



CVB Financial Corp.

# STATEMENT OF CONDITION

June 30, 2020

## CEO MESSAGE

The effects of the COVID-19 pandemic continue to broadly impact the financial services industry, including Citizens Business Bank, through the economic impacts of the stay at home orders, business closure orders, and the widespread effects of required social distancing and health and safety measures in California. We believe Citizens Business Bank remains well positioned to succeed with strong capital, consistent earnings, solid credit, and excellent liquidity. We have been a consistent and stable source of financial services for our customers and communities over a variety of economic cycles, and we will continue to focus on the key attributes that make Citizens Business Bank a high performer.

For the second quarter of 2020, CVB Financial Corp. reported net earnings of \$41.6 million, compared with \$38.0 million for the first quarter of 2020 and \$54.5 million for the second quarter of 2019. Our earnings for the second quarter of 2020 included recording an \$11.5 million provision for credit losses. The additional provision was primarily a result of our forecast for continued economic deterioration in the economy as a result of the pandemic. We reported total assets of \$13.75 billion at June 30, 2020. This represented an increase of \$2.14 billion, or 18.48%, from total assets of \$11.61 billion at March 31, 2020. Our Bank's asset and deposit growth was a result of the origination of approximately \$1.1 billion in Paycheck Protection Program loans and our customers maintaining greater liquidity.

Our Bank is committed to following all applicable regulations, directives, and guidance in an effort to keep our associates and customers safe and healthy during this period. We recently provided a special financial "Thank You Award" to our qualified associates for their ongoing efforts. I have been exceptionally proud of the hard work and commitment of our team since the pandemic began, and I'm happy to report that our Leadership Team and the Board of Directors enthusiastically supported this award program for our associates.

We continue to demonstrate our commitment to our customers and the communities we serve through various avenues and programs, and we believe this enhanced support is especially important in the face of the evident difficulties created by the COVID-19 pandemic. Our Bank originated approximately \$1.1 billion under the Small Business Administration's Paycheck Protection Program (PPP), with more than 4,000 PPP loans. To support lending to small and medium-sized businesses and nonprofits, Citizens Business Bank has registered as an eligible lender under the Federal Reserve's Main Street Lending Program. In the second quarter of 2020, we provided \$356,000 in donations to community benefit organizations. Through our partnership with the Hope through Housing Foundation, more than 80 associates volunteered to prepare 600 care bags for local residents.

Shares of CVB Financial Corp. common stock are listed on the NASDAQ under the ticker symbol "CVBF". If you are new to CVB Financial Corp. and would like more information about Citizens Business Bank, our principal financial services subsidiary, please visit us on our website, cbbank.com. Additional information about CVB Financial Corp. is available on the website under the "Investors" tab.

As in the case of all financial institutions in this environment, the pandemic continues to leave us and many of our customers with uncertainty as to what will transpire in the future. We hope that evolving national, state and local policies will continue to be supportive of the overall economy and the businesses that continue to be impacted. On behalf of our Board of Directors and all of our associates, we thank our customers and shareholders for their continued loyalty and support. Please stay safe and healthy and know that we will continue to work hard on your behalf.

Chief Executive Officer  
CVB Financial Corp., Citizens Business Bank

## BOARD OF DIRECTORS

Raymond V. O'Brien III Chairman	George A. Borba Vice Chairman
David A. Brager Chief Executive Officer	Kristina M. Leslie Director
Stephen A. Del Guercio Director	Hal W. Oswald Director
Anna Kan Director	Rodrigo Guerra, Jr. Director
Marshall V. Laitsch Director	

## LEADERSHIP TEAM

David A. Brager Chief Executive Officer	E. Allen Nicholson EVP, Chief Financial Officer
David C. Harvey EVP, Chief Operations Officer	David F. Farnsworth EVP, Chief Credit Officer
R. Daniel Banis EVP, CitizensTrust	Yamynn De Angelis EVP, Chief Risk Officer
Ted J. Dondanville EVP, Senior Lender	Hector G. Gutierrez, Esq. EVP, Deputy Chief Credit Officer
Susan M. Mlot EVP, Head of Operations	Timothy B. Noone EVP, Specialty Banking
Richard H. Wohl EVP, General Counsel	G. Larry Zivelonghi EVP, Dairy & Livestock Industries
Elsa I. Zavala EVP, Chief Information Security Officer	Gilbert W. Estrada SVP, Inland Empire Region
Jeffrey S. Boyer SVP, Los Angeles Region-North	Richard M. Favor SVP, Central Coast Region
Donald E. Evenson SVP, Chief Investment Officer	David R. Klatt SVP, Chief Information Officer
Deborah G. Gallagher SVP, SBA Group	Daniel Limon SVP, Real Estate Banking
Joyce Y. Kwon SVP, Director of Human Resources	Mark C. Richardson SVP, Real Estate Banking
Michael B. Mulcahy SVP, Los Angeles Region-Metro	Michael D. Stain SVP, Central Valley Region
LaVon M. Short SVP, Sales & Marketing	Robert E. Zeltner SVP, Orange County Region
David S. Stong SVP, San Diego Region	

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CONSECUTIVE QUARTERS  
OF CASH DIVIDENDS PAID

# 173

CONSECUTIVE QUARTERS  
OF PROFITABILITY

# \$41.6 million

NET INCOME  
as of 6.30.20

**#1 Best Bank**  
IN AMERICA  
*Forbes, 2020*

**Five-Star**  
SUPERIOR RATING  
*BauerFinancial, 2020*

**Super Premier**  
PERFORMING BANK  
*Findley Reports, 2019*

Financials ▶

CVB Financial Corp. ("CVBF") is the holding company for Citizens Business Bank. CVBF is one of the 10 largest bank holding companies headquartered in California with over \$13 billion in total assets. Citizens Business Bank is consistently recognized as one of the top performing banks in the nation and offers a wide array of banking, lending and investing services through over 50 banking centers and 3 trust office locations serving the Inland Empire, Los Angeles County, Orange County, San Diego County, Ventura County, Santa Barbara County, and the Central Valley area of California.

## Condensed Consolidated Balance Sheets

<i>(Dollars in thousands, except share amounts) (Unaudited)</i>	June 30, 2020	December 31, 2019
<b>Assets</b>		
Cash and due from banks	\$158,397	\$158,310
Interest-earning balances due from Federal Reserve	1,768,886	27,208
Total cash and cash equivalents	<u>1,927,283</u>	<u>185,518</u>
Interest-earning balances due from depository institutions	38,611	2,931
Investment securities available-for-sale, at fair value (with amortized cost of \$1,618,811 at June 30, 2020, and \$1,718,357 at December 31, 2019)	1,676,067	1,740,257
Investment securities held-to-maturity (with fair value of \$638,950 at June 30, 2020, and \$678,948 at December 31, 2019)	613,169	674,452
Total investment securities	<u>2,289,236</u>	<u>2,414,709</u>
Investment in stock of Federal Home Loan Bank (FHLB)	17,688	17,688
Loans and lease finance receivables	8,402,534	7,564,577
Allowance for credit losses	(93,983)	(68,660)
Net loans and lease finance receivables	<u>8,308,551</u>	<u>7,495,917</u>
Premises and equipment, net	51,766	53,978
Bank owned life insurance (BOLI)	226,330	226,281
Accrued interest receivable	29,842	28,122
Intangibles	38,096	42,986
Goodwill	663,707	663,707
Other real estate owned (OREO)	4,889	4,889
Income taxes	22,945	35,587
Other assets	132,353	110,137
<b>Total assets</b>	<b><u>\$13,751,297</u></b>	<b><u>\$11,282,450</u></b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities:</b>		
Deposits:		
Noninterest-bearing	\$6,901,368	\$5,245,517
Interest-bearing	4,082,212	3,459,411
<b>Total deposits</b>	<b><u>10,983,580</u></b>	<b><u>8,704,928</u></b>
Customer repurchase agreements	468,156	428,659
Other borrowings	10,000	-
Deferred compensation	22,558	22,666
Junior subordinated debentures	25,774	25,774
Payable for securities purchased	162,090	-
Other liabilities	120,041	106,325
<b>Total liabilities</b>	<b><u>11,792,199</u></b>	<b><u>9,288,352</u></b>
<b>Commitments and Contingencies</b>		
<b>Stockholders' Equity</b>		
Common stock, authorized, 225,000,000 shares without par; issued and outstanding 135,516,316 at June 30, 2020, and 140,102,480 at December 31, 2019	1,209,449	1,298,792
Retained earnings	712,145	682,692
Accumulated other comprehensive income, net of tax	37,504	12,614
<b>Total stockholders' equity</b>	<b><u>1,959,098</u></b>	<b><u>1,994,098</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$13,751,297</u></b>	<b><u>\$11,282,450</u></b>

## Condensed Consolidated Statements of Earnings

<i>(Dollars in thousands, except per share amounts) (Unaudited)</i>	Three Months ended June 30, 2020	2019
<b>Interest income:</b>		
<b>Loans and leases, including fees</b>	<b>\$95,352</b>	<b>\$101,843</b>
Investment securities:		
Investment securities available-for-sale	8,449	10,118
Investment securities held-to-maturity	3,660	4,426
<b>Total investment income</b>	<b><u>12,109</u></b>	<b><u>14,544</u></b>
Dividends from FHLB stock	214	298
Interest-earning deposits with other institutions	283	100
<b>Total interest income</b>	<b><u>107,958</u></b>	<b><u>116,785</u></b>
<b>Interest expense:</b>		
Deposits	2,995	4,093
Borrowings and customer repurchase agreements	261	1,377
Junior subordinated debentures	133	258
<b>Total interest expense</b>	<b><u>3,389</u></b>	<b><u>5,728</u></b>
Net interest income before provision for credit losses	104,569	111,057
Provision for credit losses	11,500	2,000
<b>Net interest income after provision for credit losses</b>	<b><u>93,069</u></b>	<b><u>109,057</u></b>
<b>Noninterest income:</b>		
Service charges on deposit accounts	3,809	5,065
Trust and investment services	2,477	2,452
Bankcard services	405	1,027
BOLI income	1,683	1,349
Gain on OREO, net	-	24
Gain on eminent domain condemnation, net	-	5,685
Other	3,778	2,603
<b>Total noninterest income</b>	<b><u>12,152</u></b>	<b><u>18,205</u></b>
<b>Noninterest expense:</b>		
Salaries and employee benefits	28,706	28,862
Occupancy and equipment	5,031	5,427
Professional services	2,368	2,040
Computer software expense	2,754	2,756
Marketing and promotion	1,255	1,238
Amortization of intangible assets	2,445	2,833
Acquisition related expenses	-	2,612
Other	3,839	4,760
<b>Total noninterest expense</b>	<b><u>46,398</u></b>	<b><u>50,528</u></b>
Earnings before income taxes	58,823	76,734
Income taxes	17,192	22,253
<b>Net earnings</b>	<b><u>\$41,631</u></b>	<b><u>\$54,481</u></b>
Basic earnings per common share	\$0.31	\$0.39
Diluted earnings per common share	\$0.31	\$0.39
Cash dividends declared per common share	\$0.18	\$0.18

