

**City National Corporation (NYSE: CYN; Los Angeles, CA) has agreed to merge with Royal Bank of Canada (TSX: RY, NYSE: RY; Toronto, ON)**

**Deal Value: Approximately \$5.4 billion**

Sandler O'Neill served as financial advisor and provided a fairness opinion to City National Corporation in this transaction. This transaction represents Sandler O'Neill's 61<sup>st</sup> bank or thrift transaction nationwide since January 1, 2014. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions, and in a greater aggregate value of bank and thrift transactions than any other investment bank during that time period.<sup>1</sup> This transaction will be the largest U.S. brick & mortar bank or thrift deal announced since 2008.

LOS ANGELES, Jan. 22, 2015 -- City National Corporation (NYSE:CYN) and Royal Bank of Canada (TSX:RY) (NYSE:RY) today announced a definitive agreement by which Royal Bank of Canada will acquire all outstanding shares of City National Corp. Total consideration is valued at approximately \$5.4 billion at announcement, or approximately \$93.80 per City National share, comprised of a mix of cash and common stock, based on RBC's closing stock price on January 21, 2015. The agreement has been approved by the boards of both companies. In the United States, RBC already has a top-10 investment bank and the 8th largest wealth management firm. RBC has 8,000 employees in the U.S., including more than 3,000 in New York.

"We're very enthused about merging with RBC," said City National Chairman and CEO Russell Goldsmith. "This combination is a compelling opportunity. It will deliver significant value to City National shareholders along with the opportunity to participate in the growth of RBC. It will promote both continuity and growth, enabling our outstanding team of colleagues to maintain and even strengthen City National's value proposition. It also will enhance what we can do for our clients and the communities we serve. My colleagues and I look forward to joining forces with this company that has tremendous financial strength, considerable resources and capabilities, and values that are very similar to those of City National."

RBC President and CEO Dave McKay said: "In line with RBC's strategic goals, we believe this combination creates a powerful expansion platform for focused long-term growth in the country which we view as our second home market. City National serves high-net-worth and commercial client segments in select high-growth markets, and represents a unique opportunity to complement and enhance our existing U.S. businesses and product offering."

Following completion of this transaction, Goldsmith will remain Chairman and CEO of City National, and he also will be responsible for RBC's U.S. Wealth Management unit. Goldsmith has served as City National's CEO since 1995, during which time the company's assets have grown from \$3.1 billion to \$32.0 billion.

RBC will pay, on average, approximately \$47.25 in cash and 0.7489 of an RBC common share for each share of City National common stock. City National stockholders will be entitled to elect to receive the merger consideration in RBC common shares or cash, subject to certain adjustments and limitations. The aggregate consideration will be paid with approximately \$2.7 billion in cash and approximately 44 million RBC common shares. This represents approximately a 50 percent cash and 50 percent share mix as of announcement. The total number of RBC common shares to be issued and the amount of cash to be paid in the transaction are both fixed.

The transaction is expected to be accretive to RBC's earnings per share (before amortization of intangibles) in the latter part of year three and accretive to earnings in year two. Closing is expected before the end of calendar 2015 subject to customary closing conditions, including receipt of required regulatory approvals and the approval of City National's stockholders.

**Financial Highlights**

(\$ in USD billions) <sup>2</sup>	CYN	RY
Total Assets	\$32.0	\$834.3
Gross Loans	19.9	387.8
Total Deposits	28.0	544.7
Total Equity	2.9	48.3
TCE/TA	6.25%	4.00%

1) Source: SNL Financial. Excludes terminated transactions and self-advisory roles  
 2) RY financial data converted at the CAD to USD spot exchange rate as of 10/31/14  
 Note: Financial data as of September 30, 2014 for CYN – as of October 31, 2014 for RY

**Pro Forma U.S. Branch Map**



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