

CITY NATIONAL CORP
Form 8-K
July 17, 2002

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United States
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): **July 16, 2002**

CITY NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-10521
(Commission
file number)

95-2568550
(IRS employer
identification no.)

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

90210
(Zip code)

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

Not applicable
(former name or former address, if changed since last report)

Item 5. OTHER EVENTS.

On July 16, 2002, City National Corporation issued a press release reporting its financial results for the quarter and six months ended June 30, 2002.

Item 7. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits.

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Press release dated July 16, 2002 reporting financial results for the quarter and six months ended June 30, 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CITY NATIONAL CORPORATION

July 17, 2002

/s/ Frank P. Pekny

 Frank P. Pekny
 Executive Vice President and
 Chief Financial Officer/Treasurer
 (Authorized Officer and
 Principal Financial Officer)

CITY NATIONAL CORPORATION CONSOLIDATED BALANCE SHEET (unaudited) (Dollars in thousands, except per share amount)

	June 30,		
	2002	2001	% Change
Assets			
Cash and due from banks	\$ 442,343	\$ 441,665	
Federal funds sold	165,000	10,000	N/M
Securities	1,988,817	1,681,233	18
Loans (net of allowance for credit losses of \$157,647 and \$133,883)	7,696,883	6,433,487	20
Other assets	689,377	557,208	24
Total assets	\$ 10,982,420	\$ 9,123,593	20
Liabilities and Shareholders' Equity			
Noninterest-bearing deposits	\$ 3,973,435	\$ 3,134,792	27
Interest-bearing deposits	4,823,732	3,945,842	22
Total deposits	8,797,167	7,080,634	24
Federal funds purchased and securities sold under repurchase agreements	110,665	261,849	(58)
Other short-term borrowed funds	421,125	653,125	(36)
Subordinated debt	282,043	118,939	137
Other long-term debt	169,144	94,255	79
Other liabilities	128,938	98,951	30
Total liabilities	9,909,082	8,307,753	19
Shareholders' equity	1,073,338	815,840	32
Total liabilities and shareholders' equity	\$ 10,982,420	\$ 9,123,593	20

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June 30,

Book value per share	\$	21.41	\$	17.04	26
Number of shares at period end		50,122,921		47,888,923	5

CONSOLIDATED STATEMENT OF INCOME (unaudited) (Dollars in thousands, except per share amount)

	For the three months ended June 30,			For the six months ended June 30,		
	2002	2001	% Change	2002	2001	% Change
Interest income	\$ 155,511	\$ 156,490	(1)	\$ 303,869	\$ 320,682	(5)
Interest expense	(24,937)	(51,441)	(52)	(51,600)	(110,716)	(53)
Net interest income	130,574	105,049	24	252,269	209,966	20
Provision for credit losses	(18,000)	(6,500)	177	(29,000)	(14,000)	107
Net interest income after provision for credit losses	112,574	98,549	14	223,269	195,966	14
Noninterest income	38,738	32,894	18	74,681	64,155	16
Noninterest expense	(82,959)	(79,012)	5	(161,732)	(155,616)	4
Income before taxes	68,353	52,431	30	136,218	104,505	30
Income taxes	(22,593)	(16,087)	40	(46,222)	(34,570)	34
Net income	45,760	36,344	26	89,996	69,935	29
Amortization of goodwill		3,220	(100)		6,427	(100)
Net income new GAAP	\$ 45,760	\$ 39,564	16	\$ 89,996	\$ 76,362	18
Net income new GAAP per share, diluted	\$ 0.88	\$ 0.80	10	\$ 1.75	\$ 1.56	12
Net income per share, basic	\$ 0.92	\$ 0.76	21	\$ 1.82	\$ 1.47	24
Net income per share, diluted	\$ 0.88	\$ 0.74	19	\$ 1.75	\$ 1.43	22
Dividends paid per share	\$ 0.20	\$ 0.19	5	\$ 0.39	\$ 0.37	5
Cash net income	\$ 46,952	\$ 40,300	17	\$ 92,067	\$ 77,832	18
Cash net income per share, basic	\$ 0.94	\$ 0.84	12	\$ 1.87	\$ 1.63	15
Cash net income per share, diluted	\$ 0.90	\$ 0.82	10	\$ 1.79	\$ 1.59	13
Shares used to compute per share net income, basic	49,963,388	47,768,235		49,326,706	47,725,720	
Shares used to compute per share net income, diluted	52,082,511	49,218,635		51,442,779	49,026,705	

CITY NATIONAL CORPORATION
SELECTED FINANCIAL INFORMATION (unaudited) (Dollars in thousands)

Period end	June 30,		
	2002	2001	% Change
Loans			
Commercial	\$ 3,552,800	\$ 3,013,343	18
Residential first mortgage	1,730,589	1,407,621	23
Real estate mortgage	1,866,086	1,582,691	18
Real estate construction	635,218	490,146	30
Installment	69,837	73,569	(5)
Total loans	\$ 7,854,530	\$ 6,567,370	20
Deposits			
Noninterest-bearing	\$ 3,973,435	\$ 3,134,792	27
Interest-bearing, core	3,530,798	2,587,181	36
Total core deposits	7,504,233	5,721,973	31
Time deposits \$100,000 and over	1,292,934	1,358,661	(5)
Total deposits	\$ 8,797,167	\$ 7,080,634	24
Credit Quality			
Nonaccrual loans and ORE			
Nonaccrual loans	\$ 64,432	\$ 37,085	74
ORE	460	1,212	(62)
Total nonaccrual loans and ORE	\$ 64,892	\$ 38,297	69
Total nonaccrual loans and ORE to total loans and ORE	0.83	0.58	43
Loans past due 90 days or more on accrual status	\$ 3,257	\$ 13,107	(75)
Restructured loans on accrual status	\$	\$ 1,463	(100)

Allowance for Credit Losses	For the three months ended June 30,			For the six months ended June 30,		
	2002	2001	% Change	2002	2001	% Change
Beginning balance	\$ 155,657	\$ 134,727	16	\$ 142,862	\$ 135,435	5
Additions from acquisition				8,787		N/M
Provision for credit losses	18,000	6,500	177	29,000	14,000	107
Charge-offs	(17,861)	(10,838)	65	(27,157)	(22,922)	18

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	For the three months ended June 30,			For the six months ended June 30,		
Recoveries	1,851	3,494	(47)	4,155	7,370	(44)
Net charge-offs	(16,010)	(7,344)	118	(23,002)	(15,552)	48
Ending Balance	\$ 157,647	\$ 133,883	18	\$ 157,647	\$ 133,883	18
Total net charge-offs to average loans (annualized)	(0.81)	(0.45)	80	(0.60)	(0.48)	25
Allowance for credit losses to total loans				2.01	2.04	(1)
Allowance for credit losses to nonaccrual loans				244.67	361.02	(32)

CITY NATIONAL CORPORATION
SELECTED FINANCIAL INFORMATION (unaudited) (Dollars in thousands)

	For the three months ended June 30,			For the six months ended June 30,		
	2002	2001	% Change	2002	2001	% Change
Average Balances						
Loans						
Commercial	\$ 3,687,873	\$ 3,082,786	20	\$ 3,560,880	\$ 3,124,734	14
Residential first mortgage	1,718,680	1,338,909	28	1,676,088	1,315,175	27
Real estate mortgage	1,791,314	1,594,040	12	1,754,779	1,557,778	13
Real estate construction	622,223	446,949	39	616,582	457,939	35
Installment	68,915	74,691	(8)	70,059	73,961	(5)
Total loans	\$ 7,889,005	\$ 6,537,375	21	\$ 7,678,388	\$ 6,529,587	18
Securities	\$ 2,029,742	\$ 1,690,786	20	\$ 1,977,433	\$ 1,624,282	22
Interest-earning assets	10,068,002	8,308,244	21	9,795,351	8,212,922	19
Assets	10,934,265	9,132,024	20	10,640,826	9,026,738	18
Core deposits	7,238,807	5,510,106	31	6,921,521	5,322,092	30
Deposits	8,551,230	6,975,066	23	8,244,062	6,881,386	20
Shareholders' equity	1,047,042	797,398	31	996,690	781,146	28
Noninterest income						
Trust and investment fee revenue	\$ 15,736	\$ 14,779	6	\$ 30,010	\$ 28,452	5
Cash management and deposit transaction fees	10,025	7,583	32	20,394	14,131	44
International services	4,719	3,840	23	8,510	7,399	15
Bank owned life insurance	719	697	3	1,392	1,421	(2)
Other	6,035	4,565	32	10,504	9,588	10
Subtotal core	37,234	31,464	18	70,810	60,991	16
Gain on sale of loans and assets/debt repurchase	1,320	891	48	2,999	1,648	82
Gain on sale of securities	184	539	(66)	872	1,516	(42)
Total	\$ 38,738	\$ 32,894	18	\$ 74,681	\$ 64,155	16

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	For the three months ended June 30,			For the six months ended June 30,		
Noninterest expense						
Salaries and employee benefits	\$ 49,642	\$ 42,711	16	\$ 97,112	\$ 85,485	14
All Other						
Net occupancy of premises	6,495	6,628	(2)	12,675	12,972	(2)
Professional	5,182	6,358	(18)	10,411	12,122	(14)
Information services	4,661	4,088	14	9,021	7,917	14
Depreciation	3,336	3,413	(2)	6,728	6,750	
Marketing and advertising	3,311	3,316		6,099	5,897	3
Office services	2,731	2,424	13	4,829	4,634	4
Amortization of core deposit intangibles	2,056	1,405	46	3,571	2,809	27
Amortization of goodwill		3,220	(100)		6,427	(100)
Acquisition integration				1,300		NM
Equipment	789	603	31	1,271	1,099	16
Other operating	4,756	4,846	(2)	8,715	9,504	(8)
Total all other	33,317	36,301	(8)	64,620	70,131	(8)
Total	82,959	79,012	5	161,732	155,616	4
Less amortization of goodwill		(3,220)	(100)		(6,427)	(100)
Adjusted total	\$ 82,959	\$ 75,792	9	\$ 161,732	\$ 149,189	8
Selected Ratios						
For the Period						
Return on average assets new GAAP	1.68%	1.74%	(3)	1.71%	1.71%	
Return on average shareholders' equity new GAAP	17.53	19.90	(12)	18.21	19.71	(8)
Return on average assets	1.68	1.60	5	1.71	1.56	10
Return on average shareholders' equity	17.53	18.28	(4)	18.21	18.05	1
Net interest margin	5.35	5.23	2	5.35	5.32	1
Efficiency ratio new GAAP	47.95	53.59	(11)	47.95	53.31	(10)
Efficiency ratio	47.95	55.87	(14)	48.40	55.60	(13)
Dividend payout ratio	21.34	24.39	(13)	21.30	25.28	(16)
Cash return on average assets	1.76	1.81	(3)	1.78	1.78	
Cash return on average shareholders' equity	23.05	26.40	(13)	23.23	26.19	(11)
Cash efficiency ratio	46.76	52.60	(11)	47.34	52.31	(10)
Period End						
Tier 1 risk-based capital ratio				9.74	8.76	11
Total risk-based capital ratio				14.24	11.64	22
Tier 1 leverage ratio				7.44	6.97	7
(Released to Business Wire this date)						

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SIGNATURES

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CONSOLIDATED STATEMENT OF INCOME (unaudited) (Dollars in thousands, except per share amount)

CITY NATIONAL CORPORATION SELECTED FINANCIAL INFORMATION (unaudited) (Dollars in thousands)

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