About City National

City National provides banking, investment and trust services through offices in Southern California, the San Francisco Bay area, Nevada, New York City, Nashville and Atlanta. The company and its managed affiliates manage or administer nearly $60 billion in client investment assets.

City National is an indirect subsidiary of Royal Bank of Canada, which operates in more than 40 countries and has assets of more than $800 billion.

For more information about City National, visit the company’s website at cnb.com
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To Our Stakeholders

We live in a world of challenges—challenges that confront the modern corporation just as much as they confront every other major institution in society.

What can be done to redeem the American promise of equal opportunity? How do we restore prosperity and confidence in the future? What can be done to manage today’s environmental challenges?

No one believes that the corporate sector generally, let alone any individual company, can resolve these challenges in isolation. But a company like ours has a role to play and a contribution to make.

Today’s consumers expect accountability and transparency. It is in response to these expectations that the modern practice of corporate social responsibility reporting came to be.

This is City National’s first Corporate Social Responsibility report. While we may be new to formal reporting practices in this category, the values-driven approach to business that underlies it has long had a home at City National. This company was founded on the belief that small business owners, professionals, entrepreneurs, and their families deserve as much attention and as many services as the large corporations that many banks have traditionally favored.

City National is proud of its legacy of support for economic growth and job creation.

We are similarly proud of our role in community reinvestment and our long tradition of focused and effective philanthropy. We are very proud of our colleagues, their giving and volunteer work and we are proud of our company’s workplace and the opportunities it affords.

We believe in sustainability and are committed to advancing it in every way we can.

And we welcome hearing from you, your thoughts, ideas and suggestions about how we can do better.
Community

The basic insight driving corporate social responsibility at City National is that the relationship between the company and the communities it serves is reciprocal. The way the bank conducts its business in any community has a significant impact on the economic life of that community. Likewise, the economic health of the communities in which the bank operates is a major determinant of the bank’s success.

This is why City National makes both a conscious and conscientious effort to be a force for good in all its communities. Making this happen depends in large part on how well the bank performs in its primary businesses—lending, business and private banking, savings and investment. A socially responsible bank, however, must be prepared to do more. Specifically, it must be prepared to address clear and identifiable community needs through community lending and investment, philanthropy and volunteerism.

What follows is an account of the bank’s performance in all these areas in 2015.

Economic Contribution

One fundamental way City National contributes to economic growth in the communities it serves is by lending to businesses and individuals. The bank is focused primarily on serving entrepreneurs, small and mid-size businesses, professionals and their families – the exceptional men and women who generate jobs and economic growth in communities across the nation.

Loan balances at the end of 2015 totaled $17.2 billion. During 2015, City National originated $4.7 billion in new loans, including $2.5 billion in commercial and industrial loans and $1.2 billion in residential mortgages.

Community Investment

Loans and investments are financial tools designed to serve the purposes outlined in federal banking law, including the Community Reinvestment Act. Recognized objectives include the promotion of economic development through the financing of businesses with annual revenues or $1 million or less, the revitalization of low- to-moderate income communities, and lending support for low-to-moderate income individuals and families.
Community Lending Action

In 2012 CRA exam period, City National made $1.13 billion in community development loans, i.e., loans to promote economic development, revitalize low-income areas, and provide community services and affordable housing. Examples include:

- A $20 million revolving line of credit to a private, nonprofit corporation that works as a financial intermediary for affordable housing developers in greater metropolitan Los Angeles. Over the past 25 years the organization has invested more than $500 million to help create homes for more than 20,000 families and homeless veterans.

- A $5.25 million term loan to assist a major online retailer with the relocation of its headquarters to Las Vegas Nevada, the move brought 1,200 new full-time jobs to the Las Vegas economy.

- During 2013 & 2014, the first two years of its new CRA exam cycle CNB has already qualified $1.16 billion in community development loans. Noteworthy examples include:

- Loans totaling $10.3 million to two charter schools, one in Nashville, Tennessee, and the other in San Jose, CA. The students in both K-5 school are primarily English Language Learners, and well over 75 percent of the students qualify for free and reduced price meals.

City National has a long history of making community development loans and equity investments in projects that strengthen local neighborhoods.
City National has a long history of making community development loans and equity investments in projects that strengthen local neighborhoods. The bank primarily directs its support to community organizations that foster economic development through small business lending and the development of affordable housing.

On April 23, 2015, the company, in consultation with many of its community partners in California, established an $11 billion, five-year commitment for community lending and investment and other activities outlined in the Community Investment Act, including $4.2 billion in small business loans, $4.4 billion in community development loans, $1.6 billion in other qualified investments, and $700 million in residential mortgages funded for minority borrowers.

This commitment replaced a 10-year, $17.5 billion commitment made in 2007 (one which we were on track to fill notwithstanding the challenges of the 2008 recession). We are pleased that our merger with RBC – which fully supports City National’s new commitment and our continued dedication to our communities will enable us to do more for California.

Community development loan originations in 2015 totaled $802.8 million. This total includes $17 million in affordable housing loans and $419.4 million in economic development originations.

In addition to its strong community development lending, City National reported $811.7 million in small business loans in 2015.

Company Giving

City National makes direct grants to non-profit organizations that foster positive changes.

Corporate giving in 2015 totaled $4.8 million, up nearly 4 percent from $4.6 million in 2014. Since 2001, the company has made grants totaling over $45 million. Under City National’s new $11 billion commitment, our total charitable contributions goal over five years will be $30 million.

Colleague Giving

Through City National’s Workplace Giving Campaign, colleagues (the bank’s preferred term for employees) support a wide range of institutions in communities served by the bank – institutions that provide education, empowerment and caring to those in need.

Below are only a few of the organizations supported by City National and its colleagues:

- American Cancer Society
- American Red Cross
- Iraq and Afghanistan Veterans of America
- Reading is The Way Up
- Ronald McDonald House Charities
- Save the Children
- United Way

Eighty-seven percent of City National colleagues participated in the Workplace Giving Campaign in 2015, and colleague donations totaled more than $1.18 million.
Volunteerism

City National encourages colleagues to become involved in their communities. To facilitate this, the company offers a variety of volunteer opportunities throughout the year and continually seeks out community involvement partnerships.

Direct encouragement takes the form of City National’s Dollars for Doers program, through which the bank supports colleagues by providing up to $500 per-year in grants to the nonprofit organization to which the colleague has donated 20 or more hours of volunteer service.

In 2015, City National contributed $44,500 to nonprofit organizations in connection with Dollars for Doers. Since the program was launched in 2002, the bank has contributed more than $526,000 in recognition of colleagues volunteer hours.

City National volunteers engage in a wide range of activities, including teaching financial literacy, re-building homes, partnering with schools, working with shelters and hospitals, and supporting veterans’ organizations.

Volunteer hours totaled 27,838 in 2015, compared with 23,806 in 2014.

Every year, colleagues participate in “PRIDE Day” a bank-wide day of community service. In 2015, 7 community aid projects were coordinated. More than 300 colleagues, friends and family participated and logged 1,152 hours of service.

There is a strong leadership dimension to volunteerism at City National. In 2015, 40 percent of total volunteer hours were related to service on the boards of nonprofit and community organizations.

Colleague engagement drives a multitude of philanthropic activities at City National: Since 2011, colleagues have donated more than 100,000 school supply items annually to schools and organizations in communities served by the bank. In 2015, colleagues donated 1,150 backpacks filled with much needed school supplies to low-to moderate income students across our geographic footprint.
FOCUS

Literacy and Financial Education

Literacy is a key area of focus for philanthropy and volunteer activity at City National Bank, reflecting the fact that the business sector, like other groups in society, has a huge stake in fostering new generations of educated and informed youth.

*Reading is The way up* was created in 2002 to address the plight of public school libraries, many of them hampered by successive funding crises and chronically short of the money needed to keep shelves stocked with current and compelling books.

In the past 14 years, City National, through the program, has donated more than 250,000 books to elementary school libraries in California, Nevada, New York, Tennessee and Georgia.

Grants to teachers supporting the development of creative literacy programs constitute an additional component of *Reading is The way up*. Since 2005, City National has awarded 825 grants totaling more than $800,000 to teachers in elementary, middle and high schools who develop learning projects judged to be creative, engaging and likely to have a tangible effect on student achievement.

Another program element encourages City National colleagues to take up to three hours of paid time off each month to read to students in schools.

*Reading is The way up* has been recognized with numerous awards, including the 2013 Innovations in Reading Prize from the National Book Foundation.

A related program, *Dollars and Sense*, focuses on financial literacy, with curricula designed for school-age children, teens and adults. The program is predicated on the view that the more people know about credit and banking services, the more likely they are to increase savings, buy homes and improve their financial health and well-being.
Environment

The increasingly global nature of environmental problems has shined a bright light on the importance of corporate sustainability programs. A livable and prosperous future depends on actions taken now, actions that limit environmental damage and preserve resources for future generations. Consumers and investors alike expect companies to embrace this principle and behave accordingly.

At City National, we take seriously our responsibility to moderate environmental impact. The company is continuously engaged in addressing a range of environmental concerns related to its operations, including energy and water conservation, waste reduction and recycling, and the incorporation of green building techniques into the development of its facilities.

Our goal is a 10 percent reduction in greenhouse gas emissions from current levels by 2019 in addition to what we have already achieved.

Energy

In recent years, City National has taken a number of steps to decrease energy use. One of the most notable involved the installation of a system to automatically shut down company computers after hours, a process that saves 2.43 million kilowatt hours annually. Other steps have included the placement of solar panels at a key Southern California operations center and the installation of daylight harvesting technology which helps provide power for low energy electronics in our Los Angeles headquarters building.

City National is continuously engaged in addressing energy and water conservation, waste reduction and recycling, and the incorporation of green building techniques into the development of its facilities.
Energy

City National’s overall energy consumption in 2015 was 22.4 million kilowatt hours, down from 24.8 million kilowatt hours in 2014 and from 25.6 million kilowatt hours in 2013.

Natural gas use in 2015 totaled 190,000 therms, down six percent from 201,000 therms in 2014.

In 2015, the company purchased 265 kilowatts of renewable energy.

Water

Drought conditions in California and the West are a powerful reminder that water is a limited resource in many parts of the world and warrants proactive conservation.

City National recently installed a new water system at one of its large Southern California operations facilities, saving roughly one million gallons of water per year.

Total water use by the company as a whole in 2015 was 39 million gallons (or 148,000 cubic meters), down 5.7 million gallons (nearly 22,000 cubic meters) from 2014 levels.

Transportation

Transportation policies are an important area of focus in any effort to achieve a measurable reduction in the carbon footprint.

City National has been active in this area. In 2015, the company provided more than $507,859 in colleague public transportation subsidies. Available in select locations, these subsidies aim to reduce traffic by rewarding carpooling. The bank has also installed 26 videoconferencing sites in various locations to help decrease colleague travel.
Waste & Recycling

In 2015, City National made significant strides in reducing waste and increasing the use of recycling:

Company-wide e-waste recycling programs in Los Angeles, Alameda, Las Vegas and New York led to the recycling of more than 50,000 pounds of electronic equipment. A record 854 tons of paper were shredded and recycled at locations across the company.

The use of online reporting and e-documents resulted in the elimination of more than 12 million printed pages during the year.

Making Buildings Greener

All new building projects at City National are being designed to attain certification under the LEED (Leadership in Energy and Environmental Design) system developed by the U.S. Green Building Council with the aim of incorporating sustainability and sound environmental practice into the construction or renovation of buildings.

Green building practices employed in new construction and renovation projects for the bank include such initiatives as increased natural lighting and tinting to mitigate heat gain. Other techniques include the use of motion sensors and recyclable carpeting. These and other measures have saved an estimated 2.6 million kilowatt hours annually.

Long Beach Marina Branch – LEED Platinum
Green on Both Coasts

City National has taken the LEED approach bicoastal, creating new green facilities in San Francisco and New York.

LEED, of course, stands for “Leadership in Energy and Environmental Design,” a series of standards developed by the U.S. Green Building Council with the aim of incorporating sustainability and sound environmental practice into the construction or renovation of buildings.

Meeting LEED requirements can be arduous, but it speaks to the strength of our commitment. LEED requirements cover a wide range of qualities relevant to sustainability, including site suitability, energy and water efficiency, materials and resources used, as well as design features.

In late 2013, City National opened its second ground-floor banking office in Manhattan at its New York area headquarters at 400 Park Avenue, expanding the bank’s visibility and accessibility in New York City. A dramatic two-story entrance and contemporary design suggest an “Apple store” more than a bank, perhaps an indication of the high quality of the banking experience available inside, as well as the professional history of the architects who designed it. And it meets LEED requirements.

In 2014, City National opened a new branch in San Francisco’s fast-growing, hi-tech South of Market district. The 2500 square-foot branch with an open floor plan and sleek client services desk offers 24-hour ATM and night deposit services. It also meets LEED requirements.

City National’s nearby Montgomery Street branch not only meets LEED requirements, but also won the U.S. Green Council’s LEED Award for Commercial Interiors in 2010.
Workplace & Enterprise

Stakeholder expectations for companies today are not limited to corporate interaction with communities and the environment. They encompass issues of employee engagement and client opportunity, as well.

Do hiring and promotion practices merely address social inequities or can they offer a better way forward? Are employees engaged? Do they get the chance to participate in efforts to make the world a better place? Do the company’s products and services provide clients with a similar opportunity?

City National’s efforts to address these issues in responsive and effective ways merit inclusion in this report.

Diversity

City National values colleague, client and vendor diversity. Varied experiences and perspectives improve the bank’s ability to respond to client and community needs. This is the basis of City National’s multicultural strategy and its goal of becoming both the bank-of-choice for small business owners and entrepreneurs from every culture and group represented in the communities it serves and the employer of choice for talented financial professionals.

City National’s unique set of multicultural caucuses brings diverse talent and business to the bank. There are five colleague affinity groups – African American, Asian American, LGBT (lesbian, gay, bisexual, and transgender), Latino and Women – and each one engages in community outreach through nonprofits, sponsorship, volunteerism, board service and partnerships. They also provide guidance and direction on the bank’s multicultural strategy and related initiatives.

Our new $11 billion, five-year commitment includes a commitment for more than $80 million in supplier expenditures with minority-owned and women-owned businesses.

For Veterans

City National actively recruits and hires veterans of U.S. military service in recognition of the leadership, teamwork, organizational skills and mission focus that they have developed in the course of serving our nation.

Colleague Engagement

As noted in the “Community” section of this report, opportunities for giving and for volunteering are a major feature of the City National work experience. These opportunities benefit the community and make City National an attractive place to work. Many factors support the ability to attract, engage and retain top talent. Volunteer opportunities and corporate philanthropy are among them.

City National is continuously engaged in addressing energy and water conservation, waste reduction and recycling, and the incorporation of green building techniques into the development of its facilities.
Green Banking Products

City National offers financial solutions that allow clients to bank with sustainability in mind. “Green” checking and savings accounts minimize paper use and emphasize online banking with bill pay, e-deposits and online statements.

At City National, sustainability is an essential part of good business.

Annual Greenhouse Emissions

Reduction in waste from 2014 to 2015 is 251 metric tons, equal to:

39 garbage trucks of waste diverted from landfills
A Veteran Brings His Skills to Work

Born in Belize, Bertram Tillett immigrated to the United States with his family when he was nine years old and became a citizen when he was 14. At age 18, straight out of high school, he joined the U.S. Air Force.

“I had grown to understand the privileges and advantages afforded me in this free society and felt I had to give back somehow, “he says.

Stationed at Hill Air Force Base in Utah. Bertram specialized in records management and served as part of an accountability team that tracked the number of forces deployed worldwide. He used one of the first laptop computers in the field – one that was dust proof, bullet-proof and bomb resistant.

After an honorable discharge, Bertram worked for an ambulance service in Downtown L.A. and for 10 years for the L.A. County Office of Education in Juvenile Court Schools, Special Education, and the Student Records Center – Special Projects. Through the G.I. Bill, he earned his Master’s degree in adult learning and has taught adult literacy classes at the Los Angeles Public Library.

Seeking his next challenge, Bertram entered the financial industry, working for six years at a credit union and joining City National Bank in 2010. Current projects include management of the banks electronic records and timely destruction of obsolete files.

“The friendships and working relationships I’ve made here at City National are like those I made in the military, “he says. “There is a direction, purpose and focus here that I have not encountered at other places of employment. It’s difficult to put into words but when you have leaders you would follow anywhere and a well trained, dedicated group, it empowers and motivates you to do better and be better”