Deal of the Week: Royal Bank of Canada to Buy City National for $5.4B

Announcement Date	• January 22, 2015
Acquirer	• Royal Bank of Canada (NYSE: RY)
Acquirer Description	• Operates as a diversified financial service company worldwide • Founded in 1864 and headquartered in Toronto, Canada
Acquirer Financial Statistics	• Mkt Cap: $97.4 billion • LTM Revenue: $27.6 billion
Target Company	• City National Corporation (NYSE: CYN)
Target Description	• Operates as the bank holding company for City National Bank that provides banking, investment, and trust services • Founded in 1953 and headquartered in Los Angeles, California
Target Financial Statistics	• Mkt Cap: $4.9 billion • LTM Revenue: $1.3 billion
Price / Consideration	• Price: $5.4 billion • Consideration: Cash and stock
Acquirer Advisor	• RBC Capital Markets and JPMorgan Chase
Target Advisor	• Bank of America Merrill Lynch and Sandler O'Neill
Rationale	• "City National's private banking and wealth management capabilities will enable us to offer a broader product suite to the 340,000 U.S. households served by our U.S. wealth management unit," David I. McKay, the chief executive of Royal Bank of Canada, said in a statement • Wealth management has been a driver of growth at Royal Bank of Canada. Earnings from the wealth management business rose 22% last year from 2013
Deal Points	• The Canadian bank is offering 0.7489 of a common share and $47.25 in cash for every share of City National, or a total of $93.80 a share, 26% above City National's closing stock price on Wednesday
Of Note	• This is the Royal Bank of Canada's largest acquisition to date • City National is known as "Hollywood's banker," because of its clients in the entertainment industry; an article in Barron's in 2013 noted that Frank Sinatra was close friends with the bank's first chief executive, Al Hart • RBC plans to combine its United States wealth management business with City National and will be led by the chief executive of City National, Russell Goldsmith • The deal is expected to close in the fourth quarter of this year