

Banking & Finance Quarterly: Riding Winds of Change

Joe Yurosek, City National Bank's president of commercial banking, shares firm's outlook for profitability and sustainable growth in the year ahead.

By **CHRISTINA CHKARBOUL**

After a bruising stretch of regulatory and financial challenges in 2023 and 2024, downtown-based **City National Bank** says it has turned a corner – with more revamps slated for the coming year.

Pressure from high deposit costs and increased compliance spending for federal settlements some three years ago injured the **Royal Bank of Canada** subsidiary, which posted \$285 million in losses in six months.

A top-down turnaround in the following months and years put City National back on its “front foot,” as RBC Chief Executive **Dave McKay** has said. Its bottom-line results have improved quarter-over-quarter since, with \$163 million in adjusted earnings in the fiscal fourth quarter ending Oct. 31 – 79% up from the previous year. The bank reported \$98 billion in assets at its last fiscal year's close.

The reset came with a major leadership shuffle that brought on a handful of veterans from Cincinnati-based Fifth Third Bancorp, including Chief Executive **Howard Hammond** and, most recently, **Joe Yurosek** as president of commercial banking.

In the shake-up's wake, City National is positioning itself for execution in 2026 with a sharper focus on middle-market banking – both in core West Coast markets and in the Southeast, where it recently opened offices in the Carolinas – and planned rebrands in its mortgage and credit card businesses.

More fundamental change might be on the horizon. City National Executive Chair **Greg Carmichael** has also signaled that



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Joe Yurosek is president of commercial banking for City National Bank.

the bank's parent may eventually unify its U.S. branding, including its capital markets and wealth management divisions, under the RBC name.

Nonetheless, City National is hoping to build momentum.

The Business Journal spoke with Yurosek – who previously led Fifth Third's middle-market expansion in Texas and California – about City National's outlook for profitability and sustainable growth in the year ahead.

At an investors' day last March, City National and RBC executives announced a revised U.S. strategy that involved cross-selling more products, leaning into the mortgage business and concentrating

on middle-market lending. Are these still key areas of focus for the bank, or has that approach evolved in the past year?

What's so great is, you step back to early 2025, even late 2024, and the bank feels like it's in a position of strength now. How we create our priorities is, we understand who we are and what we're good at. We believe these are all priorities for 2026 and I can tell you, we're leaning in. They're important to the bank.

In middle-market banking, we hired **Chris Edmonds** to lead our middle-market practice, and why that's important for us is, we just have the right balance sheet, and we have the right talent, really, to provide custom and tailored service.

We want to deepen our relationships. We want to sort of have a seat at the table, talking to the owners about growing their business, protecting their business by providing hedges and other risk tools. We're also really interested in helping them manage their family wealth through our private bank and our wealth management platforms.

This middle market expansion, both in the markets that we've been in for 70-plus years, and the new markets with our Southeast expansion, that's just a really important cornerstone for us at the bank right now.

With respect to investment advisory services, when I think back to what Carmichael announced, really, the idea was we had some fantastic businesses in the U.S. **(RBC Capital Markets and RBC Wealth Management)** that just didn't talk to each other enough. We can collaborate more, and what we'll get in return for it is clients will just get an overall better experience.

At the same event, RBC Chief Executive Dave McKay said it planned to start originating jumbo mortgages with the intent to sell them. That would open the opportunity to cross-sell to the bank's wealth management clients and increase fee-based income. When might the bank's expanded mortgage business be up and running?

The mortgage business isn't new to us. The priorities you're thinking about is, "How can we collaborate with those other businesses in the U.S. that RBC has?" We want to have a product that we can now sell across each of our platforms, and it's going to be sort of a market-leading product. It's a this-year product. I'm not going to commit to you which quarter it is this year yet. We continue to invest in it, and I'm excited to launch it relatively soon.

In 2025, City National "refined its business mix," per an RBC annual report. What areas is the bank leaning into or pulling back from?

City National has a deep history. It has a real deep roots in real estate, entertainment. We also have real deep roots in some specialty lines of business. City National has developed a fund finance business or lend-

ing, lending to alternate investment asset managers that just competes with the top players in our peer group and some of the trillionaire banks.

If you think about business mix, I would say most of our peers have a sizable middle-market, and commercial-and-industrial shop. I would say we were underweighted in that business, and we know that the largest population of client opportunities is in middle-market lending. That's where we want to continue to change the mix by increasing our growth rate in commercial-and-industrial lending — think manufacturing, distribution, business services. Think industries that are related to servicing the Port of Los Angeles, the Port of Long Beach, aerospace industries in Los Angeles, and healthcare in Los Angeles and Northern California.

We're not slowing down in our commercial real estate business or entertainment lending at all, or our CRE hospitality groups.

City National recently announced a multi-year partnership with the LA Galaxy professional soccer club, expanding its presence in the sports sector. How does that deal fit into your broader commercial and wealth strategy?

The ecosystem around sports entertainment is a super important business, we think, in the U.S. The entertainment business, they've always had a sports segment coverage team. What's changed is we hired Anthony Di Santi (in May 2025), and Anthony has years and years of experience with all of the major leagues, major stadiums.

We were in the business already. We had built relationships with certain teams, with certain leagues, with certain business advisors and business managers. Now we're expanding it into all the major leagues and into the college and college sports arena. Now, with the NIL dollars going to student athletes, there's really a new ecosystem that's being created on top of the existing college sports opportunity.

What is City National's forecast for loan and deposit growth in 2026? The bank's gross loans and leases grew 7.5% from the

2024 to 2025 fiscal years, and deposits grew 1.8% in a competitive deposits market.

We ended last year in a really strong position with respect to liquidity and capital. That allows us to think through all of these, all of these priorities we discussed today, because we're strong. I can start changing my mix. I can start hiring talent. I could backfill in L.A. to hire talent. I could hire more talent in the Southeast.

We want to meet our peers' growth levels. Most of our peers think about growing at the rate of the increase of our gross domestic product output, plus a few percentage points. We want to consistently do that year in, year out, and then ultimately take advantage of opportunities to grow in territories like the Southeast, where we can grow at a faster clip because we start from nothing.

What might be some obstacles to reaching those growth goals?

They're more external versus internal. I definitely can't control conversations coming out of the administration with respect to tariffs. We still have some tariff uncertainty, you know, that will impact us to some degree, but we've also lived with it for a year now.

I feel like my clients are starting to understand how to react in that environment. Now we're dealing a little bit with sort of federal funding shortfalls. Think education: Middle-market businesses will interact with governments, education sectors, municipalities, in manufacturing, distribution and services space.

We have this stubborn inflation right now. It feels like right when we're breaking the inflation in some parts of our economy, it rears its head in other parts of the economy. I still think, directionally, it's better than it was last year, for sure.

And we'll see AI disruptions. It's here. It's helping our clients. Our clients are adapting to this change. The unknown is just to the extent of who it will disrupt next. You've seen the stock market punish some software companies recently. We talk about it, sometimes weekly, on where we need to be with artificial intelligence and how it will impact our clients and our vendors.