

City National Says No to Layoffs

Assurances: City National CEO Kelly Coffey told employees the bank won't lay off employees due to the coronavirus outbreak.



RINGO H.W. CHIU/LABJ

BANKING: Bank also plans \$2 million donation

By **JAMES B. CUTCHIN** Staff Reporter

Downtown-based **City National Bank** has joined a host of global financial institutions in promising to avoid layoffs in the face of the coronavirus crisis.

The bank's chief executive, **Kelly Coffey**, announced the decision in a March 30 email to staff. City National employs more than 5,200 people nationwide, nearly 70% of who are located in Los Angeles County.

Coffey said the announcement was made to head off employee concerns amid widespread uncertainty wrought by the coronavirus.

"I know they are dealing with so many things they have anxiety about," she said. "I didn't want them to have another thing to worry about on top of that. In the absence of saying something, people worry."

The bank has also pledged \$2 million to help address coronavirus-related humanitarian, health care and financial issues — a majority of which of which will go to local organizations such as

Cedars-Sinai Medical Center and Neighborhood Housing Services of Los Angeles County. It's the largest single donation in City National's 66-year history.

The moves mirror those made by major banks worldwide in recent weeks. Executives at **Bank of America Corp.**, **Morgan Stanley** and **Citigroup Inc.** have all said they will not lay off workers as a result of the outbreak.

Bank of America, which employs more than 7,500 workers in L.A. County, has also pledged more than \$2.8 million to local nonprofits as part of a global \$100 million community relief program.

Even banks with major job cut programs underway, such as **HSBC Holdings** and **Deutsche Bank**, have paused downsizing for the time being.

For City National and some other banks, solid balance sheets in the run up to the crisis have made these moves possible. City National's deposits, loans and total assets all grew by roughly 20% last year, according to the bank.

"Banks as a sector of our economy have been relatively unharmed at this point," said **David Smith**, a labor economist at **Pepperdine University**. "I think there is an element of public benefit and goodwill at play ... but it is easier for them to do this than for other industries right now."

City National Bank

FOUNDED: 1954

HEADQUARTERS: Downtown

CEO: Kelly Coffey

BUSINESS: Banking services

EMPLOYEES: 5,200

ASSETS UNDER MANAGEMENT: \$56.6 billion

NOTABLE: City National is the largest bank headquartered in Los Angeles.

Rodney Ramcharan, a professor of business economics at USC, said the moves also make good business sense. Building up a "reserve of goodwill" could help banks make a better case for government assistance in the event of a protracted downturn, he said.

"The banks are completely rational in thinking that, if this crisis continues, they will need government help," Ramcharan added.

That rationale may be truer for some banks than others. City National says it actually did well during the 2008 financial crisis, compared to many broader-based retail banks. It deposits grew 50% between June 2008 and June 2010, according to the bank.