CITY NATIONAL BANK
The way up.®

T. Richard Shier | Executive Vice President

May 31, 2011

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW.,
Washington, DC 20429

Re: Request For Comment
"Adjustment Guidelines"
76 Federal Register 21256 – 21265

Dear Ladies and Gentlemen:

City National Bank ("CNB") appreciates the opportunity to provide the Federal Deposit Insurance Corporation (the "FDIC") with comments regarding the FDIC's proposed guidelines to determine how adjustments could be made to the total scores used in calculating the deposit insurance assessment rates of large and highly complex insured institutions.

CNB is the largest bank headquartered in Los Angeles, California, with assets in excess of $22 billion and more than 3,200 employees in more than 75 offices in California, Nevada, New York and Tennessee. CNB is one of the country's premier business and private banks.

CNB generally supports the FDIC's new assessment guidelines. The new FDIC assessment rate methodology adopted April 1, 2011 is a vast improvement over the previous methodology. We also expressly support and endorse the positions taken in the comment letter submitted by the Mid-Size Bank Coalition of America dated May 31, 2011. We do agree that there should be flexibility for the FDIC to adjust risk scores based upon risks not adequately or fully captured in the scorecard.

In our case, part of our private banking business involves offering our wealthy clients an array of mortgage products. These mortgage products are often used by our clients in their overall tax planning strategies. As such, it is not uncommon for our clients to use shorter-term interest-only ("IO") mortgages. These mortgages are each underwritten using the same strict guidelines as our amortizing mortgages. Because we apply these strict standards it has been our experience that the performance of our IO portfolio is no different than the performance of our amortizing portfolio. In fact our entire mortgage portfolio has performed extraordinarily well during the current recession especially when compared to other banks as statistically supported by the Federal Reserve's Statistical Release.

CITY NATIONAL BANK
The way up.®

Unfortunately for CNB's scorecard, using the FDIC's new assessment guidelines, our IO mortgage portfolio has worsened our risk profile and has added approximately 1.28 basis points to our assessment rate. In CNB's case, our IO mortgage portfolio does not add any additional risk to our safety and soundness, or additional risk to the FDIC insurance fund. In fact our IO mortgage portfolio is one of our most safe and predictable assets on our balance sheet. To demonstrate our point attached is a chart of CNB's recent historical data clearly showing the exceptional stability of our portfolio and, for comparison, attached is the Federal Reserve's Statistical Release on charge-off and delinquency rates at commercial banks covering the same period and earlier. While our chart does not go back as far as that of the Federal Reserve our earlier statistics are consistent with our recent experience or better.

We believe that by entitling institutions such as ours to make written requests for adjustments using additional qualitative risk mitigation information respecting our scorecard as proposed, the FDIC will be better able to ensure fairness and consistency in deposit insurance pricing.

With regard to the specific Requests for Comment noted, we respond as follows:

1. Whether the proposed guidelines are appropriate and sufficient to ensure fairness and consistency in deposit insurance pricing?

Comment: For the reasons stated above, we believe they are.

2. Are there additional guidelines that should govern the analytical process to ensure fairness and consistency in deposit insurance pricing?

Comment: We urge the FDIC to use the historical loss or risk data associated with each institution. Using our exceptionally safe and predictable IO portfolio experience as an example, they should represent less risk as profiled in the new assessment calculation.

Again, we thank the FDIC for this opportunity to comment and should you have any questions, please do not hesitate to contact the undersigned.

Very truly,

T. Richard Shier

T. Richard Shier
Executive Vice President

Attachment: as

City National Bank Residential Mortgage Portfolio
Interest Only Compared With Total Portfolio

	2009	2010	Q1 2011
Total Residential Mortgage Portfolio			
30-59 Days Past Due	0.23%	0.23%	0.20%
60 or More Days Past Due	0.47%	0.41%	0.29%
Net Chargeoff %	0.07%	0.09%	0.02%
Balance (period end, in thousands)	3,533,453	3,552,312	3,603,058
Median FICO (period end)	764	763	763
Average LTV (period end)	49%	49%	49%
(current outstanding/original appraisal)			
Interest Only Residential Mortgage Portfolio			
30-59 Days Past Due (average)	0.19%	0.34%	0.23%
60 or More Days Past Due (average)	0.37%	0.45%	0.18%
Net Chargeoff %	0.03%	0.09%	0.00%
Balance (period end, in thousands)	945,070	975,408	996,494
Median FICO (period end)	758	760	761
Average LTV (period end)	53%	55%	56%
(current outstanding/original appraisal)			

Federal Reserve Statistical Release

Charge-Off and Delinquency Rates on Loans and Leases at Commercial Banks

Charge-off and Delinquency Rates

Charge-off and delinquency rates: Main index

Delinquency Rates

All Banks, SA

	Real estate loans				Consumer loans			Leases	C&I loans	Agricultural loans	Total loans and leases
	All	Booked in domestic offices			All	Credit cards	Other				
		Residential [1]	Commercial [2]	Farmland							
2010:4	9.01	9.94	7.97	3.61	3.71	4.17	3.10	1.58	3.01	2.55	6.32
2010:3	9.77	10.90	8.69	3.77	4.03	4.60	3.39	1.78	3.28	3.48	6.92
2010:2	10.02	11.32	8.74	3.54	4.25	5.07	3.37	2.00	3.68	3.31	7.27
2010:1	9.78	10.97	8.66	3.41	4.63	5.76	3.48	2.18	3.98	2.91	7.29
2009:4	9.48	10.29	8.74	3.43	4.64	6.36	3.48	2.26	4.29	3.08	7.24
2009:3	9.00	9.67	8.57	3.01	4.72	6.51	3.61	2.49	4.33	2.65	6.95
2009:2	8.19	8.69	7.84	2.68	4.85	6.75	3.69	2.35	3.77	2.14	6.41
2009:1	7.19	7.89	6.55	2.47	4.62	6.50	3.52	2.13	3.19	1.77	5.65
2008:4	5.99	6.57	5.49	2.29	4.29	5.65	3.37	1.85	2.57	1.38	4.72
2008:3	4.88	5.26	4.66	1.68	3.73	4.80	3.05	1.58	1.75	1.22	3.72
2008:2	4.21	4.39	4.15	1.62	3.55	4.89	2.80	1.52	1.76	1.10	3.34
2008:1	3.56	3.70	3.50	1.46	3.48	4.76	2.76	1.38	1.45	1.09	2.87
2007:4	2.89	3.06	2.75	1.52	3.41	4.60	2.66	1.35	1.31	1.12	2.47
2007:3	2.40	2.78	1.98	1.44	3.20	4.41	2.48	1.17	1.20	1.17	2.14
2007:2	2.01	2.30	1.63	1.55	2.99	4.02	2.37	1.04	1.18	1.35	1.87
2007:1	1.77	2.03	1.43	1.48	2.93	3.97	2.29	1.21	1.20	1.18	1.74
2006:4	1.70	1.94	1.32	1.41	2.94	3.96	2.27	1.29	1.15	1.18	1.69

2006:3	1.49	1.76	1.13	1.43	2.96	4.13	2.28	1.32	1.25	1.09	1.58
2006:2	1.38	1.62	1.02	1.45	2.92	4.13	2.17	1.15	1.29	1.06	1.52
2006:1	1.36	1.60	1.02	1.53	2.78	3.86	2.11	1.25	1.40	1.12	1.51
2005:4	1.40	1.63	1.03	1.47	2.69	3.54	2.11	1.21	1.44	1.15	1.54
2005:3	1.39	1.58	1.07	1.54	2.79	3.90	2.14	1.22	1.47	1.24	1.56
2005:2	1.37	1.55	1.05	1.62	2.86	3.66	2.33	1.31	1.50	1.32	1.57
2005:1	1.34	1.43	1.12	1.70	2.93	3.70	2.38	1.35	1.63	1.42	1.60
2004:4	1.30	1.39	1.10	1.73	3.02	4.03	2.33	1.34	1.82	1.46	1.64
2004:3	1.44	1.59	1.19	1.83	3.05	4.07	2.47	1.37	2.02	1.57	1.74
2004:2	1.49	1.60	1.26	1.89	3.12	4.15	2.53	1.39	2.30	1.71	1.86
2004:1	1.53	1.65	1.25	2.06	3.14	4.20	2.52	1.27	2.57	1.90	1.96
2003:4	1.66	1.78	1.40	2.27	3.27	4.43	2.61	1.65	2.85	2.20	2.15
2003:3	1.67	1.73	1.48	2.47	3.09	4.24	2.60	1.86	3.27	2.57	2.22
2003:2	1.80	1.82	1.61	2.61	3.33	4.53	2.70	2.04	3.57	2.62	2.42
2003:1	1.91	1.98	1.67	2.65	3.42	4.67	2.79	2.09	3.64	2.57	2.54
2002:4	1.86	1.97	1.61	2.71	3.44	4.85	2.70	2.11	3.88	2.50	2.57
2002:3	1.98	2.11	1.69	2.66	3.48	4.89	2.79	2.20	3.88	2.55	2.69
2002:2	2.04	2.15	1.76	2.62	3.52	4.79	2.83	2.26	3.93	2.51	2.75
2002:1	2.10	2.24	1.78	2.71	3.61	4.94	2.87	2.38	3.68	2.49	2.75
2001:4	2.15	2.23	1.93	2.83	3.64	4.69	3.07	2.37	3.49	2.61	2.74
2001:3	2.17	2.24	1.92	2.80	3.71	5.00	3.09	2.24	3.25	2.80	2.71
2001:2	2.17	2.40	1.72	2.74	3.68	4.95	2.97	1.99	2.94	2.57	2.55
2001:1	2.05	2.30	1.60	2.63	3.63	4.80	2.97	1.85	2.65	2.54	2.42
2000:4	1.98	2.28	1.52	2.25	3.63	4.56	3.05	1.79	2.45	2.60	2.33
2000:3	1.89	2.13	1.48	2.18	3.56	4.53	2.98	1.63	2.26	2.47	2.19
2000:2	1.82	2.00	1.44	2.22	3.53	4.51	2.94	1.68	2.16	2.47	2.13
2000:1	1.84	2.00	1.51	2.15	3.48	4.39	2.92	1.30	2.02	2.57	2.06
1999:4	1.80	1.97	1.46	2.03	3.50	4.50	2.94	1.30	1.92	2.67	2.04
1999:3	1.99	2.21	1.57	2.38	3.55	4.54	3.02	1.32	1.97	2.87	2.19
1999:2	1.95	1.92	1.83	2.34	3.62	4.47	3.16	1.30	1.89	3.17	2.14
1999:1	1.99	1.95	1.88	2.46	3.78	4.64	3.24	1.20	1.85	3.13	2.16
1998:4	2.10	2.07	2.01	2.63	3.71	4.70	3.13	1.08	1.77	2.88	2.18

1998:3	2.14	2.17	1.97	2.41	3.74	4.70	3.15	1.04	1.67	2.76	2.17
1998:2	2.16	2.17	2.04	2.32	3.76	4.74	3.14	0.99	1.61	2.68	2.17
1998:1	2.23	2.22	2.14	2.41	3.74	4.74	3.08	1.07	1.68	2.65	2.22
1997:4	2.28	2.26	2.23	2.35	3.74	4.78	3.07	1.13	1.59	2.55	2.23
1997:3	2.30	2.28	2.27	2.36	3.69	4.68	3.04	1.08	1.61	2.58	2.22
1997:2	2.38	2.33	2.39	2.46	3.75	4.72	3.10	1.12	1.69	2.60	2.28
1997:1	2.49	2.37	2.63	2.44	3.74	4.68	3.10	1.03	1.77	2.77	2.35
1996:4	2.58	2.34	2.86	2.67	3.68	4.59	3.06	0.95	1.81	3.13	2.37
1996:3	2.64	2.29	3.09	2.66	3.61	4.46	3.04	1.00	1.88	2.97	2.41
1996:2	2.71	2.31	3.20	2.73	3.48	4.26	2.95	1.30	1.91	3.10	2.44
1996:1	2.73	2.25	3.35	2.65	3.33	4.03	2.87	1.02	1.91	2.89	2.40
1995:4	2.76	2.24	3.43	2.51	3.29	3.93	2.86	0.98	1.93	2.63	2.45
1995:3	2.91	2.22	3.85	2.54	3.18	3.84	2.76	0.81	1.93	2.49	2.48
1995:2	2.98	2.16	4.10	2.44	2.99	3.69	2.53	0.68	1.97	2.49	2.48
1995:1	3.08	2.13	4.35	2.39	2.86	3.46	2.50	0.69	1.98	2.45	2.51
1994:4	3.03	2.10	4.33	2.38	2.73	3.27	2.38	0.82	2.05	2.45	2.49
1994:3	3.32	2.19	4.86	2.38	2.70	3.24	2.38	0.86	2.08	2.39	2.63
1994:2	3.67	2.31	5.47	2.45	2.75	3.27	2.43	1.00	2.25	2.43	2.84
1994:1	4.01	2.49	6.11	2.72	2.86	3.59	2.46	1.05	2.61	2.60	3.14
1993:4	4.25	2.45	6.73	2.95	2.97	3.90	2.44	1.12	2.88	2.70	3.35
1993:3	4.81	2.70	7.55	3.17	3.19	4.07	2.70	1.33	3.42	2.83	3.83
1993:2	5.20	2.74	8.30	3.38	3.37	4.45	2.78	1.53	3.83	2.99	4.18
1993:1	5.50	2.84	8.85	3.43	3.47	4.59	2.89	1.67	4.21	3.28	4.48
1992:4	5.88	2.89	9.75	3.59	3.54	4.69	2.93	2.00	4.56	3.41	4.81
1992:3	6.35	3.02	10.36	3.67	3.69	4.97	3.01	2.09	5.04	3.68	5.18
1992:2	6.62	3.16	10.54	3.89	3.82	5.08	3.14	2.12	5.28	3.62	5.39
1992:1	6.78	3.27	10.99	4.04	3.95	5.26	3.25	2.09	5.53	3.62	5.51
1991:4	7.09	3.36	11.48	4.19	4.08	5.30	3.46	2.20	5.80	3.73	5.79
1991:3	7.28	3.36	11.57	4.27	4.14	5.34	3.50	2.40	5.99	3.48	5.96
1991:2	7.47	3.31	11.89	4.13	4.19	5.45	3.51	2.55	6.18	3.61	6.16
1991:1	7.42	3.24	12.06	4.09	4.11	5.24	3.56	2.64	6.08	3.55	6.10
1990:4	7.12	n.a.	n.a.	n.a.	4.07	n.a.	n.a.	2.30	6.04	3.63	5.95

1990:3	6.15	n.a.	n.a.	n.a.	3.87	n.a.	n.a.	2.04	5.25	3.70	5.34
1990:2	5.73	n.a.	n.a.	n.a.	3.68	n.a.	n.a.	1.77	5.15	3.81	5.05
1990:1	5.42	n.a.	n.a.	n.a.	3.66	n.a.	n.a.	1.78	4.96	4.16	4.99
1989:4	5.15	n.a.	n.a.	n.a.	3.65	n.a.	n.a.	1.86	4.94	4.22	4.90
1989:3	5.01	n.a.	n.a.	n.a.	3.65	n.a.	n.a.	1.75	4.99	4.40	5.02
1989:2	4.82	n.a.	n.a.	n.a.	3.60	n.a.	n.a.	1.69	4.98	4.71	4.95
1989:1	4.82	n.a.	n.a.	n.a.	3.51	n.a.	n.a.	1.55	5.04	4.76	4.88
1988:4	4.44	n.a.	n.a.	n.a.	3.38	n.a.	n.a.	1.40	4.77	5.22	4.62
1988:3	4.80	n.a.	n.a.	n.a.	3.33	n.a.	n.a.	1.51	5.16	5.67	5.02
1988:2	4.89	n.a.	n.a.	n.a.	3.36	n.a.	n.a.	1.61	5.22	5.83	4.98
1988:1	4.91	n.a.	n.a.	n.a.	3.38	n.a.	n.a.	1.67	5.60	6.30	5.07
1987:4	4.89	n.a.	n.a.	n.a.	3.41	n.a.	n.a.	1.77	5.95	7.41	5.25
1987:3	4.77	n.a.	n.a.	n.a.	3.41	n.a.	n.a.	1.97	6.10	7.65	5.25
1987:2	4.83	n.a.	n.a.	n.a.	3.41	n.a.	n.a.	2.10	6.41	8.38	5.38
1987:1	5.02	n.a.	n.a.	n.a.	3.47	n.a.	n.a.	2.31	6.37	9.08	5.52
1986:4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.66
1986:3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.75
1986:2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.74
1986:1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.86
1985:4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.77
1985:3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.91
1985:2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.92
1985:1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.61

1. Residential real estate loans include loans secured by one- to four-family properties, including home equity lines of credit. Return to table

2. Commercial real estate loans include construction and land development loans, loans secured by multifamily residences, and loans secured by nonfarm, nonresidential real estate. Return to table