



# City National Bank's Community Reinvestment Act Rating



## Rating lowered for 2019–2021 exam period

May 02, 2024

**LOS ANGELES** — City National Bank has shared the results of its most recent Community Reinvestment Act (CRA) performance evaluation, which covers the years 2019 to 2021. The Office of the Comptroller of the Currency (OCC) downgraded the bank's final rating to "Needs to Improve."

Since 1977, the CRA has encouraged banks to meet the credit needs of low- and moderate-income (LMI) communities and populations. The exam assesses bank practices such as mortgage lending, small business lending, community development lending and investments, bank services to communities, and colleague community involvement. For the overall rating and three performance tests, banks are assigned one of four ratings: Outstanding, Satisfactory, Needs to Improve or Substantial Noncompliance. This is the first time since 1994, when exam results began being publicly disclosed, that City National's final rating has fallen below "Satisfactory." A copy of the OCC's entire report can be found in City National's CRA public file, which is available [here](#). The bank will be publishing quarterly updates to this public file regarding its efforts to improve.

On the individual performance tests, City National was rated as “Needs to Improve” on the lending test (which is weighted the most heavily in the exam results), “Needs to Improve” on the service test, and “Outstanding” on the investment test. The OCC indicated in the evaluation report that the U.S. Department of Justice’s allegations of redlining by City National in Los Angeles County for the period of 2017 to 2020 were the primary contributing factor to the bank’s “Needs to Improve” rating on its lending test and overall evaluation. The bank’s CRA-related activity would have qualified as Satisfactory on the lending test otherwise.

City National received an “Outstanding” rating on the investment test in all the assessment areas across the bank’s footprint, reflecting an “excellent level of investments and donations” in the communities the bank serves. The OCC indicated that City National “displayed excellent responsiveness to community needs” in most of the assessment areas. The “Needs to Improve” rating on the service test reflects an assessment that the bank’s branch distribution and accessibility to services are insufficient in LMI geographies.

“Our CRA rating is an important benchmark to ensure we are meeting the needs of underserved groups in our communities, and City National Bank is committed to addressing the OCC’s concerns,” said Howard Hammond, CEO of City National. “We will continue working with our regulators on these efforts to support economic growth, sustainable homeownership and neighborhood stability in all the communities we serve.”

Despite the overall rating, the OCC cited positive examples of City National’s CRA-related activities and community development services and loans during the exam period, such as the bank’s leadership in providing community development services in its home state of California as well as in Georgia, and its leadership in providing community development loans in California, Tennessee, Nevada, and Washington D.C.

“City National is dedicated to ensuring that all consumers have an equal opportunity to apply for and obtain credit, and we have been actively developing new programs that reinforce this commitment,” Hammond added. “We look forward to building on our 70-year legacy and showing our communities that City National is here to support them when it matters most.”

These new programs include the growing Community Lending team City National launched in 2022 to broaden its mortgage lending in historically underserved, majority-Black and -Hispanic communities. The team includes nearly 30 colleagues in Southern California, New York and New Jersey who are focused on community partnerships, education, and new programs like the bank’s [Ladder Up Home Loan Grant](#). The grant provides up to \$20,000 that eligible clients can use toward their down payment, to save on closing costs, or to buy down their interest rate.

Later this year, City National plans to open a new branch in a majority-Black or -Hispanic census tract within the Los Angeles metro area and to launch a small-business lending program to assist underserved business owners in operating and growing their businesses.

City National has also broadened its inclusive marketing efforts to reach more borrowers and better serve its communities. The bank spent \$1.3 million in its 2023 fiscal year on diverse and community product advertising to specifically target more diverse populations with its brand message and information about programs like Ladder Up and its support of small businesses; it is projected to spend more than three times that amount on these efforts (\$4.2 million) in its 2024 fiscal year.

These initiatives build on the bank's strong history of corporate philanthropy and commitment to its communities. In its 2023 fiscal year alone, City National made more than \$11 million in charitable contributions to 501(c)(3) nonprofit organizations, and colleagues spent more than 27,000 hours volunteering.

City National remains focused on supporting its communities through its CRA program. In the two years since the exam period (2022 and 2023 calendar years), the bank made community development loans and investments totaling \$2.4 billion, of which \$467 million exclusively supported affordable rental housing, impacting hundreds of units. The bank also awarded \$10.8 million in grants to community development financial institutions (CDFIs) and community organizations. Earlier this year, City National [made a \\$10 million deposit](#) in OneUnited Bank, the only Black-owned bank in California and the largest Black-owned bank in the nation. With the investment, OneUnited and City National are launching a comprehensive program aimed at bolstering economic development in historically underserved Black and Brown communities in Southern California. The effort will include targeted loan initiatives to promote affordable housing and small business development, financial education programs, and support for technology-driven enterprises.

In February, City National [announced Adey Tesfaye](#) as the new head of its CRA department, leading the team responsible for community outreach and developing strategies to increase residential, community development and small business loan originations and investments that target LMI populations and areas. Tesfaye brings more than 25 years of CRA experience, most recently at Sterling Bank & Trust. Her team is dedicated to helping City National make a significant impact through its community development initiatives with a focus on addressing the wealth gap and creating opportunities for individuals, families, and small businesses in all the communities the bank serves.

## Media Contacts & Inquiries

Corporate Communications

[media@cnb.com](mailto:media@cnb.com)

## Explore More

City National Names Rick Bechtel as Head of Mortgage & Residential Lending

May 07, 2024

City National Joins with OneUnited Bank, Committing a \$10 Million Deposit to Empower Communities of Color in Southern California

February 29, 2024

City National Names Adey Tesfaye as Head of Community Reinvestment Act (CRA) Department

February 26, 2024

City National Vice Chairman of Entertainment Banking to Retire

January 09, 2024

City National Announces New CEO

November 10, 2023

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