FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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CITY NATIONAL CORP

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarter ended March 31, 1994 Commission File Number 1-10521

CITY NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	95-2568550
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
400 North Roxbury Drive, Beverly Hills, California	90210
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (213) 550-5400

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

YES X NO

Number of shares of common stock outstanding at April 30, 1994: 45,070,979

This Form 10-Q contains 26 pages.

CITY NATIONAL CORPORATION
Consolidated Balance Sheet
(Unaudited)

ASSETS

	March 31 1994	December 31 1993	March 31 1993
	(Dollars in thousands)		
Cash and due from banks	$ 238,255	$ 234,504	$ 293,364
Interest-bearing deposits in other banks	637	649	606
Federal funds sold and securities purchased under resale agreements	215,000	265,000	275,000
Investment securities (market values $765,593, $902,738 and $364,213 at March 31, 1994, December 31, 1993 and March 31, 1993, respectively)	781,356	902,481	357,995
Securities available for sale (cost $92,814 and $2,000 at March 31, 1994 and December 31, 1993, respectively, and market value of $27,467 at March 31, 1993)	92,186	2,000	26,915
Trading account securities	15,881	39,765	26,405
Loans	1,524,853	1,620,556	1,871,588
Less allowance for credit losses	111,461	110,499	130,067

Net loans	1,413,392	1,510,057	1,741,521
Leveraged leases	10,059	13,852	13,735
Premises and equipment, net	18,947	20,359	22,590
Customers' acceptance liability	4,279	5,150	4,191
Other real estate	3,677	5,559	7,324
Deferred tax asset	21,345	18,050	35,720
Assets held for accelerated disposition	2,779	17,450	70,225
Other assets	57,890	65,750	53,599
Total assets	$2,875,683	$3,100,626	$2,929,190
LIABILITIES			
Demand deposits	$ 935,604	$1,088,026	$ 927,692
Interest checking deposits	287,508	324,034	272,440
Money market accounts	745,298	742,381	732,661
Savings deposits	101,079	107,221	106,646
Time deposits - under $100,000	92,824	96,672	112,643
Time deposits - $100,000 and over	152,369	168,433	215,675
Total deposits	2,314,682	2,526,767	2,367,757
Federal funds purchased and securities sold under repurchase agreements	194,248	202,459	327,972
Other short-term borrowings	15,000	15,000	15,000
Mortgages payable	7,284	26,319	-
Other liabilities	33,614	26,857	11,702
Acceptances outstanding	4,279	5,150	4,191
Total liabilities	2,569,107	2,802,552	2,726,622
Commitments and contingencies			
SHAREHOLDERS' EQUITY			
Preferred Stock, authorized-5,000,000 shares since April 1993 none outstanding			
Common stock- par value- $1.00			
Authorized-75,000,000 shares since April 1993			
Outstanding-45,065,730, 45,027,417 and 32,302,041 at March 31, 1994, December 31, 1993 and March 31, 1993, respectively	45,066	45,027	32,302
Additional paid in capital	262,681	262,471	198,638
Unrealized losses on securities available for sale	(407)	-	-
Accumulated deficit	(764)	(9,424)	(28,372)
Total shareholders' equity	306,576	298,074	202,568
Total liabilities and shareholders' equity	$2,875,683	$3,100,626	$2,929,190

</TABLE>

See accompanying Notes to the Unaudited Consolidated Financial Statements

City National Corporation
Consolidated Statement of Operations
(Unaudited)

<TABLE>
<CAPTION>

	For the quarter ended March 31,	
	1994	1993
	(Dollars in thousands)	
<S>	<C>	<C>
Interest income:		
Interest and fees on loans	$29,499	$36,118
Interest on federal funds sold and securities purchased under resale agreements	1,653	1,612
Interest on investment securities:		
U.S. Treasury and federal agency securities	8,841	5,907
Municipal securities	158	-
Other securities	243	203
Interest on securities available for sale	130	453
Interest on trading account securities	214	276
Total	40,738	44,569

Interest expense:		
Interest on deposits	7,167	9,369
Interest on federal funds purchased and securities sold under repurchase agreements	1,479	2,634
Interest on other short-term borrowings	103	119
Total	8,749	12,122
Net interest income	31,989	32,447
Provision for credit losses	3,000	11,500
Net interest income after provision for credit losses	28,989	20,947
Noninterest income:		
Service charges on deposit accounts	2,771	2,704
Trust fees	1,810	2,030
Customer trading account income	1,459	1,709
All other income	2,950	3,386
Gain on sale of leverage leases	1,331	-
Gain on sale of merchant draft business	-	1,850
Total noninterest income	10,321	11,679
Noninterest expense:		
Salaries and other employee benefits	16,733	18,380
Net occupancy of premises	2,641	2,696
Data processing	1,744	1,995
Professional	1,586	1,644
FDIC insurance	1,500	2,091
Office supplies	1,196	1,292
Depreciation	1,061	1,116
Promotion	811	387
Equipment	536	472
Other operating	2,826	2,354
Other real estate expense (income)	(4,526)	40,336
Total noninterest expense	26,108	72,763
Income (loss) before taxes	13,202	(40,137)
Income taxes (benefit)	4,542	(14,283)
Net income (loss)	$ 8,660	$(25,854)
Income (loss) per share	$0.19	$(0.80)
Shares used to compute earnings (loss) per share	45,292,079	32,302,041

</TABLE>

See accompanying Notes to the Unaudited Consolidated Financial Statements

City National Corporation
Consolidated Statement of Cash Flows
(Unaudited)

<TABLE>
<CAPTION>

	For the three months ended March 31	
	1994	1993
	(Dollars in thousands)	
<S>	<C>	<C>
Operating Activities		
Net income (loss)	$ 8,660	$ (25,854)
Adjustment to net income (loss):		
Provision for credit losses	3,000	11,500
Writedowns on ORE	-	39,620
Gain on sales of ORE and Disposition Program assets	(4,591)	-
Depreciation	1,061	1,116
Net (increase) decrease in trading securities	23,884	(16,147)
Net (increase) decrease in deferred tax benefits	(3,295)	1,400
Other, net	7,510	9,246
Net cash provided by operating activities	36,229	20,881
Investing Activities		
Net decrease in short-term investments	12	14,350
Maturities of securities available for sale	-	3,240
Purchases of securities available for sale	(90,813)	-
Maturities of investment securities	308,562	62,394

Purchases of investment securities	(187,752)	(6,850)
Loans originations and principal collections, net	86,824	175,427
Proceeds from sales of ORE and Disposition Program assets	7,368	2,628
Other, net	13,368	(9,260)
Net cash provided by investing activities	137,569	241,929
Financing Activities		
Net decrease in federal funds purchased and securities sold under repurchase agreements	(8,211)	(11,177)
Net decrease in deposits	(212,085)	(543,519)
Proceeds from issuance of stock	229	433
Other, net	20	-
Net cash used in financing activities	(220,047)	(554,263)
Net decrease in cash and cash equivalents	(46,249)	(291,453)
Cash and cash equivalents at beginning of period	499,504	859,817
Cash and cash equivalents at end of period	$ 453,255	$ 568,364
Supplemental disclosures of cash flow information		
Cash paid (received) during the period for:		
Interest	$ 8,852	$ 12,475
Income taxes	-	(30,023)
Non-cash investing activities:		
Transfer from loans to ORE and Disposition Program	-	70,225

</TABLE>

See accompanying Notes to the Unaudited Consolidated Financial Statements

CITY NATIONAL CORPORATION
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

<TABLE>
<CAPTION>

	For the three months ended March 31	
	1994	1993
	(Dollars in thousands)	
<S>	<C>	<C>
Common Stock		
Balance, beginning of period	$ 45,027	$ 32,240
Stock options exercised	39	62
Balance, end of period	45,066	32,302
Additional paid in capital		
Balance, beginning of period	262,471	198,222
Stock options exercised	190	371
Tax benefit from stock options	20	45
Balance, end of period	262,681	198,638
Unrealized losses on securities held for sale		
Balance, beginning of period	-	-
Change during period	(407)	-
Balance, end of period	(407)	-
Accumulated deficit		
Balance, beginning of period	(9,424)	(2,518)
Net income (loss)	8,660	(25,854)
Balance, end of period	(764)	(28,372)
Total shareholders' equity	$306,576	$202,568

</TABLE>

See accompanying Notes to the Unaudited Consolidated Financial Statements

NOTES TO THE FINANCIAL STATEMENTS OF THE REGISTRANT

1. The results of operations reflect the interim adjustments, all of which are of a normal recurring nature and which, in the opinion of management, are necessary for a fair presentation of the results for such interim periods. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 1993.

2. In March of 1993, the Company adopted a program (Disposition Program) to accelerate the disposition of certain assets, consisting of other real estate owned (ORE), including in-substance foreclosures, and certain nonaccrual loans. The assets included in this program are segregated as "assets held for accelerated disposition" on the consolidated balance sheet. The book value of these assets prior to the adoption of the disposition program was $88.9 million of ORE and $30.6 million of nonaccrual loans. A credit loss provision of $4.0 million and additional ORE writedowns and expense accruals of $36.5 million and certain charge offs in the amount of $12.4 million were recorded during the first quarter of 1993 to record the assets at their estimated liquidation values. The Bank signed a definitive agreement to sell, as of November 1, 1993, all six asset pools in the Disposition Program. The sale of the loans contained in the Disposition Program for $48.3 million closed concurrently with the signing of the definitive agreement and a gain of $12.8 million was recognized at that time. During the first quarter of 1994, the Company closed the sale of substantially all of the ORE contained in the Disposition Program and recorded a gain of $3.5 million.

3. Securities held for investment are classified as investment securities. Because the Company has the ability and management has the intent to hold investment securities until maturity, investment securities are stated at cost, adjusted for amortization of premiums and accretion of discounts. Trading account securities are stated at market value. Investments not classified as trading securities nor as investment securities are classified as securities available for sale and recorded at fair value. Unrealized holding gains or losses for securities available for sale are excluded from earnings

and reported as a net amount after taxes, in a separate component of shareholders' equity, until realized.

4. For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, federal funds sold and securities purchased under resale agreements, and do not include items with original maturities of over 90 days.

5. On April 20, 1993, the shareholders of the Company authorized an additional 25 million shares of common stock and 5 million shares of preferred stock, $1.00 par value. The rights and preferences of the preferred stock will be determined by the Company's Board of Directors at such time, if any, as the issuance of the preferred stock is authorized.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The following discussion summarizes some of the developments significant to City National Corporation during the first quarter of 1994. However, the Company's consolidated financial statements for the quarter and the entire Management's Discussion and Analysis of Financial Condition and Results of Operations included in this Quarterly Report should be reviewed for a more complete understanding of the Company's financial position and its results of operations.

City National Corporation (the Corporation) is the holding company for City National Bank (the Bank). Because the Bank constitutes substantially all of the business of the Company, references to the Company in this Item 2 reflect the consolidated activities of the Company and the Bank.

The Company recorded consolidated net income of $8.7 million, or $.19 per share, in the first quarter of 1994, compared to a loss of $25.9 million, or $.80 per share, in the first quarter of 1993, and net income of $4.6 million, or $.10 per share, in the fourth quarter of 1993. The change between first quarters primarily was the result of a decrease in net ORE results of $44.9 million, a decrease in the credit loss provision of $8.5 million and a $1.8 million decrease in noninterest expense other than ORE expense. These factors were partially offset by a decrease in noninterest income of $1.4 million due to lower volumes.

Return on average assets for the first quarters of 1994 and 1993 was 1.23% and (3.41%), respectively. Return on average equity for the first quarters of 1994 and 1993 was 11.65% and (46.1%), respectively.

The allowance for credit losses at March 31, 1994 was $111.5 million, or 7.31% of loans outstanding, up from 6.82% at December 31, 1993 and 6.95% at March 31, 1993. Net charge offs totaled $2.0 million in the first quarter of 1994, or .51% of average loans, down from $18.4 million, or 4.63% of average loans, in the fourth quarter of 1993, and less than the $17.5 million, or 3.53% of average loans, in the first quarter of 1993.

Based on existing economic indicators and independent economic forecasts, management believes that a recovery in the Southern California economy is likely to begin in the later part of 1994, but the strength, timing and consistency of any such recovery is not

yet determinable. Based on its review of the loan portfolio, management anticipates that net charge offs and provisions for credit losses for 1994 will decrease from 1993 levels.

Nonaccrual loans totaled $65.1 million at March 31, 1994, or 4.3% of total loans, down from $71.1 million, or 4.4%, at December 31, 1993, and $113.8 million, or 6.1%, a year earlier. ORE totaled $3.7 million at March 31, 1994, down from $5.6 million at December 31, 1993, and $7.3 million at March 31, 1993. The reduction in nonaccrual loans between first quarters was principally attributable to payments, restoration of loans to accrual status and charge offs.

During the first quarter of 1994, the Bank completed the sale of substantially all of the ORE contained in its accelerated asset disposition program (Disposition Program) and recognized a pretax gain of $3.5 million, which was included in net ORE results.

In April, 1994, the Bank completed a consolidation plan to improve efficiency and operational productivity in its branch network. The streamlining reduced the Bank's total number of branches from 22 to 16, while designating four of the remaining locations as regional commercial lending centers. In addition to providing a full array of regular banking services, the centers house teams of lenders specializing in serving mid-size businesses, as well as the Bank's larger, more complex relationships. Completion of the branch restructuring is expected to result in an expense savings of approximately $8.0 million per year, before the effect of inflation and other factors. However, this will be partially offset by decreased income resulting from reductions in loans and deposits caused by the consolidation.

On January 21, 1994, the Office of the Comptroller of the Currency (OCC) terminated the written agreement with the Bank (Agreement) that had been in effect since November 18, 1992. In February 1994, the Federal Reserve Bank of San Francisco notified the Corporation that the Memorandum of Understanding (MOU), which it had entered into with the Corporation in February 1993, was also terminated.

On January 17, 1994 and during the days thereafter, Los Angeles was struck by a series of strong earthquakes. Based on the information currently available, the Bank does not believe that earthquake-related losses, including those related to its facilities, will be material to the Bank's financial position.

NET INTEREST INCOME

Taxable equivalent net interest income was $32.2 million in the first quarter of 1994, down 2.3% from the year-ago quarter. The decline resulted primarily from a $67 million (2.5%) decrease in average interest earning assets for the first quarter from the year ago quarter. The net interest margin increased slightly from 5.03% in 1993 to 5.04% in 1994.

Management expects interest earning assets to increase from the $2.590 billion average level for the first quarter of 1994, primarily due to increased purchases of securities. The increases in interest earning assets and the recent increases in the prime interest rate, if sustained, are expected to result in higher net interest income for the remainder of 1994, compared to the first quarter of 1994.

Average loans declined $410.1 million (20.7%) between first quarters to $1.572 billion at March 31, 1994. The majority of this decrease reflected lower average commercial loans outstanding, down $210.3 million (18.9%). This decline resulted from decreased loan demand because of the recession in Southern California. Average construction loans decreased $86.1 million (87.6%) from the first quarter of 1993, primarily because the Bank significantly curtailed new construction loan commitments beginning in late 1990. Average real estate mortgage loans decreased $98.4 million (13.8%) between first quarters, primarily because of the sale of $73.7 million of equity line of credit (ELC) loans in April 1993.

Average taxable investment securities increased $372.2 million (93.0%) between first quarters, as a result of the investment of the Bank's excess liquidity in government and agency securities during the last twelve months. Average state and municipal securities decreased $17.0 million (60.5%) between first quarters due to maturities.

The Bank's interest bearing deposits decreased between first quarters partly as a result of the low interest rates paid to depositors, while total deposits decreased due to the weak economy and the uncertainty caused by the Bank's losses and the Agreement. Average non-interest bearing deposits decreased $20.8 million (2.2%), while average interest bearing core deposits decreased $53.8 million (4.2%) between first quarters. Average time deposits of $100,000 and over decreased $78.2 million, or 33.1%.

Average federal funds purchased and securities sold under repurchase agreements decreased $169.4 million (46.0%) between first quarters due to the Company's improved liquidity.

NET INTEREST INCOME SUMMARY
The following table presents the components of net interest income for the quarters ended March 31, 1994 and 1993.
<TABLE>
<CAPTION>

Dollars in thousands-fully taxable equivalent basis(1)	3-31-94 Average Balance	3-31-94 Interest income/ expense	3-31-94 Average interest rate	3-31-93 Average Balance	3-31-93 Interest income/ expense	3-31-93 Average interest rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS(2)						
Earning assets						
Loans:(3)						
Commercial loans	$ 902,365	$16,360	7.41%	$1,112,705	$19,872	7.34%
Real estate - construction	12,154	247	8.24	98,214	1,762	7.28
Real estate - mortgage	614,367	11,884	7.84	712,720	13,014	7.41
Installment loans	43,047	1,008	9.50	58,428	1,470	10.20
Total loans	1,571,933	29,499	7.64	1,982,067	36,118	7.44
Due from banks - interest bearing	650	5	3.12	1,503	10	3.11
State and municipal securities	11,117	158	8.97	28,149	453	9.52
Other securities	772,361	9,214	4.84	400,165	6,110	6.19
Federal funds sold and securities purchased under resale agreements	208,419	1,648	3.21	214,455	1,602	3.03
Trading account securities	26,160	214	3.55	31,096	276	4.25
Total earning assets	2,590,640	40,738	6.41	2,657,435	44,569	6.88

Reserve for credit losses	(113,508)			(139,258)		
Cash and due from banks	252,889			313,630		
Other nonearning assets	126,092			239,942		
Total assets	$2,856,113			$3,071,749		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Noninterest-bearing deposits	$ 907,342	-	-	$ 928,132	-	-
Interest-bearing deposits:						
Interest checking accounts	292,246	696	0.97	289,262	1,018	1.43
Money market accounts	733,504	3,930	2.17	766,184	4,751	2.51
Savings deposits	102,350	493	1.95	105,554	634	2.44
Time deposits - under $100,000	95,372	847	3.60	116,238	1,110	3.87
Time deposits - $100,000 and over	158,052	1,201	3.08	236,275	1,856	3.19
Total interest-bearing deposits	1,381,524	7,167	2.10	1,513,513	9,369	2.51
Total deposits	2,288,866			2,441,645		
Federal funds purchased and securities sold under repurchase agreements	198,955	1,479	3.01	368,322	2,634	2.90
Other short-term borrowings	14,245	103	2.93	14,515	119	3.32
Total interest-bearing liabilities	1,594,724	8,749	2.22	1,896,350	12,122	2.59
Other liabilities	52,509			19,781		
Shareholders' equity	301,538			227,486		
Total liabilities and shareholders' equity	$2,856,113			$3,071,749		
Net interest income/spread		31,989	4.19		32,447	4.29
Fully taxable equivalent net interest income		$32,215			$32,959	
Net interest margin(4)			5.04%			5.03%

</TABLE>

(1) The interest income and average rate data in this table are presented on a taxable equivalent basis. Interest income exempt from federal income taxes, or income taxed at a rate less than the statutory tax rates, has been adjusted to a taxable equivalent basis using the federal income tax rates in effect during the years presented.
(2) Includes average nonaccrual loans of $65,452 and $134,149 for 1994 and 1993, respectively.
(3) Loan income includes loan fees of $1,085 and $1,182 for 1994 and 1993, respectively.
(4) Fully taxable net interest income divided by interest-earning assets.

The following tables set forth, for the periods indicated, the changes in interest earned and interest paid resulting from changes in volume and changes in rates. Average balances in all categories in each reported period were used in the volume computations. Average yields and rates in each reported period were used in rate computations.

<TABLE>
<CAPTION>

Dollars in thousands - Fully taxable equivalent basis (1)	Quarter Ended March 31 1994 vs 1993 Increase (decrease) due to (2): Volume	Rate	Net increase (decrease)	Quarter Ended March 31 1993 vs 1992 Increase (decrease) due to (2): Volume	Rate	Net increase (decrease)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Interest earned on:						
Interest-bearing deposits in other banks	$ (7)	$ 2	$ (5)	$ 9	$ (1)	$ 8
Loans	(7,708)	952	(6,756)	(10,228)	(3,384)	(13,612)
Taxable securities	4,579	(1,479)	3,100	(2,323)	(1,237)	(3,560)
Non-taxable securities	(438)	(64)	(502)	(1,755)	44	(1,711)
Federal funds sold and securities purchased under resale agreements	(46)	92	46	(2,365)	(1,029)	(3,394)
Total interest-earning assets	(3,620)	(497)	(4,117)	(16,662)	(5,607)	(22,269)

Interest paid on:

Interest checking	11	(333)	(322)	(262)	(599)	(861)
Money market deposits	(196)	(625)	(821)	(2,242)	(2,309)	(4,551)
Savings deposits	(18)	(123)	(141)	39	(220)	(181)
Other time deposits	(808)	(110)	(918)	(4,155)	(2,028)	(6,183)
Short-term borrowings	(1,253)	82	(1,171)	(1,283)	(1,038)	(2,321)
Total interest-bearing liabilities	(2,264)	(1,109)	(3,373)	(7,903)	(6,194)	(14,097)
	$(1,356)	$ 612	$ (744)	$ (8,759)	$ 587	$ (8,172)

</TABLE>

(1) The changes in interest income in this table are presented on a fully taxable equivalent basis. Interest income exempt from federal income taxes, or income taxed at a rate less than the statutory tax rates, has been adjusted to a fully taxable equivalent basis using the federal income tax rates in effect in the periods presented.
(2) The change in interest due to both rate and volume has been allocated to change due to volume and rate in proportion to the relationship of the absolute dollar amounts of the change in each.

PROVISION FOR CREDIT LOSSES

The provision for credit losses was $3.0 million in the first quarter of 1994, compared to $11.5 million, $7.5 million, $5.5 million and $5.5 million for the first through fourth quarters of 1993. The provision for credit losses in the first quarter of 1993 included $4.0 million resulting from the Bank's Disposition Program (see "Accelerated Asset Disposition Program," below). Loans charged off in the first quarter of 1994 were $8.9 million, compared to $24.3 million in the first quarter of 1993, including $12.4 million resulting from the adoption of the Disposition Program. Recoveries were $6.9 million in the first quarter of 1994, compared to $6.8 million in the first quarter of 1993.

The provision for credit losses charged to operations reflects management's judgment of the adequacy of the allowance for credit losses and is determined through periodic analysis of the loan portfolio. This analysis includes a detailed review of the classification and categorization of problem and potential problem loans and loans to be charged off; an assessment of the overall quality and collectability of the portfolio; and consideration of the loan loss experience, trends in problem loans and concentrations of credit risk, as well as current and expected future economic conditions (particularly in Southern California). The Bank has an internal risk analysis and review staff that reports to the Board of Directors and continuously reviews loan quality. Such reviews also assist management in establishing the level of the allowance for credit losses.

Unless there is significant deterioration in economic conditions, management anticipates, based on its review of the loan portfolio, that net charge offs and provisions for credit losses for 1994 will continue to decrease from 1993 levels. However, no assurance can be given that the Bank will not in any particular period sustain credit losses that are sizable in relation to the allowance for credit losses, or that subsequent evaluations of the loan portfolio, in light of the factors then prevailing, including economic conditions and further declines in property values, will not require significant increases in the allowance for credit losses.

NONINTEREST INCOME

Noninterest income for the first quarter of 1994 totaled $10.3 million, down $1.4 million (11.6%) from a year earlier. Service charges on deposit accounts increased slightly,

$0.1 million (2.5%), between first quarters. Due to the effect of recent increases in interest rates utilized for purposes of account analysis, service charges on deposit accounts may be less than first quarter 1994 levels in future quarters. Customer trading account income decreased $0.2 million (14.6%) between first quarters, due primarily to lower volumes and reduced spreads on trading account transactions with customers. Trust fees decreased $0.2 million (10.8%) between first quarters due to lower volumes. Other income in the first quarter of 1994 included pre-tax gain of $1.3 million from sale of two leveraged leases, and other income in the first quarter of 1993 included $1.9 million from sale of the Bank's merchant credit card business. All other income decreased $0.4 million (12.9%) between first quarters because of lower escrow, foreign exchange, letter of credit and proof of deposit fees. Management does not expect a significant increase in noninterest income from first quarter 1994 levels during the remainder of 1994.

NONINTEREST EXPENSE

Excluding net ORE results, noninterest expense totaled $30.6 million in the first quarter of 1994, a decrease of $1.8 million (5.5%) from the first quarter of 1993. Salaries and other employee benefits decreased $1.6 million (9.0%) between first quarters. This decrease was due primarily to decreases in staff levels, which have declined from approximately 1,650 at December 31, 1992 to 1,280 at March 31, 1994.

The remaining expense categories besides staff decreased $.1 million (1.0%) between first quarters. Decreases of $.6 million in FDIC insurance and $.3 million in data processing expenses were mostly offset by increases of $.4 million in promotion expense due to the increased level of the Bank's advertising program and a $.5 million increase in other operating expenses due to the Bank's share of losses in a real estate investment partnership. Management anticipates that non-interest expenses for the remainder of 1994 will decrease from first quarter 1994 levels due to the completion of the branch consolidation program.

Net ORE results in the first quarter of 1994 were a credit of $4.5 million resulting from the sale of Disposition Program ORE for a gain of $3.5 million and sales of other ORE for gains totalling $1.0 million, compared to an expense of $40.3 million ($36.5 million resulting from the Disposition Program) in the first quarter of 1993.

INCOME TAXES

The first quarter 1994 effective tax expense rate was 34.4%, compared to an effective tax benefit rate of 35.6% for the first quarter of 1993. The effective rates differed from the statutory federal tax rates of 34% for 1993 and 35% for 1994 due primarily to tax exempt income.

The California franchise tax provision recorded for the first quarter of 1994 was $.1 million consisting of the Company's California alternative minimum tax liability. Due to the Company's net operating loss carry-forwards, no regular California franchise tax provision was recorded. At March 31, 1994, the Company had a California net operating loss carry-forward of $21.5 million, of which $10.7 million will expire in 1997 and $10.8 million will expire in 1998.

BALANCE SHEET ANALYSIS

LOAN PORTFOLIO

A comparative period-end loan table is presented below:

<TABLE>
<CAPTION>

	March 31, 1994	December 31, 1993	March 31, 1993
		(Dollars in thousands)	
<S>	<C>	<C>	<C>
Commercial and financial(1)	$ 876,716	$ 939,719	$1,064,563
Real estate - construction	12,651	11,699	87,960
Real estate - mortgage	593,380	623,653	662,193
Installment	42,106	45,485	56,872
Total loans, gross	1,524,853	1,620,556	1,871,588
Less: Allowance for credit losses	(111,461)	(110,499)	(130,067)
Total loans, net	$1,413,392	$1,510,057	$1,741,521

</TABLE>

(1) Commercial and financial loans include unsecured loans to real estate developers and customers involved in real estate investments and commercial loans where real estate partially secures the borrowing.

Gross loans at March 31, 1994 amounted to $1,525 million, down $347 million (18.5%) from March 31, 1993. The decrease in loans resulted from decreased loan demand because of the recession and the sale of $73.7 million of the Bank's ELC loans in April 1993. Commercial loans continue to constitute the major portion of the Bank's lending activity, 57.5% at March 31, 1994 and 56.9% at March 31, 1993. Real estate construction loans decreased $75.3 million, or 85.6%, between March 31, 1993 and March 31, 1994,

because new construction lending was curtailed beginning in late 1990, and certain construction loans were transferred to the real estate mortgage category after completion of construction. Real estate mortgage loans decreased $68.8 million, or 10.4%, between March 31, 1993 and 1994, primarily due to pay downs and the sale of $73.7 million of ELC loans.

Substantially all of the Bank's loans are in Southern California. At March 31, 1994, real estate construction and mortgage loans constituted 39.7% of the Bank's loan portfolio. No other industry comprised 10% or more of the portfolio.

REAL ESTATE CONSTRUCTION LOANS BY TYPE

<TABLE>
<CAPTION>

<S>	March 31, 1994 <C>	December 31, 1993 <C>	March 31, 1993 <C>
	(Dollars in thousands)		
Condominium and apartment	$ -	$ -	$ 19,559
Shopping center	-	-	15,456
1-4 family	832	594	11,597
Office building	7,517	7,282	24,380
Industrial	-	-	6,571
Other	4,302	3,823	10,397
	$ 12,651	$ 11,699	$ 87,960

</TABLE>

REAL ESTATE MORTGAGE LOANS BY TYPE

<TABLE>
<CAPTION>

<S>	March 31, 1994 <C>	December 31, 1993 <C>	March 31, 1993 <C>
	(Dollars in thousands)		
Equity lines of credit	$ 31,878	$ 47,279	$144,395(1)
Industrial	118,849	123,594	141,637
Office building	104,142	110,183	107,528
Shopping center	62,309	68,236	65,590
Other 1-4 family(2)	40,021	37,347	34,491
Condominium and apartment	45,010	54,040	41,549
Land, non-residential	32,242	32,885	27,411
Other	158,928	150,089	99,592
	$ 593,380	$ 623,653	$ 662,193

</TABLE>

(1) Equity lines of credit are carried as loans held for sale at March 31, 1993. At June 30, 1993, due to the Bank's improved liquidity and management's decision to hold the remaining portfolio of equity lines of credit until maturity, the remaining loans were reclassified from loans held for sale to real estate mortgage loans.

(2) Does not include condominium and apartment loans or equity lines of credit.

RISK ELEMENTS

NONACCRUAL, PAST DUE AND RESTRUCTURED LOANS

The following table presents information concerning nonaccrual loans, ORE, accruing loans which are contractually past due 90 days or more as to interest or principal payments and still accruing, and restructured loans.

	March 31, 1994	December 31, 1993	March 31, 1993
	(Dollars in thousands)		
Nonaccrual loans:			
Real estate - construction	$ -	$ -	$ 22,022
Real estate - mortgage	47,333	48,016	33,193
Commercial	17,807	23,040	58,123
Installment	-	-	505
Total	65,140	71,056	113,843
ORE	3,677	5,559	7,324
Total nonaccrual loans and ORE	$ 68,817	$ 76,615	$121,167
Assets held for accelerated disposition	$ 2,779	$ 17,450	$ 70,225
In-substance foreclosures - intangible assets	$ 4,530	$ 4,740	$ 5,677
Ratio of nonaccrual loans to total loans	4.27%	4.38%	6.08%
Ratio of nonaccrual loans and ORE to total loans and ORE	4.50	4.71	6.45
Ratio of allowance for credit losses to nonaccrual loans	171.11	155.51	114.25
Accruing loans past due 90 days or more:			
Real estate	$ 18,046	$ 17,412	$ 17,979
Commercial	10,453	11,382	3,568
Installment	138	155	33
Total	$ 28,637	$ 28,949	$ 21,580
Restructured loans; all on accrual status	$ 1,907	$ 958	$ 1,103

NONACCRUAL LOANS

The table below summarizes the approximate changes in nonaccrual loans for the quarters ended March 31, 1994, December 31, 1993, and March 31, 1993, and for the year ended December 31, 1993.

	Quarter ended			Full year
	March 31 1994	December 31, 1993	March 31, 1993	1993
	(Dollars in millions)			
Balance, beginning of period	$ 71.1	$ 97.3	$160.3	$ 160.3
Loans placed on nonaccrual	19.0	19.5	40.3	105.7
Charge offs	(6.5)	(19.3)	(22.3)	(66.8)
Loans returned to accrual	(6.4)	(12.5)	(17.5)	(43.1)
Repayments (including interest applied to principal)	(12.1)	(11.8)	(18.7)	(56.4)
Transfers to ORE	-	(2.1)	(7.0)	(13.9)
Transfer from (to) Disposition Program, net	-	-	(21.3)	(14.7)
Balance, end of period	$ 65.1	$ 71.1	$113.8	$ 71.1

The additional interest income that would have been recorded from nonaccrual loans (including restructured loans on nonaccrual status), if the loans had not been on nonaccrual status, was $.4 million and $2.9 million for the quarters ended March 31, 1994 and 1993, respectively. Interest payments received on nonaccrual loans are applied to principal, unless there is no doubt as to ultimate full repayment of principal, in which case the interest payment is recognized as interest income. Interest income included $1.4 million and $.8 million for the quarters ended March 31, 1994 and 1993, respectively, from the collection of interest related to nonaccrual loans, including loans paid off during the quarter. Interest income not recognized on nonaccrual loans reduced the net interest margin by 7 and 45 basis points for the quarters ended March 31, 1994 and 1993, respectively.

POTENTIAL PROBLEM LOANS

At March 31, 1994, in addition to loans disclosed above as past due, nonaccrual or restructured, management had also identified $46.0 million of loans about which it had serious doubts as to the ability of the borrowers to comply with the present loan payment terms in the future. This amount was determined based on analysis of information known to management about the borrower's financial condition and current and expected economic

conditions. Unfunded loan commitments pertaining to these potential problem loans totaled $1.2 million. If economic conditions change, or if additional information relating to borrowers' financial condition come to light, then the amount of such potential problem loans may change significantly. Currently estimated potential losses from these potential problem loans have been considered in determining the adequacy of the allowance for credit losses.

OTHER REAL ESTATE

The following tables summarize the changes in the Company's ORE balances and ORE by type:

<TABLE>
<CAPTION>

CHANGES IN ORE BALANCES

	Quarter ended		
	March 31, 1994	December 31, 1993	March 31, 1993
	(Dollars in thousands)		
<S>	<C>	<C>	<C>
Balance, beginning of period	$ 5,559	$ 5,114	$ 94,065
Additions	-	1,359	6,952
Sales	(1,817)	(824)	(2,628)
Writedowns	-	-	(39,620)
Payments and other reductions	(65)	(90)	(2,556)
Transfer to Disposition Program	-	-	(48,889)
Balance, end of period	$ 3,677	$ 5,559	$ 7,324

</TABLE>

ALLOWANCE FOR CREDIT LOSSES

The following table summarizes average loans outstanding and changes in the allowance for credit losses for the periods presented:

<TABLE>
<CAPTION>

	Quarter ended			Year ended
	March 31, 1994	December 31, 1993	March 31, 1993	December 31, 1993
	(Dollars in millions)			
<S>	<C>	<C>	<C>	<C>
Average amount of loans outstanding	$ 1,571.9	$ 1,589.1	$ 1,982.1	$ 1,737.4
Balance of allowance for credit losses,				

beginning of period	$ 110.5	$ 123.4	$ 136.1	$ 136.1
Loans charged off:				
Commercial	5.3	24.3	8.0	56.0
Real estate loans - construction	-	-	2.4	3.2
Real estate loans - mortgage	3.4	0.7	13.4	23.1
Installment	0.2	-	0.5	0.6
Total loans charged off	8.9	25.0	24.3	82.9
Less recoveries of loans previously charged off:				
Commercial	6.7	6.1	6.8	27.8
Real estate loans - construction	0.1	-	-	-
Real estate loans - mortgage	-	0.5	-	.8
Installment	0.1	-	-	.2
Total recoveries	6.9	6.6	6.8	28.8
Net loans charged off	2.0	18.4	17.5	54.1
Provisions charged to operating expense	3.0	5.5	11.5	30.0
Other(1)	-	-	-	(1.5)
Balance, end of period	$ 111.5	$ 110.5	$ 130.1	$ 110.5
Ratio of net charge-offs to average loans	.51%	4.63%	3.53%	3.12%

</TABLE>

(1) Credit loss allowance allocated to $73.7 million of equity line of credit loans sold in April 1993.

The allowance for credit losses decreased from $130.1 million at March 31, 1993 to $111.5 million at March 31, 1994, primarily due to net charge offs in excess of provisions for credit losses during the twelve months ended March 31, 1994.

At March 31, 1994, the allowance for credit losses was 7.31% of gross loans, compared to 6.95% at March 31, 1993. The allowance at March 31, 1994 was equal to 171.1% of total nonaccrual loans, as compared to 114.3% at March 31, 1993.

The Company has not yet determined when it will implement SFAS No. 114, "Accounting by Creditors for Impairment of a Loan," which becomes effective January 1, 1995, but management believes that the adoption of SFAS No. 114 will not have a material impact on its results of operations or shareholder's equity.

INVESTMENT SECURITIES

A comparative period-end table is presented below:

<TABLE>
<CAPTION>

	March 31, 1994	December 31, 1993	March 31, 1993
		(Dollars in thousands)	
<S>	<C>	<C>	<C>
Investment securities:			
Cost	$ 781,356	$ 902,481	$ 357,995
Market	$ 765,593	$ 902,738	$ 364,213
Market in excess of (below) cost	$ (15,763)	$ 257	$ 6,218

</TABLE>

The Company has the ability and management has the intent to hold its investment securities until maturity.

Due to the rise in interest rates in the first quarter of 1994, the market value of the Company's investment securities portfolio is $15.8 million (2.0%) lower than its carrying value.

SECURITIES AVAILABLE FOR SALE

Securities available for sale amounted to $92.2 million at market (cost of $92.8 million) at March 31, 1994, compared to $2.0 million (both cost and market) at December 31, 1993 and $26.9 million (market value $27.5 million) at March 31, 1993. In order to provide flexibility with respect to future loan funding, the Company has designated certain securities purchased during the first quarter with its excess liquidity as securities available for sale.

DEFERRED TAX BENEFITS

Deferred tax benefits amounted to $21.3 million at March 31, 1994 and $35.7 million at March 31, 1993. These deferred tax benefits were primarily due to the inability of the Bank to take loan loss deductions with respect to anticipated loan losses for income tax

purposes, but for which a reserve had been established on its financial accounting records. It is more likely than not that the reversing deductible temporary differences, net of the recorded valuation allowances, at March 31, 1994 will be realized by the availability of reversing taxable temporary differences, recovery of taxes paid in applicable carry-back years, and projected taxable income for 1994.

ASSETS HELD FOR ACCELERATED DISPOSITION

In March 1993, the Bank adopted an accelerated asset disposition program to aggressively dispose of ORE and certain problem loans with an aggregate book value before the Disposition Program of $119.5 million.

The Bank signed a definitive agreement to sell, as of November 1, 1993, all six asset pools in its Accelerated Asset Disposition Program to WHC-THREE Investors, L.P. ("WHC-THREE"), a limited partnership. The sale of the loans contained in the Disposition Program for $48.3 million closed concurrently with the signing of the definitive agreement and a gain of $12.8 million was recognized at that time, net of disposition expenses and reserves. The sale of substantially all of the Disposition Program ORE closed in the first quarter of 1994, and a pretax gain of $3.5 million was recognized at that time. At March 31, 1994, the remaining Disposition Program assets were carried at $2.8 million, net of disposition expenses and reserves. No losses are anticipated upon final resolution of these assets. At March 31, 1994, the Bank had interim mortgages on certain Disposition Program ORE properties totalling $7.3 million which will be cancelled in exchange for title to the properties at the closing of the sale of these properties or upon repurchase of the properties by the Bank if valuation differences cannot be satisfactorily resolved with WHC-THREE.

The Bank provided loans totaling $56.0 million (75% financing) for this sale at terms comparable with other real estate loans in its portfolio. The terms of the notes require annual pay downs and payment of the remaining principal in five years, in addition to payments when individual real estate assets securing the loans are sold or refinanced.

CAPITAL ADEQUACY REQUIREMENTS

As of March 31, 1994, the Company had a ratio of Tier 1 capital to risk-weighted assets (Tier 1 risk-based capital ratio) of 17.64%, a ratio of total capital to risk weighted

assets (total risk-based capital ratio) of 18.96%, and a ratio of Tier 1 capital to average adjusted total assets (Tier 1 leverage ratio) of 10.75%, while the Bank had a Tier 1 risk-based capital ratio of 16.59%, a total risk-based capital ratio of 17.91% and a Tier 1 leverage ratio of 10.14%.

Based on the availability of recovery of taxes paid in prior years and projected taxable income for the next twelve months, there is no limitation on the amount of recorded deferred tax assets includable in regulatory capital at March 31, 1994 under OCC guidelines.

LIQUIDITY

A fundamental aspect of the asset/liability management strategy of the Company is adequate liquidity -- the ability to meet the requirements of customers for loans and deposit withdrawals in the most timely and economical manner.

For most financial institutions, the most manageable sources of liquidity are composed of liabilities, especially core deposits. Average core deposits increased to 85.2% of total funding in the first quarter of 1994, compared to 78.1% in the first quarter of 1993.

Liquidity is also provided by assets such as federal funds sold, securities purchased under resale agreements and trading account securities which may be immediately converted into cash at a minimal cost. Liquidity may also be provided by maturing investment securities. At March 31, 1994, investment securities maturing within one year amounted to $188.6 million and securities available for sale amounted to $92.2 million. Maturing loans also provide liquidity, and $1.0 billion of the Bank's loans are scheduled to mature in the next twelve months.

City National Corporation has no outstanding debt obligations and limited financial requirements. At March 31, 1994, it had repurchase agreements with the Bank of $2.0 million and securities of $16.1 million.

Interest sensitivity is related to liquidity because both are affected by the interrelationships of maturing assets and liabilities. Interest rate sensitivity management, however, is concerned with the timing and magnitude of repricing assets compared to liabilities. It is the objective of interest rate-sensitivity management to control the risks associated with interest rate movement.

INTEREST RATE SENSITIVITY MANAGEMENT

At March 31, 1994 and 1993, the Company's distribution of rate-sensitive assets and liabilities was as follows:

<TABLE>
<CAPTION>

	Maturing or repricing in				
	3 months or less	After 3 months but within 1 year	After 1 year but within 5 years	After 5 years	Total
MARCH 31, 1994	(Dollars in millions)				
<S>	<C>	<C>	<C>	<C>	<C>
Rate-sensitive assets:					
Interest-bearing deposits in other banks	$ 0.6	$ -	$ -	$ -	$ 0.6
Loans	1,194.6	92.6	149.3	23.4	1,459.9
Investment securities	119.9	84.9	318.9	243.4	767.1
Securities available for sale	-	-	56.3	35.9	92.2
Trading account securities	15.9	-	-	-	15.9
Federal funds sold and securities purchased under resale agreements	215.0	-	-	-	215.0
Total rate-sensitive assets	1,546.0	177.5	524.5	302.7	2,550.7
Rate-sensitive liabilities:(1)					
Interest checking	287.5	-	-	-	287.5
Money market deposits	745.3	-	-	-	745.3
Savings deposits	101.1	-	-	-	101.1
Other time deposits	143.1	63.5	38.6	-	245.2
Short-term borrowings	209.2	-	-	-	209.2
Total rate-sensitive liabilities	1,486.2	63.5	38.6	-	1,588.3
Interest rate sensitivity gap	$ 59.8	$114.0	$485.9	$302.7	$ 962.4
Cumulative interest rate sensitivity gap	$ 59.8	$173.8	$659.7	$962.4	
Cumulative ratio of rate-sensitive assets to rate-sensitive liabilities	104%	111%	142%	161%	161%

</TABLE>

<TABLE>
<CAPTION>

	Maturing or repricing in				
	3 months or less	After 3 months but within 1 year	After 1 year but within 5 years	After 5 years	Total

MARCH 31, 1993 (Dollars in millions)

<S>	<C>	<C>	<C>	<C>	<C>
Rate-sensitive assets:					
Interest-bearing deposits in other banks	$ 0.6	$ -	$ -	$ -	$ 0.6
Loans	1,520.8	69.5	131.5	36.0	1,757.8
Investment securities	56.9	150.9	117.3	32.9	358.0
Securities available for sale	7.1	14.1	5.6	0.1	26.9
Trading account securities	26.4	-	-	-	26.4
Federal funds sold and securities purchased under resale agreements	275.0	-	-	-	275.0
Total rate-sensitive assets	1,886.8	234.5	254.4	69.0	2,444.7
Rate-sensitive liabilities:(1)					
Interest checking	272.4	-	-	-	272.4
Money market deposits	732.7	-	-	-	732.7
Savings deposits	106.6	-	-	-	106.6
Other time deposits	210.1	79.0	39.2	-	328.3
Short-term borrowings	343.0	-	-	-	343.0
Total rate-sensitive liabilities	1,664.8	79.0	39.2	-	1,783.0
Interest rate sensitivity gap	$ 222.0	$155.5	$215.2	$ 69.0	$ 661.7
Cumulative interest rate sensitivity gap	$ 222.0	$377.5	$592.7	$661.7	
Cumulative ratio of rate-sensitive assets to rate-sensitive liabilities	113%	122%	133%	137%	137%

</TABLE>

(1) Customer deposits which are subject to immediate withdrawal are presented as repricing within 3 months or less. The distribution of other time deposits is based on scheduled maturities.

The interest rate-sensitivity gap is defined as the difference between interest-earning assets and interest-bearing liabilities maturing or repricing within a given time period. A gap is considered positive when the amount of interest rate-sensitive assets exceeds the amount of interest rate-sensitive liabilities. A gap is considered negative when the amount of interest rate-sensitive liabilities exceeds interest rate-sensitive assets. During a period of rising interest rates, a negative gap would tend to adversely affect net interest income, while a positive gap would tend to result in an increase in net interest income. During a period of falling interest rates, a negative gap would tend to result in an increase in net interest income, while a positive gap would tend to affect net interest income adversely.

The preceding table shows that the Company's positive interest rate sensitivity gap increased from $661.7 million at March 31, 1993 to $962.4 million at March 31, 1994. This increase was due primarily to a $194.7 million decline in rate sensitive liabilities, especially time deposits and short-term borrowings. Rate-sensitive assets increased $106.0 million, primarily as a result of the use of proceeds from the issuance of common stock and sale of assets in the Disposition Program to purchase securities. The Company's highly asset sensitive position in this period of rising interest rates will have a positive effect on net interest income. While the interest rate sensitivity gap is a useful measure and contributes towards effective asset and liability management, it is difficult to predict the net interest margin based solely on that measure.

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITIES HOLDERS.

None

ITEM 5. OTHER INFORMATION.

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

None

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 thereunto duly authorized.

CITY NATIONAL CORPORATION
(REGISTRANT)

DATE: May 16, 1994

/s/ Frank P. Pekny
FRANK P. PEKNY
Executive Vice President and
Treasurer