



CVB Financial Corp. Reports Record Earnings for the Second Quarter of 2013

July 17, 2013

- **Net earnings were \$24.5 million for the second quarter of 2013, or \$0.23 per diluted share. This represents the highest quarterly earnings in company history.**
- **Improved credit quality resulted in a \$6.2 million reduction of the allowance for loan losses. The allowance for loan losses was \$85.5 million, or 2.70% of total non-covered loans at quarter-end.**
- **Noninterest bearing deposits totaled \$2.52 billion, or 52.13% of total deposits.**

ONTARIO, Calif.--(BUSINESS WIRE)-- CVB Financial Corp. (NASDAQ:CVBF) and its subsidiary, Citizens Business Bank ("the Company"), announced record earnings for the second quarter of 2013.

CVB Financial Corp. reported net income of \$24.5 million for the second quarter of 2013, compared with net income of \$23.6 million for the second quarter of 2012. Diluted earnings per share were \$0.23 for the second quarter of 2013 and 2012. Net income for the second quarter of 2013 included a \$6.2 million recapture of loan loss provision and a net pre-tax gain of \$2.5 million on the sale of other real estate owned property ("OREO").

During the second quarter of 2013, the Company elected to redeem \$20.6 million in junior subordinated debentures bearing interest at the time of redemption at 3.15%, or 2.85% above the 90-day LIBOR. Year-to-date redemptions of CVB Statutory Trust II preferred securities totaled \$41.2 million. These repayments were made to reduce future funding costs. It is estimated that annualized net savings will be \$1.2 million for the \$41.2 million in total trust preferred redemptions.

As a result of improved credit quality of the loan portfolio and better economic conditions, the allowance for loan losses was reduced by \$6.2 million for the second quarter of 2013. This compares with zero provision for loan losses for the previous eight fiscal quarters.

Chris Myers, President and CEO, commented: "We achieved the highest net earnings in company history for the second quarter of 2013. Improved credit quality and low cost funding continued to bolster our bottom line results. As we look forward, we remain focused on quality loan growth, as we believe this will be a key earnings driver for the future."

Net income for the second quarter of 2013 produced a return on beginning equity of 12.77%, a return on average equity of 12.58%, and a return on average assets of 1.56%. The efficiency ratio for the second quarter of 2013 was 46.85%, compared to 50.21% for the first quarter of 2013.

Net income was \$46.1 million for the six months ended June 30, 2013. This represented an increase of \$194,000, or 0.42%, when compared with net income of \$45.9 million for the same period of 2012. Diluted earnings per share were \$0.44 for the six months ended June 30, 2013 and 2012. Net income for the six months ended June 30, 2013 produced a return on beginning equity of 12.18%, a return on average equity of 11.95% and a return on average assets of 1.47%.

Interest income and fees on loans for the second quarter of 2013 totaled \$45.0 million, which included \$3.5 million of discount accretion from accelerated principal reductions, payoffs and improved credit loss experienced on covered loans acquired from San Joaquin Bank ("SJB"). This represents a \$1 million decrease when compared to interest income and fees on loans of \$46.0 million for the first quarter of 2013, which included \$4.4 million of discount accretion from accelerated principal reductions, payoffs and improved credit loss experienced on acquired loans. Interest income and fees on loans of \$55.2 million decreased \$10.2 million, or 18.55%, from the year ago second quarter which included \$7.5 million of discount accretion from accelerated principal reductions, payoffs and improved credit loss experienced on acquired loans.

Noninterest income was \$7.7 million for the second quarter of 2013, compared with \$6.7 million for the first quarter of 2013 and \$2.3 million for the second quarter of 2012. Noninterest income for the second quarter of 2013 increased primarily due to a \$2.5 million net pre-tax gain on the sale of one OREO property. The first quarter of 2013 reflected a \$2.1 million net pre-tax gain on the sale of investment securities. Also contributing to the quarter-over-quarter increase in noninterest income was a \$3.4 million net decrease in the FDIC loss sharing asset, compared to a \$4.0 million net decrease for the first quarter of 2013.

Noninterest expense for the second quarter of 2013 was \$28.2 million, a decrease of \$2.6 million over the first quarter of 2013 and a decrease of \$701,000 over the second quarter of 2012. The quarter-over-quarter decrease was partially attributable to a \$1.0 million accrual for potential interest and penalties associated with previous years' federal and state income tax returns recorded in the first quarter of 2013. Due to the improved credit quality in our loan portfolio, we also experienced reductions of \$1.2 million in OREO costs, legal expenses, and loan related expenses. The remaining decrease of \$400,000 is attributed to salaries and employee benefits, office equipment, maintenance and supplies.

Net Interest Income and Net Interest Margin

Net interest income, before the provision for loan losses, totaled \$52.6 million for the second quarter of 2013, compared to \$54.6 million for the first quarter of 2013. Excluding the impact of the yield adjustment on covered loans, our net interest margin (tax equivalent) was 3.46% for the second quarter of 2013, compared to 3.54% for the first quarter of 2013, and 3.77% for the second quarter of 2012. Total average earning asset yields (excluding discount) decreased to 3.73% for the second quarter of 2013, from 3.83% for the first quarter of 2013 and 4.23% for the second quarter of 2012. Total cost of funds decreased to 0.29% for the second quarter of 2013, from 0.31% for the first quarter of 2013, and 0.50% for the second quarter of 2012.

Income Taxes

Our effective tax rate for the three and six months ended June 30, 2013 was 36.0% and 33.0%, respectively, compared to 29.2% for the first quarter of 2013. Our estimated annual effective tax rate varies depending upon tax-advantaged income as well as available tax credits. We benefited from \$1.4 million of enterprise zone tax credits reflected during the first quarter of 2013.

Assets

The Company reported total assets of \$6.43 billion at June 30, 2013. This represented an increase of \$62.2 million, or 0.98%, from total assets of \$6.36 billion at December 31, 2012. Earning assets of \$6.06 billion at June 30, 2013 increased \$26.6 million, or 0.44%, when compared with \$6.04 billion at December 31, 2012. The increase in earning assets during the first half of 2013 was primarily due to a \$159.8 million increase in interest-earning balances due from the Federal Reserve, offset principally by a \$103.9 million decrease in loans and a \$17.9 million decrease in investment securities.

Investment Securities

Investment securities totaled \$2.43 billion at June 30, 2013, down from \$2.45 billion at December 31, 2012. As of June 30, 2013, we had a net pre-tax unrealized gain of \$6.9 million on our overall securities portfolio.

MBS totaled \$1.46 billion at June 30, 2013, compared to \$1.46 billion at 2012 year-end. Virtually all of our mortgage-backed securities are issued by Freddie Mac or Fannie Mae, which have the implied guarantee of the U.S. Government. We have one private-label mortgage-backed security that has impairment. This Alt-A bond, with a book value of \$1.9 million as of June 30, 2013, has had \$1.8 million in net other-than-temporary ("OTTI") impairment loss to date since it was purchased in early 2008. No additional OTTI impairment was recorded for the first half of 2013.

Our municipal securities, totaling \$602.3 million, are located within 27 states, and approximately \$25.6 million, or 4.3%, are located within the state of California. Our largest concentrations of holdings are in New Jersey at 14.3%, Michigan at 12.5% and Illinois at 10.5%. All municipal bond securities are performing.

During the second quarter of 2013, we purchased \$233.6 million in MBS with an average yield of 1.99%. Our new purchases of MBS have an average duration of approximately four years. We also purchased \$443,000 in municipal securities with an average tax-equivalent yield of 4.31%.

Loans

Total loans and leases, net of deferred fees and discount, of \$3.34 billion at June 30, 2013, decreased by \$24.6 million, or 0.73%, from \$3.37 billion at March 31, 2013. Quarter-over-quarter, non-covered loans and covered loans decreased by \$19.7 million and \$4.9 million, respectively. The \$19.7 million decrease in non-covered loans was principally due to decreases of \$28.2 million in dairy and livestock, \$9.3 million in construction, and \$7.8 million in commercial and industrial, partially offset by increases of \$18.1 million in single family residential and \$12.5 million in commercial real estate loans.

Deposits & Customer Repurchase Agreements

Deposits of \$4.83 billion and customer repurchase agreements of \$491.6 million totaled \$5.32 billion at June 30, 2013. This represents an increase of \$76.7 million, or 1.46%, when compared with total deposits and customer repurchase agreements of \$5.25 billion at December 31, 2012 and represents an increase of \$157.5 million, or 3.05%, when compared with total deposits and customer repurchase agreements of \$5.17 billion at June 30, 2012.

Noninterest-bearing deposits were \$2.52 billion at June 30, 2013, an increase of \$97.9 million, or 4.04%, compared to \$2.42 billion at December 31, 2012. At June 30, 2013, noninterest-bearing deposits were 52.13% of total deposits, compared to 50.71% at December 31, 2012.

Our average cost of total deposits was 0.10% for the three months ended June 30, 2013, compared to 0.13% for the same period last year. Our cost of total deposits including customer repurchase agreements was 0.12% for the three months ended June 30, 2013, compared to 0.15% for the same period last year.

FHLB Advances, Other Borrowings and Debentures

We had \$199.1 million in FHLB advances at June 30, 2013, compared to \$198.9 million at December 31, 2012.

At June 30, 2013, we had zero overnight borrowings, compared to \$26.0 million at December 31, 2012.

At June 30, 2013, we had \$25.8 million of junior subordinated debentures, compared to \$67.0 million at December 31, 2012. On January 7, 2013, we redeemed \$20.6 million, or 50%, of the outstanding capital and common securities issued by the Company's trust subsidiary, CVB Statutory Trust II. On April 7, 2013, we redeemed the remaining \$20.6 million of the outstanding capital and common securities issued by CVB Statutory Trust II.

We took these actions to reduce funding costs.

Asset Quality

We have separated the discussion of asset quality into two sections: non-covered loans and covered loans. The non-covered loans represent the legacy Citizens Business Bank loans and exclude all loans acquired in the SJB acquisition. The SJB loans are "covered" loans as defined in the loss sharing agreement with the FDIC. These loans were marked to fair value at the acquisition date.

Citizens Business Bank Asset Quality (Non-covered loans)

The allowance for loan losses decreased to \$85.5 million at June 30, 2013, compared to \$92.2 million at March 31, 2013 and \$92.4 million at December 31, 2012. The decrease for the second quarter was due to a \$6.2 million reduction in the allowance for loan losses and \$561,000 in net charge-offs. The allowance for loan losses was 2.70%, 2.89%, 2.84%, 2.85%, and 2.89% of total non-covered loans and leases outstanding at June 30, 2013, March 31, 2013, December 31, 2012, September 30, 2012, and June 30, 2012, respectively. Improved credit quality resulted in a \$6.2 million

recapture of loan loss provision reflected in the operating results for the second quarter of 2013. For the past eight consecutive quarters, we have had zero provision for loan losses.

Nonperforming loans, defined as nonaccrual loans and nonperforming troubled debt restructured loans ("TDR"), were \$53.4 million at June 30, 2013, or 1.68% of total loans. This compares to nonperforming loans of \$55.1 million, or 1.73% of total loans, at March 31, 2013 and \$58.0 million, or 1.78% of total loans at December 31, 2012. The \$53.4 million in nonperforming loans at June 30, 2013 are summarized as follows: \$18.6 in commercial real estate, \$11.4 million in residential mortgages, \$10.5 million in commercial construction, \$7.7 million in dairy and livestock loans, \$5.0 million in commercial and industrial, and \$157,000 in other loans. The \$1.8 million decrease in nonperforming loans quarter-over-quarter was principally due to a \$1.7 million decrease in nonperforming dairy and livestock loans and a \$1.4 million decrease in nonperforming commercial real estate loans, partially offset by a \$1.6 million increase in non-performing commercial and industrial loans.

At June 30, 2013, we had \$6.5 million in OREO, a decrease of \$8.3 million from \$14.8 million at December 31, 2012. As of June 30, 2013, we had two OREO properties, compared to seven OREO properties at December 31, 2012. During the first half of 2013, we sold five properties with a carrying value of \$7.8 million, realizing a net gain on sale of \$2.7 million. There were no additions to OREO during the first half of 2013.

At June 30, 2013, we had loans delinquent 30 to 89 days of \$1.6 million. This compares to \$4.7 million at March 31, 2013 and \$887,000 at December 31, 2012. As a percentage of total loans, delinquencies, excluding nonaccruals, were 0.05% at June 30, 2013, 0.15% at March 31, 2013 and 0.03% at December 31, 2012. All loans delinquent 90 days or more were categorized as nonperforming.

At June 30, 2013, we had \$61.6 million in performing TDR loans, compared to \$57.6 million in performing TDR loans at March 31, 2013 and \$50.4 million in performing TDR loans at December 31, 2012. In terms of number of loans, we had 40 performing TDR loans at June 30, 2013, compared to 44 performing TDR loans at March 31, 2013 and 34 performing TDR loans at December 31, 2012.

Nonperforming assets, defined as non-covered nonaccrual loans and other real estate owned, totaled \$59.9 million at June 30, 2013, \$68.5 million at March 31, 2013, and \$72.8 million at December 31, 2012.

Classified loans are loans that are graded "substandard" or worse. At June 30, 2013, classified loans totaled \$304.4 million, compared to \$319.5 million at March 31, 2013 and \$314.0 million at December 31, 2012. The \$15.1 million period-over-period reduction in classified loans was primarily due to decreases of \$8.4 million in our classified commercial real estate portfolio and \$5.6 million in our classified dairy & livestock portfolio.

San Joaquin Bank Asset Quality (Covered loans)

At June 30, 2013, we had \$191.4 million of gross loans from SJB with a carrying value of \$173.8 million, compared to \$199.6 million of gross loans at March 31, 2013 with a carrying value of \$178.7 million at March 31, 2013. We had \$220.5 million of gross loans from SJB with a carrying value of \$195.2 million at December 31, 2012. Of the gross loans, we had \$23.0 million in nonperforming loans as of June 30, 2013 or 12.02%, compared to \$27.9 million in nonperforming loans as of December 31, 2012, or 12.67%. We had three properties in OREO totaling \$961,000, compared to two properties totaling \$857,000 at March 31, 2013 and three properties totaling \$1.1 million at December 31, 2012. For the six months ended June 30, 2013, there were three additions to OREO totaling \$1.5 million. During the first half of 2013, we sold three OREO properties with a carrying value of \$1.5 million, realizing a net gain of \$376,000. 80% of these net gains are shared with the FDIC.

CitizensTrust

CitizensTrust has approximately \$2.24 billion in assets under management and administration, including \$1.69 billion in assets under management, as of June 30, 2013. Revenues were \$2.1 million for the second quarter of 2013 and \$4.1 million for the first six months of 2013, compared to \$2.0 million and \$4.2 million for the same periods in 2012. CitizensTrust provides trust, investment and brokerage related services, as well as financial, estate and business succession planning.

Corporate Overview

CVB Financial Corp. is the holding company for Citizens Business Bank. The Bank is the largest financial institution headquartered in the Inland Empire region of Southern California with assets of \$6.4 billion. Citizens Business Bank serves 41 cities with 40 Business Financial Centers, five Commercial Banking Centers and three trust office locations serving the Inland Empire, Los Angeles County, Orange County and the Central Valley areas of California.

Shares of CVB Financial Corp. common stock are listed on the NASDAQ under the ticker symbol of CVBF. For investor information on CVB Financial Corp., visit our Citizens Business Bank website at www.cbbank.com and click on the Our Investors tab.

Conference Call

Management will hold a conference call at 7:30 a.m. Pacific time/10:30 a.m. Eastern time on Thursday, July 18, 2013 to discuss the Company's second quarter 2013 financial results.

To listen to the conference call, please dial (888) 317-6016. A taped replay will be made available approximately one hour after the conclusion of the call and will remain available through August 2, 2013 at 6:00 a.m. Pacific time/9:00 a.m. Eastern time. To access the replay, please dial (877) 344-7529, passcode 10030219.

The conference call will also be simultaneously webcast over the Internet. Please visit the Company's website at www.cbbank.com and click on the Our Investors tab to access the call from the site. Please access the website 15 minutes prior to the call to download any necessary audio software. This webcast will be recorded and available for replay on the Company's website approximately two hours after the conclusion of the conference call, and will be available on the website for approximately twelve months.

Disclosure

This press release contains certain non-GAAP financial disclosures for tangible common equity, earnings before income taxes, which we refer to as "pre-tax earnings," and net interest income and net interest margin adjusted for discount accretion on covered loans. The Company uses certain non-GAAP financial measures to provide meaningful supplemental information regarding the Company's operational performance and to enhance

investors' overall understanding of such financial performance. Please refer to the tables at the end of this release for a presentation of performance ratios in accordance with GAAP and a reconciliation of the non-GAAP financial measures to the GAAP financial measures.

Safe Harbor

Certain matters set forth herein (including the exhibits hereto) constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including forward-looking statements relating to the Company's current business plan and expectations regarding future operating results. These forward-looking statements are subject to risks and uncertainties that could cause actual results, performance or achievements to differ materially from those projected. These risks and uncertainties include, but are not limited to, local, regional, national and international economic conditions and events and the impact they may have on us and our customers; ability to attract deposits and other sources of liquidity; supply and demand for real property inventory and periodic deterioration in values of California real estate, both residential and commercial; a prolonged slowdown or decline in construction activity; changes in the financial performance and/or condition of our borrowers; changes in the level of non-performing assets and charge-offs; the cost or effect of acquisitions we may make; the effect of changes in laws and regulations (including laws, regulations and judicial decisions concerning financial reform, taxes, banking capital levels, securities, employment, executive compensation, insurance, and information security) with which we and our subsidiaries must comply; changes in estimates of future reserve requirements and minimum capital requirements based upon the periodic review thereof under relevant regulatory and accounting requirements, including changes in the Basel Committee framework establishing capital standards for credit, operations and market risk; inflation, interest rate, securities market and monetary fluctuations; changes in government interest rate policies; changes in the amount and availability of deposit insurance; cyber-security threats including loss of system functionality or theft or loss of data; political instability; acts of war or terrorism, or natural disasters, such as earthquakes, or the effects of pandemic flu; the timely development and acceptance of new banking products and services and perceived overall value of these products and services by users; changes in consumer spending, borrowing and savings habits; technological changes and the expanding use of mobile banking applications; the ability to retain and increase market share, retain and grow customers and control expenses; changes in the competitive environment among financial and bank holding companies and other financial service providers; continued volatility in the credit and equity markets and its effect on the general economy; fluctuations in the price of the Company's stock; the effect of changes in accounting policies and practices, as may be adopted from time-to-time by the regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board and other accounting standard setters; changes in our organization, management, compensation and benefit plans, and our ability to retain or expand our management team and/or our board of directors; the costs and effects of legal and regulatory developments, including the resolution of legal proceedings or regulatory or other governmental inquiries or investigations and the results of regulatory examinations or reviews; our success at managing the risks involved in the foregoing items and other factors set forth in the Company's public reports including its Annual Report on Form 10-K for the year ended December 31, 2012, and particularly the discussion of risk factors within that document. The Company does not undertake, and specifically disclaims any obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of such statements except as required by law.

CVB FINANCIAL CORP. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

(Unaudited)

(Dollars in thousands)

| | June 30, 2013 | December 31, 2012 | June 30, 2012 |
|--|--------------------|----------------------|--------------------|
| Assets | | | |
| Cash and due from banks | \$ 111,292 | \$ 87,274 | \$ 105,199 |
| Interest-earning balances due from Federal Reserve | 170,976 | 11,157 | 371,496 |
| Total cash and cash equivalents | 282,268 | 98,431 | 476,695 |
| Interest-earning balances due from depository institutions | 70,000 | 70,000 | 60,000 |
| Investment securities available-for-sale | 2,431,581 | 2,449,387 | 2,259,531 |
| Investment securities held-to-maturity | 1,909 | 2,050 | 2,191 |
| Investment in stock of Federal Home Loan Bank (FHLB) | 45,216 | 56,651 | 65,814 |
| Non-covered loans held-for-sale | - | - | 2,880 |
| Loans and lease finance receivables, excluding covered loans | 3,169,815 | 3,252,313 | 3,174,908 |
| Allowance for loan losses | (85,457) | (92,441) | (91,892) |
| Net loans and lease finance receivables | 3,084,358 | 3,159,872 | 3,083,016 |
| Covered loans and lease finance receivables, net | 173,843 | 195,215 | 210,147 |
| Premises and equipment, net | 34,211 | 35,080 | 36,462 |
| Intangibles | 2,514 | 3,389 | 4,279 |
| Goodwill | 55,097 | 55,097 | 55,097 |
| Bank owned life insurance | 122,055 | 119,744 | 117,610 |
| FDIC loss sharing asset | 10,647 | 18,489 | 40,897 |
| Other assets | 111,857 | 99,959 | 109,344 |
| TOTAL ASSETS | \$6,425,556 | \$ 6,363,364 | \$6,523,963 |

Liabilities and Stockholders' Equity

Liabilities:**Deposits:**

| | | | |
|-------------------------------------|------------------|------------------|------------------|
| Noninterest-bearing demand deposits | \$2,518,886 | \$ 2,420,993 | \$2,252,280 |
| Investment checking | 287,954 | 323,159 | 306,102 |
| Savings and money market demand | 1,322,122 | 1,315,668 | 1,378,296 |
| Time deposits | 703,360 | 714,167 | 762,172 |
| Total deposits | 4,832,322 | 4,773,987 | 4,698,850 |

| | | | |
|----------------------------------|------------------|------------------|------------------|
| Customer repurchase agreements | 491,641 | 473,244 | 467,636 |
| FHLB advances | 199,070 | 198,934 | 448,798 |
| Other borrowings | - | 26,000 | - |
| Junior subordinated debentures | 25,774 | 67,012 | 87,631 |
| Payable for securities purchased | 67,483 | - | 2,335 |
| Other liabilities | 57,192 | 61,217 | 70,460 |
| Total liabilities | 5,673,482 | 5,600,394 | 5,775,710 |

Stockholders' Equity:

| | | | |
|--|--------------------|---------------------|--------------------|
| Stockholders' equity | 748,057 | 719,719 | 704,669 |
| Accumulated other comprehensive income, net of tax | 4,017 | 43,251 | 43,584 |
| Total stockholders' equity | 752,074 | 762,970 | 748,253 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$6,425,556 | \$ 6,363,364 | \$6,523,963 |

CVB FINANCIAL CORP. AND SUBSIDIARIES
CONSOLIDATED AVERAGE BALANCE SHEETS
(Unaudited)

(Dollars in thousands)

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|--------------------|--------------------|--------------------|
| | June 30, | | June 30, | |
| | 2013 | 2012 | 2013 | 2012 |
| Assets: | | | | |
| Cash and due from banks | \$ 102,576 | \$ 100,737 | \$ 102,200 | \$ 119,513 |
| Interest-earning balances due from Federal Reserve | 136,912 | 256,610 | 79,875 | 240,478 |
| Total cash and cash equivalents | 239,488 | 357,347 | 182,075 | 359,991 |
| Interest-earning balances due from depository institutions | 70,000 | 60,000 | 70,000 | 60,000 |
| Investment securities available-for-sale | 2,320,714 | 2,302,378 | 2,368,244 | 2,296,849 |
| Investment securities held-to-maturity | 1,916 | 2,199 | 1,946 | 2,246 |
| Investment in stock of Federal Home Loan Bank (FHLB) | 48,321 | 67,499 | 52,306 | 69,846 |
| Non-covered loans held-for-sale | - | 1,819 | 37 | 1,869 |
| Covered loans held-for-sale | - | 3,680 | - | 4,603 |
| Loans and lease finance receivables, excluding covered loans | 3,155,010 | 3,188,798 | 3,176,095 | 3,184,264 |
| Allowance for loan losses | (91,812) | (92,463) | (92,034) | (93,124) |
| Net loans and lease finance receivables | 3,063,198 | 3,096,335 | 3,084,061 | 3,091,140 |
| Covered loans and lease finance receivables, net | 173,284 | 226,045 | 176,791 | 236,320 |
| Premises and equipment, net | 34,675 | 35,668 | 34,949 | 35,877 |
| Intangibles | 2,713 | 4,417 | 2,931 | 4,743 |
| Goodwill | 55,097 | 55,097 | 55,097 | 55,097 |
| Bank owned life insurance | 120,756 | 117,211 | 120,376 | 116,819 |
| FDIC loss sharing asset | 13,334 | 50,078 | 15,348 | 54,194 |
| Other assets | 137,942 | 134,010 | 144,710 | 146,984 |
| TOTAL ASSETS | \$6,281,438 | \$6,513,783 | \$6,308,871 | \$6,536,578 |
| Liabilities and Stockholders' Equity | | | | |
| Liabilities: | | | | |
| Deposits: | | | | |
| Noninterest-bearing demand deposits | \$2,399,930 | \$2,163,984 | \$2,361,498 | \$2,121,777 |
| Interest-bearing | 2,302,646 | 2,502,572 | 2,324,069 | 2,535,005 |

| | | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| Total deposits | 4,702,576 | 4,666,556 | 4,685,567 | 4,656,782 |
| Customer repurchase agreements | 510,718 | 485,694 | 522,291 | 512,442 |
| FHLB advances | 199,045 | 448,772 | 199,011 | 448,738 |
| Other borrowings | 2,572 | 34 | 14,546 | 17 |
| Junior subordinated debentures | 26,680 | 104,625 | 36,780 | 106,624 |
| Payable for securities purchased | 5,118 | 4,748 | 9,924 | 16,372 |
| Other liabilities | 54,588 | 57,230 | 63,425 | 57,684 |
| Total liabilities | 5,501,297 | 5,767,659 | 5,531,544 | 5,798,659 |
| Stockholders' equity: | | | | |
| Stockholders' equity | 745,918 | 704,674 | 738,659 | 696,460 |
| Accumulated other comprehensive income, net of tax | 34,223 | 41,450 | 38,668 | 41,459 |
| Total stockholders' equity | 780,141 | 746,124 | 777,327 | 737,919 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$6,281,438 | \$6,513,783 | \$6,308,871 | \$6,536,578 |

CVB FINANCIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited)

(Dollars in thousands, except per share amounts)

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|-----------|------------------|-----------|
| | June 30, | | June 30, | |
| | 2013 | 2012 | 2013 | 2012 |
| Interest income: | | | | |
| Loans and leases, including fees | \$ 41,519 | \$ 47,698 | \$ 83,173 | \$ 93,730 |
| Accretion on acquired loans | 3,456 | 7,521 | 7,849 | 12,213 |
| Total loans and leases, including fees | 44,975 | 55,219 | 91,022 | 105,943 |
| Investment securities: | | | | |
| Taxable | 5,431 | 8,786 | 12,178 | 17,956 |
| Tax-advantaged | 5,511 | 5,785 | 11,052 | 11,581 |
| Total investment income | 10,942 | 14,571 | 23,230 | 29,537 |
| Dividends from FHLB stock | 467 | 94 | 810 | 184 |
| Federal funds sold & interest-earning CDs | 209 | 295 | 344 | 580 |
| Total interest income | 56,593 | 70,179 | 115,406 | 136,244 |
| Interest expense: | | | | |
| Deposits | 1,158 | 1,554 | 2,399 | 3,207 |
| Borrowings and junior subordinated debentures | 2,840 | 5,665 | 5,823 | 11,475 |
| Total interest expense | 3,998 | 7,219 | 8,222 | 14,682 |
| Net interest income before provision for loan losses | 52,595 | 62,960 | 107,184 | 121,562 |
| Provision for loan losses | (6,200) | - | (6,200) | - |
| Net interest income after provision for loan losses | 58,795 | 62,960 | 113,384 | 121,562 |
| Noninterest income: | | | | |
| Service charges on deposit accounts | 4,145 | 4,068 | 7,971 | 8,192 |
| Trust and investment services | 2,072 | 2,042 | 4,077 | 4,227 |
| Gain on sale of investment securities, net | - | - | 2,094 | - |
| Decrease in FDIC loss sharing asset, net | (3,444) | (9,336) | (7,467) | (12,280) |
| Gain on OREO | 2,568 | 752 | 3,132 | 934 |
| Other | 2,354 | 4,766 | 4,633 | 6,475 |
| Total noninterest income | 7,695 | 2,292 | 14,440 | 7,548 |
| Noninterest expense: | | | | |
| Salaries and employee benefits | 17,088 | 16,646 | 34,388 | 33,367 |
| Occupancy and equipment | 3,565 | 3,624 | 7,247 | 7,572 |
| Professional services | 1,387 | 1,702 | 2,983 | 3,693 |
| Amortization of intangible assets | 437 | 452 | 875 | 1,268 |
| OREO expense | 33 | 323 | 363 | 1,053 |
| Other | 5,738 | 6,202 | 13,190 | 12,208 |
| Total noninterest expense | 28,248 | 28,949 | 59,046 | 59,161 |
| Earnings before income taxes | 38,242 | 36,303 | 68,778 | 69,949 |

| | | | | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| Income taxes | 13,776 | 12,684 | 22,697 | 24,062 |
| Net earnings | <u>\$ 24,466</u> | <u>\$ 23,619</u> | <u>\$ 46,081</u> | <u>\$ 45,887</u> |
| Basic earnings per common share | <u>\$ 0.23</u> | <u>\$ 0.23</u> | <u>\$ 0.44</u> | <u>\$ 0.44</u> |
| Diluted earnings per common share | <u>\$ 0.23</u> | <u>\$ 0.23</u> | <u>\$ 0.44</u> | <u>\$ 0.44</u> |
| Dividends declared per common share | <u>\$ 0.10</u> | <u>\$ 0.085</u> | <u>\$ 0.185</u> | <u>\$ 0.17</u> |

CVB FINANCIAL CORP. AND SUBSIDIARIES
SELECTED FINANCIAL HIGHLIGHTS
(Unaudited)

(Dollars in thousands, except per share amounts)

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|------------------|-------------------|-------------------|
| | June 30, | | June 30, | |
| | 2013 | 2012 | 2013 | 2012 |
| Interest income - (Tax-Effectuated) (te) | \$ 58,618 | \$ 72,339 | \$ 119,463 | \$ 140,577 |
| Interest expense | 3,998 | 7,219 | 8,222 | 14,682 |
| Net Interest income - (te) | <u>\$ 54,620</u> | <u>\$ 65,120</u> | <u>\$ 111,241</u> | <u>\$ 125,895</u> |
| Return on average assets, annualized | 1.56% | 1.46% | 1.47% | 1.41% |
| Return on average equity, annualized | 12.58% | 12.73% | 11.95% | 12.51% |
| Efficiency ratio [1] | 46.85% | 44.36% | 48.55% | 45.82% |
| Noninterest expense to average assets, annualized | 1.80% | 1.79% | 1.89% | 1.82% |
| Yield on average earning assets (te) | 3.98% | 4.76% | 4.07% | 4.64% |
| Yield on average earning assets (te) excluding discount | 3.73% | 4.23% | 3.78% | 4.20% |
| Cost of deposits | 0.10% | 0.13% | 0.10% | 0.14% |
| Cost of deposits and customer repurchase agreements | 0.12% | 0.15% | 0.12% | 0.16% |
| Cost of funds | 0.29% | 0.50% | 0.30% | 0.51% |
| Net interest margin (te) | 3.71% | 4.29% | 3.78% | 4.16% |
| Net interest margin (te) excluding discount | 3.46% | 3.77% | 3.50% | 3.73% |

[1] Noninterest expense divided by net interest income before provision for loan losses plus noninterest income.

| | | | | |
|-------------------------------------|-------------|-------------|-------------|-------------|
| Weighted average shares outstanding | | | | |
| Basic | 104,641,187 | 104,378,406 | 104,602,540 | 104,340,782 |
| Diluted | 104,914,417 | 104,617,660 | 104,859,716 | 104,562,280 |
| Dividends declared | \$ 10,502 | \$ 8,913 | \$ 19,414 | \$ 17,816 |
| Dividend payout ratio [2] | 42.92% | 37.74% | 42.13% | 38.83% |

[2] Dividends declared on common stock divided by net earnings.

| | | |
|----------------------------------|-------------|-------------|
| Number of shares outstanding-EOP | 104,977,966 | 104,807,879 |
| Book value per share | \$ 7.16 | \$ 7.14 |
| Tangible book value per share | \$ 6.62 | \$ 6.57 |

| | June 30, | |
|--|------------------|------------------|
| | 2013 | 2012 |
| (Non-covered loans) | | |
| Nonperforming assets: | | |
| Nonaccrual loans | \$ 26,854 | \$ 30,112 |
| Loans past due 90 days or more and still accruing interest | - | - |
| Troubled debt restructured loans (nonperforming) | 26,497 | 31,753 |
| Other real estate owned (OREO), net | 6,524 | 10,394 |
| Total nonperforming assets | <u>\$ 59,875</u> | <u>\$ 72,259</u> |
| Troubled debt restructured performing loans | <u>\$ 61,566</u> | <u>\$ 45,243</u> |

| | | |
|--|-------|-------|
| Percentage of nonperforming assets to total loans outstanding and OREO | 1.89% | 2.27% |
|--|-------|-------|

| | | |
|--|------------------|------------------|
| Percentage of nonperforming assets to total assets | 0.93% | 1.11% |
| Allowance for loan losses to nonperforming assets | 142.73% | 127.17% |
| Net charge-offs to average loans | 0.02% | 0.06% |
| Allowance for loan losses: | | |
| Beginning balance | \$ 92,441 | \$ 93,964 |
| Total loans charged-off | (1,315) | (3,958) |
| Total recoveries on loans previously charged-off | 531 | 1,886 |
| Net loans charged-off | (784) | (2,072) |
| (Recapture of) provision for loan losses | (6,200) | - |
| Allowance for loan losses at end of period | <u>\$ 85,457</u> | <u>\$ 91,892</u> |

CVB FINANCIAL CORP. AND SUBSIDIARIES
SELECTED FINANCIAL HIGHLIGHTS
(Unaudited)

(Dollars in thousands, except per share amounts)

Quarterly Common Stock Price

| Quarter End | 2013 | | 2012 | | 2011 | |
|---------------|---------|----------|----------|----------|----------|---------|
| | High | Low | High | Low | High | Low |
| March 31, | \$12.30 | \$ 10.42 | \$ 11.97 | \$ 9.99 | \$ 9.32 | \$ 7.83 |
| June 30, | \$11.99 | \$ 10.29 | \$ 11.92 | \$ 10.16 | \$ 9.94 | \$ 8.18 |
| September 30, | | | \$ 12.95 | \$ 11.35 | \$ 10.00 | \$ 7.41 |
| December 31, | | | \$ 12.17 | \$ 9.43 | \$ 10.27 | \$ 7.28 |

Quarterly Consolidated Statements of Earnings

| | 2Q | 1Q | 4Q | 3Q | 2Q |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2013 | 2013 | 2012 | 2012 | 2012 |
| Interest income | | | | | |
| Loans, including fees | \$44,975 | \$46,047 | \$47,206 | \$52,604 | \$55,219 |
| Investment securities and other | 11,618 | 12,766 | 12,927 | 13,241 | 14,960 |
| Total interest income | 56,593 | 58,813 | 60,133 | 65,845 | 70,179 |
| Interest expense | | | | | |
| Deposits | 1,158 | 1,241 | 1,306 | 1,398 | 1,554 |
| Other borrowings | 2,840 | 2,983 | 3,183 | 4,703 | 5,665 |
| Total interest expense | 3,998 | 4,224 | 4,489 | 6,101 | 7,219 |
| Net interest income before provision for loan losses | 52,595 | 54,589 | 55,644 | 59,744 | 62,960 |
| Provision for loan losses | (6,200) | - | - | - | - |
| Net interest income after provision for loan losses | 58,795 | 54,589 | 55,644 | 59,744 | 62,960 |
| Noninterest income | 7,695 | 6,745 | 5,729 | 2,626 | 2,292 |
| Noninterest expense | 28,248 | 30,798 | 28,979 | 29,641 | 28,949 |
| Debt termination | - | - | - | 20,379 | - |
| Earnings before income taxes | 38,242 | 30,536 | 32,394 | 12,350 | 36,303 |
| Income taxes | 13,776 | 8,921 | 10,258 | 3,093 | 12,684 |
| Net earnings | \$24,466 | \$21,615 | \$22,136 | \$ 9,257 | \$23,619 |
| Basic earning per common share | \$ 0.23 | \$ 0.21 | \$ 0.21 | \$ 0.09 | \$ 0.23 |
| Diluted earnings per common share | \$ 0.23 | \$ 0.21 | \$ 0.21 | \$ 0.09 | \$ 0.23 |
| Dividends declared per common share | \$ 0.100 | \$ 0.085 | \$ 0.085 | \$ 0.085 | \$ 0.085 |
| Dividends declared | \$10,502 | \$ 8,912 | \$ 8,917 | \$ 8,909 | \$ 8,913 |

SELECTED FINANCIAL HIGHLIGHTS
(Unaudited)

(Dollars in thousands)

Loan Portfolio by Type

| | <u>6/30/2013</u> | <u>3/31/2013</u> | <u>12/31/2012</u> | <u>9/30/2012</u> | <u>6/30/2012</u> |
|-------------------------------------|--------------------|--------------------|---------------------|--------------------|--------------------|
| Commercial and industrial | \$ 549,776 | \$ 558,255 | \$ 573,571 | \$ 554,000 | \$ 546,730 |
| Real Estate: | | | | | |
| Commercial real estate | 2,163,034 | 2,156,267 | 2,169,535 | 2,206,339 | 2,166,776 |
| Construction | 47,372 | 56,764 | 61,300 | 72,485 | 74,760 |
| SFR mortgage | 180,438 | 163,343 | 160,703 | 159,730 | 161,524 |
| Dairy & livestock and agribusiness | 264,663 | 289,742 | 342,311 | 300,630 | 296,847 |
| Municipal lease finance receivables | 105,246 | 109,727 | 105,767 | 109,005 | 109,816 |
| Consumer and other loans | 58,811 | 62,505 | 66,610 | 67,450 | 70,811 |
| Gross loans | <u>3,369,340</u> | <u>3,396,603</u> | <u>3,479,797</u> | <u>3,469,639</u> | <u>3,427,264</u> |
| Less: | | | | | |
| Purchase accounting discount | (17,526) | (20,908) | (25,344) | (28,590) | (36,502) |
| Deferred loan fees, net | (8,156) | (7,487) | (6,925) | (6,337) | (5,707) |
| Allowance for loan losses | (85,457) | (92,218) | (92,441) | (92,067) | (91,892) |
| Net loans | <u>\$3,258,201</u> | <u>\$3,275,990</u> | <u>\$ 3,355,087</u> | <u>\$3,342,645</u> | <u>\$3,293,163</u> |
| Non-covered loans, net | \$3,084,358 | \$3,097,296 | \$ 3,159,872 | \$3,135,338 | \$3,083,016 |
| Covered loans, net | <u>173,843</u> | <u>178,694</u> | <u>195,215</u> | <u>207,307</u> | <u>210,147</u> |
| Net loans | <u>\$3,258,201</u> | <u>\$3,275,990</u> | <u>\$ 3,355,087</u> | <u>\$3,342,645</u> | <u>\$3,293,163</u> |

CVB FINANCIAL CORP. AND SUBSIDIARIES
SELECTED FINANCIAL HIGHLIGHTS

(Unaudited)

(Dollars in thousands)

Nonperforming Assets & Delinquency Trends
(Non-Covered Loans)

| | <u>June 30,</u> | <u>March 31,</u> | <u>December 31,</u> | <u>September 30,</u> | <u>June 30,</u> |
|------------------------------------|-----------------|------------------|---------------------|----------------------|-----------------|
| | <u>2013</u> | <u>2013</u> | <u>2012</u> | <u>2012</u> | <u>2012</u> |
| Non-Performing Loans | | | | | |
| Commercial and industrial | \$ 5,012 | \$ 3,387 | \$ 3,136 | \$ 3,896 | \$ 4,622 |
| Real estate: | | | | | |
| Commercial real estate | 18,610 | 19,964 | 21,039 | 21,354 | 23,084 |
| Construction - speculative | 10,494 | 10,620 | 10,663 | 17,708 | 17,904 |
| Construction - non speculative | - | - | - | - | - |
| SFR mortgage | 11,423 | 11,561 | 13,102 | 12,321 | 12,469 |
| Dairy & livestock and agribusiness | 7,655 | 9,371 | 9,842 | 10,345 | 3,394 |
| Consumer and other loans | 157 | 226 | 215 | 364 | 392 |
| Total | \$53,351 | \$55,129 | \$ 57,997 | \$ 65,988 | \$61,865 |
| % of Total gross loans | 1.68% | 1.73% | 1.78% | 2.04% | 1.95% |

Past Due 30-89 Days

| | | | | | |
|------------------------------------|--------|----------|--------|--------|--------|
| Commercial and industrial | \$ 373 | \$ 2,026 | \$ 690 | \$ 286 | \$ 176 |
| Real estate: | | | | | |
| Commercial real estate | 1,251 | 1,820 | - | 298 | 1,041 |
| Construction - speculative | - | - | - | - | - |
| Construction - non speculative | - | - | - | - | - |
| SFR mortgage | - | 824 | 107 | 650 | - |
| Dairy & livestock and agribusiness | - | - | - | 170 | - |
| Consumer and other loans | 8 | 63 | 90 | 285 | 36 |

| | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|
| Total | \$ 1,632 | \$ 4,733 | \$ 887 | \$ 1,689 | \$ 1,253 |
| % of Total gross loans | 0.05% | 0.15% | 0.03% | 0.05% | 0.04% |
| OREO | | | | | |
| Commercial and industrial | \$ - | \$ - | \$ - | \$ 203 | \$ 203 |
| Real estate: | | | | | |
| Commercial real estate | - | 828 | 2,319 | 3,153 | 2,407 |
| Construction - speculative | 6,524 | 12,513 | 12,513 | 7,117 | 7,117 |
| Construction - non speculative | - | - | - | - | - |
| SFR mortgage | - | - | - | - | 667 |
| Consumer and other loans | - | - | - | - | - |
| Total | \$ 6,524 | \$ 13,341 | \$ 14,832 | \$ 10,473 | \$ 10,394 |
| Total nonperforming, past due, and OREO | \$ 61,507 | \$ 73,203 | \$ 73,716 | \$ 78,150 | \$ 73,512 |
| % of Total gross loans | 1.94% | 2.30% | 2.27% | 2.42% | 2.32% |

Net Interest Income and Net Interest Margin Reconciliations (Non-GAAP)

We use certain non-GAAP financial measures to provide supplemental information regarding our performance. Net interest income for the three and six months ended June 30, 2013, and 2012 include a yield adjustment of \$3.5 million, and \$7.5 million, respectively. Net interest income for the six months ended June 30, 2013, and 2012 include a yield adjustment of \$7.8 million, and \$12.2 million, respectively. These yield adjustments relate to discount accretion on covered loans, and are reflected in the Company's net interest margin. We believe that presenting net interest income and the net interest margin excluding these yield adjustments provides additional clarity to the users of financial statements regarding core net interest income and net interest margin.

| (Dollars in thousands) | Three Months Ended June 30, | | | | | |
|---|-----------------------------|-----------|-------|-----------------|-----------|-------|
| | 2013 | | | 2012 | | |
| | Average Balance | Interest | Yield | Average Balance | Interest | Yield |
| Total interest-earning assets (TE) | \$ 5,906,157 | \$ 58,618 | 3.98% | \$ 6,109,028 | \$ 72,339 | 4.76% |
| Discount on acquired loans | 20,013 | (3,456) | | 41,951 | (7,521) | |
| Total interest-earning assets, excluding SJB loan discount and yield adjustment | \$ 5,926,170 | \$ 55,162 | 3.73% | \$ 6,150,979 | \$ 64,818 | 4.23% |
| Net interest income and net interest margin (TE) | | \$ 54,620 | 3.71% | | \$ 65,120 | 4.29% |
| Yield adjustment to interest income from discount accretion | | (3,456) | | | (7,521) | |
| Net interest income and net interest margin (TE), excluding yield adjustment | | \$ 51,164 | 3.46% | | \$ 57,599 | 3.77% |

| (Dollars in thousands) | Six Months Ended June 30, | | | | | |
|---|---------------------------|------------|-------|-----------------|------------|-------|
| | 2013 | | | 2012 | | |
| | Average Balance | Interest | Yield | Average Balance | Interest | Yield |
| Total interest-earning assets (TE) | \$ 5,925,294 | \$ 119,463 | 4.07% | \$ 6,096,475 | \$ 140,577 | 4.64% |
| Discount on acquired loans | 22,033 | (7,849) | | 46,053 | (12,213) | |
| Total interest-earning assets, excluding SJB loan discount and yield adjustment | \$ 5,947,327 | \$ 111,614 | 3.78% | \$ 6,142,528 | \$ 128,364 | 4.20% |
| Net interest income and net interest margin (TE) | | \$ 111,241 | 3.78% | | \$ 125,895 | 4.16% |
| Yield adjustment to interest income from discount accretion | | (7,849) | | | (12,213) | |
| Net interest income and net interest margin (TE), excluding yield adjustment | | \$ 103,392 | 3.50% | | \$ 113,682 | 3.73% |

Tangible book value reconciliations (Non-GAAP)

The tangible book value per share is a Non-GAAP disclosure. The Company uses certain non-GAAP financial measures to provide supplemental information regarding the Company's performance. The following is a reconciliation of tangible book value to the Company stockholders' equity computed in accordance with GAAP, as well as a calculation of tangible book value per share as of June 30, 2013.

| | June 30, 2013 | |
|--------------------------------------|------------------------|-------------|
| | (Dollars in thousands) | |
| Stockholders' equity | \$ | 752,074 |
| Less: Goodwill | | (55,097) |
| Less: Intangible assets | | (2,514) |
| Tangible book value | \$ | 694,463 |
| Common shares issued and outstanding | | 104,977,966 |
| Tangible book value per share | \$ | 6.62 |



CVB Financial Corp.
Christopher D. Myers
President and CEO
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Source: CVB Financial Corp.