

CITY NATIONAL CORP

Form 424B3

January 09, 2007

Filed pursuant to Rule 424(b)(3)

Registration Statement No. 333-139215

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Stockholder,

On October 31, 2006, Business Bank Corporation entered into an agreement and plan of merger with City National Corporation pursuant to which Business Bank will merge with and into City National, with City National as the surviving corporation in the merger. You are cordially invited to attend a special meeting of the stockholders of Business Bank on February 9, 2007 at 8:00 a.m., local time, at the Business Bank headquarters located at 6085 W. Twain Avenue, Second Floor, Las Vegas, Nevada 89103 to vote on approval of the merger. We are sending you this proxy statement/prospectus to ask you to vote on the approval of the merger at the special meeting.

If the merger is completed, Business Bank stockholders may elect to receive cash, City National common stock or a combination of cash and common stock in exchange for their shares of Business Bank common stock, subject to certain limitations described in this document. Shares that are converted into cash will receive \$66.50 per share in cash, without interest. Shares that are converted into City National common stock will receive a fraction of a City National share that will vary based on the average closing sale prices of City National common stock on the New York Stock Exchange for the ten trading days immediately preceding the completion of the merger as follows:

Average City National Trading Price

More than \$74.25

More than \$69.50, but not more than \$74.25

More than \$67.50, but not more than \$69.50 per share

\$60.75 or more, but not more than \$67.50

Less than \$60.75

Exchange Ratio

\$71.04 divided by the average City National trading price

0.9568

\$66.50 divided by the average City National trading price

0.9852

\$59.85 divided by the average City National trading price

The following table shows the closing sale prices of City National common stock as reported on the New York Stock Exchange and of Business Bank common stock as reported on the Over-the-Counter Bulletin Board on October 31, 2006, the last trading day before we announced the merger, and on January 8, 2007, the last practicable trading day before the distribution of this document. This table also shows the implied value of the consideration proposed for each share of Business Bank common stock receiving City National common stock in the merger, which was calculated by multiplying the closing price of City National common stock on those dates by 0.9852, the exchange ratio that would result if the applicable average City National trading price were equal to the City National closing prices on such dates. The value of the cash component of the merger consideration is fixed at \$66.50 per Business Bank share.

	City National Common Stock		Business Bank Common Stock		Implied Value of Stock Consideration	
At 10/31/06	\$	66.56	\$	58.00	\$	65.57
At 1/8/07	\$	70.00	\$	65.56	\$	66.98

The market prices of both City National common stock and Business Bank common stock will fluctuate before the merger. You should obtain current stock price quotations for City National common stock and Business Bank common stock. City National common stock is quoted on the NYSE under the symbol CYN. Business Bank common stock is quoted on the Over-the-Counter Bulletin Board under the symbol BBNV.

We expect that the merger will generally be tax-free to you as to shares of City National common stock you receive in the merger and generally taxable to you as to the cash you receive.

We cannot complete the merger unless Business Bank's common stockholders approve it. In order for the merger to be approved, the holders of at least a majority of Business Bank's outstanding shares must vote in favor of the merger. The members of the board of directors of Business Bank, who in the aggregate have the power to vote approximately 50.7% of the outstanding shares of Business Bank common stock, have each

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executed voting agreements with City National pursuant to which they have agreed to vote their

shares of Business Bank common stock in favor of the merger and against any competing business combination transaction. Regardless of whether you plan to attend the special stockholders meeting, please take the time to vote your shares in accordance with the instructions contained in this document. Failing to vote will have the same effect as voting against the merger. The Business Bank board of directors recommends that Business Bank stockholders vote FOR approval of the merger.

This document describes the special meeting, the merger, the documents related to the merger and other related matters. Please carefully read this entire document, including the Risk Factors section beginning on page 18 for a discussion of the risks relating to the proposed merger. You also can obtain information about City National Corporation from documents that it has filed with the Securities and Exchange Commission.

John Guedry
President and Chief Executive Officer
Business Bank Corporation

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the City National common stock to be issued under this document or determined if this document is accurate or adequate. Any representation to the contrary is a criminal offense.

The date of this document is January 8, 2007, and it is first being mailed or otherwise delivered to Business Bank stockholders on or about January 10, 2007.

BUSINESS BANK CORPORATION
6085 W. Twain Ave.
Las Vegas, NV 89103

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

Business Bank Corporation will hold a special meeting of stockholders at the Business Bank headquarters located at 6085 W. Twain Avenue, Second Floor, Las Vegas, Nevada 89103 at 8:00 a.m., local time on February 9, 2007 to consider and vote upon the following proposals:

- To approve the merger of Business Bank Corporation with and into City National Corporation, on the terms set forth in the Agreement and Plan of Merger, dated as of October 31, 2006, by and between City National and Business Bank, as it may be amended from time to time; and
- To approve the adjournment of the special meeting, if necessary, to solicit additional proxies, in the event that there are not sufficient votes at the time of the special meeting to approve the proposal to approve the merger.

The Business Bank board of directors has fixed the close of business on December 15, 2006 as the record date for the special meeting. Only Business Bank stockholders of record at that time are entitled to notice of, and to vote at, the special meeting, or any adjournment or postponement of the special meeting.

In order for the merger to be approved, the holders of at least a majority of the outstanding Business Bank common stock outstanding and entitled to vote thereon must vote in favor of approval of the merger.

Regardless of whether you plan to attend the special meeting, please submit your proxy with voting instructions. Please vote as soon as possible. If you hold stock in your name as a stockholder of record, please complete, sign, date and return the accompanying proxy card in the enclosed self-addressed, stamped envelope. If you hold your stock in street name through a bank or broker, please direct your bank or broker to vote in accordance with the instructions you have received from your bank or broker. This will not prevent you from voting in person, but it will help to secure a quorum and avoid added solicitation costs. Any holder of Business Bank common stock who is present at the special meeting may vote in person instead of by proxy, thereby canceling any previous proxy. In any event, a proxy may be revoked in writing at any time before the special meeting in the manner described in the accompanying document.

Business Bank stockholders who do not vote in favor of approving the merger agreement and who otherwise comply with the requirements of Nevada law will be entitled to appraisal rights. A summary of the applicable Nevada law provision, including the requirements a Business Bank stockholder must follow in order to exercise his or her appraisal rights, is contained in the accompanying proxy statement/prospectus. A copy of the Nevada law provision relating to appraisal rights is attached as Annex C to the proxy statement/prospectus.

The Business Bank board of directors has approved the merger and the merger agreement and recommends that Business Bank stockholders vote FOR approval of the merger.

BY ORDER OF THE BOARD OF DIRECTORS,

Larry L. Charlton, *Secretary*
January 8, 2007

YOUR VOTE IS IMPORTANT. PLEASE VOTE YOUR SHARES PROMPTLY, REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE SPECIAL MEETING. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD.

REFERENCES TO ADDITIONAL INFORMATION

This document, which is sometimes referred to as this proxy statement/prospectus, constitutes a proxy statement of Business Bank to Business Bank stockholders with respect to the solicitation of proxies for the special meeting described within and a prospectus of City National for the shares of City National common stock that City National will issue to Business Bank stockholders in the merger. This document incorporates important business and financial information about City National from documents filed with the Securities and Exchange Commission (the SEC) that are not included in or delivered with this document. You may obtain copies of these documents, without charge, from the web site maintained by the SEC at www.sec.gov, as well as other sources. See *Where You Can Find More Information* beginning on page 72. You can also obtain documents incorporated by reference in this document, other than certain exhibits to those documents, by requesting them in writing or by telephone from City National Corporation at the following address:

City National Corporation
400 North Roxbury Drive
Beverly Hills, California 90210
Attention: Investor Relations
(213) 673-7615

You will not be charged for any of these documents that you request. Business Bank stockholders requesting documents should do so by February 2, 2007 in order to receive them before the special meeting.

See *Where You Can Find More Information* on page 72.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING

The questions and answers below highlight only selected procedural information from this document. They do not contain all of the information that may be important to you. You should read carefully the entire document and the additional documents incorporated by reference into this document to fully understand the voting procedures for the special meeting.

Q: What is the proposed transaction for which I am being asked to vote?

A: You are being asked to vote to adopt an Agreement and Plan of Merger, dated as of October 31, 2006, by and between City National Corporation and Business Bank Corporation. Subject to the terms and conditions of the merger agreement, Business Bank would merge with and into City National, with City National as the surviving corporation in the merger.

Q: When and where is the special meeting?

A: The special meeting is scheduled to take place at the Business Bank headquarters located at 6085 W. Twain Avenue, Second Floor, Las Vegas, Nevada 89103 at 8:00 a.m., local time on February 9, 2007.

Q: What do I need to do now?

A: After you have carefully read this document and have decided how you wish to vote your shares, please vote your shares promptly. If you hold stock in your name as a stockholder of record, you must complete, sign, date and mail your proxy card in the enclosed postage paid return envelope as soon as possible. If you hold your stock in street name through a bank or broker, you must direct your bank or broker to vote in accordance with the instructions you have received from your bank or broker. Submitting your proxy card or directing your bank or broker to vote your shares will ensure that your shares are represented and voted at the special meeting.

Q: What vote is required to approve the merger agreement?

A: The merger agreement must be approved by the holders of a majority of the outstanding shares of Business Bank common stock entitled to vote at the special meeting. **The Business Bank board of directors recommends that you vote FOR approval of the merger.** The members of the board of directors of Business Bank, who in the aggregate have the power to vote approximately 50.7% of the outstanding shares of Business Bank common stock, have each executed voting agreements with City National pursuant to which they have agreed to vote their shares of Business Bank common stock in favor of the merger and against any competing business combination transaction.

Q: If my shares of common stock are held in street name by my broker, will my broker automatically vote my shares for me?

A: No. Your broker cannot vote your shares without instructions from you. You should instruct your broker as to how to vote your shares, following the directions your broker provides to you. Please check the voting form used by your broker.

Q: What if I fail to instruct my broker?

A: If you do not provide your broker with instructions, your broker generally will not be permitted to vote your shares on the merger proposal being presented at the special meeting. Because the approval of the merger requires the affirmative vote of the holders of a majority of the outstanding shares of Business Bank common stock, a failure to provide your broker instructions will have the same effect as a vote against the merger.

Q: Can I attend the special meeting and vote my shares in person?

A: Yes. All stockholders, including stockholders of record and stockholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the special

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meeting. Holders of record of Business Bank common stock can vote in person at the special meeting. If you are not a stockholder of record, you must obtain a proxy, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership and you must bring a form of personal photo identification with you in order to be admitted. We reserve the right to refuse admittance to anyone without proper proof of share ownership and without proper photo identification.

Q: Can I change my vote?

A: Yes. You may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to the Secretary of Business Bank, or (3) attending the special meeting in person, notifying the Secretary and voting by ballot at the special meeting. The Business Bank Secretary's mailing address is 6085 W. Twain Avenue, Las Vegas, Nevada 89103.

Any stockholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, and such vote will revoke any previous proxy but the mere presence (without notifying the Secretary of Business Bank) of a stockholder at the special meeting will not constitute revocation of a previously given proxy.

Q: Should I send in my stock certificates with my proxy card?

A: No. Please **DO NOT** send your stock certificates with your proxy card. Rather, prior to the election deadline described in this proxy statement/prospectus, you should send your Business Bank common stock certificates to the exchange agent, together with a completed, signed election form that will be provided to you, or, if your shares are held in street name, according to your broker's instructions. If you do not wish to make an election, you will receive separate instructions for submitting your Business Bank common stock certificates in exchange for the merger consideration following completion of the merger.

Q: What will Business Bank stockholders receive for their stock in the merger?

A: For each share of Business Bank common stock that you own, you may request to receive:

- (1) \$66.50 in cash; or
- (2) A fraction of a City National share equal to the exchange ratio. The exchange ratio will vary based on the average closing sale prices of City National common stock on the New York Stock Exchange for the ten trading days immediately preceding the completion of the merger as follows:

Average City National Trading Price	Exchange Ratio
More than \$74.25	\$71.04 divided by the average City National trading price
More than \$69.50, but not more than \$74.25	0.9568
More than \$67.50, but not more than \$69.50 per share	\$66.50 divided by the average City National trading price
\$60.75 or more, but not more than \$67.50	0.9852
Less than \$60.75	\$59.85 divided by the average City National trading price

Thus, by way of example only, if the average closing sale prices of City National common stock on the New York Stock Exchange for the ten trading days immediately preceding the completion of the merger were \$70.00 per share, the exchange ratio would be 0.9568. Under that example, if you owned 10,000 shares of Business Bank common stock that were converted into the stock consideration, you would receive 9,568 shares of City National common stock in the merger.

If you are a stockholder of record of Business Bank common stock you may make different elections with respect to different shares. For example, if you are the record holder of 10,000 shares of Business Bank common stock, you may elect to have 3,000 of those shares converted into the cash consideration and 7,000 of those shares converted into the City National common stock consideration, subject to potential adjustment as described below. If you hold your stock in street name through a bank or broker, your election procedures may be subject to further limitations imposed by your bank or broker.

You will not receive the merger consideration if you properly perfect your appraisal rights under Nevada law.

Q: Am I certain to receive the form of merger consideration that I elect?

A: No. The merger agreement provides that one-half of the total Business Bank shares outstanding immediately prior to completion of the merger will be converted into cash and one-half of the total Business Bank shares outstanding immediately prior to completion of the merger will be converted into City National common stock. As a result, if more stockholders elect to receive either form of consideration than is available under the merger agreement, stockholders electing the over-subscribed form of consideration will have their elections proportionately reduced and will receive a portion of their consideration in the other form of consideration, despite their election. This mechanism is more fully described in this proxy statement/prospectus under the caption The Merger Agreement Merger Consideration beginning on page 40.

Q: What do I need to do to receive the merger consideration?

A: You will need to sign, date and complete the election form and transmittal materials that will be separately provided to you and submit them to the exchange agent, Continental Stock Transfer & Trust Company, at the address given in the materials, together with the certificates representing your shares of Business Bank common stock prior to the election deadline. The election deadline will be thirty days prior to the date that the parties anticipate completing the merger, and will be separately announced at least five business days, and not more than fifteen business days, prior to the deadline. If you do not submit an election prior to the election deadline, you will be allocated City National common stock and/or cash pursuant to the procedures described under The Merger Agreement Merger Consideration beginning on page 40. If your shares are held in street name you will have to follow your broker's instructions to make an election. If you do not make an election, you will receive separate instructions for submitting your Business Bank common stock certificates in exchange for the merger consideration following completion of the merger.

Q: What must I do if I want to seek appraisal rights because I do not want to receive the merger consideration?

A: Under Nevada law, you will have appraisal rights as a result of the proposed merger. If you wish to dissent from the merger and seek an appraisal of the value of your Business Bank shares you must follow the procedures established under Nevada law, including:

- Delivery of notice of demand for appraisal prior to the special stockholder meeting,
- Not voting in favor of the merger, and
- Continuing to hold your shares of Business Bank stock through completion of the merger.

These procedures are described in Appendix C of this document and are summarized on pages 57-58. Failure to follow the applicable procedures will result in the loss of appraisal rights.

Q: Can I change my election after I submit my certificates?

A: Yes, you can revoke your election and submit new election materials prior to the election deadline. You may do so by submitting a written notice to the exchange agent that is received prior to the election deadline. The revocation must specify the account name and such other information as the exchange agent may request; revocations may not be made in part. New elections must be submitted in accordance with the election procedures described in this proxy statement/prospectus. If you instructed a broker to submit an election for your shares, you must follow your broker's directions for changing those instructions.

Q: When do you expect to complete the merger?

A: We expect to complete the merger in the first quarter of 2007. However, we cannot assure you when or if the merger will occur. We must first obtain the approval of Business Bank stockholders at the special meeting and the necessary regulatory approvals.

Q: Will I be able to sell the shares of City National common stock that I receive in the merger?

A: Yes, in most cases. The shares of City National common stock to be issued in the merger will be registered under the Securities Act of 1933, as amended (which we refer to as the Securities Act), and listed on the New York Stock Exchange. However, certain stockholders who are deemed to be affiliates of City National or Business Bank under the Securities Act (generally, directors, executive officers and stockholders of City National or Business Bank holding more than 10% of the outstanding shares of common stock) must abide by certain transfer restrictions under the Securities Act.

Q: What if I do not vote or I abstain from voting?

A: If you do not vote or you abstain from voting, your failure to vote or abstention will have the effect of a vote against the items being considered.

Q: What happens if I sell my shares of Business Bank common stock before the special meeting?

A: The record date for the special meeting is December 15, 2006, which is earlier than the date of the special meeting. If you hold your shares of Business Bank common stock on the record date you will retain your right to vote at the special meeting. If you transfer your shares of Business Bank common stock after the record date but prior to the date on which the merger is completed, you will lose the right to receive the merger consideration for shares of Business Bank common stock and any dividends that have a record date after the date on which you transfer your shares. The right to receive the merger consideration will pass to the person who owns your shares of Business Bank common stock when the merger is completed.

Q: What will happen to my Business Bank shares after completion of the merger?

A: Upon completion of the merger, your shares of Business Bank common stock will be canceled and will represent only the right to receive your portion of the merger consideration (or the fair value of your Business Bank common stock if you seek appraisal rights) and any declared but unpaid dividends that you may be owed.

Q: Whom should I call with questions?

A: Business Bank stockholders should call Paul Stowell at (702) 952-4415 with any questions about the merger.

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SUMMARY

*This summary highlights selected information from this document. It does not contain all of the information that is important to you. We urge you to carefully read the entire document and the other documents to which we refer in order to fully understand the merger and the related transactions. See *Where You Can Find More Information* on page 72. Each item in this summary refers to the page of this document on which that subject is discussed in more detail.*

The Merger and the Merger Consideration (page 40)

We are proposing the merger of Business Bank with and into City National. City National will survive the merger. If the merger is completed, you will have the right to elect to receive \$66.50 per share in cash (without interest) or a fraction of a share of City National common stock based on the formula described below for each share of Business Bank common stock that you own, unless you do not vote in favor of the merger and you properly perfect your appraisal rights under Nevada law. Shares that are converted into City National common stock will receive a fraction of a City National share (which we refer to in this document as the exchange ratio) that will vary based on the average closing sale prices of City National common stock on the New York Stock Exchange for the ten trading days immediately preceding the completion of the merger as follows:

Average City National Trading Price	Exchange Ratio
More than \$74.25	\$71.04 divided by the average City National trading price
More than \$69.50, but not more than \$74.25	0.9568
More than \$67.50, but not more than \$69.50 per share	\$66.50 divided by the average City National trading price
\$60.75 or more, but not more than \$67.50	0.9852
Less than \$60.75	\$59.85 divided by the average City National trading price

Thus, by way of example only, if the average closing sale prices of City National common stock on the New York Stock Exchange for the ten trading days immediately preceding the completion of the merger were \$70.00 per share, the exchange ratio would be 0.9568. Under that example, if you owned 10,000 shares of Business Bank common stock that were converted into the stock consideration, you would receive 9,568 shares of City National common stock in the merger.

If you are a stockholder of record of Business Bank common stock you may make different elections with respect to different shares. For example, if you are the record holder of 10,000 shares of Business Bank common stock, you may elect to have 3,000 of those shares converted into the cash consideration and 7,000 of those shares converted into the City National common stock consideration, subject to potential adjustment as described below. If you hold your stock in street name through a bank or broker, your election procedures may be subject to further limitations imposed by your bank or broker.

City National will not issue any fractional shares of City National common stock in the merger: Business Bank stockholders who would otherwise be entitled to a fractional share of City National common stock will instead receive an additional amount in cash based on the same average City National common stock price described above.

Regardless of whether you make a cash election or a stock election, you may nevertheless receive a mix of cash and stock (page 42)

The merger agreement provides that one-half of the total Business Bank shares outstanding immediately prior to completion of the merger will be converted into cash and one-half of the total outstanding Business Bank shares will be converted into City National common stock. As a result, if more

stockholders elect to receive either form of consideration than is available under the merger agreement, stockholders electing the over-subscribed form of consideration will have their elections proportionately reduced and will receive a portion of their consideration in the other form, despite their election.

Consideration for Business Bank Stock Options and Restricted Stock (page 41)

Upon completion of the merger:

- Each outstanding option to purchase shares of Business Bank common stock, whether vested or not, that is held by an employee of Business Bank will be cancelled and converted into an option to purchase City National common stock, with (1) the shares subject to such new option equal to the number of shares of Business Bank common stock subject to the old option immediately prior to completion of the merger multiplied by the exchange ratio described above under The Merger and the Merger Consideration (rounded down to the nearest whole share) and (2) with an exercise price per share equal to the exercise price per share under the old option divided by the exchange ratio (rounded down to the nearest whole cent);
- Each outstanding option to purchase shares of Business Bank common stock, whether vested or not, that is held by anyone other than an employee of Business Bank (including any non-employee director of Business Bank) will be cancelled and converted into the right to receive a lump sum cash payment, without interest, equal to the product of (1) the number of shares subject to such Business Bank option and (2) the excess, if any, of \$66.50 over the exercise price per share of such Business Bank option, subject to applicable tax withholding; and
- Each outstanding restricted share of Business Bank common stock, whether vested or not, will be cancelled and converted into the right to receive, without restrictions, the merger consideration applicable to non-restricted shares of Business Bank common stock, subject to applicable tax withholding.

The Merger Will Generally Be Tax-Free to Business Bank Stockholders Except to the Extent of the Cash They Receive (page 54)

City National and Business Bank have structured the merger to qualify as a reorganization for United States federal income tax purposes, and it is a condition to their respective obligations to complete the merger that each of City National and Business Bank receive a legal opinion to that effect. Accordingly, the merger will generally be tax-free to you, except to the extent of the cash you receive in the merger. The amount of gain that you recognize in the merger will generally be limited to the lesser of the amount of gain that you realize and the amount of cash that you receive in the merger (except for any cash you receive instead of fractional shares). The amount of gain that you realize is generally equal to the excess, if any, of the sum of the cash and the fair market value of the City National common stock that you receive over your tax basis in the Business Bank common stock you surrender in the merger.

The United States federal income tax consequences described above may not apply to all holders of Business Bank common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your tax advisor for a full understanding of the particular tax consequences of the merger to you.

Comparative Market Prices and Share Information (page 71)

City National common stock is quoted on the NYSE under the symbol CYN. Business Bank common stock is quoted on the Over-the-Counter Bulletin Board under the symbol BBNV. The following table shows the closing sale prices of City National common stock and Business Bank common stock as reported on the NYSE and the Over-the-Counter Bulletin Board on October 31, 2006, the last trading day before we announced the merger, and on January 8, 2007, the last practicable trading day before the distribution of this document. This table also shows the implied value of the consideration

proposed for each share of Business Bank common stock receiving City National common stock in the merger, which was calculated by multiplying the closing price of City National common stock on those dates by 0.9852, the exchange ratio that would result if the applicable average City National trading price were equal to the City National closing prices on such dates. The value of the cash component of the merger consideration is fixed at \$66.50 per Business Bank share.

	City National Common Stock	Business Bank Common Stock	Implied Value of Stock Consideration
At 10/31/06	\$ 66.56	\$ 58.00	\$ 65.57
At 1/8/07	\$ 70.00	\$ 65.56	\$ 66.98

The market price of City National common stock and Business Bank common stock will fluctuate prior to the merger. You should obtain current market quotations for the shares.

Ryan Beck & Co. Has Provided an Opinion to the Business Bank Board of Directors Regarding the Merger Consideration (page 27)

Ryan Beck & Co. delivered its opinion to Business Bank's board of directors that as of October 31, 2006 and based upon and subject to the factors and assumptions set forth in the opinion, the merger consideration to be received by holders of the outstanding shares of the common stock of Business Bank under the agreement and plan of merger was fair from a financial point of view.

The full text of the written opinion of Ryan Beck, dated October 31, 2006, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Appendix B to this proxy statement/prospectus. Business Bank's stockholders are encouraged to read the opinion in its entirety. Ryan Beck provided its opinion for the information and assistance of the Business Bank board of directors in connection with its consideration of the transaction. The Ryan Beck opinion is not a recommendation as to how any holder of Business Bank common stock should vote with respect to the transaction.

The Business Bank Board of Directors Recommends that Business Bank Stockholders Vote FOR Approval of the Merger (page 25)

The Business Bank board of directors believes that the merger is in the best interests of Business Bank and its stockholders and has approved the merger and the merger agreement. The Business Bank board of directors recommends that Business Bank stockholders vote FOR approval of the merger.

Business Bank's Directors and Officers Have Financial Interests in the Merger That May Differ From Your Interests (page 38)

In considering the information contained in this document, you should be aware that Business Bank's executive officers and directors have financial interests in the merger that may be different from, or in addition to, the interests of Business Bank stockholders. These additional interests of Business Bank's executive officers and directors may create potential conflicts of interest and cause some of these persons to view the proposed transaction differently than you may view it as a stockholder.

Business Bank's board of directors was aware of these interests and took them into account in its decision to approve and adopt the merger agreement. For information concerning these interests, please see the discussion under the caption Business Bank's Directors and Officers Have Financial Interests in the Merger.

Holders of Business Bank Common Stock Have Appraisal Rights in the Merger (page 57)

Under Nevada law, in the event the merger is completed, if you file with us before the special meeting a written objection to the proposed merger, you do not vote to approve and adopt the merger agreement, and you comply with the other requirements of the relevant provisions of Nevada law described in this proxy statement/prospectus, you may elect to receive, in cash, the statutorily determined fair value of your shares of our common stock, with interest, in lieu of receiving the merger consideration. A copy of the full text of the relevant provisions of Nevada law is attached as Appendix C, and any description in this proxy statement of those provisions is qualified in its entirety by reference to Appendix C.

Conditions That Must Be Satisfied or Waived for the Merger to Occur (page 51)

Currently, we expect to complete the merger in the first quarter of 2007. As more fully described in this document and in the merger agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. These conditions include, among others, approval by Business Bank stockholders, the receipt of all required regulatory approvals (such as approval by the Board of Governors of the Federal Reserve System and the Office of the Comptroller of the Currency) without a condition or a restriction that would have a material adverse effect measured relative to Business Bank, and the receipt of legal opinions by each company regarding the tax treatment of the merger.

We cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

Termination of the Merger Agreement (page 52)

We may mutually agree to terminate the merger agreement before completing the merger, even after stockholder approval, as long as the termination is approved by each of our boards of directors. In addition, either of us may decide to terminate the merger agreement, even after stockholder approval, if:

- A governmental entity that must grant a regulatory approval as a condition to the merger denies such approval of the merger and such denial has become final and non-appealable;
- A governmental entity issues a non-appealable final order prohibiting the merger;
- The merger has not been completed by October 31, 2008, unless the reason the merger has not been completed by that date is a breach of the merger agreement by the company seeking to terminate the merger agreement;
- The other party breaches the merger agreement in a way that would entitle the party seeking to terminate the agreement not to consummate the merger, subject to the right of the breaching party to cure the breach within 30 days following written notice (unless it is not possible due to the nature or timing of the breach for the breaching party to cure the breach); or
- The stockholders of Business Bank fail to approve the merger agreement at the special stockholders meeting or any adjournment thereof, except that Business Bank may not terminate the merger agreement pursuant to this provision if it has breached its obligation to call and hold a stockholder meeting to consider the merger or its obligation to not solicit competing acquisition proposals.

In addition, City National may terminate the merger agreement if:

- The Business Bank board of directors fails to recommend approval of the merger agreement to its stockholders;
- The Business Bank board of directors withdraws or modifies its recommendation (or proposes to do so) in a manner adverse to City National;

- The Business Bank board of directors recommends or endorses an alternative business combination proposal;
- The Business Bank board of directors resolves to do any of the foregoing; or
- Business Bank intentionally breaches its obligation to call and hold a stockholder meeting to consider the merger or its obligation to not solicit competing acquisition proposals.

Termination Fee (page 53)

In the event that City National terminates the merger agreement because of any of the matters set forth in the last five bullet points in the preceding Termination of the Merger Agreement, Business Bank will pay City National a \$5 million termination fee. In addition, we have agreed that if certain events occur relating to a competing business combination proposal and thereafter the merger agreement is terminated by either Business Bank or City National under specified circumstances and within 12 months thereafter Business Bank enters into any acquisition or similar agreement or completes an alternative business combination proposal, Business Bank will pay City National a \$5 million termination fee. Only one \$5 million fee can become due under the termination fee provisions of the merger agreement.

Regulatory Approvals Required for the Merger (page 36)

Business Bank and City National have agreed to use their reasonable best efforts to obtain all regulatory approvals required to complete the transactions contemplated by the merger agreement. These approvals include approval from the Federal Reserve Board and the Office of the Comptroller of the Currency. City National and Business Bank have filed their applications to obtain the required regulatory approvals of the Federal Reserve Board and the Office of the Comptroller. In obtaining the required regulatory approvals, City National is not required to agree to any restriction or condition that would have a material adverse effect on Business Bank or City National, measured on a scale relative to Business Bank.

Although we do not know of any reason why we cannot obtain these regulatory approvals in a timely manner, we cannot be certain when or if we will obtain them.

The Rights of Business Bank Stockholders will be Governed by Delaware Law and the City National Certificate of Incorporation and Bylaws after the Merger (page 62)

The rights of Business Bank stockholders who become City National stockholders will change as a result of the merger due to differences in City National's and Business Bank's governing documents and due to the fact that the companies are incorporated in different states (Business Bank in Nevada and City National in Delaware). A description of stockholder rights under each of the City National and Business Bank governing documents and applicable state law begins on page 62 of this document.

Business Bank will Hold its Special Meeting on February 9, 2007 (page 20)

The special meeting will be held on February 9, 2007 at 8:00 a.m., local time, at the Business Bank headquarters located at 6085 W. Twain Avenue, Second Floor, Las Vegas, Nevada 89103. At the special meeting, Business Bank stockholders will be asked to:

- Approve the merger; and
- Approve the adjournment of the special meeting, if necessary, to solicit additional proxies, in the event that there are not sufficient votes at the time of the special meeting to approve the merger.

Record Date. Only holders of record of Business Bank common stock at the close of business on December 15, 2006 will be entitled to vote at the special meeting. Each share of Business Bank common stock is entitled to one vote. As of the record date of December 15, 2006, there were 2,311,477 shares of Business Bank common stock entitled to vote at the special meeting.

Required Vote. To approve the merger, the holders of a majority of the outstanding shares of Business Bank common stock entitled to vote must vote in favor of approving the merger. Because approval is based on the affirmative vote of at least a majority of shares outstanding, a Business Bank stockholder's failure to vote or an abstention will have the same effect as a vote against the merger.

Approval of any necessary adjournment of the special meeting may be obtained by the affirmative vote of the holders of a majority of the shares present in person or by proxy, even if less than a quorum. Because approval of such adjournment is based on the affirmative vote of a majority of shares present in person or by proxy, abstentions will have the same effect as a vote against this proposal.

As of the record date, directors and executive officers of Business Bank and their affiliates had the right to vote 1,205,632 shares of Business Bank common stock, or 52.2% of the outstanding Business Bank common stock entitled to be voted at the special meeting. At that date, City National, its directors and its executive officers did not beneficially own any shares of Business Bank common stock. As described below, the directors of Business Bank have agreed to vote their shares of Business Bank common stock in favor of the merger. In addition, City National will vote its shares of Business Bank common stock in favor of the proposals to be presented at the special meeting.

Business Bank's Directors Have Agreed to Vote in Favor of the Merger (page 22)

In consideration of City National agreeing to enter into the merger agreement, each of the members of our board of directors entered into support agreements with City National under which they agreed to vote, and gave City National an irrevocable proxy to vote, their shares of Business Bank common stock in favor of the merger agreement and against any competing acquisition transaction. The shares subject to these support agreements represent approximately 50.7% of the outstanding shares of Business Bank common stock as of the record date. A form of the support agreement is attached to this proxy statement as Appendix D.

Information about the Companies (page 58)

City National Corporation

City National is a Delaware corporation, a bank holding company and a financial holding company under U.S. federal law. City National's bank subsidiary, City National Bank, is a national bank. As an organization, City National focuses on providing entrepreneurs, their businesses and their families with complete financial solutions. City National provides banking, investment and trust services to its clients through City National Bank and its non-banking subsidiaries. City National Bank operates through 54 offices, including 12 full-service regional centers, in Southern California, the San Francisco Bay Area and New York City. City National stock (NYSE: CYN) is listed on the New York Stock Exchange. At September 30, 2006, City National had total consolidated assets of approximately \$14.6 billion, total consolidated deposits of approximately \$11.9 billion and total consolidated stockholders' equity of approximately \$1.5 billion. City National's principal executive offices are located at 400 North Roxbury Drive, Beverly Hills, California 90210, and its telephone number is (310) 888-6000.

Business Bank Corporation

Business Bank Corporation is a Nevada corporation and bank holding company. Business Bank's bank subsidiary, Business Bank of Nevada, is a Nevada chartered banking corporation. Business Bank of Nevada operates seven branch offices in Nevada, including three in Las Vegas, and one each in North Las Vegas, Reno, Carson City and Minden. Business Bank of Nevada also has loan production offices in South Lake Tahoe and Scottsdale, Arizona. Business Bank stock (OTCBB: BBNV) is quoted on the Over-the-Counter Bulletin Board. At September 30, 2006, Business Bank of Nevada had total consolidated assets of approximately \$490 million, total consolidated deposits of approximately \$428 million and total consolidated stockholders' equity of approximately \$44 million. Business Bank's principal executive offices are located at 6085 W. Twain Avenue, Las Vegas, Nevada 89103.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF CITY NATIONAL

Set forth below are highlights derived from City National's audited consolidated financial data as of and for the years ended December 31, 2001 through 2005 and City National's unaudited consolidated financial data as of and for the nine months ended September 30, 2005 and 2006. The results of operations for the nine months ended September 30, 2006 are not necessarily indicative of the results of operations for the full year or any other interim period. City National management prepared the unaudited information on the same basis as it prepared City National's audited consolidated financial statements. In the opinion of City National management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates. You should read this information in conjunction with City National's consolidated financial statements and related notes included in City National's Annual Report on Form 10-K for the year ended December 31, 2005, and City National's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, which are incorporated by reference in this document and from which this information is derived. See "Where You Can Find More Information" on page 72.

Dollars in thousands, except per share data	As of or for the year ended December 31,				
	2005	2004	2003	2002	2001
Statement of Income Data:					
Interest income	\$ 718,552	\$ 604,325	\$ 575,725	\$ 609,700	\$ 625,248
Interest expense	106,125	58,437	61,110	94,444	191,094
Net interest income	612,427	545,888	514,615	515,256	434,154
Provision for credit losses			29,000	67,000	35,000
Noninterest income	208,189	184,265	177,225	146,293	132,384
Noninterest expense	438,385	395,410	364,178	331,646	313,395
Minority interest	5,675	4,992	4,039	945	
Income before taxes	376,556	329,751	294,623	261,958	218,143
Income taxes	141,821	123,429	107,946	78,858	71,973
Net income	\$ 234,735	\$ 206,322	\$ 186,677	\$ 183,100	\$ 146,170
Adjusted net income(1)	\$ 234,735	\$ 206,322	\$ 186,677	\$ 183,100	\$ 159,038
Per Share Data:					
Net income per share, basic	4.77	4.21	3.84	3.69	3.05
Net income per share, diluted	4.60	4.04	3.72	3.56	2.96
Adjusted net income per share, diluted(1)	4.60	4.04	3.72	3.56	3.22
Dividends per share	1.44	1.28	0.97	0.78	0.74
Book value per share	29.55	27.39	24.85	22.66	18.50
Shares used to compute income per share, basic	49,159	48,950	48,643	49,563	47,896
Shares used to compute income per share, diluted	51,062	51,074	50,198	51,389	49,376
Balance Sheet Data At Period End:					
Assets	\$ 14,581,860	\$ 14,231,513	\$ 13,028,213	\$ 11,878,296	\$ 10,184,601
Securities(1)	4,058,605	4,190,176	3,457,189	2,398,867	1,893,105
Loans(1)	9,265,602	8,481,277	7,882,742	7,999,470	7,159,206
Interest-earning assets(1)	13,522,010	13,334,815	11,985,678	10,858,337	9,447,311
Deposits	12,138,472	11,986,915	10,937,063	9,839,698	8,131,202
Shareholders' equity	1,458,008	1,348,535	1,219,256	1,109,959	890,577
Balance Sheet Data Average Balances:					
Assets	\$ 14,161,272	\$ 13,395,995	\$ 12,156,145	\$ 10,899,670	\$ 9,336,448
Securities(1)	4,075,948	3,689,024	2,976,741	1,977,948	1,680,973
Loans(1)	8,875,358	8,106,657	7,729,150	7,822,653	6,713,315
Interest-earning assets(1)	13,048,298	12,322,702	11,159,034	9,996,998	8,520,242
Deposits	11,778,839	11,275,017	10,045,267	8,639,546	7,067,984
Shareholders' equity	1,389,731	1,262,562	1,147,477	1,049,393	825,344

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Dollars in thousands, except per share data	As of or for the year ended December 31,				
	2005	2004	2003	2002	2001
Asset Quality:					
Nonaccrual loans	\$ 14,400	\$ 34,638	\$ 42,273	\$ 71,357	\$ 38,563
OREO				670	10
Total nonaccrual loans and OREO	\$ 14,400	\$ 34,638	\$ 42,273	\$ 72,027	\$ 38,573
Performance Ratios:					
Return on average assets	1.66	% 1.54	% 1.54	% 1.68	% 1.57
Return on average shareholders' equity	16.89	16.34	16.27	17.45	17.71
Return on average assets adjusted(1)	1.66	1.54	1.54	1.68	1.70
Return on average shareholders' equity adjusted(1)	16.89	16.34	16.27	17.45	19.27
Net interest spread	3.99	4.11	4.29	4.65	3.95
Net interest margin	4.79	4.54	4.74	5.30	5.26
Period-end shareholders' equity to period-end assets	10.00	9.48	9.36	9.34	8.74
Dividend payout ratio, per share	30.35	30.50	25.33	21.10	24.26
Adjusted dividend payout ratio per share(1)	30.35	30.50	25.33	21.10	22.30
Efficiency ratio	53.30	53.89	52.13	49.20	54.08
Efficiency ratio adjusted(1)	53.30	53.89	52.13	49.20	51.86
Asset Quality Ratios:					
Nonaccrual loans to total loans	0.16	% 0.41	% 0.54	% 0.89	% 0.54
Nonaccrual loans and OREO to total loans and OREO	0.16	0.41	0.54	0.90	0.54
Allowance for loan losses to total loans	1.66	1.75	1.98	1.96	1.88
Allowance for loan losses to nonaccrual loans	1,069.3	428.9	369.1	219.5	349.0
Net recoveries / (charge-offs) to average loans	0.10	(0.07)	(0.36)	(0.69)	(0.41)

(1) Certain prior period data has been adjusted to conform to the current year presentation. Adjusted balances also reflect the elimination of goodwill amortization of \$12,868 for the year ended December 31, 2001 to reflect all periods on a comparable basis.

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Dollars in thousands, except per share date	As of or for the nine months ended September 30,	
	2006 (unaudited)	2005 (unaudited)
Statement of Income Data:		
Interest income	\$ 612,743	\$ 526,625
Interest expense	157,617	74,239
Net interest income	455,126	452,386
Provision for credit losses	(610)	
Noninterest income	178,306	155,266
Noninterest expense	350,915	324,804
Minority interest	4,249	5,104
Income taxes	103,911	104,766
Net income	\$ 174,967	\$ 172,978
Per Share Data:		
Net income per share, basic	3.59	3.52
Net income per share, diluted	3.47	3.39
Dividends per share	1.23	1.08
Book value per share	30.61	28.85
Shares used to compute income per share, basic	48,786	49,133
Shares used to compute income per share, diluted	50,424	51,066
Balance Sheet Data At Period End:		
Assets	\$ 14,616,758	\$ 14,429,444
Securities(1)	3,292,100	4,072,930
Loans(1)	10,020,358	9,004,881
Interest-earning assets(1)	13,381,081	13,302,296
Deposits	11,892,017	12,115,714
Shareholders' equity	1,458,220	1,417,177
Balance Sheet Data Average Balances:		
Assets	\$ 14,716,831	\$ 14,057,968
Securities(1)	3,596,189	4,084,335
Loans(1)	9,848,427	8,762,518
Interest-earning assets(1)	13,517,443	12,953,572
Deposits	11,809,046	11,704,210
Shareholders' equity	1,456,736	1,376,564
Asset Quality:		
Nonaccrual loans	\$ 18,779	\$ 18,554
OREO		
Total nonaccrual loans and OREO	\$ 18,799	\$ 18,554
Performance Ratios:		
Return on average assets	1.59	1.65
Return on average shareholders' equity	16.06	16.80
Net interest spread	3.27	4.02
Net interest margin	4.60	4.76
Period-end shareholders' equity to period-end assets	9.98	9.82
Dividend payout ratio, per share	34.57	30.87
Efficiency ratio	55.22	53.46
Asset Quality Ratios:		
Nonaccrual loans to total loans	0.19	0.21
Nonaccrual loans and OREO to total loans and OREO	0.19	0.21
Allowance for loan losses to total loans	1.59	1.70
Allowance for loan losses to nonaccrual loans	847.0	824.2
Net recoveries / (charge-offs) to average loans	0.08	0.25

(1) Certain prior period data has been adjusted to conform to the current year presentation.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF BUSINESS BANK

Set forth below are highlights derived from Business Bank's audited consolidated financial data as of and for the years ended December 31, 2001 through 2005 and Business Bank's unaudited consolidated financial data as of and for the nine months ended September 30, 2006. The results of operations for the nine months ended September 30, 2006 are not necessarily indicative of the results of operations for the full year or any other interim period. The unaudited information was prepared on the same basis as Business Bank's audited consolidated financial statements. In the opinion of Business Bank management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates.

Business Bank Summary of Consolidated Financial Data**Selected Financial Data**

In thousands, except per share data	As of or for the periods ended					
	September 30, 2006 (unaudited)	December 31, 2005	December 31, 2004	December 31, 2003	December 31, 2002	December 31, 2001
Statement of Operations Data:						
Interest income	\$ 25,358	\$ 24,049	\$ 16,493	\$ 13,757	\$ 13,014	\$ 13,562
Interest expense	6,560	4,084	2,637	2,692	3,279	5,396
Net interest income	18,798	19,965	13,856	11,065	9,735	8,166
Provision for credit losses	845	232	748	422	362	417
Noninterest income	690	818	1,235	1,527	1,641	1,230
Noninterest expense	11,041	11,976	9,954	8,693	8,150	7,872
Income before taxes	7,602	8,575	4,389	3,477	2,864	1,107
Income taxes	2,485	2,912	1,496	1,185	983	382
Net income	\$ 5,117	\$ 5,663	\$ 2,893	\$ 2,292	\$ 1,881	\$ 725
Per Share Data:						
Net income per share, basic	\$ 2.37	\$ 2.75	\$ 1.53	\$ 1.28	\$ 1.12	\$ 0.44
Net income per share, diluted	2.17	2.49	1.34	1.14	1.01	0.44
Book value per share	19.81	16.75	12.92	11.77	10.73	9.48
Shares used to compute income per share, basic	2,161,156	2,057,929	1,887,708	1,797,219	1,681,946	1,637,106
Shares used to compute income per share, diluted	2,353,960	2,271,300	2,159,875	2,006,131	1,865,330	1,652,232
Balance Sheet Data At Period End:						
Assets	\$ 489,740	\$ 449,674	\$ 354,544	\$ 278,085	\$ 234,128	\$ 200,953
Deposits	427,576	406,995	322,088	253,309	214,367	184,043
Gross loans	380,337	290,563	240,409	190,724	146,908	124,328
Allowance for loan losses	4,113	3,232	3,015	2,391	2,049	1,780
Securities	71,792	83,486	74,945	56,738	51,411	42,800
Interest-earning assets	464,130	424,743	336,943	260,421	215,713	185,449
Shareholders' equity	44,417	34,982	25,049	21,992	18,427	15,706
Balance Sheet Data Average Balances:						
Assets	\$ 450,604	\$ 393,956	\$ 317,870	\$ 250,924	\$ 214,157	\$ 188,946
Deposits	391,775	354,503	291,085	228,822	195,686	172,088
Loans	334,546	264,053	208,514	160,826	135,489	114,529
Securities	79,551	77,631	61,065	59,506	45,625	36,017
Interest-earning assets	426,446	370,965	294,004	232,389	197,039	170,858
Shareholders' equity	39,511	31,541	23,523	20,319	17,013	14,590
Asset Quality:						
Nonaccrual loans	\$ 38	\$ 988	\$	\$ 28	\$ 856	\$ 2,238
OREO					388	467
Total	\$ 38	\$ 988	\$	\$ 28	\$ 1,244	\$ 2,705

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In thousands, except per share data	As of or for the periods ended											
	September 30, 2006 (unaudited)		December 31, 2005		December 31, 2004		December 31, 2003		December 31, 2002		December 31, 2001	
Performance Ratios:												
Return on average assets	1.51	%	1.44	%	0.91	%	0.92	%	0.86	%	0.38	%
Return on average shareholders' equity	17.27		17.95		12.30		11.38		11.18		4.98	
Net interest margin	5.94		5.40		4.72		4.76		4.99		4.77	
Average shareholders' equity to average assets	8.77		8.01		7.40		8.10		7.94		7.72	
Efficiency ratio	56.04		56.93		66.14		69.05		71.64		83.78	
Asset Quality Ratios:												
Nonaccrual loans to total loans	0.01	%	0.34	%	0.00	%	0.01	%	0.58	%	1.80	%
Nonaccrual loans and OREO to total loans and OREO	0.01		0.34				0.01		0.84		2.17	
Allowance for credit losses to total loans	1.08		1.11		1.25		1.25		1.39		1.43	
Allowance for credit losses to nonaccrual loans	10,823.7		327.1				8,539.3		239.4		79.54	
Net (charge-offs) recoveries to average loans	0.00		(0.01))	(0.06))	(0.01))	(0.07))	(0.28))

COMPARATIVE UNAUDITED PER SHARE DATA

The following table sets forth for City National common stock and Business Bank common stock certain unaudited historical, pro forma and pro forma-equivalent per share financial information. The pro forma and pro forma-equivalent per share information gives effect to the merger as if the merger had been effective on the dates presented, in the case of the book value data, and as if the merger had become effective as of January 1 of each period presented, in the case of the net income and dividends declared data. The pro forma data in the tables assume that the merger is accounted for using the purchase method of accounting and represents a current estimate based on available information of the combined company's results of operations. The pro forma financial adjustments record the assets and liabilities of Business Bank at their estimated fair values and are subject to adjustment as additional information becomes available and as additional analyses are performed. See "Accounting Treatment" on page 54. The information in the following table is based on, and should be read together with, the historical financial information that City National has presented in its prior filings with the Securities and Exchange Commission, which we refer to as the SEC, see "Where You Can Find More Information" on page 72, and with Business Bank's selected consolidated historical financial data included on pages 14-15.

We anticipate that the merger will provide the combined company with financial benefits that include reduced operating expenses and revenue enhancement opportunities. The pro forma combined data give effect to the merger, and includes adjustments, among others, for the amortization of the core deposit intangibles and the costs of financing of the cash portion of the transaction. Not included in the pro forma data are \$825,000 of expenses related to the stock options and restricted stock granted to the employees of Business Bank that become vested at the time of the merger. The pro forma computations assume that 1.2 million shares of City National common stock will be issued in the merger; however, the actual number of shares issued in the merger may differ from this assumption. The pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the impact of possible revenue enhancements, expense efficiencies, asset dispositions and share repurchases, among other factors, that may result as a consequence of the merger and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had our companies been combined during these periods. The Comparative Unaudited Per Share Data Table below for the nine months ended September 30, 2006 and the year ended December 31, 2005 combines the historical income per share data of City National and its subsidiaries and Business Bank and its subsidiaries giving effect to the merger as if the merger had become effective as of January 1 of each period presented, using the purchase method of accounting. Upon completion of the merger, the operating results of Business Bank will be reflected in the consolidated financial statements of City National on a prospective basis.

	Historical City National	Business Bank	Pro Forma Combined	Per Business Bank Equivalent Share(1)
Net income per share for the year ended December 31, 2005				
Basic	\$ 4.77	\$ 2.75	\$ 4.70	\$ 4.63
Diluted	4.60	2.49	4.53	4.46
Net income per share for the nine months ended September 30, 2006				
Basic	3.59	2.37	3.54	3.49
Diluted	3.47	2.17	3.43	3.38
Cash dividends				
For the year ended December 31, 2005	1.44		1.44	1.42
For the nine months ended September 30, 2006	1.23		1.23	1.21
Book value per share				
As of December 31, 2005	29.55	16.75	30.27	29.82
As of September 30, 2006	30.61	19.81	31.52	31.05

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(1) Per Business Bank equivalent pro forma is calculated by multiplying pro forma combined by the hypothetical exchange ratio of 0.9852.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document contains or incorporates by reference a number of forward-looking statements, including statements about the financial conditions, results of operations, earnings outlook and prospects of City National, Business Bank and the potential combined company and may include statements for the period following the completion of the merger. Forward-looking statements are typically identified by words such as plan, believe, expect, anticipate, intend, outlook, estimate, forecast, project and other similar words and expressions.

The forward-looking statements involve certain risks and uncertainties. The ability of either City National or Business Bank to predict results or the actual effects of its plans and strategies, or those of the combined company, is subject to inherent uncertainty. Factors that may cause actual results or earnings to differ materially from such forward-looking statements include those set forth below under Risk Factors, as well as, among others, the following:

- Those discussed and identified in public filings with the SEC made by City National;
- Completion of the merger is dependent on, among other things, receipt of stockholder and regulatory approvals, the timing of which cannot be predicted with precision and which may not be received at all;
- The merger may be more expensive to complete than anticipated, including as a result of unexpected factors or events;
- The integration of Business Bank's business and operations with those of City National may take longer than anticipated, may be more costly than anticipated and may have unanticipated adverse results relating to Business Bank's or City National's existing businesses; and
- The anticipated cost savings and other synergies of the merger may take longer to be realized or may not be achieved in their entirety, and attrition in key client, partner and other relationships relating to the merger may be greater than expected.

Because these forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this document or the date of any document incorporated by reference in this document.

All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this document and attributable to City National or Business Bank or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this document. Except to the extent required by applicable law or regulation, City National and Business Bank undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

RISK FACTORS

*In addition to general investment risks and the other information contained in or incorporated by reference into this document, including the matters under the caption **Cautionary Statement Regarding Forward-Looking Statements** and the matters discussed under the caption **Risk Factors** included in the Annual Report on Form 10-K filed by City National for the year ended December 31, 2005 as updated by subsequently filed Forms 10-Q and 10-K, you should carefully consider the following factors in deciding whether to vote for adoption of the merger agreement.*

Because the Market Price of City National Common Stock Will Fluctuate, Business Bank Stockholders Cannot Be Sure of the Trading Price of the Merger Consideration They Will Receive.

Upon completion of the merger, one-half of all of the outstanding shares of Business Bank common stock will be converted into City National common stock based on the formula described in this document. The exchange ratio, and the market value of the stock portion of the merger consideration implied by that exchange ratio, may vary from the closing price of City National common stock on the date we announced the merger, on the date we mailed this document to Business Bank stockholders, on the date of the special meeting of the Business Bank stockholders and thereafter. Changes in the market value of City National common stock prior to completion of the merger will affect the implied value of the merger consideration that Business Bank stockholders will receive upon completion of the merger. Accordingly, at the time of the special meeting, Business Bank stockholders will not know or be able to calculate the actual market value of the merger consideration they would receive upon completion of the merger. Neither company is permitted to terminate the merger agreement solely because of changes in the market prices of either company's stock. There will be no adjustment to the merger consideration for changes in the market price of either shares of City National common stock or shares of Business Bank common stock. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations. Many of these factors are beyond our control. You should obtain current market quotations for shares of City National common stock and for shares of Business Bank common stock.

We May Fail To Realize All of the Anticipated Benefits of the Merger.

The success of the merger will depend, in part, on our ability to realize the anticipated benefits and cost savings from combining the businesses of City National and Business Bank. However, to realize these anticipated benefits and cost savings, we must successfully combine the businesses of City National and Business Bank. If we are not able to achieve these objectives, the anticipated benefits and cost savings of the merger may not be realized fully or at all or may take longer to realize than expected.

City National and Business Bank have operated and, until the completion of the merger, will continue to operate, independently. It is possible that the integration process could result in the loss of key employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits of the merger. Integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on each of Business Bank and City National during the transition period.

The Market Price of City National Common Stock after the Merger May Be Affected by Factors Different from Those Affecting the Shares of Business Bank or City National Currently.

The businesses of City National and Business Bank differ and, accordingly, the results of operations of the combined company and the market price of the combined company's shares of common stock may be affected by factors different from those currently affecting the independent results of operations of Business Bank. For a discussion of the businesses of City National and Business Bank and of certain

factors to consider in connection with those businesses, see the descriptions of City National and Business Bank included in this document and information regarding City National included in other documents that are incorporated by reference in this document and referred to under Where You Can Find More Information.

The Merger Agreement Limits Business Bank's Ability to Pursue Alternatives to the Merger.

The merger agreement contains no shop provisions that, subject to specified exceptions, limit Business Bank's ability to discuss, facilitate or commit to competing third-party proposals to acquire all or a significant part of Business Bank, as well as a termination fee that is payable by Business Bank under certain circumstances. These provisions might discourage a potential competing acquiror that might have an interest in acquiring all or a significant part of Business Bank from considering or proposing that acquisition even if it were prepared to pay consideration with a higher per share market price than that proposed in the merger, or might result in a potential competing acquiror proposing to pay a lower per share price to acquire Business Bank than it might otherwise have proposed to pay.

The Voting Agreements Limit Business Bank's Ability to Pursue Alternatives to the Merger.

The merger agreement must be approved by the holders of a majority of the outstanding shares of Business Bank common stock entitled to vote at the special meeting. The members of the board of directors of Business Bank, who in the aggregate have the power to vote approximately 50.7% of the outstanding shares of Business Bank common stock, have each executed voting agreements with City National pursuant to which they have agreed to vote their shares of Business Bank common stock in favor of the merger and against any competing business combination transaction.

The Merger is Subject to the Receipt of Consents and Approvals from Government Entities that May Impose Conditions that Could Have an Adverse Effect on City National.

Before the merger may be completed, various approvals or consents must be obtained from the Federal Reserve Board and the Office of the Comptroller of the Currency. These governmental entities, including the Federal Reserve Board, may impose conditions on the completion of the merger or require changes to the terms of the merger. Although City National and Business Bank do not currently expect that any such conditions or changes will be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the merger or imposing additional costs on or limiting the revenues of City National following the merger, any of which might have an adverse effect on City National following the merger. City National is not obligated to complete the merger if the regulatory approvals received in connection with the completion of the merger include any conditions or restrictions that, in the aggregate, would reasonably be expected to have a material adverse effect on Business Bank or City National, measured relative to Business Bank, but City National could choose to waive this condition.

Business Bank Stockholders May Receive Merger Consideration that is Inconsistent with their Elections.

Although Business Bank stockholders will be able to elect to receive cash or City National common stock for each of their shares of Business Bank common stock, the merger agreement provides that one-half of the total Business Bank shares outstanding immediately prior to completion of the merger will be converted into cash and one-half of the total Business Bank shares outstanding immediately prior to completion of the merger will be converted into City National common stock. Your election, therefore, may be proportionately reduced if the total stock or cash elections exceed that 50% limitation. In that circumstance, you will receive a combination of cash and City National common stock following a pro rata adjustment of all elections for City National common stock in order to keep within this 50% stock and 50% cash limitation.

For a more detailed description of the merger consideration, see *Merger Consideration* beginning on page 40.

The Shares of City National Common Stock to be Received by Business Bank Stockholders as a Result of the Merger Will Have Different Rights from the Shares of Business Bank Common Stock.

Business Bank stockholders that receive stock as merger consideration will become City National stockholders and their rights as stockholders will be governed by the certificate of incorporation and by-laws of City National and Delaware corporate law. The rights associated with Business Bank common stock are different from the rights associated with City National common stock. See the section of this proxy statement/prospectus beginning on page 62 for a discussion of the different rights associated with City National common stock.

Business Bank Stockholders Will Have Less Influence as Stockholders of City National than as Stockholders of Business Bank.

Business Bank's stockholders currently have the right to vote in the election of the board of directors of Business Bank and on other matters affecting Business Bank. When the merger occurs, each Business Bank stockholder that receives shares of City National common stock will become a stockholder of City National with a percentage ownership of the combined organization that is much smaller than the stockholder's percentage ownership of Business Bank. In fact, it is expected that the former stockholders of Business Bank as a group will own less than 2.5% of the outstanding shares of City National immediately after the merger. Because of this, Business Bank's stockholders will have less influence on the management and policies of City National than they now have on the management and policies of Business Bank.

Business Bank Executive Officers and Directors Have Interests in the Merger that May be Different from, or in Addition to, the Interests of Business Bank Stockholders.

Business Bank's officers and directors have interests in the merger that may be different from, or in addition to, the interests of Business Bank stockholders. For example, certain executive officers and employees of Business Bank may receive severance, bonus or retention payments and payments with respect to outstanding equity awards. Additionally, certain members of Business Bank's executive management team have agreed to new employment agreements with City National. Business Bank's board of directors was aware of these interests and took them into account in its decision to approve and adopt the merger agreement. For information concerning these interests, please see the discussion under the caption *Business Bank's Directors and Officers Have Financial Interests in the Merger*.

THE BUSINESS BANK SPECIAL MEETING

This section contains information about the special meeting of Business Bank stockholders that has been called to consider and approve the merger of Business Bank with and into City National, with City National as the surviving corporation in the merger.

Together with this document, we are also sending you a notice of the special meeting and a form of proxy that is solicited by the Business Bank board of directors. The special meeting will be held on February 9, 2007, at 8:00 a.m. local time, at the Business Bank headquarters located at 6085 W. Twain Avenue, Second Floor, Las Vegas, Nevada 89103, subject to any adjournments or postponements.

Matters to Be Considered

The purpose of the special meeting is to vote on a proposal for approval of the merger.

You also will be asked to vote upon a proposal to approve the adjournment of the special meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to approve the merger.

Proxies

Each copy of this document mailed to holders of Business Bank common stock is accompanied by a form of proxy with instructions for voting. If you hold stock in your name as a stockholder of record, you should complete and return the proxy card accompanying this document to ensure that your vote is counted at the special meeting, or at any adjournment or postponement of the special meeting, regardless of whether you plan to attend the special meeting.

If you hold your stock in street name through a bank or broker, you must direct your bank or broker to vote in accordance with the instructions you have received from your bank or broker.

If you hold stock in your name as a stockholder of record, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to Business Bank's Secretary or (3) attending the special meeting in person, notifying the Secretary, and voting by ballot at the special meeting. If you hold your stock in street name through a bank or broker, you must follow your bank's or broker's instructions to revoke your proxy.

Any stockholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, and such vote will revoke any previous proxy but the mere presence (without notifying Business Bank's Secretary) of a stockholder at the special meeting will not constitute revocation of a previously given proxy.

Written notices of revocation and other communications about revoking your proxy should be addressed to:

Business Bank Corporation
6085 W. Twain Avenue
Las Vegas, Nevada 89103
Attention: Secretary

All shares represented by valid proxies that we receive through this solicitation, and that are not revoked, will be voted in accordance with your instructions on the proxy card. If you make no specification on your proxy card as to how you want your shares voted before signing and returning it, your proxy will be voted FOR approval of the merger and FOR approval of the proposal to adjourn the special meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to approve the merger. According to the Business Bank bylaws, business to be conducted at a special meeting of stockholders may only be brought before the meeting by means of Business Bank's notice of the meeting. Accordingly, no matters other than the matters described in this document will be presented for action at the special meeting or at any adjournment or postponement of the special meeting.

Business Bank stockholders should not send Business Bank stock certificates with their proxy cards. Rather, prior to the election deadline described in this proxy statement/prospectus, you should send your Business Bank common stock certificates to the exchange agent, together with a completed, signed election form that will be separately provided to you, or, if your shares are held in street name, according to your broker's instructions. If you do not wish to make an election, you will receive separate instructions for submitting your Business Bank common stock certificates in exchange for the merger consideration following completion of the merger.

Solicitation of Proxies

Business Bank will bear the entire cost of soliciting proxies from you. In addition to solicitation of proxies by mail, Business Bank will request that banks, brokers and other record holders send proxies and proxy material to the beneficial owners of Business Bank common stock and secure their voting instructions. Business Bank will reimburse the record holders for their reasonable expenses in taking those actions. Business Bank may use its regular employees, who will not be specially compensated, to solicit proxies from Business Bank stockholders, either personally or by telephone, facsimile, letter or other electronic means.

Record Date

The close of business on December 15, 2006 has been fixed as the record date for determining the Business Bank stockholders entitled to receive notice of and to vote at the special meeting. At that time, 2,311,477 shares of Business Bank common stock were outstanding, held by approximately 176 holders of record.

Voting Rights and Vote Required

The presence, in person or by properly executed proxy, of the holders of a majority of the outstanding shares of Business Bank common stock entitled to vote is necessary to constitute a quorum at the special meeting. Abstentions will be counted for the purpose of determining whether a quorum is present.

Approval of the merger requires the affirmative vote of the holders of at least a majority of the outstanding shares of Business Bank common stock entitled to vote at the special meeting. You are entitled to one vote for each share of Business Bank common stock you held as of the record date. The failure to vote by proxy or in person will have the same effect as a vote against the merger.

Approval of any proposal to adjourn or postpone the meeting, if necessary, for the purpose of soliciting additional proxies may be obtained by the affirmative vote of the holders of a majority of the shares present in person or by proxy, even if less than a quorum. Because approval of such adjournments is based on the affirmative vote of a majority of shares present in person or by proxy, abstentions will have the same effect as a vote against this proposal.

The Business Bank board of directors urges you to promptly vote by completing, dating and signing the accompanying proxy card and to return it promptly in the enclosed postage-paid envelope or, if you hold your stock in street name through a bank or broker, by following the voting instructions of your bank or broker.

As of the record date:

- Directors and executive officers of Business Bank and their affiliates, had the right to vote 1,205,632 shares of Business Bank common stock, or 52.2% of the outstanding Business Bank common stock at that date. The directors have agreed to vote their shares of Business Bank common stock, and we currently expect that each of the non-director officers will vote their shares of Business Bank common stock, in favor of the proposals to be presented at the special meeting.
- City National, its directors and its executive officers do not beneficially own any shares of Business Bank common stock). City National will vote its shares in favor of the proposals to be presented at the special meeting.

Recommendation of the Business Bank Board of Directors

The Business Bank board of directors has approved the merger agreement and the transactions it contemplates, including the merger. The Business Bank board of directors determined that the merger, merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of Business Bank and its stockholders and recommends that you vote FOR approval of the merger. See The Merger Business Bank's Reasons for the Merger; Recommendation of the Business Bank Board of Directors for a more detailed discussion of the Business Bank board of directors' recommendation.

Attending the Meeting

All holders of Business Bank common stock, including stockholders of record and stockholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the special meeting. Stockholders of record can vote in person at the special meeting. If you are not a stockholder of record, you must obtain a proxy executed in your favor from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership and you must bring a form of personal photo identification with you in order to be admitted. We reserve the right to refuse admittance to anyone without both proper proof of share ownership and proper photo identification.

THE MERGER

Background of the Merger

The Business Bank board of directors has periodically discussed and reviewed Business Bank's business, strategic direction, performance and prospects in the context of developments in the financial services industry and the competitive landscape in the markets in which Business Bank operates and elsewhere. The Business Bank board of directors has also at times discussed with senior management various potential strategic alternatives involving possible acquisitions or business combinations that could complement and enhance the company's competitive strengths and strategic position. Also, senior management of Business Bank has, from time to time, had informal discussions with representatives of other financial institutions regarding industry trends and issues and exploratory discussions of the potential benefits and issues arising from possible business combinations.

City National's board of directors and senior management also regularly review the financial services industry environment, including the trend towards consolidation in the industry, and periodically discuss ways in which to enhance the company's competitive position. Senior management of City National has, over time, considered the possibility of acquisitions and strategic combinations with a variety of financial institutions and the potential strategic fit with such institutions based on their lines of businesses, their management and employee cultures and their geographic locations.

In May 2006, Peter Thomas, a member of the City National board of directors who had previously worked with John Guedry, chief executive officer and president of Business Bank, contacted Mr. Guedry for the purpose of inquiring as to whether Mr. Guedry would be interested in meeting with Russell Goldsmith, chief executive officer of City National, as an introductory meeting to enable them to get acquainted, and to discuss City National's present and future interests in Nevada banking activities.

Beginning in May 2006 and continuing through August 2006, Mr. Guedry met with and had a few preliminary telephonic and other discussions with Mr. Goldsmith and other members of the senior management team of City National. These discussions included the potential strategic fit, benefits, advantages and merits of a merger of Business Bank and City National. In July and August 2006, at the

request of Messrs. Goldsmith and Guedry, respectively, David Kellerman, chief financial officer of Business Bank, spoke with and had a few discussions with Chris Carey, chief financial officer of City National, concerning Business Bank's financial position and financial performance through the end of the second quarter of 2006.

In late August, Mr. Goldsmith informed Mr. Guedry that City National was working to prepare a proposal for discussion and requested a meeting with Mr. Guedry. Mr. Guedry agreed to meet with Mr. Goldsmith to discuss the potential proposal. After additional telephone communications between Messrs. Goldsmith and Guedry, Mr. Goldsmith contacted Mr. Guedry to inform Mr. Guedry that City National was interested in presenting a preliminary proposal to Business Bank's board of directors. Mr. Guedry scheduled a board meeting to which he invited City National to make a presentation.

On September 8, 2006, Mr. Goldsmith and Chris Carey, chief financial officer of City National, met with the Business Bank board of directors and gave a presentation about City National and the potential benefits of a combination between City National and Business Bank. At this meeting, Mr. Goldsmith indicated that a potential per share purchase price in the \$62 - \$66 range appeared feasible based on City National's preliminary analysis and the discussions that had occurred to date between the two companies and their representatives. A representative of Squire, Sanders & Dempsey L.L.P. (which we refer to in this document as Squire Sanders), an international law firm with expertise in advising financial institutions in mergers and acquisitions transactions, attended this meeting and discussed various legal issues with respect to a potential transaction including regulatory approvals, due diligence and fiduciary duties of members of the board. Subsequent to this meeting, Business Bank's board of directors engaged Squire Sanders and Ryan Beck & Co., a national investment banking firm with extensive experience advising banks and thrifts in mergers and acquisitions transactions, to represent Business Bank and authorized senior management, together with certain members of Business Bank's board of directors, to continue discussions with City National regarding a potential transaction.

On September 29, 2006, City National and Business Bank executed a confidentiality agreement and in early October City National commenced its due diligence investigation of Business Bank. Also during this period, Ryan Beck requested on behalf of Business Bank that City National provide a revised written proposal of potential terms for an acquisition of Business Bank, indicating that while Business Bank remained interested in a potential transaction, the board believed that the previously proposed purchase price was not sufficient to move forward.

On October 13, City National submitted a revised indication of interest for a potential merger reflecting a transaction involving a mix of merger consideration consisting of cash and City National common stock and reflecting an implied value per Business Bank share of approximately \$65 subject to certain contingencies. On October 14, the Business Bank board met with Russell Goldsmith and other senior executives of City National to review and discuss the revised indication of interest. At the meeting, the board also reviewed and discussed the proposed transaction with management, Ryan Beck and Squire Sanders and reviewed prior discussions regarding Business Bank and its financial and strategic position and options. Negotiations between the two companies ensued during the day on the pricing and structure of the proposed transaction.

As a result of these discussions, City National proposed that, subject to the finalization of due diligence and definitive deal documentation, and further subject to the board members' willingness to enter into voting agreements to support the transaction, City National would be willing to pay a purchase price of \$66.50 per Business Bank share in cash and a number of shares of City National common stock reflected in the exchange ratio described below under The Merger Agreement Merger Consideration. Following discussions among the Business Bank board and its senior management, financial advisors and legal counsel, the Business Bank board determined that such a transaction appeared to be in the best interests of its stockholders and instructed management, certain directors and Business Bank's advisors to

continue to negotiate definitive transaction documentation, including the proposed voting support agreements.

Thereafter the parties continued to negotiate the final terms of the transaction and the definitive transaction documentation. In addition, Business Bank conducted its due diligence investigation of City National and City National completed its due diligence investigation of Business Bank. The parties also worked during this period to enter into employment arrangements with certain key members of Business Bank's senior management, as required by City National as a condition to a transaction.

On October 31, 2006, the Business Bank board of directors met. Messrs. Awad and Guedry updated the board on the progress of negotiations with City National. Senior management then described to the board the due diligence regarding City National conducted by Business Bank and its advisors. Representatives of Squire Sanders then made a presentation to the board describing the board's duties and responsibilities under Nevada law and the key terms of the merger and the merger agreement, and a discussion followed. Representatives of Ryan Beck & Co. then presented a summary of its financial analysis of the proposed merger and delivered its opinion that, as of that date, the consideration to be received by Business Bank's stockholders in the merger was fair from a financial point of view to Business Bank's stockholders. A discussion followed. Following further discussion and deliberations, including consideration of the matters described below under Business Bank's Reasons for the Merger; Recommendation of the Business Bank Board of Directors, the members of the board present at the meeting unanimously approved the merger agreement and the transactions contemplated by the merger agreement and resolved to recommend that Business Bank's stockholders vote to adopt the merger agreement.

Following approval of the Business Bank board of directors, the parties and their counsel continued to finalize and document the legal terms of the definitive documentation for the transaction. Thereafter, on October 31, 2006, the parties executed the merger agreement, the voting agreements and the employment agreements and the next day, November 1, 2006, the transaction was announced in a joint press release.

Business Bank's Reasons for the Merger; Recommendation of the Business Bank Board of Directors

In reaching its conclusion that the merger agreement and the merger are advisable and in the best interests of Business Bank and its stockholders, and in approving the merger agreement and the transactions contemplated thereby, Business Bank's board of directors considered and reviewed the transaction and its terms with Business Bank's senior management, as well as its financial and legal advisors, and considered a number of factors. The following include the material factors considered by Business Bank's board of directors:

- The value to be received by Business Bank stockholders under the merger agreement relative to the historical trading price of Business Bank common stock, including the fact that as of the date of the merger agreement, the average implied value of the cash and stock merger consideration represented a premium of approximately 14% over the closing price of Business Bank common stock on October 31, 2006, the last trading day before the merger agreement was signed;
- The greater liquidity of the City National common stock relative to the Business Bank common stock;
- The ability of Business Bank stockholders, through the City National common stock component of the merger consideration, to participate in the potential growth of the combined City National and Business Bank institutions following consummation of the transaction;
- The financial analyses conducted by Ryan Beck and its opinion to the board of directors that, as of the date of the merger agreement, the consideration to be received by Business Bank's stockholders was fair from a financial point of view to Business Bank's stockholders;

- The expectation that the receipt of City National common stock by Business Bank stockholders would generally be tax-free for U.S. federal income tax purposes;
- The board's understanding of, and the presentations of its management and financial advisor regarding, Business Bank's business, operations, management, financial condition, earnings and prospects;
- The potential alternatives available to Business Bank, including other potential extraordinary transactions and the alternative of remaining independent, and the risks and challenges inherent in successfully implementing Business Bank's business plans. The board also considered the value to the stockholders of these alternatives, the timing and likelihood of achieving value from these alternatives, and the possibility that Business Bank's future stock price might not have a value greater than the consideration to be paid in the merger;
- The interest rate and economic environment and management's view of their impact on regional banks like Business Bank over the near and medium term;
- The competitive environment facing regional banks like Business Bank, and management's belief that Business Bank's customers and employees would benefit from a combination with City National due to the combined entity's enhanced ability to serve its customers more broadly and effectively because of the combined entity's greater scale, broader product portfolio and more comprehensive technology;
- The ability to complete the merger, including, in particular, the likelihood of obtaining regulatory approval and the provisions of the merger agreement regarding Business Bank's and City National's obligations to pursue the regulatory approvals;
- The terms and conditions of the merger agreement, including the restrictions imposed on Business Bank from soliciting alternative transactions and the termination fee that Business Bank would be required to pay if the merger agreement were terminated under certain circumstances;
- The existence and nature of the voting agreement;
- The judgment and advice of Business Bank's senior management;
- The taxable nature for U.S. federal income tax purposes of the cash portion of the merger consideration received by Business Bank stockholders; and
- The fact that the interests of certain of Business Bank's officers and directors may be said to be different from, or in addition to, the interests of stockholders generally.

The above discussion of the information and factors considered by Business Bank's board of directors is not intended to be exhaustive, but indicates the material matters considered by the board of directors. In reaching its determination to approve the merger agreement and the transactions which it contemplates, the board did not quantify, rank or assign any relative or specific weight to, the foregoing factors, and individual directors may have considered various factors differently and may have given differing weights to different factors. Business Bank's board of directors did not undertake to make any specific determination as to whether any factor, or any particular aspect of any factor, supported or did not support its ultimate determination. Business Bank's board of directors based its determination on the totality of the information presented.

Business Bank's board of directors determined, by unanimous vote that the merger on the terms and conditions set forth in the merger agreement is advisable and in the best interests of Business Bank and its stockholders. Accordingly, Business Bank's board of directors, by unanimous vote, approved and adopted the merger agreement and the transactions contemplated thereby, and recommends that Business Bank stockholders vote FOR the proposal to approve the merger agreement.

Opinion of Business Bank's Financial Advisor

Ryan Beck acted as financial advisor to Business Bank in connection with its potential acquisition by City National, pursuant to the merger agreement. On September 26, 2006, Business Bank formally retained Ryan Beck to act as its financial advisor with respect to the potential sale of the company. Ryan Beck, as a customary part of its business, is continually engaged in the valuation of financial institutions in connection with mergers, acquisitions and other securities-related transactions. Business Bank selected Ryan Beck as its financial advisor based on Ryan Beck's qualifications, expertise and reputation as a nationally recognized specialist in the financial services industry with extensive experience in advising banks and thrifts.

On October 31, 2006, the Business Bank board held a meeting to evaluate the proposed merger with City National. In its capacity as Business Bank's financial advisor, Ryan Beck participated in the negotiations with respect to the pricing and other terms and conditions of the merger, but the decision as to whether to accept the City National proposal and the pricing of the merger was made by the board of directors of Business Bank. At the October 31 meeting, Ryan Beck rendered an oral opinion to Business Bank's board (the written opinion was delivered separately and dated as of October 31, 2006) and reconfirmed the opinion in writing as of the date of this proxy statement/prospectus, (a copy of which is attached as Appendix B), that based on and subject to the assumptions, factors, and limitations as set forth in the attached opinion and as described below, the consideration offered to Business Bank shareholders was fair as of the respective dates from a financial point of view. No limitations were imposed by the Business Bank board of directors upon Ryan Beck with respect to the investigations made or procedures followed by it in arriving at its opinion.

The full text of Ryan Beck's opinion, which sets forth assumptions made and matters considered, is attached as Appendix B to this proxy statement/prospectus. Shareholders of Business Bank are urged to read the attached Ryan Beck opinion in its entirety. The Ryan Beck opinion is directed only to the financial fairness of the consideration offered to Business Bank shareholders and does not constitute a recommendation to any shareholder as to how such shareholder should vote at the special meeting. Ryan Beck has not considered, nor is it expressing any opinion herein with respect to, the price at which City National's common stock will trade following consummation of the merger. The summary of the Ryan Beck opinion set forth in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the Ryan Beck opinion. In rendering its opinion, Ryan Beck does not admit that it is an expert within the meaning of the term "expert" as used within the Securities Act and the rules and regulations promulgated thereunder, or that its opinion constitutes a report or valuation within the meaning of Section 11 of the Securities Act and the rules and regulations promulgated thereunder.

Material and Information Considered with Respect to the Proposed Merger. In connection with its opinion, Ryan Beck reviewed the following information:

- The merger agreement and related documents;
- City National's annual reports on Form 10-K, including audited financial statements, for the years ended December 31, 2005, 2004 and 2003;
- City National's quarterly earnings release reported on Form 8-K for the quarter ended September 30, 2006 and City National's quarterly reports on Form 10-Q for the quarters ended June 30, 2006 and March 31, 2006;
- Business Bank's annual reports, including audited financial statements, for the years ended December 31, 2005, 2004 and 2003;
- Business Bank's quarterly earnings releases for the periods ended September 30, 2006, June 30, 2006 and March 31, 2006;

- Certain other public and non-public information, primarily financial in nature, related to the respective businesses, earnings, assets and prospects of Business Bank and City National provided to Ryan Beck by management of the respective companies or obtained by Ryan Beck from other sources;
- The publicly available financial data of commercial banking organizations which Ryan Beck deemed generally comparable to Business Bank and City National;
- The historical stock prices and trading volumes of City National's common stock; and
- The terms of acquisitions of commercial banking organizations which Ryan Beck deemed generally comparable in whole or in part to Business Bank.

Additionally, Ryan Beck:

- Conducted or reviewed such other studies, analyses, inquiries and examinations as it deemed appropriate;
- Analyzed the impact of the merger on City National;
- Considered the future prospects of Business Bank in the event it remained independent; and
- Participated in meetings and telephone conferences with certain members of Business Bank's and City National's senior management to discuss Business Bank's and City National's past and current business operations, regulatory standing, financial condition, strategic plan and future prospects, including any potential operating efficiencies and synergies that may arise from the merger.

In connection with its review, Ryan Beck relied upon and assumed, without independent verification, the accuracy and completeness of the financial and other information regarding Business Bank and City National that was publicly available or provided to Ryan Beck by Business Bank and City National. Ryan Beck is not an expert in the evaluation of loan portfolios or the allowance for loan losses. Therefore, Ryan Beck has not assumed any responsibility for making an independent evaluation of the adequacy of the allowance for loan losses set forth in the consolidated balance sheets of Business Bank and City National as of September 30, 2006, and Ryan Beck assumed such allowances were adequate and complied fully with applicable law, regulatory policy, sound banking practice and policies of the Securities and Exchange Commission as of the date of such financial statements. Ryan Beck was not retained to nor did it make any independent evaluation or appraisal of the assets or liabilities of Business Bank or City National nor did Ryan Beck review any loan files of Business Bank or City National. Ryan Beck also assumed that the merger in all respects is, and will be, undertaken and consummated in compliance with all laws and regulations that are applicable to Business Bank and City National.

The preparation of a fairness opinion for a transaction such as the merger involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, Ryan Beck's opinion is not readily conducive to summary description. In arriving at its opinion, Ryan Beck performed a variety of financial analyses. Ryan Beck believes that its analyses must be considered as a whole and that the consideration of portions of such analyses and the factors considered therein, or any one method of analysis, without considering all factors and analyses, could create an incomplete view of the analyses and the process underlying Ryan Beck's opinion. No one method of analysis was assigned a greater significance than any other.

The forecasts and projections utilized by Ryan Beck were prepared by management, in the case of Business Bank, and by FirstCall in the case of City National, without input or guidance by Ryan Beck. These forecasts and projections were reviewed with the senior managements of Business Bank and City National. City National confirmed that, as of the time that Ryan Beck was undertaking its analysis, the First Call estimates for City National earnings for the fourth quarter of 2006 were consistent with City

National managements' expectations at that time; City National did not express a view with respect to First Call estimates for periods beyond the fourth quarter of 2006. Ryan Beck expressed no opinion as to the Business Bank or City National forecasts and projections or the assumptions on which they were based. Business Bank and City National do not publicly disclose internal management projections or publicly discuss First Call or other analyst earnings estimates of the type provided to or discussed with Ryan Beck in connection with the review of the merger. Business Bank projections were not prepared with a view towards public disclosure. Forecasts and projections could be misleading since the forecasts and projections were based on numerous variables and assumptions which are inherently uncertain, including without limitation, factors related to general economic and competitive conditions. Accordingly, actual results could vary significantly from those set forth in such projections.

In its analyses, Ryan Beck made numerous assumptions with respect to industry performance, general business and economic conditions, and other matters, many of which are beyond the control of Business Bank or City National. Any estimates contained in Ryan Beck's analyses are not necessarily indicative of future results or values, which may be significantly more or less favorable than such estimates. Estimates of values of companies do not purport to be appraisals nor do they necessarily reflect the prices at which companies or their securities may actually be sold.

Ryan Beck's opinion was based solely upon the information available to it and the economic, market and other circumstances as they existed as of the date of the opinion. Events occurring after such date could materially affect the assumptions and conclusions contained in Ryan Beck's opinion. Ryan Beck has not undertaken to reaffirm or revise its opinion or otherwise comment upon any events occurring after the date of its reconfirmed opinion. Ryan Beck did not and does not express any opinion as to the price or range of prices at which City National's common stock might trade subsequent to the transaction.

The following is a brief summary of the analyses and procedures performed by Ryan Beck in the course of arriving at its opinion. The summary does not purport to be a complete description, but is a brief summary of the material analyses and procedures performed by Ryan Beck in the course of arriving at its opinion.

Analysis of Selected Publicly Traded Companies. Ryan Beck compared Business Bank's financial data as of September 30, 2006, to a peer group of 18 commercial banking organizations with assets between \$250 million and \$750 million, with a five year cumulative average growth rate (CAGR) of greater than 15.0% and with latest 12 months core return on average assets greater than 1.25% located in the West, Southwest and Southeast regions for which public trading and pricing information was available. Ryan Beck deemed this group to be generally comparable to Business Bank.

The results of the comparisons are reflected in the following table. The financial data and ratios shown in the table are as of or for the 12 months ended September 30, 2006 for Business Bank and as of the most recent 12 month period available for the peer group companies. The market valuation multiples are based on market prices as of October 30, 2006.

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	Business Bank Corporation(1)	Peer Average(1)	Peer Median(1)
Capitalization			
Total Assets (000s)	\$ 489,740	\$ 482,243	\$ 512,209
Total Deposits (000s)	427,576	396,400	421,509
Total Shareholders Equity (000s)	44,417	42,568	44,596
Total Equity / Assets	9.07 %	8.87 %	9.05 %
Tangible Equity / Tangible Assets	9.07	8.07	7.73
Leverage Ratio	10.70	9.70	9.55
Tier I Capital / Risk-Adj Assets	11.40	11.00	10.96
Total Capital / Risk-Adj Assets	12.40	12.77	12.48
Asset Quality			
Non-Performing Loans / Loans	0.01	0.24	0.14
Non-Performing Loans + 90 Days Past Due / Loans	0.01	0.17	0.13
Loan Loss Reserves / NPLs	NM	402.45	447.49
Loan Loss Reserves / NPLs + 90 Days Past Due	10,823.68	783.77	482.57
Loan Loss Reserves / Loans	1.08	1.30	1.28
Non-Performing Assets / Assets	0.01	0.10	0.09
Non-Performing Assets + 90 Days Past Due / Assets	0.01	0.09	0.03
Non-Performing Assets / Equity	0.09	1.16	0.95
Loan & Deposit Composition			
Total Loans / Total Assets	77.66	79.86	81.68
Total Loans / Deposits	88.95	97.42	98.14
1-4 Family Loans / Total Loans	1.67	13.79	11.30
5+ Family Loans / Total Loans	2.53	1.46	1.27
Construction & Developmental Loans / Total Loans	32.45	22.27	23.42
Other Real Estate Loans / Total Loans	36.82	34.22	29.48
Real Estate Loans/Total Loans	73.48	71.75	73.40
Consumer Loans / Total Loans	0.26	2.15	2.10
Commercial Loans / Total Loans	26.18	24.44	17.73
Non-Interest Bearing Deposits/Total Deposits	36.11	23.16	24.42
Transaction Accounts/Total Deposits	82.03	62.92	68.56
Total CDs/Total Deposits	17.97	37.08	31.44
Time Deposits > \$100,000 / Total Deposits	8.86	19.01	16.78
Performance			
Return on Average Assets	1.57	1.49	1.45
Return on Average Equity	18.29	17.44	16.66
Net Interest Margin	5.83	5.41	5.41
Non Interest Income / Average Assets	0.22	0.79	0.79
Non Interest Expense/Avg Assets	3.16	3.23	3.34
Efficiency Ratio	55.01	54.42	55.10
Growth Rates			
Asset Growth Rate	19.28	15.86	14.27
Loan Growth Rate	34.45	21.43	17.07
Deposit Growth Rate	16.02	13.88	11.12
Revenue Growth Rate	33.35	24.93	22.78
EPS Growth Rate	46.57	39.27	37.28
Market Statistics			
Stock Price at October 30, 2006	\$ 53.00	NA	NA
Price / LTM EPS	17.73 x	16.58 x	15.92 x
Price / 2006E EPS	NA	15.93	15.82
Price / 2007E EPS	NA	14.26	14.45
Price / Book Value	267.54 %	252.62 %	237.63 %
Price / Tangible Book Value	267.54	275.39	290.77
Market Capitalization (\$M)	\$ 118.86	\$ 106.88	\$ 101.41
Dividend Yield	0.00 %	0.79 %	0.00 %

(1) As of or for the most recent 12-month period available for the peer group. Business Bank data as of or for the twelve-month period ended September 30, 2006. Deposit and loan composition information consists of regulatory data as of June 30, 2006.

Ryan Beck noted that 73.48% of Business Bank's loan portfolio is real estate-oriented, similar to the peer group median of approximately 73.40%. Approximately 36.82% of Business Bank's loans are commercial real estate loans, higher than the peer group median of 29.48%. Business Bank's portfolio of

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construction and development loans at 32.45% was significantly higher than the peer median of 23.42%. Business Bank's 1-4 family mortgages at 1.67% of total loans were significantly lower than the peer group median of 11.30%. Business Bank's transaction account deposits equaled 82.03% of total deposits and non-interest bearing demand deposits were 36.11% of total deposits, higher than the peer group medians of 68.56% and 24.42%, respectively. Business Bank's jumbo deposits, or time deposits with balances greater than \$100,000, represented 8.86% of total deposits, lower than the peer median of 16.78%.

Business Bank's return on average assets of 1.57% was above the peer group median of 1.45% and Business Bank's return on average equity of 18.29% was also higher than the peer group median of 16.66%. Contributing to Business Bank's performance was its net interest margin of 5.83%, which was higher than the peer group median of 5.41%. Business Bank's efficiency ratio of 55.01% was slightly lower than the peer group median of 55.10%. Ryan Beck also noted that Business Bank's non-interest income as a percentage of average assets at 0.22% was lower than the peer group median of 0.79%.

Additionally, Ryan Beck noted that Business Bank had non-performing loans as a percentage total loans of 0.01%, which was lower than the peer median of 0.14%. At 1.08%, Business Bank maintained a level of loan loss reserves as a percentage of total loans below the peer median of 1.28%. Business Bank's capital ratios were significantly higher than the peer group medians as evidenced by its tangible equity to tangible assets ratio and leverage ratios of 9.07% and 10.70%, respectively, compared to 7.73% and 9.55%, respectively, for the peer group. Business Bank's asset, loan and deposit growth rates over the past 12 months of 19.28%, 34.45% and 16.02%, respectively, were higher than the peer median asset, loan and deposit growth rates of 14.27%, 17.07% and 11.12%, respectively. Over the same period, Business Bank's revenue growth of 33.35% was higher than the peer median of 22.78% and Business Bank's earnings per share growth of 46.57% was higher than the peer median of 37.28%.

Ryan Beck also compared City National's financial data as of September 30, 2006, to a peer group of 19 commercial banking organizations with assets between \$10 billion and \$30 billion, and with latest 12 months core return on average assets greater than 1.00% located nationwide for which public trading and pricing information was available. Ryan Beck deemed this group to be generally comparable to City National.

The results of the comparisons are reflected in the following table. The financial data and ratios shown in the table are as of or for the 12 months ended September 30, 2006 for City National and as of the most recent 12 month period available for the peer group companies. The market valuation multiples are based on market prices as of October 30, 2006.

	City National Corporation(1)	Peer Average(1)	Peer Median(1)
Capitalization			
Total Assets (000s)	\$ 14,616,758	\$ 13,610,770	\$ 12,438,555
Total Deposits (000s)	11,892,017	9,703,013	9,492,374
Total Shareholders' Equity (000s)	1,458,220	1,267,811	1,113,111
Total Equity / Assets	9.98	9.22	9.63
Tangible Equity / Tangible Assets	8.10	7.25	7.19
Leverage Ratio	8.66	8.39	8.30
Tier I Capital / Risk-Adj Assets	11.18	10.61	10.69
Total Capital / Risk-Adj Assets	14.21	12.80	12.56
Total Borrowings / Total Assets	7.30	17.77	17.40

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	City National Corporation(1)	Peer Average(1)	Peer Median(1)
Asset Quality			
Non-Performing Loans / Loans	0.19	0.41	0.32
Non-Performing Loans + 90 Days Past Due / Loans	0.19	0.56	0.42
Loan Loss Reserves / NPLs	847.03	314.34	234.65
Loan Loss Reserves / NPLs + 90 Days Past Due	845.81	362.68	225.73
Loan Loss Reserves / Loans	1.59	1.13	1.24
Non-Performing Assets / Assets	0.13	0.34	0.28
Non-Performing Assets + 90 Days Past Due / Assets	0.13	0.41	0.34
Non-Performing Assets / Equity	1.29	3.51	3.12
Loan & Deposit Composition			
Total Loans / Total Assets	68.55	62.14	67.70
Total Loans / Deposits	84.26	86.37	85.42
1-4 Family Loans / Total Loans	31.91	26.06	25.45
5+ Family Loans / Total Loans	0.56	3.30	2.05
Construction & Developmental Loans / Total Loans	7.37	13.79	13.72
Other Real Estate Loans / Total Loans	21.05	21.21	20.65
Real Estate Loans/Total Loans	60.88	64.65	65.88
Consumer Loans / Total Loans	3.23	7.91	5.15
Commercial Loans / Total Loans	33.46	19.66	18.85
Non-Interest Bearing Deposits/Total Deposits	13.47	16.51	15.31
Transaction Accounts/Total Deposits	83.28	63.62	61.84
Total CD s/Total Deposits	16.72	36.38	38.16
Time Deposits > \$100,000 / Total Deposits	15.26	18.09	15.26
Performance			
Return on Average Assets	1.62	1.45	1.39
Return on Average Equity	16.33	16.39	16.13
Net Interest Margin	4.66	3.86	3.83
Non Interest Income / Average Assets	1.58	1.88	1.72
Non Interest Expense/Avg Assets	3.17	3.12	3.17
Efficiency Ratio	53.38	55.54	55.33
Growth Rates			
Asset Growth Rate	1.30	7.25	4.89
Loan Growth Rate	11.28	10.46	8.35
Deposit Growth Rate	(1.85)	6.90	4.99
Revenue Growth Rate	5.70	8.67	6.46
EPS Growth Rate	7.57	6.10	3.96
Market Statistics			
Stock Price at October 30, 2006	\$ 66.11	NA	NA
Price / LTM EPS	14.10	x 14.89	x 15.35
Price / 2006E EPS	14.16	14.60	14.90
Price / 2007E EPS	13.20	13.67	14.10
Price / Book Value	215.98	% 229.07	% 215.98
Price / Tangible Book Value	271.56	298.08	305.93
Market Capitalization (\$M)	\$ 3,169.97	\$ 2,747.08	\$ 2,772.42
Dividend Yield	2.48	% 2.76	% 3.01

(1) As of or for the most recent twelve-month period available for the peer group. City National data as of or for the twelve-month period ended September 30, 2006. Deposit and loan composition information consists of regulatory data as of June 30, 2006 (City National's deposit detail reflects the results of the deposit sweep for reserve calculation purposes).

Ryan Beck noted that 60.88% of City National's loan portfolio is real estate-oriented, lower than the peer group median of approximately 65.88%. Approximately 21.05% of City National's loans are commercial real estate loans, similar to the peer group median of 20.65%. City National's portfolio of construction and development loans at 7.37% was significantly lower than the peer median of 13.72%. At 33.46% of total loans, City National's commercial loans were significantly higher than the peer median of 18.85%. City National's transaction account deposits equaled 83.28% of total deposits, significantly higher than the peer group median of 61.84% while City National's non-interest bearing demand deposits were

13.47% of total deposits, versus the peer group median of 15.31% (City National's deposit detail reflects the results of the deposit sweep for reserve calculation purposes). City National's jumbo deposits, or time deposits with balances greater than \$100,000, represented 15.26% of total deposits, to the same as the peer median.

City National's return on average assets of 1.62% was significantly above the peer group median of 1.39% but City National's return on average equity of 16.33% was only slightly higher than the peer group median of 16.13%. Contributing to City National's performance was its net interest margin of 4.66%, which was significantly higher than the peer group median of 3.83%. City National's efficiency ratio of 53.38% was similar to the peer group median of 55.33%. Ryan Beck also noted that City National's non-interest income as a percentage of average assets at 1.58% was lower than the peer group median of 1.72%.

Additionally, Ryan Beck noted that City National had non-performing loans as a percentage of total loans of 0.19%, which was lower than the peer median of 0.32%. At 1.59%, City National maintained a level of loan loss reserves as a percentage of total loans significantly higher than the peer median of 1.24%. City National's capital ratios were higher than the peer group medians as evidenced by its tangible equity to tangible assets ratio and leverage ratio of 8.10% and 8.66%, respectively, compared to 7.19% and 8.30%, respectively, for the peer group. City National's asset and deposit growth rates over the past 12 months of 1.30% and -1.85%, respectively, were lower than the peer median asset and deposit growth rates of 4.89% and 4.99%, respectively. However, City National's loan growth over the past 12 months of 11.28% was higher than the peer median loan growth rate of 8.35%. Over the same period, City National's revenue growth of 5.70% was lower than the peer median of 6.46% but City National's earnings per share growth of 7.57% was higher than the peer median of 3.96%.

Analysis of Selected Transactions. Ryan Beck compared the financial terms of the merger with those of a group of 21 bank acquisitions announced since January 1, 2005, for which pricing data pertaining to the transactions was publicly available. The criteria for this group were: seller is a commercial bank; seller has assets between \$250 million and \$750 million; seller has ROAA greater than 1.25%; and seller was located in the West, Southwest, and Southeast regions.

The following table compares selected ratios of Business Bank with the average and median ratios of the sellers in the above peer group of announced bank transactions.

	Business Bank	Peer Group Average	Peer Group Median
Total Assets (000s)	\$ 489,740	\$ 459,432	\$ 418,322
Tangible Equity / Tangible Assets	9.07	% 8.24	% 7.90
YTD Return on Average Assets	1.51	% 1.56	% 1.43
YTD Return on Average Equity	17.27	% 18.61	% 17.91
Non-Performing Assets / Assets	0.01	% 0.35	% 0.15
Efficiency Ratio	56.59	% 53.56	% 53.03

Ryan Beck noted that Business Bank's tangible equity as a percentage of tangible assets of 9.07% was significantly higher than the peer group median of 7.90%. Ryan Beck also noted that Business Bank's return on average assets of 1.51% was slightly higher than the peer group median 1.43%, but Business Bank's return on average equity of 17.27% was lower than the peer median of 17.91%. In addition, Business Bank's non-performing assets as a percentage of assets of 0.01% compared favorably to the peer median ratio of 0.15%.

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The median pricing ratios for the comparable transactions are illustrated in the following table:

	Price / Book Value		Price / Tangible Book Value		Price / LTM Earnings		Core Deposit Premium
Peer Group Median	324.20	%	334.32	%	19.60x		27.28 %

The imputed value of Business Bank based upon the median ratios of the comparable transactions can be seen in the table below:

	Price / Book Value	Price / Tangible Book Value	Price / LTM Earnings	Core Deposit Premium	Average	Median
Imputed Value	\$ 64.22	\$ 66.23	\$ 58.59	\$ 61.76	\$ 62.70	\$ 62.99

The median pricing ratios for the comparable transactions adjusted for the change in the Nasdaq Bank Index between the date of announcement of the transaction and the date of the analysis are illustrated in the following table:

	Price / Book Value		Price / Tangible Book Value		Price / LTM Earnings		Core Deposit Premium
Peer Group Median	339.67	%	349.58	%	20.43x		28.91 %

The imputed value of Business Bank based upon the adjusted median ratios of the comparable transactions can be seen in the table below:

	Price / Book Value	Price / Tangible Book Value	Price / LTM Earnings	Core Deposit Premium	Average	Median
Imputed Value	\$ 67.29	\$ 69.25	\$ 61.08	\$ 64.36	\$ 65.50	\$ 65.82

Assuming a transaction value of \$65.81 per share based on the transaction structure and City National's closing price at October 30, 2006, Ryan Beck calculated the transaction value as a multiple of Business Bank's September 30, 2006 stated book value per share (\$19.81), tangible book value per share (\$19.81), last-twelve-months earnings per share (\$2.99), and tangible book premium over core deposits as follows:

Price to stated book value	332.49 %
Price to tangible book value	332.49 %
Multiple of last-twelve-month earnings per share	22.01 x
Tangible book premium over core deposits	29.79 %

Ryan Beck noted that the value of the consideration being offered to Business Bank's shareholders of \$65.81 per share was higher than the average imputed value of the comparable transactions prior to the market adjustment of \$62.99 and slightly lower than the average imputed value of the comparable transactions after the market adjustment of \$65.82.

No company used as a comparison in the above analyses is identical to Business Bank, City National or the combined resulting company, and no other transaction is identical to the merger. Accordingly, an analysis of the results of the foregoing is not mathematical; rather it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved, market areas in which the companies operate and other factors that could affect the trading values of the securities of the company or companies to which they are being compared.

Discounted Dividend Analysis. Using a discounted dividend analysis, Ryan Beck estimated the present value of the future dividend stream that Business Bank could produce in perpetuity. As a basis for performing this analysis, Ryan Beck utilized 2006 to 2011 earnings per share estimates for Business Bank, which were based on certain growth rates provided by Business Bank management. These projections are based upon various factors and assumptions, many of which are beyond the control of Business Bank. These projections are, by their nature, forward-looking and may differ materially from the actual future values or actual future results for the reasons discussed above. Actual future values or results may be significantly more or less favorable than suggested by such projections. In producing a range of per share Business Bank values, Ryan Beck utilized the following assumptions: discount rates ranging from 10% to 12%, terminal price/earnings multiples ranging from 14x to 16x (which, when applied to terminal year estimated earnings, produces a value which approximates the net present value of the dividends in perpetuity, given certain assumptions regarding growth rates and discount rates) and earnings that include estimated savings in Business Bank's non-interest expense equal to Business Bank management's estimates of 19.0% in the first year following the merger with 19.0% thereafter. The discounted dividend analysis produced the range of net present values per share of Business Bank common stock illustrated in the chart below:

		Discount Rates		
		10%	11%	12%
Terminal Year	14x	\$ 63.41	\$ 60.84	\$ 58.40
Multiple of	15x	\$ 67.06	\$ 64.31	\$ 61.72
Earnings	16x	\$ 70.71	\$ 67.79	\$ 65.03

Ryan Beck noted that the transaction value as of October 30, 2006 of \$65.81 per share generally exceeds the majority of the estimated values derived from the discounted dividend analysis.

These analyses do not purport to be indicative of actual values or expected values or an appraisal range of the shares of Business Bank common stock. The discounted dividend analysis is a widely used valuation methodology, but Ryan Beck noted that it relies on numerous assumptions, including expense savings levels, dividend payout rates, terminal values and discount rates, the future values of which may be significantly more or less than such assumptions. Any variation from these assumptions would likely produce different results.

Financial Impact Analysis: In order to measure the impact of the merger on the combined company's operating results and financial position after the merger, Ryan Beck analyzed the pro forma effects of the merger for 2007. In performing this analysis, Ryan Beck utilized a pro forma summary balance sheet and income statement for City National. For its analysis, Ryan Beck used First Call estimates of earnings for 2006 and 2007, and used a 7.50% projected growth rate to estimate 2008 through 2011 earnings for City National. Ryan Beck used Business Bank management's estimates of Business Bank's earnings for 2006, 2007 and 2008, and used management's projected growth rates of 12% to estimate 2009 to 2011 earnings for Business Bank. In its analysis, Ryan Beck utilized after-tax cost savings assumptions of approximately 19.0% of Business Bank's non-interest expense base for 2007 and 19.0% for 2008 through 2011. No assumptions were made regarding revenue enhancements following the completion of the transaction and no assumptions were made regarding mark-to-market purchase accounting adjustments.

This analysis indicated that the merger would be slightly dilutive to City National's earnings in 2007 by approximately -0.04% and would be accretive to City National's 2008 estimated earnings per share by approximately 0.70%, before the effect of any stock repurchases. Ryan Beck also estimated that the transaction would be 2.50% accretive to City National's stated book value per share and would be 5.61% dilutive to City National's tangible book value per share. The transaction analysis indicated that the merger would not have a significant effect on City National's capital ratios.

In connection with Ryan Beck's updated opinion dated as of the date of this proxy statement/prospectus and contained in Appendix B, Ryan Beck reviewed this proxy statement/prospectus and confirmed the appropriateness of its reliance on the analyses used to render its October 31, 2006 written opinion by performing procedures to update certain of such analyses and by reviewing the assumptions and conclusions upon which the October 31, 2006 opinion was based.

As of the date of this document, for its financial advisory services provided to Business Bank, Ryan Beck has been paid a fee of \$240,000. Ryan Beck will be paid an additional fee at the time of closing of the merger such that the total fees paid to Ryan Beck will equal approximately \$1,280,000. In addition, Business Bank has agreed to reimburse Ryan Beck for its reasonable out-of-pocket expenses, including the fees and disbursements of Ryan Beck's legal counsel, which shall not exceed \$20,000 without the prior consent of Business Bank. Business Bank has also agreed to indemnify Ryan Beck and certain related persons against certain liabilities, including liabilities under federal securities law, incurred in connection with its services.

Prior to this transaction, Ryan Beck did not have an investment banking relationship with Business Bank. Ryan Beck has had no prior investment banking relationship with City National. Ryan Beck has in the past solicited investment banking business from City National and may solicit investment banking business from City National in the future.

Ryan Beck is not a market maker in the stock or other securities of Business Bank or City National. In the ordinary course of its business as a broker dealer, Ryan Beck may actively trade securities of Business Bank or City National for its own account and the account of its customers and, accordingly, may at any time hold long or short positions in such securities. Ryan Beck publishes research reports regarding City National. All research reports prepared by Ryan Beck are done solely on the merits or judgment of analysts of Ryan Beck, and members of the Ryan Beck investment banking department do not participate in the preparation of any such research reports.

Public Trading Markets

City National common stock trades on the NYSE under the symbol CYN. Business Bank common stock trades on the Over-the-Counter Bulletin Board under the symbol BBNV. Upon completion of the merger, Business Bank common stock will cease to trade. The City National common stock issuable in the merger will be listed on the NYSE.

The shares of City National common stock to be issued in connection with the merger will be freely transferable under the Securities Act of 1933, as amended, which we refer to as the Securities Act, except for shares issued to any stockholder who is an affiliate of Business Bank, as discussed in "The Merger Agreement - Resales of City National Stock by Affiliates" on page 53.

Regulatory Approvals Required for the Merger

We have agreed to use our reasonable best efforts to obtain all regulatory approvals required to complete the transactions contemplated by the merger agreement. These approvals include approval from the Federal Reserve Board, or a waiver from the application requirement, and from the Office of the Comptroller of the Currency, as well as the Nevada Division of Financial Institutions. City National and Business Bank have completed, or will complete, the filing of applications and notifications to obtain the required regulatory approvals and/or waivers therefrom.

Federal Reserve Board. The merger is subject to approval by the Federal Reserve Board pursuant to Section 3 of the Bank Holding Company Act of 1956. The Federal Reserve Board is prohibited from approving any transaction under the applicable statutes that (1) would result in a monopoly, (2) would be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any part of the United States, or (3) may have the effect in any section of the United States

of substantially lessening competition, tending to create a monopoly or resulting in a restraint of trade, unless the Federal Reserve Board finds that the anti-competitive effects of the transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the communities to be served. In addition, in reviewing a transaction under the applicable statutes, the Federal Reserve Board will consider the financial and managerial resources of the companies and their subsidiary banks and the convenience and needs of the community to be served as well as the companies' effectiveness in combating money-laundering activities. In connection with its review, the Federal Reserve Board will provide an opportunity for public comment on the application for the merger, and is authorized to hold a public meeting or other proceeding if it determines that would be appropriate.

Under the Community Reinvestment Act of 1977, which we refer to as the CRA, the Federal Reserve Board must take into account the record of performance of each of City National and Business Bank in meeting the credit needs of the entire communities, including low- and moderate-income neighborhoods, served by the company and its subsidiaries. City National's and Business Bank's depository institutions each have a satisfactory CRA rating.

Under Section 225.12(d)(2) of the Federal Reserve Board's regulations (12 C.F.R. 225.12(d)(2)), the prior approval of the Federal Reserve Board is not required in connection with the acquisition by a bank holding company of another bank holding company if the subsidiary banks of both bank holding companies are merged with each other simultaneously with the holding company acquisition. In addition, the bank to be acquired may not be operated by the acquiring bank holding company as a separate entity. The transaction must also satisfy certain other requirements, including that the bank merger require the prior approval of a federal supervisory agency under the Bank Merger Act. We have requested confirmation from the Federal Reserve that the transaction satisfies the requirements of Section 225.12(d)(2) and that a waiver from the application requirement is therefore available. If we do not receive confirmation, we will promptly file an application with the Federal Reserve.

Office of the Comptroller of the Currency and Other Approvals. City National has filed an application with the Office of the Comptroller of the Currency under the Bank Merger Act to approve the merger of Business Bank of Nevada into City National Bank. In evaluating an application filed under the Bank Merger Act, the OCC will use substantially the same criteria as the Federal Reserve as described above. Prior notices to, or approvals from, various state regulatory authorities, including the Nevada Division of Financial Institutions, will also be required in connection with the acquisition.

Antitrust Considerations. At any time before or after the acquisition is completed, the Antitrust Division of the United States Department of Justice or the United States Federal Trade Commission, which we refer to as the Antitrust Division and the FTC, respectively, could take action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the acquisition or seeking divestiture of substantial assets of City National or Business Bank or their subsidiaries. Private parties also may seek to take legal action under the antitrust laws under some circumstances. Based upon an examination of information available relating to the businesses in which the companies are engaged, City National and Business Bank believe that the completion of the merger will not violate U.S. antitrust laws. However, City National and Business Bank can give no assurance that a challenge to the merger on antitrust grounds will not be made, or, if such a challenge is made, that City National and Business Bank will prevail.

In addition, the merger may be reviewed by the state attorneys general in the various states in which City National and Business Bank operate. Although City National and Business Bank believe there are substantial arguments to the contrary, these agencies may claim the authority, under the applicable state and federal antitrust laws and regulations, to investigate and/or disapprove the merger. There can be no assurance that one or more state attorneys general will not attempt to file an antitrust action to challenge the merger.

Timing. We cannot assure you that all of the regulatory approvals described above will be obtained, and, if obtained, we cannot assure you as to the date of any approvals or the absence of any litigation challenging such approvals. Likewise, we cannot assure you that the Antitrust Division, the FTC or any state attorney general will not attempt to challenge the merger on antitrust grounds, and, if such a challenge is made, we cannot assure you as to its result.

Pursuant to the Bank Holding Company Act, a transaction approved by the Federal Reserve Board may not be completed until 30 days after approval is received, during which time the Antitrust Division may challenge the merger on antitrust grounds. The commencement of an antitrust action would stay that is, suspend the effectiveness of an approval unless a court specifically were to order otherwise. With the approval of the Federal Reserve Board and the concurrence of the Antitrust Division, the waiting period may be reduced to no less than 15 days.

City National and Business Bank believe that the merger does not raise substantial antitrust or other significant regulatory concerns and that they will be able to obtain all requisite regulatory approvals on a timely basis without the imposition of any condition that would have a material adverse effect on City National or Business Bank. In connection with obtaining any required regulatory approvals, City National is not required to agree to conditions or restrictions that would have a material adverse effect on either Business Bank or City National, measured on a scale relative to Business Bank.

We are not aware of any material governmental approvals or actions that are required for completion of the merger other than those described above. It is presently contemplated that if any such additional governmental approvals or actions are required, those approvals or actions will be sought. There can be no assurance, however, that any additional approvals or actions will be obtained.

Business Bank's Directors and Officers Have Interests in the Merger

In considering the recommendation of the Business Bank board of directors with respect to the merger agreement, Business Bank's shareholders should be aware that some of Business Bank's executive officers and directors have interests in the merger that may be different from, or in addition to, those of Business Bank's shareholders generally. The Business Bank board of directors was aware of these interests and considered them, among other matters, in reaching its decisions to approve the merger agreement and to recommend that Business Bank's shareholders vote in favor of approving the merger agreement.

Executive Officer Equity Compensation Awards. The merger agreement provides that upon completion of the merger, each Business Bank stock option held by current employees, including each of the executive officers of Business Bank, will vest and be converted into an option to purchase a number of shares of City National common stock equal to the product of (1) the number of shares subject to the option immediately prior to completion of the merger and (2) the exchange ratio with an exercise price per share equal to the exercise price per share immediately prior to completion of the merger divided by the exchange ratio. The merger agreement further provides that upon completion of the merger, each Business Bank stock option held by former employees and current and former directors will be cancelled and converted into the right to receive upon completion of the merger an amount in cash per share subject to the option equal to the excess, if any, of the per share cash amount received in the merger over the per share exercise price of the option. Each restricted share held by an employee will vest and be treated as all other shareholders.

Employment Agreements. In connection with entering into the merger agreement, each of Messrs. Larry Charlton, John Guedry and Mark Phillips entered into a two-year employment agreement with City National that will become effective upon completion of the merger. The agreements provide that Messrs. Charlton, Guedry and Phillips will be entitled to an annual base salary of \$180,000, \$250,000 and \$195,000, respectively, and eligibility for an annual incentive bonus of up to 40 percent of annual base salary, employee benefits and an automobile allowance. In addition, subject to the approval of City National's

compensation committee, Messrs. Charlton, Guedry and Phillips will be granted 2,000, 5,000 and 2,000 options to purchase shares of City National common stock, respectively, and 500, 1,500 and 1,000 restricted shares of City National common stock, respectively. The stock options will have an exercise price per share equal to the fair market value of City National common stock on the date of grant or the date of committee action (which we expect to be not later than July 1, 2007), whichever last occurs, and will vest 25 percent on each anniversary of the date of grant. The restricted shares will vest 25 percent on each anniversary of the date of grant commencing with the second anniversary. Each of the executives has agreed that for the duration of the two year term of the agreement (or for one year following termination, if shorter) not to solicit employees or customers of City National and its affiliates or to compete with City National and its affiliates. If any of the executive's employment is terminated by City National without cause, City National may elect to either (1) continue paying the executive's base salary for the remainder of the term or (2) cease paying such base salary and the executive will be released from such executive's non-competition and non-solicitation covenants. In addition, if such termination occurs less than two years following the date of grant, 25 percent of the restricted shares will vest in full. If any of the executive's employment is terminated by the executive for any reason, City National may elect either to (1) continue paying 50 percent of the executive's base salary for the remainder of the term or (2) cease paying such base salary and the executive will be released from such executive's non-competition and non-solicitation covenants. Upon a change of control of City National following the expiration of the term of the agreement, certain of the executives will be eligible to receive, under certain circumstances, a change in control severance package that would provide the executive with up to one year's base salary and bonus, except that Mr. Guedry will be eligible to receive two year's base salary and bonus.

Change in Control Payment. Business Bank is a party to a Change of Control agreement with David Kellerman, its chief financial officer, pursuant to which Mr. Kellerman is entitled to receive certain payments and benefits following a change of control of Business Bank if he is terminated or quits for good reason (as defined in the agreement) within one year of the change of control. The merger with City National will constitute a "change of control" under this agreement and City National has indicated that it does not currently plan to employ Mr. Kellerman following the merger. Consequently, in connection with the merger, if Mr. Kellerman is terminated or quits for good reason, Mr. Kellerman will be entitled to receive (i) a change-in-control payment equal to the product of twenty-four (24) times the sum of Mr. Kellerman's monthly salary at the time of the change in control, plus an amount equivalent to the monthly average of the last two years of annual incentive bonus received by Mr. Kellerman from Business Bank, if any, (ii) payment of COBRA benefits, and (iii) a gross-up payment equal to any excise tax imposed on Mr. Kellerman. If Mr. Kellerman had been terminated as of January 1, 2007, the amount of this payment would have been approximately \$447,977.83 plus COBRA benefits and any excise tax gross-up payment. Additionally, upon the occurrence of a change in control, Mr. Kellerman's options shall fully vest and be exercisable.

Indemnification and Insurance. City National has agreed to indemnify and hold harmless each present and former director and officer of Business Bank and its subsidiaries from liability and expenses for matters arising at or prior to the consummation of the merger to the fullest extent permitted by applicable law. City National has also agreed, subject to certain limitations, to maintain Business Bank's current policy of directors' and officers' liability insurance coverage for the benefit of Business Bank's directors and officers for six years following consummation of the merger.

THE MERGER AGREEMENT

The following describes certain aspects of the merger, including material provisions of the merger agreement. The following description of the merger agreement is subject to, and qualified in its entirety by reference to, the merger agreement, which is attached to this document as Appendix A and is incorporated by reference in this document. We urge you to read the merger agreement carefully and in its entirety, as it is the legal document governing this merger.

Terms of the Merger

Each of the Business Bank board of directors and the City National board of directors has approved the merger agreement which provides for the merger of Business Bank with and into City National. City National will be the surviving corporation in the merger. The City National articles of incorporation will be the articles of incorporation, and the City National bylaws will be the bylaws, of the combined company after completion of the merger. The merger agreement provides that City National may change the structure of the merger to change the method of effecting the combination provided that such change does not alter the amount or kind of merger consideration to be provided under the merger agreement, adversely affect the tax consequences to Business Bank stockholders in the merger or materially impede or delay completion of the merger.

Merger Consideration

Each share of City National common stock issued and outstanding immediately prior to completion of the merger will remain issued and outstanding as one share of common stock of City National, and each share of Business Bank common stock issued and outstanding immediately prior to the completion of the merger, except for specified shares of Business Bank common stock held by Business Bank or City National, will have the right to elect to receive, subject to potential proration, cash or City National common stock for each share of Business Bank common stock outstanding immediately prior to the merger. If you are a stockholder of record of Business Bank common stock you may make different elections with respect to different shares. For example, if you are the record holder of 10,000 shares of Business Bank common stock, you may elect to have 3,000 of those shares converted into the cash consideration and 7,000 of those shares converted into the City National common stock consideration, subject to potential adjustment as described below. If you hold your stock in street name through a bank or broker, your election procedures may be subject to further limitations imposed by your bank or broker.

The applicable election materials were separately mailed to Business Bank stockholders at approximately the same time that this document was mailed to stockholders. Business Bank stockholders must return their properly completed and signed form of election to the exchange agent prior to the election deadline. If you are a Business Bank stockholder and you do not return your form of election by the election deadline or improperly complete or do not sign your form of election, you will receive cash, shares of City National common stock or a mixture of cash and shares of City National common stock, based on what is available after giving effect to the valid elections made by other stockholders, as well as the adjustment described below.

Cash Elections. Each share of Business Bank common stock converted into the cash consideration will be exchanged for \$66.50, without interest.

Stock Elections. Each share of Business Bank common stock converted into the stock consideration will be exchanged based on the exchange ratio, which will vary based on the average closing sale prices of City National common stock on the New York Stock Exchange for the ten trading days immediately preceding the completion of the merger as follows:

Average City National

Trading Price	Exchange Ratio
More than \$74.25	\$71.04 divided by the average City National trading price
More than \$69.50, but not more than \$74.25	0.9568
More than \$67.50, but not more than \$69.50 per share	
	\$66.50 divided by the average City National trading price
\$60.75 or more, but not more than \$67.50	0.9852
Less than \$60.75	\$59.85 divided by the average City National trading price

Thus, by way of example only, if the average closing sale prices of City National common stock on the New York Stock Exchange for the ten trading days immediately preceding the completion of the merger were \$70.00 per share, the exchange ratio would be 0.9568. Under that example, if you owned 10,000 shares of Business Bank common stock that were converted into the stock consideration, you would receive 9,568 shares of City National common stock in the merger.

City National will not issue any fractional shares of City National common stock in the merger. Instead, a Business Bank stockholder who otherwise would have received a fraction of a share of City National common stock will receive an amount in cash, rounded to the nearest cent, equal to the product of the fraction of a share of City National common stock to which the holder would otherwise be entitled and the average closing sale price of City National common stock on the NYSE for the ten trading days immediately preceding completion of the merger.

The merger agreement provides that one-half of the total Business Bank shares outstanding immediately prior to completion of the merger will be converted into cash and one-half of the total outstanding Business Bank shares will be converted into City National common stock. As a result, if more stockholders elect to receive either form of consideration than is available under the merger agreement, stockholders electing the over-subscribed form of consideration will have their elections proportionately reduced and will receive a portion of their consideration in the other form, despite their election.

Non-Elections. Business Bank stockholders who do not make an election to receive cash or City National common stock in the merger, whose elections are not received by the exchange agent by the election deadline, or whose forms of election are improperly completed and/or are not signed, will be deemed not to have made an election. Stockholders not making an election may be paid in only cash, only City National common stock or a mix of cash and shares of City National common stock depending on, and after giving effect to, the number of valid cash elections and stock elections that have been made by other Business Bank stockholders using the proration adjustment described below.

Treatment of Business Bank Stock Options and Other Equity-Based Awards. Each outstanding option to purchase shares of Business Bank common stock granted under any stock compensation plan maintained by Business Bank or its subsidiaries, which we refer to as the Business Bank stock plans, to individuals who are employees of Business Bank or its subsidiaries as of the completion of the merger, whether vested or not, will be cancelled and converted into an option to purchase City National common stock. The new City National stock options will generally be on the same terms as the Business Bank stock options that they are replacing, except that the number of shares subject to the new option will equal to the

number of shares of Business Bank common stock subject to the old option immediately prior to completion of the merger multiplied by the exchange ratio applicable to the conversion of shares of Business Bank common stock into shares of City National common stock as described above (rounded down to the nearest whole share), and the per share exercise price for the new option will equal the exercise price per share under the old option divided by that exchange ratio (rounded down to the nearest whole cent). Each other Business Bank stock option outstanding immediately prior to the completion of the merger, including those held by Business Bank's non-employee directors, will be cancelled and converted into the right to receive a lump sum cash payment equal to (1) the number of shares of Business Bank common stock subject to the option immediately prior to the Closing and (2) the excess, of \$66.50 over the exercise price per share of the option. The lump sum cash payment shall be subject to applicable tax withholding.

Each outstanding restricted share of Business Bank common stock granted under the Business Bank stock plans, regardless of whether or not vested, shall be cancelled and converted into the right to receive, without restrictions, the same merger consideration to be paid for non-restricted shares of Business Bank common stock. City National will be entitled to deduct applicable tax withholding.

Proration. The merger agreement provides that one-half of the total shares of Business Bank common stock outstanding immediately prior to completion of the merger will be converted into cash, with the remaining shares converted into City National common stock. As a result, if more Business Bank stockholders make valid elections to receive either cash or City National common stock than is available as merger consideration under the merger agreement, those Business Bank stockholders electing the over-subscribed form of consideration will have the over-subscribed consideration proportionately reduced and will receive a portion of their consideration in the other form, despite their election. We refer in this document to the number of Business Bank shares to be converted into cash as the cash conversion number.

If the total number of shares of Business Bank common stock with respect to which elections to receive the cash merger consideration are made or that dissent from the merger and seek appraisal rights (we refer to these shares as cash election shares) exceeds the cash conversion number, then all Business Bank shares with respect to which elections were made to receive City National common stock (we refer to these shares as stock election shares), and all shares with respect to which no valid election was made, will be converted into the right to receive the stock merger consideration, and all shares with respect to which cash elections were made will be converted into the right to receive:

- The cash consideration in respect of that number of shares equal to the product obtained by multiplying
- The number of cash election shares held by the holder by
- A fraction, the numerator of which is the cash conversion number and the denominator of which is the total number of cash election shares,
- With the remainder of the shares converted into the stock consideration.

If the total number of cash election shares is less than the cash conversion number (we refer to the amount by which the cash conversion number exceeds the cash election number as the shortfall number), then all cash election shares will be converted into the right to receive the cash consideration and the stock election shares and the shares with respect to which no valid election was made will be treated in the following manner:

- If the shortfall number is less than or equal to the number of shares with respect to which no valid election was made, then all stock election shares will be converted into the right to receive the stock merger consideration, and each of the holders of non-electing shares will receive the cash

consideration in respect of that number of non-electing shares as is equal to the product obtained by multiplying

- The number of non-electing shares held by such holder by
- A fraction, the numerator of which is the shortfall number and the denominator of which is the total number of shares with respect to which no valid election was made,
- With the remaining number of such holder's non-electing shares being converted into the right to receive the stock consideration; and
- If the shortfall number exceeds the number of shares with respect to which no valid election was made, then all non-electing shares will be converted into the right to receive the cash merger consideration, and each of the holders of stock election shares will have the right to receive the cash consideration in respect of that number of stock election shares as is equal to the product obtained by multiplying
- The number of stock election shares held by such holder by
- A fraction, the numerator of which is the amount by which (1) the shortfall number exceeds (2) the total number of non-electing shares, and the denominator of which is the total number of stock election shares,
- With the remaining number of such holder's stock election shares being converted into the right to receive the stock consideration.

Closing and Effective Time of the Merger

The merger will be completed only if all of the following occur:

- The merger is approved by Business Bank stockholders;
- We obtain all required governmental and regulatory consents and approvals without a condition or restriction that would have a material adverse effect on City National, measured on a scale relative to Business Bank; and
- All other conditions to the merger discussed in this document and the merger agreement are either satisfied or waived.

The merger will become effective when articles of merger are filed with the Secretary of State of the State of Nevada and a certificate of merger is filed with the Secretary of State of the State of Delaware. However, we may agree to a later time for completion of the merger and specify that time in accordance with Nevada and Delaware law. In the merger agreement, we have agreed to cause the completion of the merger to occur no later than the fifth business day following the satisfaction or waiver of the last of the conditions specified in the merger agreement, or on another mutually agreed date. If these conditions are first satisfied or waived during the two weeks immediately prior to the end of a fiscal quarter of City National, then City National may postpone the closing until the first full week after the end of that quarter. It currently is anticipated that the effective time of the merger will occur in the first quarter of 2007, but we cannot guarantee when or if the merger will be completed.

Conversion of Shares; Exchange of Certificates; Elections as to Form of Consideration

The conversion of Business Bank common stock into the right to receive the merger consideration will occur automatically at the effective time of the merger. As soon as reasonably practicable after the completion of the merger, the exchange agent will exchange certificates representing shares of Business Bank common stock for merger consideration to be received in the merger pursuant to the terms of the

merger agreement. Continental Stock Transfer & Trust Company will be the exchange agent in the merger and will receive your form of election, exchange certificates for the merger consideration and perform other duties as explained in the merger agreement.

Form of Election. Business Bank stockholders will be mailed a form of election at least 20 business days prior to the election deadline so as to permit each Business Bank stockholder to exercise such holder's right to make an election prior to the election deadline. Each form of election will allow you to make cash or stock elections or a combination of both. Unless otherwise agreed to in advance by City National and Business Bank, the election deadline will be 5:00 p.m., Eastern time, on the date that is thirty days prior to the date that City National and Business Bank anticipate completing the merger.

If you wish to elect the type of merger consideration you will receive in the merger, you should carefully review and follow the instructions that will be set forth in the form of election. Stockholders who hold their shares of Business Bank common stock in street name or through a bank, broker or other nominee should follow the instructions of the bank, broker or other nominee for making an election with respect to such shares of Business Bank common stock. Shares of Business Bank common stock as to which the holder has not made a valid election prior to the election deadline will be treated as though they had not made an election. To make a valid election, each Business Bank stockholder must submit a properly completed form of election, together with stock certificates, so that it is actually received by the exchange agent at or prior to the election deadline in accordance with the instructions on the form of election. A form of election will be properly completed only if accompanied by certificates (or book-entry transfer of uncertificated shares) representing all shares of Business Bank common stock covered by the form of election (or appropriate evidence as to the loss, theft or destruction, appropriate evidence as to the ownership of that certificate by the claimant, and appropriate and customary indemnification, as will be described in the form of election). If you are a Business Bank stockholder and you cannot deliver your stock certificates to the exchange agent by the election deadline, you may deliver a notice of guaranteed delivery promising to deliver your stock certificates, as will be described in the form of election, so long as (1) the guarantee of delivery is from a firm which is a member of any registered national securities exchange or a commercial bank or trust company in the United States and (2) the actual stock certificates are in fact delivered to the exchange agent by the time set forth in the guarantee of delivery.

Generally, an election may be revoked or changed, but only by written notice received by the exchange agent prior to the election deadline accompanied by a properly completed and signed revised form of election. If an election is revoked, or the merger agreement is terminated, and any certificates have been transmitted to the exchange agent, the exchange agent will promptly return those certificates to the stockholder who submitted those certificates via first-class mail. Business Bank stockholders will not be entitled to revoke or change their elections following the election deadline. As a result, if you have made an election, you will be unable to revoke your elections or sell your shares of Business Bank common stock during the interval between the election deadline and the date of completion of the merger.

Shares of Business Bank common stock as to which the holder has not made a valid election prior to the election deadline, including as a result of revocation, will be deemed non-election shares. If it is determined that any purported cash election or stock election was not properly made, the purported election will be deemed to be of no force or effect and the holder making the purported election will be deemed not to have made an election for these purposes, unless a proper election is subsequently made on a timely basis.

Letter of Transmittal. Soon after the completion of the merger, the exchange agent will send a letter of transmittal to only those persons who were Business Bank stockholders at the effective time of the merger and who have not previously submitted a form of election and properly surrendered shares of Business Bank common stock to the exchange agent. This mailing will contain instructions on how to

surrender shares of Business Bank common stock (if these shares have not already been surrendered) in exchange for the merger consideration the holder is entitled to receive under the merger agreement.

If a certificate for Business Bank common stock has been lost, stolen or destroyed, the exchange agent will issue the consideration properly payable under the merger agreement upon receipt of appropriate evidence as to that loss, theft or destruction, appropriate evidence as to the ownership of that certificate by the claimant, and appropriate and customary indemnification.

After completion of the merger, there will be no further transfers on the stock transfer books of Business Bank, except as required to settle trades executed prior to completion of the merger.

Withholding

The exchange agent will be entitled to deduct and withhold from the cash consideration or cash in lieu of fractional shares payable to any Business Bank stockholder the amounts the exchange agent is required to deduct and withhold under any federal, state, local or foreign tax law. If the exchange agent withholds any amounts, these amounts will be treated for all purposes of the merger as having been paid to the stockholders from whom they were withheld.

Dividends and Distributions

Until Business Bank common stock certificates are surrendered for exchange, any dividends or other distributions declared after the effective time with respect to City National common stock into which shares of Business Bank common stock may have been converted will accrue but will not be paid. City National will pay to former Business Bank stockholders any unpaid dividends or other distributions, without interest, only after they have duly surrendered their Business Bank stock certificates.

Prior to the effective time of the merger, Business Bank and its subsidiaries may not declare or pay any dividend or distribution on its capital stock or repurchase any shares of its capital stock, other than:

- Dividends paid by any subsidiary of Business Bank to Business Bank or to any of its wholly-owned subsidiaries;
- The acceptance of shares of Business Bank common stock in payment of the exercise of a stock option or the vesting of restricted shares of Business Bank common stock granted under a Business Bank stock plan, in each case in accordance with past practice; and
- Dividends on the capital securities and common securities issued by Business Bank Capital Trust I, in accordance with the terms thereof.

Representations and Warranties

The merger agreement contains customary representations and warranties of Business Bank and City National relating to their respective businesses. With the exception of certain representations that must be true and correct in all material respects (or, in the case of specific representations and warranties regarding the capitalization of Business Bank, true and correct except to a *de minimis* extent), no representation or warranty will be deemed untrue or incorrect as a consequence of the existence or absence of any fact, circumstance or event unless that fact, circumstance or event, individually or when taken together with all other facts, circumstances or events inconsistent with the representations and warranties, has had or is reasonably likely to have a material adverse effect on the ability of the company making the representation to consummate the merger, or on the business, results of operations or financial conditions of the company making the representation. In determining whether a material adverse effect has occurred or is reasonably likely, the parties will disregard effects resulting from (1) changes in generally accepted accounting principles or regulatory accounting requirements applicable to banks and their holding companies,

generally, (2) changes in laws, rules or regulations of general applicability or their interpretations by courts or governmental entities, (3) changes in global or national or regional political conditions or in general or regional economic or market conditions affecting banks, savings associations or their holding companies generally, except to the extent that such changes in market or economic conditions have a disproportionate adverse effect on such party, or (4) public disclosure of the merger. The representations and warranties in the merger agreement do not survive the effective time of the merger.

Each of City National and Business Bank has made representations and warranties to the other regarding, among other things:

- Corporate matters, including due organization and qualification;
- Capitalization;
- Authority relative to execution and delivery of the merger agreement and the absence of conflicts with, or violations of, organizational documents or other obligations as a result of the merger;
- Required governmental filings and consents;
- The timely filing of reports with governmental entities, and the absence of investigations by regulatory agencies;
- Financial statements, internal controls and accounting;
- Broker's fees payable in connection with the merger;
- The absence of material adverse changes and undisclosed liabilities;
- Legal proceedings;
- Tax matters;
- Compliance with applicable laws;
- Risk management instruments and derivatives;
- Investment and loan portfolios;
- Environmental liabilities;
- Employee matters, including employee benefits;
- Material contracts;
- Tax treatment of the merger; and
- The accuracy of information supplied for inclusion in this document and other similar documents.

In addition, Business Bank has made other representations and warranties about itself to City National as to:

- Intellectual property;
- Real property;

- Insurance;
- The inapplicability of state takeover laws and the rights agreement; and
- The receipt of a financial advisor's opinion.

City National also has made a representation and warranty to Business Bank regarding the availability of cash to pay the cash portion of the merger consideration and the ownership of Business Bank common stock.

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The representations and warranties described above and included in the merger agreement were made by each of City National and Business Bank to the other. These representations and warranties were made as of specific dates, may be subject to important qualifications and limitations agreed to by City National and Business Bank in connection with negotiating the terms of the merger agreement, and may have been included in the merger agreement for the purpose of allocating risk between City National and Business Bank rather than to establish matters as facts. The merger agreement is described in, and included as an appendix to, this document only to provide you with information regarding its terms and conditions, and not to provide any other factual information regarding Business Bank, City National or their respective businesses. Accordingly, the representations and warranties and other provisions of the merger agreement should not be read alone, but instead should be read only in conjunction with the information provided elsewhere in this document and in the documents incorporated by reference into this document. See [Where You Can Find More Information](#) on page 72.

Covenants and Agreements

Each of Business Bank and City National has undertaken customary covenants that place restrictions on it and its subsidiaries until the effective time of the merger. In general, each of City National and Business Bank agreed to (1) conduct its business in the ordinary course in all material respects, (2) use reasonable efforts to maintain and preserve intact its business organization and advantageous business relationships, including retaining the services of key officers and employees, and (3) take no action that is intended to or would reasonably be expected to adversely affect or materially delay its respective ability to obtain any necessary regulatory approvals, perform its covenants or complete the merger. Business Bank further agrees that, with certain exceptions and except with City National's prior written consent, Business Bank will not, and will not permit any of its subsidiaries to, among other things, undertake the following extraordinary actions:

- Make, declare or pay any dividends or other distributions on any shares of its capital stock, except as set forth above in [Conversion of Shares; Exchange of Certificates](#) [Dividends and Distributions](#) ;
- Purchase, redeem or otherwise acquire any shares of its capital stock or rights to acquire its capital stock;
- Adjust, split, combine or reclassify any of its capital stock;
- Issue shares, stock options or other equity-based awards outside the parameters set forth in the merger agreement;
- Acquire any other business or person or open, close, sell or acquire any branches;
- Amend its charter or bylaws;
- Other than in the ordinary course of business, sell, transfer, mortgage, encumber or otherwise dispose of any material assets or properties, or cancel, release or assign any material indebtedness;
- Incur indebtedness or in any way assume the indebtedness of another person, except short term and other indebtedness incurred in the ordinary course of business;
- Make any material change to its accounting, except as required by applicable law or generally accepted or regulatory accounting principles;
- Enter into any new line of business or change in any material respect its lending, investment, underwriting, risk and asset liability management and other banking, operating, and servicing policies other than as required by applicable law;
- Make, change, or revoke any material tax election, change an annual tax accounting period, adopt or change any tax accounting method, file any material amended tax return, enter into any closing

agreement with respect to a material amount of taxes, settle any material tax claim or assessment or surrender any right to claim a refund of a material amount of taxes;

- Enter into, renew or terminate contracts or agreements other than in the ordinary course of business, or enter into, renew or terminate certain other specified contracts;
- Incur capital expenditures in excess of \$25,000 individually or \$100,000 in the aggregate, except for specified projects;
- Except as contemplated by the merger agreement and except in certain circumstances in the ordinary course of business, (1) increase wages, salaries or incentive compensation, (2) pay or provide, or increase or accelerate the accrual rate, vesting or timing or payment or funding of, any compensation or benefit to employees of Business Bank and its subsidiaries or otherwise pay any amount to which any employee of Business Bank or any of its subsidiaries is not entitled, (3) establish, adopt or become a party to any new employee benefit or compensation plan or agreement or amend, suspend or terminate any Business Bank benefit plan, (4) modify any Business Bank stock option or other equity-based award, (4) make discretionary contributions or payments relating to Business Bank employee benefits and agreements, (5) establish, adopt or enter into any collective bargaining agreement or (6) hire, terminate or change the employment status of any executive officer or director or any employee who is a party to a change of control or severance agreement;
- Agree or consent to any material agreement or material modifications of existing agreements with governmental entities in respect of its business operations, except as required by law;
- Pay, discharge or settle any material claim except settlements in the ordinary course of business consistent with past practice that involve solely money damages not in excess of \$25,000 individually or \$50,000 in the aggregate;
- Issue any broadly distributed general employee or customer communications other than in the ordinary course of business with respect to matters other than the merger;
- Make any material investment for its own account, whether by purchase of securities, capital contributions, property transfers or purchase of property or assets, outside the ordinary course of business;
- Restructure or materially change its investment securities portfolio or its gap position, or the manner in which the portfolio is classified or reported;
- Take any action, or knowingly fail to take, any action that would reasonably be expected to cause any of the conditions to the merger to fail to be satisfied;
- Agree to take or adopt any resolutions by the board of directors in support of any of the actions prohibited by the preceding bullets.

City National agrees that, except with Business Bank's prior written consent, City National will not, among other things, undertake the following extraordinary actions:

- Amend any organizational documents in a manner that would adversely affect the ability to complete the merger;
- Take any action, or knowingly fail to take, any action that would reasonably be expected to cause any of the conditions to the merger to fail to be satisfied;

- Agree to take or adopt any resolutions by the board of directors in support of any of the actions prohibited by the preceding bullets.

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The merger agreement also contains mutual covenants relating to the preparation of this document and the holding of the special meeting of Business Bank stockholders, access to information of the other company and public announcements with respect to the transactions contemplated by the merger agreement. Business Bank and City National have also agreed to use their reasonable best efforts to take all actions needed to obtain necessary governmental and third party consents, and to cause the merger of Business Bank of Nevada into City National Bank. Notwithstanding the foregoing, City National is not required to take any action in connection with obtaining the necessary governmental and third party consents that would reasonably be expected to have a material adverse effect, measured relative to Business Bank. Business Bank also agreed to cooperate with City National to prepare for and facilitate the integration of the two companies and their bank subsidiaries following completion of the merger.

Efforts of Business Bank to Obtain the Required Stockholder Vote

Business Bank has agreed to hold a meeting of its stockholders as soon as is reasonably practicable for the purpose of obtaining stockholder approval of the merger. Business Bank has agreed to recommend the approval of the merger agreement, the merger and the related transactions. However, Business Bank's board of directors may withdraw, modify, condition or refuse to recommend the adoption of the merger agreement if Business Bank's board of directors determines, in good faith after consultation with its outside legal advisors, that the failure to take such action would cause the board to violate its fiduciary obligations under applicable law. Notwithstanding the foregoing, the merger agreement requires Business Bank to submit the merger agreement to a stockholder vote even if its board of directors no longer recommends approval of the merger agreement, in which event the board may communicate its basis for its lack of a recommendation to stockholders.

Agreement Not to Solicit Other Offers

Business Bank also has agreed that it, its subsidiaries and their officers, directors and employees will not, directly or indirectly:

- Solicit, initiate, encourage or facilitate any inquiries or proposals for any Alternative Proposal (as defined below); or
- Participate in any discussions or negotiations, or enter into any agreement, regarding any Alternative Transaction (as defined below).

However, prior to the special meeting, Business Bank may consider and participate in discussions and negotiations with respect to a *bona fide* Alternative Proposal if (1) it has first entered into a confidentiality agreement with the party proposing the Alternative Proposal on terms comparable to the confidentiality agreement with City National and (2) the Business Bank board of directors determines in good faith (after consultation with outside legal counsel) that failure to take these actions would cause it to violate its fiduciary duties.

Business Bank has agreed:

- To notify City National promptly (but in no event later than 24 hours) after it receives any Alternative Proposal, or any material change to any Alternative Proposal, or any request for nonpublic information relating to Business Bank or any of its subsidiaries, and to provide City National with relevant information regarding the Alternative Proposal or request;
- To keep City National fully informed, on a current basis, of any material changes in the status and any material changes in the terms of any such Alternative Proposal; and
- To cease any existing discussions or negotiations with any persons with respect to any Alternative Proposal, and to use reasonable best efforts to cause all persons other than City National who have

been furnished with confidential information in connection with an Alternative Proposal within the 12 months prior to the date of the merger agreement to return or destroy such information.

As used in the merger agreement, an Alternative Proposal means any inquiry or proposal regarding any merger, share exchange, consolidation, sale of assets, sale of shares of capital stock (including by way of a tender offer) or similar transactions involving Business Bank or any of its subsidiaries that, if completed, would constitute an Alternative Transaction.

As used in the merger agreement, Alternative Transaction means any of the following:

- A transaction pursuant to which any person (or group of persons) other than City National or its affiliates, directly or indirectly, acquires or would acquire more than 25% of the outstanding shares of Business Bank common stock or outstanding voting power or of any new series or new class of Business Bank preferred stock that would be entitled to a class or series vote with respect to the merger, whether from Business Bank or pursuant to a tender offer or exchange offer or otherwise;
- A merger, share exchange, consolidation or other business combination involving Business Bank (other than the merger being described here);
- Any transaction pursuant to which any person (or group of persons) other than City National or its affiliates acquires or would acquire control of assets (including, for this purpose, the outstanding equity securities of subsidiaries of Business Bank and securities of the entity surviving any merger or business combination including any of Business Bank's subsidiaries) of Business Bank, or any of its subsidiaries representing more than 25% of the fair market value of all the assets, net revenues or net income of Business Bank and its subsidiaries, taken as a whole, immediately prior to such transaction; or
- Any other consolidation, business combination, recapitalization or similar transaction involving Business Bank or any of its subsidiaries, other than the transactions contemplated by the merger agreement, as a result of which the holders of shares of Business Bank common stock immediately prior to the transaction do not, in the aggregate, own at least 75% of each of the outstanding shares of common stock and the outstanding voting power of the surviving or resulting entity in the transaction immediately after the completion of the transaction in substantially the same proportion as the holders held the shares of Business Bank common stock immediately prior to the completion of the transaction.

Expenses and Fees

Each of City National and Business Bank will be responsible for all expenses incurred by it in connection with the negotiation and completion of the transactions contemplated by the merger agreement.

Employee Matters

City National has agreed, with respect to the employees of Business Bank and its subsidiaries at the effective time, that it will or will cause its applicable subsidiaries to offer such employees participation in and coverage under employee benefits that are comparable, on an aggregate basis, to the plans generally in effect for similarly situated City National employees. In recognition of the fact that the transition from Business Bank employee plans to City National plans may not occur upon completion of the merger, and may occur in stages, City National and Business Bank have agreed that continued participation and coverage under the Business Bank employee benefit plans as existing immediately prior to completion of the merger will satisfy this obligation. In addition, City National has agreed that any such employees who are terminated during the six-month period following the merger will be eligible to participate in City National's Separation Pay Plan, in accordance with its terms, and that such severance, if available under

that plan, will provide for a minimum severance of (1) two weeks of base salary plus one week of base salary for each year of service for non-officer employees, (2) three weeks of base salary plus two weeks of base salary for each year of service for officers (except for officers described in the remainder of this sentence), and (3) four weeks of base salary plus two weeks of base salary for each year of service for eligible executive vice presidents and senior vice presidents, with each affected person entitled to two weeks of base salary as the minimum severance and 52 weeks of base salary as the maximum severance.

In addition, City National has agreed, to the extent any Business Bank employee becomes eligible to participate in City National benefit plans following the merger:

- Generally to recognize each employee's service with Business Bank prior to the completion of the merger for purposes of eligibility to participate, vesting credits and benefit accruals under the City National plans to the same extent such service was recognized under comparable Business Bank plans prior to completion of the merger; and
- To waive any exclusion for pre-existing conditions under any City National health, dental or vision plans, to the extent such limitation would have been waived or satisfied under a corresponding Business Bank plan in which such employee participated immediately prior to the effective time, and recognize any medical or health expenses incurred in the year in which the merger closes for purposes of applicable deductible and annual out-of-pocket expense requirements under any health, dental or vision plan of City National.

However, City National has no obligation to continue the employment of any Business Bank employee or to provide any particular employee benefits for any period following the merger.

Indemnification and Insurance

The merger agreement provides that, upon completion of the merger, City National will indemnify and hold harmless, and provide advancement of expenses to, all past and present officers and directors of Business Bank and its subsidiaries in their capacities as such against all losses, claims, damages, costs, expenses, liabilities, judgments or amounts paid in settlement to the fullest extent provided under Business Bank's and its subsidiaries' organizational documents and permitted by applicable law.

The merger agreement provides that City National will use its reasonable best efforts to maintain for a period of six years after completion of the merger Business Bank's current directors' and officers' liability insurance policies, or policies of at least the same coverage and amount with insurers having equal or superior financial ratings and containing terms and conditions that are not less advantageous than the current policy, with respect to acts or omissions occurring prior to the effective time of the merger, except that City National is not required to incur annual premium expense greater than 200% of Business Bank's current annual directors' and officers' liability insurance premium.

Conditions to Complete the Merger

Our respective obligations to complete the merger are subject to the fulfillment or waiver of certain conditions, including:

- The approval of the merger by Business Bank stockholders;
- The approval of the listing of City National common stock to be issued in the merger on the NYSE, subject to official notice of issuance;
- The effectiveness of the registration statement of which this document is a part with respect to the City National common stock to be issued in the merger under the Securities Act and the absence of any stop order or proceedings initiated or threatened by the SEC for that purpose; and

- The absence of any order, injunction, decree, statute, rule or regulation prohibiting or preventing completion of the transactions contemplated by the merger agreement.

Each of City National's and Business Bank's obligations to complete the merger is also separately subject to the satisfaction or waiver of a number of conditions including:

- The receipt by each of City National and Business Bank of a legal opinion with respect to certain United States federal income tax consequences of the merger;
- The receipt and effectiveness of all governmental and other approvals, registrations and consents, and the expiration of all related waiting periods required to complete the merger (in the case of the conditions to City National's obligation to complete the merger, without any conditions or restrictions that would have a material adverse effect on City National or Business Bank, measured on a scale relative to Business Bank);
- The accuracy of the representations and warranties of each other party in the merger agreement, subject to the materiality standard provided in the merger agreement, and the performance by each other party in all material respects of their obligations under the merger agreement and the receipt by each party of certificates from the other party to that effect; and
- In the case of City National's obligations only, the completion of the sale of certain limited liability company interests of Business Bank in Charleston Pavilion LLC, a building project 26% owned by Business Bank, on the terms set forth in the merger agreement.

We cannot provide assurance as to when or if all of the conditions to the merger can or will be satisfied or waived by the appropriate party. As of the date of this document, we have no reason to believe that any of these conditions will not be satisfied.

Termination of the Merger Agreement

The merger agreement can be terminated at any time prior to completion by mutual consent, if authorized by each of our boards of directors, or by either party in the following circumstances:

- If any of the required regulatory approvals are denied (and the denial is final and nonappealable);
- If the merger has not been completed by October 31, 2007, unless the failure to complete the merger by that date is due to the terminating party's failure to abide by the merger agreement;
- If there is a breach by the other party that would cause the failure of the closing conditions described above, unless the breach is capable of being, and is, cured within 30 days of notice of the breach; or
- If the stockholders of Business Bank fail to approve the merger at the special meeting.

In addition, City National may terminate the merger agreement if the Business Bank board of directors fails to recommend that Business Bank stockholders approve the merger, withdraws, modifies or qualifies in a manner adverse to City National its recommendation of the merger to stockholders, or recommends or endorses a competing merger proposal. City National may also terminate the merger agreement if Business Bank knowingly breaches its obligation to call and hold a stockholder meeting to consider the merger or its obligation to not solicit competing acquisition proposals.

If the merger agreement is terminated, it will become void, and there will be no liability on the part of City National or Business Bank, except that (1) both City National and Business Bank will remain liable for any willful breach of the merger agreement and (2) designated provisions of the merger agreement, including the payment of fees and expenses, the confidential treatment of information and publicity restrictions, will survive the termination.

Termination Fee

Business Bank must pay City National a termination fee of \$5 million if:

- The merger agreement is terminated by City National as a result of the City National termination rights described under Termination of the Merger Agreement above relating to the Business Bank stockholder recommendation and compliance with the stockholder vote and non-solicit covenants; or
- (1) A competing takeover proposal is made to Business Bank or its stockholders or has been publicly announced, (2) the merger agreement is terminated by Business Bank or City National because the stockholders of Business Bank do not approve the merger at the special stockholder meeting or by City National because of a willful breach of the merger agreement by Business Bank and (3) within 12 months of termination, Business Bank completes an alternative transaction or enters into any acquisition or similar agreement relating to an alternative transaction.

Amendment, Waiver and Extension of the Merger Agreement

Subject to applicable law, the parties may amend the merger agreement by action taken or authorized by their boards of directors or by written agreement. However, after any approval of the transactions contemplated by the merger agreement by the Business Bank stockholders, there may not be, without further approval of those stockholders, any amendment of the merger agreement not permitted by Nevada law.

At any time prior to the completion of the merger, each of us, by action taken or authorized by our respective board of directors, to the extent legally allowed, may:

- Extend the time for the performance of any of the obligations or other acts of the other party;
- Waive any inaccuracies in the representations and warranties of the other party; or
- Waive compliance by the other party with any of the other agreements or conditions contained in the merger agreement.

Resales of City National Stock by Affiliates

Shares of City National common stock to be issued to Business Bank stockholders in the merger have been registered under the Securities Act, and may be traded freely and without restriction by those stockholders not deemed to be affiliates (as that term is defined under the Securities Act) of Business Bank. Any subsequent transfers of shares, however, by any person who is an affiliate of Business Bank at the time the merger is submitted for a vote of the Business Bank stockholders will, under existing law, require:

- The further registration under the Securities Act of the City National stock to be transferred;
- Compliance with Rule 145 promulgated under the Securities Act, which permits limited sales under certain circumstances; or
- The availability of another exemption from registration.

An affiliate of Business Bank is a person who directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, Business Bank. These restrictions are expected to apply to the directors and executive officers of Business Bank and the holders of 10% or more of the outstanding Business Bank common stock. The same restrictions apply to the spouses and certain relatives of those persons and any trusts, estates, corporations or other entities in which those persons have a 10% or greater beneficial or equity interest.

City National will give stop transfer instructions to the exchange agent with respect to the shares of City National common stock to be received by persons subject to these restrictions, and the certificates for

their shares will be appropriately legended. City National is not required to further register the sale of City National common stock to be issued to affiliates of Business Bank.

Each of the individuals who are affiliates of Business Bank for purposes of Rule 145 under the Securities Act has delivered to City National a written agreement intended to ensure compliance with the Securities Act.

ACCOUNTING TREATMENT

The merger will be accounted for as a purchase, as that term is used under generally accepted accounting principles, for accounting and financial reporting purposes. Under purchase accounting, the assets (including identifiable intangible assets) and liabilities (including executory contracts and other commitments) of Business Bank as of the effective time of the merger will be recorded at their respective fair values and added to those of City National. Any excess of purchase price over the fair values is recorded as goodwill. Financial statements of City National issued after the merger would reflect these fair values and would not be restated retroactively to reflect the historical financial position or results of operations of Business Bank.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER

The following is a general discussion of the anticipated material United States federal income tax consequences to U.S. holders (as defined below) of Business Bank common stock of the receipt of shares of City National common stock and cash in exchange for Business Bank common stock pursuant to the merger. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended (which we refer to in this document as the Code), applicable current and proposed United States Treasury Regulations, judicial authorities and administrative rulings and practice, all as in effect as of the date of this registration statement and all of which are subject to change, possibly on a retroactive basis.

For purposes of this discussion, the term U.S. holder means a beneficial owner of Business Bank common stock that is for United States federal income tax purposes: (i) a citizen or resident of the United States; (ii) a corporation, or other entity taxable as a corporation for United States federal income tax purposes, created or organized in or under the laws of the United States or any state thereof or the District of Columbia; (iii) a trust if it (a) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (b) has a valid election in effect under applicable United States Treasury Regulations to be treated as a United States person; or (iv) an estate the income of which is subject to United States federal income tax regardless of its source.

Holders of Business Bank common stock who are not U.S. holders may have different tax consequences than those described below and are urged to consult their own tax advisors regarding the tax treatment to them under United States and foreign tax laws.

The United States federal income tax consequence to a partner in an entity treated as a partnership, for United States federal income tax purposes, that holds Business Bank common stock generally will depend on the status of the partner and the activities of the partnership. Partners in a partnership holding Business Bank common stock should consult their own tax advisors.

This discussion assumes that a U.S. holder holds Business Bank common stock as a capital asset within the meaning of Section 1221 of the Code. This discussion does not address all aspects of United States federal income taxation that may be relevant to a U.S. holder in light of its personal circumstances or to U.S. holders subject to special treatment under the United States federal income tax laws (for example, insurance companies, dealers or brokers in securities or currencies, traders in securities who elect mark-to-market accounting, tax-exempt organizations, financial institutions, mutual funds, partnerships or other pass-through entities (and persons holding Business Bank common stock through a partnership or other pass-through entity), United States expatriates and stockholders subject to alternative minimum tax,

U.S. holders who hold Business Bank common stock as part of a hedging, straddle, conversion or other integrated transaction, a person whose functional currency for United States federal income tax purposes is not the U.S. dollar, U.S. holders who acquired their Business Bank common stock through the exercise of employee stock options or other compensation arrangements or U.S. holders who exercise appraisal rights under Nevada law). In addition, the discussion does not address any aspect of foreign, state, local, estate or gift taxation that may be applicable to a U.S. holder.

Holders of Business Bank common stock are strongly urged to consult with their own tax advisors as to the tax consequences of the merger on their particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws.

Tax Consequences of the Merger Generally

City National and Business Bank have structured the merger to qualify as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to City National's obligation to complete the merger that City National receive an opinion of its counsel, Wachtell, Lipton, Rosen & Katz, dated the closing date of the merger, substantially to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to Business Bank's obligation to complete the merger that Business Bank receive an opinion of its counsel, Squire, Sanders & Dempsey L.L.P., dated the closing date of the merger, substantially to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. These opinions will be based on facts, representations and assumptions set forth in the opinion and representations set forth in certificates to be received from City National and Business Bank. None of the tax opinions given in connection with the merger or the opinions described below will be binding on the Internal Revenue Service, and neither City National nor Business Bank intends to request any ruling from the Internal Revenue Service as to the United States federal income tax consequences of the merger.

Consequently, no assurance can be given that the Internal Revenue Service will not assert, or that a court would not sustain, a position contrary to any of those set forth below. In addition, if any of the facts, representations or assumptions upon which those opinions are based is inconsistent with the actual facts, the United States federal income tax consequences of the merger could be adversely affected. It is assumed for purposes of the remainder of the discussion that the merger will qualify as a reorganization within the meaning of the Code. Based on this assumption, upon the exchange of Business Bank common stock for a combination of City National common stock and cash, a U.S. holder will generally recognize gain (but not loss) in an amount equal to the lesser of:

- The amount of gain realized (i.e., the excess, if any, of the sum of the cash and the fair market value of the City National common stock a U.S. holder received over its tax basis in the Business Bank common stock surrendered in the merger); and
- The amount of cash received in the merger (other than cash received instead of a fractional share of City National common stock).

For this purpose, gain or loss must be calculated separately for each identifiable block of shares surrendered in the exchange, and a loss realized on one block of shares may not be used to offset a gain realized on another block of shares. If a U.S. holder has different bases or holding periods in respect of shares of Business Bank common stock, a U.S. holder should consult its tax advisor prior to the exchange with regard to identifying the bases or holding periods of the particular shares of City National common stock received in the merger.

Any recognized gain will generally be long-term capital gain if the U.S. holder's holding period with respect to the Business Bank common stock surrendered is more than one year at the effective time of the merger. In some cases, where a U.S. holder actually or constructively owned City National common stock immediately before the merger, such cash received in the merger could be treated as having the effect of

the distribution of a dividend, under the tests set forth in Section 302 of the Code, in which case such gain would be treated as ordinary dividend income. These rules are complex and dependent upon the specific factual circumstances particular to each U.S. holder. Consequently, each U.S. holder that may be subject to those rules should consult its tax advisor as to the application of these rules to the particular facts relevant to such U.S. holder.

Tax Basis and Holding Period

A U.S. holder's aggregate tax basis in the shares of City National common stock received in the merger, including any fractional share interests deemed received by the U.S. holder under the treatment described below, will equal its aggregate adjusted tax basis in the Business Bank common stock surrendered in the merger, increased by the amount of taxable gain, if any, recognized in the merger (including any portion of the gain that is treated as a dividend but excluding any gain or loss resulting from the deemed receipt and redemption of a fractional share interest described below) and decreased by the amount of any cash received in the merger (excluding any cash received instead of a fractional share interest). The holding period for the shares of City National common stock received in the merger (including a fractional share interest deemed received and redeemed as described below) will include the holding period for the shares of Business Bank common stock surrendered in the merger.

Cash Instead of a Fractional Share

A U.S. holder who receives cash instead of a fractional share of City National common stock will be treated as having received the fractional share of City National common stock pursuant to the merger and then as having exchanged the fractional share of City National common stock for cash in a redemption by City National. In general, this deemed redemption will be treated as a sale or exchange, provided the redemption is not essentially equivalent to a dividend. The determination of whether a redemption is essentially equivalent to a dividend depends upon whether and to what extent the redemption reduces the U.S. holder's deemed percentage stock ownership of City National. While this determination is based on each U.S. holder's particular facts and circumstances, the Internal Revenue Service has ruled that a redemption is not essentially equivalent to a dividend and will therefore result in sale or exchange treatment in the case of a stockholder of a publicly held company whose relative stock interest is minimal and who exercises no control over corporate affairs if the redemption results in even a minor reduction in the stock interest of the stockholder. As a result, the redemption of a fractional share of City National common stock is generally treated as a sale or exchange and not as a dividend, and a U.S. holder generally will recognize capital gain or loss equal to the difference between the amount of cash received and the basis in its fractional share of City National common stock as set forth above. This capital gain or loss generally will be long-term capital gain or loss if, as of the effective date of the merger, the holding period for the shares is greater than one year. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

Cash payments received in the merger by a U.S. holder may, under certain circumstances, be subject to information reporting and backup withholding (currently at a rate of 28%) of the cash payable to the holder, unless the holder provides proof of an applicable exemption or furnishes its taxpayer identification number, and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld from payments to a U.S. holder under the backup withholding rules are not additional tax and will be allowed as a refund or credit against the U.S. holder's United States federal income tax liability, provided that the required information is timely furnished to the Internal Revenue Service.

Reporting Requirements

A U.S. holder who receives shares of City National common stock as a result of the merger will be required to retain records pertaining to the merger and will be required to file with its United States

federal income tax return for the year in which the merger takes place a statement setting forth certain facts relating to the merger.

APPRAISAL RIGHTS

Under Nevada law, Business Bank stockholders have the right to object to the merger and demand payment for the fair value of their shares of Business Bank common stock. For that purpose, fair value means the value of the shares as of immediately prior to completion of the merger, excluding any appreciation or depreciation in value relating to the proposed merger unless exclusion would be inequitable. The relevant statutory provisions are attached as Appendix C to this proxy statement and the discussion in this document of those provisions is qualified in its entirety by reference to Appendix C.

Because the right to demand payment of the fair value of the common stock of Business Bank depends on strict compliance with Nevada law, if you wish to exercise that right you should review the text of the law included as Appendix C carefully. In addition, if you wish to exercise such appraisal rights you should consider consulting your attorney with respect to compliance with these statutory procedures. If you wish to seek the appraised value of your shares, you must:

- Deliver to Business Bank, before the vote on the merger is taken at the special meeting, written notice of your intention to object to the merger and demand payment if the merger is completed; and
- Not vote your shares in favor of the merger.

The address to which your notice should be mailed is:

Business Bank Corporation
6085 W. Twain Ave.
Las Vegas, NV 89103
Attention: Secretary

A vote in favor of the merger, in person or by proxy, will constitute a waiver of your right to exercise dissenters' rights. Proxies that are properly signed and dated but that do not have voting instructions will be voted for the merger.

The mere delivery of a proxy directing a vote against the merger, or a purported objection to the merger submitted on a proxy, does not constitute, and will not be treated by Business Bank as, written notice of your intention to exercise dissenters' rights within the meaning of Nevada law.

If the merger is completed, City National will, within ten days afterwards, give all stockholders who validly objected to the merger and did not vote in favor of the merger notice informing them of where the demand for payment must be sent and where and when any Business Bank stock certificates must be sent and providing them with a form for demanding payment specifying the date (not less than thirty nor more than sixty days after completion of the merger) by which demand for payment must be received. City National is generally required to pay the fair value for the properly dissenting shares within thirty days after the expiration of the period during which demand may be made. A dissenter may notify City National of his or her own determination of fair value for the Business Bank shares or reject the offer made by City National in respect of the dissenting shares within thirty days after City National provides information regarding its determination of fair value. If the fair value is not settled within sixty days after the demand for payment, City National will commence a court proceeding to determine the fair value of the shares and the applicable accrued interest. After a hearing, the court will determine the fair value, determined as described above, of the stock of those stockholders entitled to the valuation of and payment for their shares. The payment will be made, with interest at a rate to be determined by the court from the date of completion of the merger, upon the transfer by the stockholders to City National of the certificates representing Business Bank shares.

DESCRIPTION OF BUSINESS BANK

General

Business Bank is a bank holding company incorporated under the laws of the State of Nevada. Business Bank conducts its business through Business Bank of Nevada (which we refer to in this document as BBNV), a full-service commercial bank headquartered in Las Vegas, Nevada which is a wholly-owned subsidiary of Business Bank. BBNV is a member of the Federal Reserve System and the Federal Home Loan Bank System. BBNV provides a broad range of banking products and services, including credit, cash management and deposit services to its targeted client base of executives, professionals and small to medium-sized businesses within the markets it serves. Those markets include the metropolitan Las Vegas, north Las Vegas, Carson City, Minden, Reno and South Lake Tahoe, Nevada and Scottsdale, Arizona areas. At September 30, 2006, Business Bank had total assets of approximately \$490 million, total consolidated deposits of approximately \$428 million, and total consolidated stockholders' equity of approximately \$44 million.

Business Bank opened for business on October 18, 1995 under the name of Las Vegas Business Bank. In 1999, Business Bank received the Federal Reserve's approval to reorganize as a bank holding company. As a result, BBNV became a wholly-owned subsidiary of Business Bank and concurrently therewith changed its name to Business Bank of Nevada.

Business Bank's goal has been to build a locally owned and managed financial institution to identify and profitably provide financial services meeting the banking and customer convenience needs of the businesses and residents in the markets it serves. Part of Business Bank's operating strategy has been to offer its customers a consistently high level of individualized personal service, employing a marketing plan which emphasizes relationship banking and competitive products.

Business Bank has historically delivered its products and services from a limited number of strategically placed locations as a way of controlling its overhead expenses. Business Bank has utilized branches, courier services, ATM/debit card products, bank-by-mail programs, banking-by-telephone and computer banking; this diversity in delivery systems has enabled Business Bank's clients to choose the method of banking which is most convenient for them.

Areas Served

Business Bank offers a wide range of commercial and consumer banking services. It does so within metropolitan Las Vegas from branches located at 6085 West Twain Avenue (Business Bank's current corporate headquarters), 2320 E. Tropicana, 7280 West Lake Mead Boulevard, all in Las Vegas, and 4310 W. Cheyenne Avenue, in north Las Vegas. Business Bank also serves the Carson City area of northern Nevada through a branch located at 1811 E. College Parkway in Carson City, Nevada and a branch located in the surrounding city of Minden, Nevada at 1647 Highway 395. It also serves the Reno and South Lake Tahoe markets through a branch located at 6518 S. McCarron Boulevard in Reno. Business Bank also intends to move its corporate headquarters to a new building currently being developed in the Summerlin area of Las Vegas at 10801 W. Charleston in the second or third quarter of 2007. BBNV will also operate a bank branch at this location. Business Bank also has loan production offices located in Stateline, Nevada and Scottsdale, Arizona.

Business Strategy

Business Bank's strategy has been to emphasize relationship and private banking concepts, competitive products and exceptional personal service. Business Bank also believes that the use of state-of-the-art technology permits each employee to devote more time and attention to personal service, respond more quickly to a client's requests and deliver services in the most timely manner possible.

Business Bank's goal is to create a client-driven organization focused on providing high value to clients by promptly delivering products and services matched directly to each client's individual needs. Furthermore, Business Bank has gained and retained market share by developing and maintaining strong civic ties in the communities it serves. In this regard, most of its directors currently hold, and have held in the past, leadership positions in a number of community organizations. Members of the senior management team are also involved in leadership positions in a variety of community organizations. Additionally, all employees are encouraged to be active in civic, charitable or social organizations. Business Bank also sponsors business, professional and charitable programs, as well as participating in local business events and trade shows in order to achieve market community recognition. In 2003, Business Bank received The Governor's Points of Light Award, which recognizes companies, individuals and nonprofit organizations for community service and volunteer outreach, in the corporate category.

Business Bank structures and prices its services to attract and meet the deposit and credit needs of its target customers. It also offers specialized services such as wire transfers, personal and business checking accounts, courier services, cash management services, overdraft protection and merchant services. In addition, Business Bank offers traditional commercial banking services such as accepting time, savings and NOW accounts; money market and regular savings accounts; and large and small time certificates of deposit.

Business Bank also provides a broad range of commercial and retail lending services, which are described below.

Lending Activities

Business Bank provides a broad range of commercial and retail lending services to corporations, partnerships and individuals. Business Bank actively markets its services to qualified borrowers. Lending officers actively solicit the business of new borrowers entering their market areas, as well as established members of the local business community.

Business Bank has established lending policies which include a number of underwriting factors to be considered before making a loan, including:

- the borrower's location;
- the borrower's industry and past success in that industry;
- the value of any collateral pledged to secure the loan, if any;
- the borrower's cash flow;
- prevailing interest rates for loans of similar risk; and
- the borrower's credit history.

Business Bank has a Senior Loan Committee, composed of six non-employee directors, plus its President/Chief Executive Officer and Chief Credit Officer, which meets at least weekly to review and take action on extensions of credit in excess of management's lending limits. BBNV's President and Chief Credit Officer each has individual authority to grant extensions of credit of up to \$1,500,000 on real estate secured loans and \$1,000,000 on other loans. BBNV's President/Chief Executive Officer, together with the Chief Credit Officer, have joint authority to grant extensions of credit of up to \$3,000,000 for real estate secured loans.

As part of its loan monitoring activity, management meets regularly to review loan portfolio dynamics. Business Bank's loan review officers present detailed reports on the loan portfolio to the board during monthly board meetings. Management also attempts to identify problem loans at an early stage and aggressively tries to seek early resolutions.

The loan products offered presently include the following:

Commercial Loans. Business Bank offers a variety of commercial loan products that are customized to fit the needs of the individual business or professional client. Business Bank's areas of emphasis include, but are not limited to, loans to manufacturers, building contractors, developers and business service companies. Business Bank also provides a wide range of business loans, including lines of credit for working capital and operational purposes, as well as term loans for the acquisition of equipment and other purposes. Collateral for these loans generally includes accounts receivable, inventory, equipment and real estate. Additionally, Business Bank requires personal guarantees to help assure payment when appropriate. Terms of commercial business loans generally range from three to five years. A significant portion of Business Bank's commercial business loans have floating interest rates or re-price within one year.

Real Estate and Construction Loans. Business Bank makes commercial real estate loans for a variety of purposes, including loans for land purchase, land development, building construction and permanent term financing. Business Bank's preference is to make commercial real estate loans for properties that will be primarily owner-occupied. However, it also makes commercial real estate loans for properties that will be owned by investors and leased to tenants. Most of Business Bank's real estate loans have floating interest rates that reprice with changes in the prime rate. Business Bank performs extensive due diligence on all real estate loans that it underwrites. Although it provides both construction and permanent financing for commercial properties, Business Bank makes commercial construction loans for projects where it does not provide permanent financing. For these projects, the borrower must have a permanent take-out loan already approved from another lender.

Consumer Loans. Business Bank makes consumer installment loans when necessary to accommodate the owners and principals of its commercial borrowers. Consumer loan products include automobile and recreational vehicle financing, home equity lines of credit and credit card products. These products are generally offered as an accommodation to Business Bank's commercial customers, and Business Bank does not actively market or seek out these types of loans from the general public.

Small Business Administration Loans. Business Bank markets Small Business Administration (SBA) 504 loans for qualifying businesses to meet their real estate needs. Depending on Business Bank's needs and the pricing offered for SBA loans, the portion of the loan that is guaranteed may either be sold in the secondary market or retained in its loan portfolio.

Loan Participations. When loans exceed Business Bank's lending limit (currently approximately \$13 million), Business Bank sells a portion of the loan. Business Bank also sells loan participations to reduce risk and manage credit concentrations in particular businesses and industries. Reciprocally, Business Bank may purchase portions of loans originated by other banks as a means of increasing its fee and interest income. Participating with other banks allows Business Bank to earn additional revenue without the additional overhead associated with originating a loan. Management considers purchasing both in state and out-of-state loan participations in order to diversify Business Bank's loan products across a wider geographic, demographic and industry range.

Competition

The markets Business Bank serves are highly competitive. Several large, multi-state banks, including Wells Fargo, N.A., Citibank, N.A. and Bank of America, N.A. currently dominate deposits in banks and thrifts in metropolitan Las Vegas and the South Lake Tahoe/Reno markets. These banks primarily emphasize retail consumer banking products. Additionally, decision-making on commercial loans at some of these institutions is located outside the local market area, taking place out of town or, in some cases, out of state. Consequently, their local branch managers may have less latitude than Business Bank in making credit decisions and less discretion than Business Bank in providing services for extraordinary banking

transactions. Business Bank also believes that these institutions also do not focus their efforts on offering private banking or personalized services to executives, professionals and small business owners to the same degree as Business Bank.

Business Bank also competes with other community banks in the markets it serves, particularly for loans and loan products. These institutions have marketing strategies more similar to Business Bank than the large, multi-state banks with which Business Bank competes. Business Bank also competes for deposit accounts and loans with Internet banks, thrift institutions, securities brokerage houses, money market mutual funds, investment advisors and other businesses that provide financial services in the markets served by Business Bank and, in certain instances, throughout the U.S. and internationally.

Properties

Business Bank currently leases all of the office space utilized for its corporate headquarters and for the branches operated by BBNV, with the exception of the Minden branch and the Cheyenne branch located in north Las Vegas, which are owned facilities. Business Bank and BBNV will also lease the space to be occupied at its new corporate headquarters in the Summerlin area of Las Vegas when construction of such facility is completed; Business Bank and BBNV currently anticipate that their occupancy will commence in the second or third quarter of 2007. See Areas Served. Business Bank believes that such leases contain terms which were at or about market rate when the leases were entered into.

Securities Authorized for Issuance under Equity Plans

The following table sets forth certain information as of October 31, 2006, concerning outstanding options and rights to purchase Business Bank's common stock granted to participants in all of its equity compensation plans and the number of shares of common stock remaining available for issuance under such equity compensation plans.

Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders			
1999 Directors' Stock Option Plan	84,750	\$ 22.60	
2001 Employee Stock Option Plan	120,635	11.52	
2005 Incentive Plan	400	37.05	123,761
Equity compensation plans not approved by security holders			
Total	205,785		123,761

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding the beneficial ownership of Business Bank's common stock as of October 31, 2006 by (i) each person who is known by Business Bank to be the beneficial owner of more than five percent of the Business Bank's outstanding common stock, (ii) each director of Business Bank, and (iii) all directors and executive officers as a group.

Shares of common stock subject to options or warrants that are currently exercisable or exercisable within 60 days of the date of this proxy statement/prospectus are considered outstanding and beneficially

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owned by the person holding the options for the purpose of computing the percentage ownership of that person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

Except as otherwise indicated below, each person named has sole voting and investment power with respect to the shares indicated. Except as indicated below, the address for each stockholder, director or named executive officer is Business Bank of Nevada, 6085 West Twain Avenue, Las Vegas, Nevada 89103.

This table assumes 2,289,915 shares of common stock outstanding as of October 31, 2006, assuming no exercise of outstanding options.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership		Total	Percent
	Shares	Options/ Warrants		
The Banc Funds Company, LLC	188,135			8.2 %