2008:

> Total assets at March 31, 2009 were $16.9 billion, up 6% from the first quarter of 2008 and 3% from the fourth quarter of last year, as a result of growth in the loan and securities portfolio.
>
> Revenue for the first quarter of 2009 was $192.2 million, down 16% from the first quarter of 2008 and down 6% from the fourth quarter of last year. The differences are

due principally to a decline in wealth management fees, a lower net interest margin and securities losses.

Fully taxable-equivalent net interest income was $148.4 million in the first quarter of 2009, down 3% from both the first quarter and the fourth quarter of 2008.

Table of Contents

Average deposit balances were $12.8 billion, up 11% from $11.5 billion in the first quarter of 2008 and 2% from $12.6 billion in the fourth quarter of last year. Total deposits were $13.7 billion at March 31, 2009, up 16% from $11.8 billion at March 31, 2008.

Average loan balances were $12.4 billion, up 6% from the same period last year and virtually unchanged from the fourth quarter of 2008. In the first quarter of 2009, we renewed approximately $754 million of loans, made approximately $649 million in new loan commitments and funded $376 million of new loans to new and existing clients, including consumers, homeowners, entrepreneurs, and small and mid-size businesses.

Our net interest margin averaged 4.00% in the first quarter of 2009, compared to 4.09% in the fourth quarter of 2008. This decline was the result of the substantial reduction in short-term interest rates.

Noninterest income totaled $47.3 million in the first quarter of 2009, down 41% from the year-ago period. The change was due primarily to a decline in wealth management fees, as well as a $15.0 million charge for securities losses and impairments related to bank income notes, equity securities and mutual funds. We now hold just $2.5 million of income notes and $11.0 million of equity securities and mutual funds. Together, they equal 0.5% of our $3.0 billion securities portfolio. Excluding securities losses, noninterest income totaled $62.9 million in the first quarter of 2009, down 22% from the first quarter of last year and 16% from the fourth quarter of 2008, largely reflecting market conditions. At March 31, 2009, noninterest income accounted for 25% of our total revenue.

Noninterest expense was $133.0 million, down 6% from the first quarter of 2008 and 17% from the fourth quarter of 2008, notwithstanding the fact that first-quarter FDIC premiums increased $2.7 million, or 775%, from the same period last year. Excluding these higher premiums, first-quarter 2009 noninterest expense was down 8% from the first quarter of 2008 and 19% from the fourth quarter.

First-quarter 2009 net income reflects a $50 million provision for credit losses compared to a $17 million provision in the first quarter of 2008. Our allowance for loan and lease losses was increased to $241.6 million, or 1.96% of total loans and leases, up from $224.0 million, or 1.80% at the end of the fourth quarter of 2008. We also maintain an additional $21.5 million in reserves for off-balance-sheet credit commitments. The provision reflects management's continuing assessment of the loan portfolio's credit quality, which is affected by a broad range of economic factors, including weakness in commercial and residential real estate. Additional factors affecting the provision include net loan charge-offs, nonaccrual loans, specific reserves, risk-rating migration and changes in the portfolio size.

At March 31, 2009, nonaccrual loans totaled $313.6 million, up from $211.1 million at December 31, 2008 and $113.6 million at March 31, 2008. Total nonperforming assets (nonaccrual loans and OREO) were $326.3 million, or 2.65% of total loans and OREO, at March 31, 2009. That compares with $222.5 million, or 1.79%, at the end of 2008 and $117.4 million, or 1.00%, at the end of the 2008 first quarter. Net loan charge-offs for the first quarter of 2009 were $33.6 million, or 1.10% of average total loans and leases on an annualized basis, up from $24.7 million, or 0.79%, in the fourth quarter of last year and $12.1 million, or 0.42%, in the year ago period.

Our total risk-based capital and Tier 1 risk-based capital ratios at March 31, 2009 were 13.70% and 12.00%, respectively, compared with the minimum regulatory standards of 10% and 6% for "well-capitalized" institutions. Our Tier 1 leverage ratio at March 31, 2009 was 10.30%, compared with the regulatory minimum ratio of 5%. Our ratio of total equity to total assets was 12.29% at March 31, 2009, compared to 10.70% at March 31, 2008, and 12.56% at December 31, 2008.

Table of Contents

The Offering

The following summary of the offering contains basic information about the offering and the common stock and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the common stock, please refer to the section of this prospectus supplement entitled "Description of Capital Stock."

Issuer	City National Corporation, a Delaware corporation.
Common stock offered	2,800,000 shares of common stock, par value $1.00 per share.
Over-allotment option	We have granted the underwriters an option to purchase up to an additional 420,000 shares of common stock within 30 days of the date of this prospectus supplement in order to cover over-allotments, if any.
Common stock outstanding	48,242,669 shares of common stock as of April 30, 2009.
Use of proceeds	The net proceeds to us after estimated expenses from the sale of the common stock offered hereby will be approximately $103,986,000. We intend to use the net proceeds of this offering for general corporate purposes, including (without limitation) for possible repurchases of debt, preferred stock or other securities. Subject to regulatory approval, we may also use the proceeds, along with other funds, to redeem our Fixed Rate Cumulative Perpetual Preferred Stock, Series B, and repurchase the ten-year warrant to purchase up to 1,128,668 shares of our common stock previously sold to the U.S. Department of the Treasury under the CPP. We can make no assurances as to when or if we will be able to redeem the Series B Preferred Stock and/or repurchase the warrant.
Risk factors	An investment in our common stock is subject to risks. Please refer to "Risk Factors" and other information included or incorporated by reference in this prospectus supplement or the accompanying prospectus for a discussion of factors you should carefully consider before investing in shares of our common stock.
Market and trading symbol for the common stock	Our common stock is listed and traded on the New York Stock Exchange under the symbol "CYN."

Table of Contents

RISK FACTORS

An investment in shares of our common stock is subject to certain risks. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment. Before you decide to invest in our common stock, you should consider the risk factors below relating to the offering as well as the risk factors described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and in the other documents incorporated by reference into this prospectus supplement or the accompanying prospectus.

Risks Relating to Our Business, Supplementing the "Risk Factors" in Our 2008 Annual Report on Form 10-K

Legislative and regulatory actions taken now or in the future to address the current liquidity and credit crisis in the financial industry may significantly affect our financial condition, results of operation, liquidity or stock price.

Current economic conditions, particularly in the financial markets, have resulted in government regulatory agencies and political bodies placing increased focus on and scrutiny of the financial services industry. The U.S. Government has intervened on an unprecedented scale, responding to what has been commonly referred to as the financial crisis. In addition to the U.S. Treasury Department's Capital Purchase Program (in which we participated), under the Troubled Asset Relief Program ("TARP") announced last fall and the new Capital Assistance Program ("CAP") announced this spring (in which we have not participated), the U.S. Government has taken steps that include enhancing the liquidity support available to financial institutions, establishing a commercial paper funding facility, temporarily guaranteeing money market funds and certain types of debt issuances, and increasing insurance on bank deposits, and the U.S. Congress, through the Emergency Economic Stabilization Act of 2008 ("EESA") and the American Recovery and Reinvestment Act of 2009 ("ARRA"), have imposed a number of restrictions and limitations on the operations of financial services firms participating in the federal programs.

These programs subject financial institutions who participate in them to additional restrictions, oversight and costs that may have an adverse impact on our business, financial condition, results of operations or the price of our common stock. In addition, new proposals for legislation continue to be introduced in the U.S. Congress that could further substantially increase regulation of the financial services industry and impose restrictions on the operations and general ability of firms within the industry to conduct business consistent with historical practices, including as related to compensation, interest rates, the impact of bankruptcy proceedings on consumer real property mortgages and otherwise. Federal and state regulatory agencies also frequently adopt changes to their regulations and/or change the manner in which existing regulations are applied. We cannot predict the substance or impact of pending or future legislation, regulation or the application thereof. Compliance with such current and potential regulation and scrutiny may significantly increase our costs, impede the efficiency of our internal business processes, require us to increase our regulatory capital and limit our ability to pursue business opportunities in an efficient manner.

We may raise additional capital, which could have a dilutive effect on the existing holders of our common stock and adversely affect the market price of our common stock.

Except as described in the section entitled "Underwriting," we are not restricted from issuing additional shares of common stock or securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. We frequently evaluate opportunities to access capital markets taking into account our regulatory capital ratios, financial condition and other relevant considerations, and subject to market conditions, we may take further capital actions in addition to issuance of the shares offered by this prospectus supplement. Such actions could include, among other things, the issuance of additional shares of common stock in public or private transactions in order to further increase our capital levels above the requirements for a well-capitalized institution established by the federal bank regulatory agencies as well as other regulatory targets.

In addition, as noted above, we face significant regulatory and other governmental risk as a financial institution and a participant in the CPP, and it is possible that capital requirements and directives could in the future require us to change the amount or composition of our current capital, including common equity. In this regard, we note that we are not one of the 19 institutions required to conduct a forward-looking capital assessment, or "stress test," pursuant to the CAP, but that the stress assessment requirements under the CAP or similar requirement could be extended or otherwise impact financial institutions beyond the 19 participating institutions, including us. As a result, we could determine or, our regulators could require us, to raise additional capital. There could also be market perceptions regarding the need to raise additional capital, whether as a result of public disclosures that may be made regarding the CAP stress test methodology or otherwise, and, regardless of the outcome of any stress test or other stress case analysis, such perceptions could have an adverse effect on the price of our common stock.

The issuance of any additional shares of common stock or securities convertible into or exchangeable for common stock or that represent the right to receive common stock, or the exercise of such securities, could be substantially dilutive to stockholders of our common stock, including purchasers of common stock in this offering. Holders of our shares of common stock have no preemptive rights that entitle holders to purchase their pro rata share of any offering of shares of any class or series and, therefore, such sales or offerings could result in increased dilution to our stockholders. The market price of our common stock could decline as a result of sales of shares of our common stock or securities convertible into or exchangeable for common stock made after this offering or in anticipation of such sales.

We may not be able to redeem the Series B Preferred Stock and the warrant sold to the U.S. Treasury as soon as we desire.

As described in "Use of Proceeds," while we may use the proceeds from this offering, along with other funds, to redeem the Series B Preferred Stock and/or repurchase the warrant previously sold to the U.S. Treasury under the CPP, the redemption of the Series B Preferred Stock and repurchase of the warrant are subject to regulatory approval. We can make no assurances as to when, or if, we will receive such approval. Until such time as we redeem the Series B Preferred Stock, we will remain subject to the respective terms and conditions set forth in the agreements we entered into with the United States Treasury under the CPP. Among other things, prior to November 21, 2011, unless we have redeemed all of the Series B Preferred Stock or the U.S. Treasury has transferred all of the Series B Preferred Stock to third parties, the consent of the U.S. Treasury would be required for us to increase our quarterly common stock dividend above $0.48 except in limited circumstances. Further, the continued existence of the CPP investment subjects us to increased regulatory and legislative oversight. ARRA includes, among other things, amendments to the executive compensation provisions of EESA, under which TARP was established. These amendments apply not only to future participants under the TARP, but also apply retroactively to companies like us that are current TARP participants. The full scope and impact of these amendments is uncertain and difficult to predict. ARRA directs the Secretary of the Treasury to adopt standards that will implement the amended provisions of EESA and directs the SEC to issue rules in connection with certain of the amended provisions, but the particular scope of those standards and rules, and the timing of their issuance, is not known. These, and any future legal requirements and implementing standards under TARP may have unforeseen or unintended adverse effects on TARP participants and on the financial services industry as a whole. They may require us to expend significant time, effort and resources to ensure compliance, and the

Table of Contents

evolving regulations concerning executive compensation may impose limitations on us that affect our ability to compete successfully for executive and management talent.

Economic conditions may adversely affect our liquidity and financial condition.

In the past year, significant declines in the values of mortgage-backed securities and derivative securities issued by financial institutions, government sponsored entities and major commercial and investment banks have led to decreased confidence in financial markets among borrowers, lenders and depositors, as well as disruption and extreme volatility in the capital and credit markets and the failure of some entities in the financial sector. As a result, many lenders and institutional investors have reduced or ceased to provide funding to borrowers. Continued turbulence in the capital and credit markets may adversely affect our liquidity and financial condition and the willingness of certain counterparties and customers to do business with us.

We operate in a highly regulated environment and may be adversely affected by changes in laws and regulations.

As a bank holding company we are subject to extensive regulation, supervision and examination by the Federal Reserve. City National Bank is subject to examination and supervision by the Office of the Comptroller of the Currency. Its domestic deposits are insured by the Deposit Insurance Fund of the Federal Deposit Insurance Corporation, which also has certain regulatory and supervisory authority over it. Our other subsidiaries are also subject to examination by other federal and state agencies, including, in the case of certain securities and investment management activities, regulation by the SEC and the Financial Industry Regulatory Authority. See "Business Supervision and Regulation" in our Form 10-K.

Such regulators govern the activities in which we may engage, primarily for the protection of depositors. These regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including the imposition of restrictions on the operation of a bank, the classification of assets by a bank, the adequacy of a bank's allowance for loan losses or imposing additional capital requirements. Any change in such regulation and oversight, whether in the form of regulatory policy, regulations, or legislation, could have a material impact on us and our operations. We believe that we are in substantial compliance with applicable federal, state and local laws, rules and regulations. Because our business is highly regulated, the laws, rules and applicable regulations are subject to regular modification and change. There can be no assurance that proposed laws, rules and regulations, or any other laws, rules or regulations, will not be adopted in the future, which could make compliance more difficult or expensive or otherwise adversely affect our business, financial condition or prospects.

Risks Related to the Offering

The price of our common stock may fluctuate significantly, and this may make it difficult for you to resell shares of common stock owned by you at times or at prices you find attractive.

The trading price of our common stock may fluctuate significantly as a result of a number of factors, many of which are outside our control. In addition, the stock market is subject to fluctuations in the share prices and trading volumes that affect the market prices of the shares of many companies. These broad market fluctuations have adversely affected and may continue to adversely affect the market price of our common stock. Among the factors that could affect our stock price are:

- actual or anticipated quarterly fluctuations in our operating results and financial condition;

Table of Contents

- changes in financial estimates or publication of research reports and recommendations by financial analysts or actions taken by rating agencies with respect to our common stock or those of other financial institutions;
- failure to meet analysts' revenue or earnings estimates;
- speculation in the press or investment community generally or relating to our reputation or the financial services industry;
- strategic actions by us or our competitors, such as acquisitions, restructurings, dispositions or financings;
- actions by our current stockholders, including sales of common stock by existing stockholders and/or directors and executive officers;
- fluctuations in the stock price and operating results of our competitors;
- future sales of our equity, equity-related or debt securities;
- changes in the frequency or amount of dividends or share repurchases;
- proposed or adopted regulatory changes or developments;
- anticipated or pending investigations, proceedings, or litigation that involve or affect us;
- domestic and international economic factors unrelated to our performance; and
- general market conditions and, in particular, developments related to market conditions for the financial services industry.

There may be future sales or other dilution of our equity, which may adversely affect the market price of our common stock.

Except as described in the section entitled "Underwriting," we are not restricted from issuing additional shares of common stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. The issuance of any additional shares of common or of preferred stock or convertible securities or the exercise of such securities could be substantially dilutive to stockholders of our common stock. For instance, exercise of the warrant issued to the U.S. Treasury in connection with our participation in the CPP would dilute the value of our common shares. Holders of our shares of common stock have no preemptive rights that entitle holders to purchase their pro rata share of any offering of shares of any class or series and, therefore, such sales or offerings could result in increased dilution to our stockholders. The market price of our common stock could decline as a result of sales of shares of our common stock made after this offering or the perception that such sales could occur.

We are a holding company and depend on our subsidiaries for dividends, distributions and other payments.

We are a separate and distinct legal entity from our bank and other subsidiaries. Our principal source of cash revenues is dividends from City National Bank. Various federal and state statutes and regulations limit the amount of dividends that our banking and other subsidiaries may pay to us without regulatory approval. The prior approval of the OCC is required if the total of all dividends declared by a national bank in any calendar year would exceed the sum of the bank's net profits for that year and its retained net profits for the preceding two calendar years, less any required transfers to surplus. Federal law also prohibits national banks from paying dividends that would be greater than the bank's undivided profits after deducting statutory bad debt in excess of the bank's allowance for loan and lease losses. In 2009, City National Bank may pay dividends up to its net income for 2009, as defined by statute, through the date of any such dividend declaration without regulatory approval.

Table of Contents

In addition, if, in the opinion of the applicable regulatory authority, a bank under its jurisdiction is engaged in or is about to engage in an unsafe or unsound practice, such authority may require, after notice and hearing, that such bank cease and desist from such practice. Depending on the financial condition of City National Bank, the applicable regulatory authority might deem us to be engaged in an unsafe or unsound practice if City National Bank were to pay dividends. The Federal Reserve and the OCC have issued policy statements generally requiring insured banks and bank holding companies to pay dividends only out of current operating earnings.

Payment of dividends could also be subject to regulatory limitations if City National Bank became "under-capitalized" for purposes of the OCC "prompt corrective action" regulations. "Under-capitalized" is currently defined as having a total risk-based capital ratio of less than 8.0%, a Tier 1 risk-based capital ratio of less than 4.0%, or a core capital, or leverage, ratio of less than 4.0%. Throughout 2008, City National Bank was in compliance with all regulatory capital requirements and deemed to be "well-capitalized."

In addition, if any of our subsidiaries becomes insolvent, the direct creditors of that subsidiary will have a prior claim on its assets. Our rights and the rights of our creditors will be subject to that prior claim, unless we are also a direct creditor of that subsidiary.

The common stock is equity and therefore is subordinate to our and our subsidiaries' indebtedness and preferred stock, and our ability to declare dividends on our common stock may be limited.

Shares of the common stock are equity interests in City National and do not constitute indebtedness. As such, shares of the common stock will rank junior to all current and future indebtedness and other non-equity claims on City National with respect to assets available to satisfy claims on City National, including in a liquidation of City National. We may, and City National Bank and our other subsidiaries may also, incur additional indebtedness from time to time and may increase our aggregate level of outstanding indebtedness. Additionally, holders of our common stock are subject to the prior dividend and liquidation rights of any holders of our preferred stock then outstanding. Under the terms of the Series B Preferred Stock (which are described in more detail in the section entitled "Description of Capital Stock"), our ability to declare or pay dividends on or repurchase our common stock or other equity or capital securities will be subject to restrictions in the event that we fail to declare and pay (or set aside for payment) full dividends on the Series B Preferred Stock. In addition, prior to November 21, 2011, unless we have redeemed all of the Series B Preferred Stock or the U.S. Treasury has transferred all of the Series B Preferred Stock to third-parties, the consent of the U.S. Treasury will be required for us to, among other things, increase our common stock dividend above $0.48 except in limited circumstances. Our board of directors is authorized to cause us to issue additional classes or series of preferred stock without any action on the part of the stockholders. If we issue preferred shares in the future that have a preference over our common stock with respect to the payment of dividends or upon liquidation, or if we issue preferred shares with voting rights that dilute the voting power of the common stock, then the rights of holders of our common stock or the market price of our common stock could be adversely affected.

Holders of our common stock are only entitled to receive such dividends as our board of directors may declare out of funds legally available for such payments. This could adversely affect the market price of our common stock. Also, as discussed above, we are a bank holding company and our ability to declare and pay dividends depends on certain federal regulatory considerations including the guidelines of the Federal Reserve Board regarding capital adequacy and dividends.

Anti-takeover provisions could negatively impact our stockholders.

Provisions of Delaware law including Section 203 of the Delaware General Corporation Law and of our charter and bylaws could make it more difficult for a third party to acquire control of us or have the effect of discouraging a third party from attempting to acquire control of us.

Table of Contents

USE OF PROCEEDS

We currently expect to use the proceeds from the sale of our common stock hereunder for general corporate purposes, including (without limitation) for possible repurchases of debt, preferred stock or other securities. Subject to regulatory approval, we may also use the proceeds, along with other funds, to redeem our Fixed Rate Cumulative Perpetual Preferred Stock, Series B and repurchase the ten-year warrant to purchase up to 1,128,668 shares of our common stock, previously sold to the U.S. Department of the Treasury under the Treasury's Capital Purchase Program. We can make no assurances as to when, or if, we will receive such regulatory approval.

PRICE RANGE OF COMMON STOCK

Our common stock is listed and traded on the New York Stock Exchange under the symbol "CYN." The following table sets forth, for the quarters shown, the range of high and low prices of our common stock on the New York Stock Exchange and the cash dividends declared on the common stock. As of April 30, 2009, we had approximately 48,242,669 shares of common stock outstanding. The last reported sales price of our common stock on the New York Stock Exchange on May 1, 2009 was $35.51 per share.

Quarter Ended	High	Low	Dividends Declared
2009			
June 30 (through May 1, 2009)	$38.69	$31.02	$ 0.10
March 31	48.54	22.59	0.25
2008			
December 31	$60.73	$32.82	$ 0.48
September 30	71.50	35.59	0.48
June 30	52.80	39.86	0.48
March 31	61.06	48.00	0.48
2007			