

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the fiscal year ended December 31, 2005

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from N/A to N/A

Commission file number 1-10140

CVB FINANCIAL CORP.

(Exact name of registrant as specified in its charter)

California

(State or other jurisdiction of incorporation or organization)

701 N. Haven Avenue, Suite 350

Ontario, California

(Address of Principal Executive Offices)

95-3629339

(I.R.S. Employer Identification No.)

91764

(Zip Code)

Registrant's telephone number, including area code (909) 980-4030

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

(Title of class)

(Title of class)

Common Stock, no par value

Preferred Stock Purchase Rights

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated Filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of June 30, 2005, the aggregate market value of the common stock held by non-affiliates of the registrant was approximately \$928,734,289.

Number of shares of common stock of the registrant outstanding as of March 10, 2006: 76,473,416.

Documents Incorporated By Reference

Part of

Definitive Proxy Statement for the Annual Meeting of Stockholders which will be filed within 120 days of the fiscal year ended December 31, 2005

Part III of Form 10-K

CVB FINANCIAL CORP.
2005 ANNUAL REPORT ON FORM 10-K

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INTRODUCTION

Certain statements in this report constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended, or Exchange Act, and as such involve risk and uncertainties. These forward-looking statements relate to, among other things, expectations of the environment in which we operate, projections of future performance, perceived opportunities in the market and strategies regarding our mission and vision. Our actual results may differ significantly from the results discussed in such forward-looking statements. Factors that might cause such a difference include but are not limited to economic conditions, competition in the geographic and business areas in which we conduct our operations, fluctuations in interest rates, credit quality and government regulation. For additional information concerning these factors, see “Item 1A. Risk Factors” And any additional information as set forth in our periodic reports filed pursuant to the Securities Exchange Act of 1934, as amended. We do not undertake any obligation to update our forward-looking statements to reflect occurrence or unanticipated events or circumstances after the date of such statements.

PART I

Item 1. Business

CVB Financial Corp.

CVB Financial Corp. (referred to herein on an unconsolidated basis as “CVB” and on a consolidated basis as “we” or the “Company”) is a bank holding company incorporated in California on April 27, 1981 and registered under the Bank Holding Company Act of 1956, as amended (the “Bank Holding Company Act”). The Company commenced business on December 30, 1981 when, pursuant to a reorganization, it acquired all of the voting stock of Chino Valley Bank. On March 29, 1996, Chino Valley Bank changed its name to Citizens Business Bank (the “Bank”). The Bank is our principal asset. CVB has one other subsidiary: Community Trust Deed Services (“Community”). CVB is also the common stockholder of CVB Statutory Trust I, CVB Statutory Trust II, and CVB Statutory Trust III. Trusts I and II were created in December 2003 and Trust III was created in January 2006 to issue trust preferred securities in order to raise capital for the Company. The Bank has one operating subsidiary, Golden West Enterprises, Inc. (“GWF”) which engages in automobile and equipment leasing, and brokers mortgage loans. As of February 21, 2006, we have received regulatory approval to merge Community and GWF into the Bank. We believe this will be completed by March 31, 2006.

CVB’s principal business is to serve as a holding company for the Bank, Community, and for other banking or banking related subsidiaries, which the Company may establish or acquire. We have not engaged in any other activities to date. As a legal entity separate and distinct from its subsidiaries, CVB’s principal source of funds is, and will continue to be, dividends paid by and other funds advanced from the Bank. Legal limitations are imposed on the amount of dividends that may be paid and loans that may be made by the Bank to CVB. See “Item 1. Business — Supervision and Regulation — Dividends and Other Transfers of Funds.” At December 31, 2005, the Company had \$5.42 billion in total consolidated assets, \$2.64 billion in net loans and \$3.42 billion in deposits.

The principal executive offices of CVB and the Bank are located at 701 North Haven Avenue, Suite 350, Ontario, California. Our phone number is (909) 980-4030.

Citizens Business Bank

The Bank commenced operations as a California state chartered bank on August 9, 1974. The Bank’s deposit accounts are insured under the Federal Deposit Insurance Act up to applicable limits. The Bank is not a member of the Federal Reserve System. At December 31, 2005, the Bank had \$5.42 billion in assets, \$2.64 billion in net loans and \$3.42 billion in deposits.

As of December 31, 2005, we had 40 Business Financial Centers located in the Inland Empire, San Gabriel Valley, Orange County, Los Angeles County, Madera County, Fresno County, Tulare County, and Kern

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County areas of California. Of the 40 offices, we opened twelve as de novo branches and acquired the other twenty-eight in acquisition transactions. We added five offices in 2003 and an additional three offices in 2005. Our 2005 offices were comprised of one de novo office in Madera County and two offices in Los Angeles County which we acquired after our merger with Granite State Bank, which was completed on February 25, 2005.

Through our network of banking offices, we emphasize personalized service combined with a full range of banking and trust services for businesses, professionals and individuals located in the service areas of our offices. Although we focus the marketing of our services to small-and medium-sized businesses, a full range of retail banking services are made available to the local consumer market.

We offer a wide range of deposit instruments. These include checking, savings, money market and time certificates of deposit for both business and personal accounts. We also serve as a federal tax depository for our business customers.

We provide a full complement of lending products, including commercial, agribusiness, consumer, real estate loans and equipment and vehicle leasing. Commercial products include lines of credit and other working capital financing, accounts receivable lending and letters of credit. Agribusiness products are loans to finance the operating needs of wholesale dairy farm operations, cattle feeders, livestock raisers, and farmers. We provide lease financing for municipal governments. Financing products for consumers include automobile leasing and financing, lines of credit, and home improvement and home equity lines of credit. Real estate loans include mortgage and construction loans.

We also offer a wide range of specialized services designed for the needs of our commercial accounts. These services include cash management systems for monitoring cash flow, a credit card program for merchants, courier pick-up and delivery, payroll services, electronic funds transfers by way of domestic and international wires and automated clearinghouse, and on-line account access. We make available investment products to customers, including mutual funds, a full array of fixed income vehicles and a program to diversify our customers' funds in federally insured time certificates of deposit of other institutions.

We offer a wide range of financial services and trust services through our Financial Advisory Services Group (formerly known as Wealth Management Division). These services include fiduciary services, mutual funds, annuities, 401K plans and individual investment accounts.

Golden West Enterprises, Inc.

The Bank owns 100% of the voting stock of Golden West Enterprises, Inc., which is located in Costa Mesa, California. Golden West Enterprises provides automobile and equipment leasing, and brokers mortgage loans. As of December 31, 2005, Golden West Enterprises, Inc. had \$39.4 million in lease receivables.

Community Trust Deed Services

The Company owns 100% of the voting stock of Community, which has one office. Community's services, which are provided to the Bank and non-affiliated persons, include preparing and filing notices of default, reconveyances and related documents and acting as a trustee under deeds of trust. At present, the assets, revenues and earnings of Community are not material in amount when compared to the Bank.

Employees

At December 31, 2005, we employed 719 persons, 493 on a full-time and 226 on a part-time basis. We believe that our employee relations are satisfactory.

Competition

The banking and financial services business is highly competitive. The increasingly competitive environment is a result primarily of changes in regulation, changes in technology and product delivery systems, and the accelerating pace of consolidation among financial services providers. We compete for loans, deposits, and

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customers with other commercial banks, savings and loan associations, savings banks, securities and brokerage companies, mortgage companies, insurance companies, finance companies, money market funds, credit unions, and other nonbank financial service providers. Many competitors are much larger in total assets and capitalization, have greater access to capital markets, including foreign-ownership, and/or offer a broader range of financial services.

Economic Conditions, Government Policies, Legislation, and Regulation

Our profitability, like most financial institutions, is primarily dependent on interest rate differentials. In general, the difference between the interest rates paid by us on interest-bearing liabilities, such as deposits and other borrowings, and the interest rates received by us on our interest-earning assets, such as loans extended to its clients and securities held in its investment portfolio, will initially comprise the major portion of our earnings. These rates are highly sensitive to many factors that are beyond our control, such as inflation, recession and unemployment, and the impact which future changes in domestic and foreign economic conditions might have on us cannot be predicted.

Our business is also influenced by the monetary and fiscal policies of the federal government and the policies of regulatory agencies, particularly the Board of Governors of the Federal Reserve System (the "FRB"). The FRB implements national monetary policies (with objectives such as curbing inflation and combating recession) through its open-market operations in U.S. Government securities by adjusting the required level of reserves for depository institutions subject to its reserve requirements, and by varying the target federal funds and discount rates applicable to borrowings by depository institutions. The actions of the FRB in these areas influence the growth of bank loans, investments, and deposits and also affect interest rates earned on interest-earning assets and paid on interest-bearing liabilities. The nature and impact on us of any future changes in monetary and fiscal policies cannot be predicted.

From time to time, legislation is enacted which has the effect of increasing the cost of doing business, limiting or expanding permissible activities, or affecting the competitive balance between banks and other financial services providers, such as recent federal legislation permitting affiliations among commercial banks, insurance companies and securities firms. We cannot predict whether any potential legislation will be enacted, and if enacted, the effect that it, or any implementing regulations, would have on our financial condition or results of operations.

Supervision and Regulation

General

We are extensively regulated under both federal and certain state laws. This regulation is intended primarily for the protection of depositors and the deposit insurance fund and not for the benefit of stockholders of the financial institution. Set forth below is a summary description of the material laws and regulations which relate to our operations. The description is qualified in its entirety by reference to the applicable laws and regulations.

The Company

As a bank holding company, we are subject to regulation and examination by the FRB under the Bank Holding Company Act of 1956, as amended (the "BHCA"). We are required to file with the FRB periodic reports and such additional information as the FRB may require. The FRB's bank holding company rating system emphasizes risk management and evaluation of the potential impact of non-depository entities on safety and soundness.

The FRB may require us to terminate an activity or terminate control of or liquidate or divest certain subsidiaries, affiliates or investments if the FRB believes the activity or the control of the subsidiary or affiliate constitutes a significant risk to the financial safety, soundness or stability of our banking subsidiary. The FRB also has the authority to regulate provisions of certain bank holding company debt, including the authority to impose interest ceilings and reserve requirements on such debt. Under certain circumstances, we must file

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written notice and obtain FRB approval prior to purchasing or redeeming our equity securities. Further, we are required by the FRB to maintain certain levels of capital. See “Capital Standards.”

We are required to obtain prior FRB approval for the acquisition of more than 5% of the outstanding shares of any class of voting securities or substantially all of the assets of any bank or bank holding company. Prior FRB approval is also required for the merger or consolidation of the company and another bank holding company.

We are prohibited by the BHCA, except in certain statutorily prescribed instances, from acquiring direct or indirect ownership or control of more than 5% of the outstanding voting shares of any company that is not a bank or bank holding company and from engaging directly or indirectly in activities other than those of banking, managing or controlling banks, or furnishing services to our subsidiaries. However, subject to the prior FRB approval, we may engage in any, or acquire shares of companies engaged in, activities that the FRB deems to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. It is the policy of the FRB that each bank holding company serve as a source of financial and managerial strength to its subsidiary bank(s) and it may not conduct operations in an unsafe or unsound manner. A bank holding company’s failure to meet its obligations to serve as a source of strength to its subsidiary banks will generally be considered by the FRB to be an unsafe and unsound banking practice or a violation of FRB regulations or both.

We are also a bank holding company within the meaning of the California Financial Code. As such, the Company and its subsidiaries are subject to examination by, and may be required to file reports with, the California Department of Financial Institutions (“DFI”).

The Bank

As a California chartered bank, we are subject to primary supervision, periodic examination, and regulation by the DFI and the FDIC. If, as a result of an examination of the Bank, the FDIC or DFI determines that the financial condition, capital resources, asset quality, earnings prospects, management, liquidity, or other aspects of our operations are unsatisfactory or that we are violating or have violated any law or regulation, various remedies are available to the FDIC, including the power to enjoin “unsafe or unsound” practices, to require affirmative action to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced, to direct an increase in capital, to restrict our growth, to assess civil monetary penalties, to remove officers and directors, and ultimately to terminate our deposit insurance, which would result in a revocation of the Bank’s charter. See “Safety and Soundness Standards.”

The DFI also possesses broad powers to take corrective and other supervisory actions to resolve the problems of California state chartered banks. These enforcement powers include cease and desist orders, the imposition of fines, the ability to take possession of a bank and the ability to close and liquidate a bank.

Any changes in federal or state banking laws or the regulations of the banking agencies could have a material adverse impact on us, the Bank and our operations. For example, the enactment of long-pending FDIC reform legislation, which would merge the Bank Insurance Fund and the SAIF and increase current deposit coverage limits, could affect our costs and operations. Further, in early January, 2005, the federal banking agencies jointly issued proposed guidance for banks and thrifts with high and increasing concentrations of commercial real estate (CRE) construction and development loans. The implementation of these guidelines in final form could result in increased reserves and capital costs for banks and thrifts with “CRE concentration.” The Bank’s CRE portfolio as of December 31, 2005 would not meet the definition of CRE concentration as set forth in the proposed guidelines.

Because California permits commercial banks chartered by the state to engage in any activity permissible for national banks, the Bank can form subsidiaries to engage in the many so-called “closely related to banking” or “non-banking” activities commonly conducted by national banks in operating subsidiaries, but also expanded financial activities to the same extent as a national bank. However, in order to form a financial subsidiary, the Bank must be well-capitalized and would be subject to the same capital deduction, risk

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management and affiliate transaction rules as applicable to national banks. Generally, a financial subsidiary is permitted to engage in activities that are “financial in nature” or incidental thereto, even though they are not permissible for the national bank to conduct directly within the bank. The definition of “financial in nature” includes, among other items, underwriting, dealing in or making a market in securities, including, for example, distributing shares of mutual funds. The subsidiary may not, however, engage as principal in underwriting insurance (other than credit life insurance), issue annuities or engage in real estate development or investment or merchant banking.

The Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 addresses accounting oversight and corporate governance matters, including:

- required executive certification of financial presentations;
- increased requirements for board audit committees and their members;
- enhanced disclosure of controls and procedures and internal control over financial reporting;
- enhanced controls on, and reporting of, insider trading;
- increased penalties for financial crimes and forfeiture of executive bonuses in certain circumstances; and
- the prohibition of accounting firms from providing various types of consulting services to public clients and requiring accounting firms to rotate partners among public client assignments every five years.

The legislation and its implementing regulations have resulted in increased costs of compliance, including certain outside professional costs. To date, these costs, including allocated time of our associates that were performing other tasks, is approximately \$0.01 per share before taxes.

During the second year of compliance with Sarbanes-Oxley Act, we have not seen a material decline in costs. While costs have decreased some, this decrease will not have a material impact on earnings per share.

USA Patriot Act of 2001

The USA PATRIOT Act of 2001 and its implementing regulations significantly expanded the anti-money laundering and financial transparency laws. Under the USA PATRIOT Act, financial institutions are subject to prohibitions regarding specified financial transactions and account relationships, as well as enhanced due diligence and “know your customer” standards in their dealings with foreign financial institutions, foreign customers and private banking customers. For example, the enhanced due diligence policies, procedures, and controls generally require financial institutions to take reasonable steps:

- to conduct enhanced scrutiny of account relationships to guard against money laundering and report any suspicious transaction;
- to ascertain the identity of the nominal and beneficial owners of, and the source of funds deposited into, each account as needed to guard against money laundering and report any suspicious transactions;
- to ascertain for any foreign bank, the shares of which are not publicly traded, the identity of the owners of the foreign bank, and the nature and extent of the ownership interest of each such owner; and
- to ascertain whether any foreign bank provides correspondent accounts to other foreign banks and, if so, the identity of those foreign banks and related due diligence information.

Under the USA PATRIOT Act, financial institutions are required to establish and maintain anti-money laundering programs which include:

- the establishment of a customer identification program;
- the development of internal policies, procedures, and controls;

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- the designation of a compliance officer;
- an ongoing employee training program; and
- an independent audit function to test the programs.

The Bank has adopted comprehensive policies and procedures to address the requirements of the USA PATRIOT Act. Material deficiencies in anti-money laundering compliance can result in public enforcement actions by the banking agencies, including the imposition of civil money penalties and supervisory restrictions on growth and expansion. Such actions could have serious reputation consequences for the Company and the Bank.

Merchant Banking Restrictions

We have determined that it is not beneficial at this time for us to become a financial holding company and enter into merchant banking activities, though we could do so in the future.

Consumer Protection Laws and Regulations

Examination and enforcement by the bank regulatory agencies for non-compliance with consumer protection laws and their implementing regulations have become more intense in nature. The Bank is subject to many federal consumer protection statutes and regulations, some of which are discussed below.

The Home Ownership and Equal Protection Act of 1994, or HOEPA, requires extra disclosures and consumer protections to borrowers for certain lending practices. The term “predatory lending,” much like the terms “safety and soundness” and “unfair and deceptive practices,” is far-reaching and covers a potentially broad range of behavior. As such, it does not lend itself to a concise or a comprehensive definition. Typically predatory lending involves at least one, and perhaps all three, of the following elements:

- making unaffordable loans based on the assets of the borrower rather than on the borrower’s ability to repay an obligation (“asset-based lending”);
- inducing a borrower to refinance a loan repeatedly in order to charge high points and fees each time the loan is refinanced (“loan flipping”); and/or
- engaging in fraud or deception to conceal the true nature of the loan obligation from an unsuspecting or unsophisticated borrower.

Federal Reserve regulations and OCC guidelines aimed at curbing predatory lending significantly widen the pool of high cost home secured loans covered by HOEPA. In addition, the regulations bar certain refinances within a year with another loan subject to HOEPA by the same lender or loan servicer. Lenders also will be presumed to have violated the law — which says loans should not be made to people unable to repay them — unless they document that the borrower has the ability to repay. Lenders that violate the rules face cancellation of loans and penalties equal to the finance charges paid. We do not expect these rules and potential state action in this area to have a material impact on our financial condition or results of operation.

Privacy policies are required by federal banking regulations which limit the ability of banks and other financial institutions to disclose non-public information about consumers to nonaffiliated third parties. Pursuant to those rules, financial institutions must provide:

- initial notices to customers about their privacy policies, describing the conditions under which they may disclose nonpublic personal information to nonaffiliated third parties and affiliates;
- annual notices of their privacy policies to current customers; and
- a reasonable method for customers to “opt out” of disclosures to nonaffiliated third parties.

These privacy protections affect how consumer information is transmitted through diversified financial companies and conveyed to outside vendors.

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In addition, state laws may impose more restrictive limitations on the ability of financial institution to disclose such information. California has adopted such a privacy law that among other things generally provides that customers must “opt in” before information may be disclosed to certain nonaffiliated third parties.

The Fair Credit Reporting Act, as amended by the Fair and Accurate Credit Transactions Act, or FACT Act, requires financial firms to help deter identity theft, including developing appropriate fraud response programs, and gives consumers more control of their credit data. It also reauthorizes a federal ban on state laws that interfere with corporate credit granting and marketing practices. In connection with FACT Act, financial institution regulatory agencies proposed rules that would prohibit an institution from using certain information about a consumer it received from an affiliate to make a solicitation to the consumer, unless the consumer has been notified and given a chance to opt out of such solicitations. A consumer’s election to opt out would be applicable for at least five years.

The Check Clearing for the 21st Century Act, or Check 21, facilitates check truncation and electronic check exchange by authorizing a new negotiable instrument called a “substitute check,” which is the legal equivalent of an original check. Check 21 does not require banks to create substitute checks or accept checks electronically; however, it does require banks to accept a legally equivalent substitute check in place of an original. In addition to its issuance of regulations governing substitute checks, the Federal Reserve has issued final rules governing the treatment of remotely created checks (sometimes referred to as “demand drafts”) and electronic check conversion transactions (involving checks that are converted to electronic transactions by merchants and other payees).

The Equal Credit Opportunity Act, or ECOA, generally prohibits discrimination in any credit transaction, whether for consumer or business purposes, on the basis of race, color, religion, national origin, sex, marital status, age (except in limited circumstances), receipt of income from public assistance programs, or good faith exercise of any rights under the Consumer Credit Protection Act.

The Truth in Lending Act, or TILA, is designed to ensure that credit terms are disclosed in a meaningful way so that consumers may compare credit terms more readily and knowledgeably. As a result of the TILA, all creditors must use the same credit terminology to express rates and payments, including the annual percentage rate, the finance charge, the amount financed, the total of payments and the payment schedule, among other things.

The Fair Housing Act, or FH Act, regulates many practices, including making it unlawful for any lender to discriminate in its housing-related lending activities against any person because of race, color, religion, national origin, sex, handicap or familial status. A number of lending practices have been found by the courts to be, or may be considered, illegal under the FH Act, including some that are not specifically mentioned in the FH Act itself.

The Community Reinvestment Act, or CRA, is intended to encourage insured depository institutions, while operating safely and soundly, to help meet the credit needs of their communities. The CRA specifically directs the federal regulatory agencies, in examining insured depository institutions, to assess a bank’s record of helping meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound banking practices. The CRA further requires the agencies to take a financial institution’s record of meeting its community credit needs into account when evaluating applications for, among other things, domestic branches, mergers or acquisitions, or holding company formations. The agencies use the CRA assessment factors in order to provide a rating to the financial institution. The ratings range from a high of “outstanding” to a low of “substantial noncompliance.” In its last examination for CRA compliance, as of February 22, 2005 the Bank was rated “satisfactory.”

The Home Mortgage Disclosure Act, or HMDA, grew out of public concern over credit shortages in certain urban neighborhoods and provides public information that will help show whether financial institutions are serving the housing credit needs of the neighborhoods and communities in which they are located. The HMDA also includes a “fair lending” aspect that requires the collection and disclosure of data about applicant and borrower characteristics as a way of identifying possible discriminatory lending patterns and enforcing

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anti-discrimination statutes. The Federal Reserve Board amended regulations issued under HMDA to require the reporting for 2004 of certain pricing data with respect to higher priced mortgage loans. The expanded 2004 HMDA data is being reviewed by federal banking agencies and others from a fair lending perspective. We do not expect that the HMDA data reported by the Bank for 2005 will raise material issues regarding the Bank's compliance with the fair lending laws.

Finally, the Real Estate Settlement Procedures Act, or RESPA, requires lenders to provide borrowers with disclosures regarding the nature and cost of real estate settlements. Also, RESPA prohibits certain abusive practices, such as kickbacks, and places limitations on the amount of escrow accounts. Penalties under the above laws may include fines, reimbursements and other penalties. Due to heightened regulatory concern related to compliance with the CRA, TILA, FH Act, ECOA, HMDA and RESPA generally, the Bank may incur additional compliance costs or be required to expend additional funds for investments in its local community.

Privacy

Federal banking rules limit the ability of banks and other financial institutions to disclose non-public information about consumers to nonaffiliated third parties. Pursuant to these rules, financial institutions must provide:

- initial notices to customers about their privacy policies, describing the conditions under which they may disclose nonpublic personal information to nonaffiliated third parties and affiliates;
- annual notices of their privacy policies to current customers; and
- a reasonable method for customers to "opt out" of disclosures to nonaffiliated third parties.

These privacy provisions affect how consumer information is transmitted through diversified financial companies and conveyed to outside vendors. We have implemented our privacy policies in accordance with the law.

In recent years, a number of states have implemented their own versions of privacy laws. For example, in 2004, California adopted standards that are tougher than federal law, allowing bank customers the opportunity to bar financial companies from sharing information with their affiliates. As a California chartered bank, we are required to follow these more restrictive standards.

Interagency Guidance on Response Programs to Protect Against Identity Theft

On August 12, 2004, the Federal bank and thrift regulatory agencies requested public comment on proposed guidance that would require financial institutions to develop programs to respond to incidents of unauthorized access to customer information, including procedures for notifying customers under certain circumstances. The proposed guidance:

- interprets previously issued interagency customer information security guidelines that require financial institutions to implement information security programs designed to protect their customers' information; and
- describes the components of a response program and sets a standard for providing notice to customers affected by unauthorized access to or use of customer information that could result in substantial harm or inconvenience to those customers, thereby reducing the risk of losses due to fraud or identity theft.

We are not able at this time to determine the impact of any such proposed guidance on our financial condition or results of operations.

Dividends and Other Transfers of Funds

Dividends from the Bank constitute the principal source of income to CVB. CVB is a legal entity separate and distinct from the Bank. A FRB policy statement on the payment of cash dividends states that a bank holding company should pay cash dividends only to the extent that the holding company's net income for the past year is sufficient to cover both the cash dividends and a rate of earnings retention that is consistent with

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the holding company's capital needs, asset quality and overall financial condition. The FRB also indicated that it would be inappropriate for a company experiencing serious financial problems to borrow funds to pay dividends. Furthermore, under the federal prompt corrective action regulations, the FRB may prohibit a bank holding company from paying any dividends if the holding company's bank subsidiary is classified as "undercapitalized." See "Prompt Corrective Action and Other Enforcement Mechanisms" below.

The Bank is subject to various statutory and regulatory restrictions on its ability to pay dividends. Under such restrictions, the amount available for payment of dividends to the Company by the Bank totaled \$93.0 million at December 31, 2005. In addition, the Bank's regulators have the authority to prohibit the Bank from paying dividends, depending upon the Bank's financial condition, if such payment is deemed to constitute an unsafe or unsound practice.

Extension of Credit to Insiders and Transactions with Affiliates

The Federal Reserve Act and FRB Regulation O place limitations and conditions on loans or extensions of credit to:

- a bank's or bank holding company's executive officers, directors and principal shareholders (i.e., in most cases, those persons who own, control or have power to vote more than 10% of any class of voting securities),
- any company controlled by any such executive officer, director or shareholder, or
- any political or campaign committee controlled by such executive officer, director or principal shareholder.

Loans and leases extended to any of the above persons must comply with loan-to-one-borrower limits, require prior full board approval when aggregate extensions of credit to the person exceed specified amounts, must be made on substantially the same terms (including interest rates and collateral) as, and follow credit-underwriting procedures that are not less stringent than, those prevailing at the time for comparable transactions with non-insiders, and must not involve more than the normal risk of repayment or present other unfavorable features. In addition, Regulation O provides that the aggregate limit on extensions of credit to all insiders of a bank as a group cannot exceed the bank's unimpaired capital and unimpaired surplus. Regulation O also prohibits a bank from paying an overdraft on an account of an executive officer or director, except pursuant to a written pre-authorized interest-bearing extension of credit plan that specifies a method of repayment or a written pre-authorized transfer of funds from another account of the officer or director at the bank.

We also are subject to certain restrictions imposed by Federal Reserve Act Sections 23A and 23B and FRB Regulation W on any extensions of credit to, or the issuance of a guarantee or letter of credit on behalf of, any affiliates, the purchase of, or investments in, stock or other securities thereof, the taking of such securities as collateral for loans, and the purchase of assets of any affiliates. Such restrictions prevent any affiliates from borrowing from us unless the loans are secured by marketable obligations of designated amounts. Further, such secured loans and investments by us to or in any affiliate are limited, individually, to 10.0% of our capital and surplus (as defined by federal regulations), and such secured loans and investments are limited, in the aggregate, to 20.0% of our capital and surplus. Some of the entities included in the definition of an affiliate are parent companies, sister banks, sponsored and advised companies, investment companies whereby the bank's affiliate serves as investment advisor, and financial subsidiaries of the bank. Additional restrictions on transactions with affiliates may be imposed on us under the prompt corrective action provisions of federal law and the supervisory authority of the federal and state banking agencies. See "Prompt Corrective Action" and "Safety and Soundness Standards."

Capital Standards

The federal banking agencies have adopted risk-based minimum capital guidelines intended to provide a measure of capital that reflects the degree of risk associated with a banking organization's operations for both transactions reported on the balance sheet as assets and transactions which are recorded as off balance sheet items. Under these guidelines, nominal dollar amounts of assets and credit equivalent amounts of off balance

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sheet items are multiplied by one of several risk adjustment percentages, which range from 0% for assets with low credit risk federal banking agencies, to 100% for assets with relatively high credit risk.

The risk-based capital ratio is determined by classifying assets and certain off-balance sheet financial instruments into weighted categories, with higher levels of capital being required for those categories perceived as representing greater risk. Under the capital guidelines, a banking organization's total capital is divided into tiers. "Tier I capital" consists of (1) common equity, (2) qualifying noncumulative perpetual preferred stock, (3) a limited amount of qualifying cumulative perpetual preferred stock and (4) minority interests in the equity accounts of consolidated subsidiaries (including trust-preferred securities), less goodwill and certain other intangible assets. Qualifying Tier I capital may consist of trust-preferred securities, subject to the FRB's final rule adopted March 4, 2005, which changed the criteria and quantitative limits for inclusion of restricted core capital elements in Tier I capital. "Tier II capital" consists of hybrid capital instruments, perpetual debt, mandatory convertible debt securities, a limited amount of subordinated debt, preferred stock that does not qualify as Tier I capital, a limited amount of the allowance for loan and lease losses and a limited amount of unrealized holding gains on equity securities. "Tier III capital" consists of qualifying unsecured subordinated debt. The sum of Tier II and Tier III capital may not exceed the amount of Tier I capital.

The risk-based capital guidelines require a minimum ratio of qualifying total capital to risk-adjusted assets of 8% and a minimum ratio of Tier 1 capital to risk-adjusted assets of 4%. In addition to the risk-based guidelines, federal banking regulators require banking organizations to maintain a minimum amount of Tier 1 capital to total assets, referred to as the leverage ratio. For a banking organization rated in the highest of the five categories used by regulators to rate banking organizations, the minimum leverage ratio of Tier 1 capital to total assets must be 3%.

A bank that does not achieve and maintain the required capital levels may be issued a capital directive by the FDIC to ensure the maintenance of required capital levels. As discussed above, both CVB and the Bank are required to maintain certain levels of capital.

The following table presents the amounts of regulatory capital and the capital ratios for the Company, compared to its minimum regulatory capital requirements as of December 31, 2005:

	As of December 31, 2005					
	Actual		Required		Excess	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Leverage ratio	\$ 394,617	7.7%	\$ 206,066	4.0%	\$ 188,551	3.7%
Tier 1 risk-based ratio	394,617	11.3%	139,811	4.0%	254,806	7.3%
Total risk-based ratio	419,554	12.0%	279,702	8.0%	139,852	4.0%

The following table presents the amounts of regulatory capital and the capital ratios for the Bank, compared to its minimum regulatory capital requirements as of December 31, 2005:

	As of December 31, 2005					
	Actual		Required		Excess	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Leverage ratio	\$ 377,527	7.3%	\$ 205,737	4.0%	\$ 171,790	3.3%
Tier 1 risk-based ratio	377,527	10.8%	139,566	4.0%	237,961	6.8%
Total risk-based ratio	402,464	11.5%	279,245	8.0%	123,219	3.5%

The risk-based capital guidelines are based upon the 1988 capital accord of the international Basel Committee on Banking Supervision. A new international accord, referred to as Basel II, which emphasizes internal assessment of credit, market and operational risk; supervisory assessment and market discipline in determining minimum capital requirements, currently becomes mandatory in 2008 only for banks with over \$250 billion in assets or total on-balance-sheet foreign exposure of \$10 billion or more. Alternative capital requirements are under consideration by the U.S. federal banking agencies for smaller U.S. banks which may be negatively impacted competitively by certain provisions of Basel II.

Prompt Corrective Action and Other Enforcement Mechanisms

Federal banking agencies possess broad powers to take corrective and other supervisory action to resolve the problems of insured depository institutions, including but not limited to those institutions that fall below one or more prescribed minimum capital ratios. Each federal banking agency has promulgated regulations defining the following five categories in which an insured depository institution will be placed, based on its capital ratios:

- “well capitalized;”
- “adequately capitalized;”
- “undercapitalized;”
- “significantly undercapitalized;” and
- “critically undercapitalized.”

The regulations use an institution’s risk-based capital, leverage capital and tangible capital ratios to determine the institution’s capital classification. An institution is treated as well capitalized if its total capital to risk-weighted assets ratio is 10.00% or more; its core capital to risk-weighted assets ratio is 6.00% or more; and its core capital to adjusted total assets ratio is 5.00% or more. At December 31, 2005, the Bank’s capital ratios exceed these minimum percentage requirements for well capitalized institutions.

An institution that, based upon its capital levels, is classified as well capitalized, adequately capitalized, or undercapitalized may be treated as though it were in the next lower capital category if the appropriate federal banking agency, after notice and opportunity for hearing, determines that an unsafe or unsound condition or an unsafe or unsound practice warrants such treatment. At each successive lower capital category, an insured depository institution is subject to more restrictions. The federal banking agencies, however, may not treat a significantly undercapitalized institution as critically undercapitalized unless its capital ratio actually warrants such treatment.

Safety and Soundness Standards

In addition to measures taken under the prompt corrective action provisions, commercial banking organizations may be subject to potential enforcement actions by the federal regulators and/or state regulations for state banks, for unsafe or unsound practices in conducting their businesses or for violations of any law, rule, regulation, or any condition imposed in writing by the agency or any written agreement with the agency. Finally, pursuant to an interagency agreement, the FDIC can examine any institution that has a substandard regulatory examination score or is considered undercapitalized — without the express permission of the institution’s primary regulator.

The federal banking agencies have adopted guidelines designed to assist the federal banking agencies in identifying and addressing potential safety and soundness concerns before capital becomes impaired. The guidelines set forth operational and managerial standards relating to: (i) internal controls, information systems and internal audit systems, (ii) loan documentation, (iii) credit underwriting, (iv) asset growth, (v) earnings, and (vi) compensation, fees and benefits. In addition, the federal banking agencies have also adopted safety and soundness guidelines with respect to asset quality and earnings standards. These guidelines provide six standards for establishing and maintaining a system to identify problem assets and prevent those assets from deteriorating. Under these standards, an insured depository institution should: (i) conduct periodic asset quality reviews to identify problem assets, (ii) estimate the inherent losses in problem assets and establish reserves that are sufficient to absorb estimated losses, (iii) compare problem asset totals to capital, (iv) take appropriate corrective action to resolve problem assets, (v) consider the size and potential risks of material asset concentrations, and (vi) provide periodic asset quality reports with adequate information for management and the board of directors to assess the level of asset risk. These guidelines also set forth standards for evaluating and monitoring earnings and for ensuring that earnings are sufficient for the maintenance of adequate capital and reserves.

Premiums for Deposit Insurance

Through the BIF, the FDIC insures our customer deposits up to prescribed limits for each depositor. The amount of FDIC assessments paid by each BIF member institution is based on its relative risk of default as measured by regulatory capital ratios and other factors. Specifically, the assessment rate is based on the institution's capitalization risk category and supervisory subgroup category. An institution's capitalization risk category is based on the FDIC's determination of whether the institution is well capitalized, adequately capitalized or less than adequately capitalized. An institution's supervisory subgroup category is based on the FDIC's assessment of the financial condition of the institution and the probability that FDIC intervention or other corrective action will be required.

The assessment rate currently ranges from zero to 27 cents per \$100 of domestic deposits. The FDIC may increase or decrease the assessment rate schedule on a semi-annual basis. Due principally to continued growth in deposits, the BIF is nearing its minimum ratio of 1.25% of insured deposits as mandated by law. If the ratio drops below 1.25%, it is likely the FDIC will be required to assess premiums on all banks. Any increase in assessments or the assessment rate could have a material adverse effect on earnings, depending on the amount of the increase. Furthermore, the FDIC is authorized to raise insurance premiums under certain circumstances.

The FDIC is authorized to terminate a depository institution's deposit insurance upon a finding by the FDIC that the institution's financial condition is unsafe or unsound or that the institution has engaged in unsafe or unsound practices or has violated any applicable rule, regulation, order or condition enacted or imposed by the institution's regulatory agency. The termination of deposit insurance for the Bank could have a material adverse effect on the company's earnings, depending on the collective size of the particular institutions involved.

All FDIC-insured depository institutions must pay an annual assessment to provide funds for the payment of interest on bonds issued by the Financing Corporation, a federal corporation chartered under the authority of the Federal Housing Finance Board. The bonds, commonly referred to as FICO bonds, were issued to capitalize the Federal Savings and Loan Insurance Corporation. The FICO assessment rate for the fourth quarter of fiscal 2005 was 1.34 basis points for each \$100 of assessable deposits. The FICO assessments are adjusted quarterly to reflect changes in the assessment bases of the FDIC's insurance funds and do not vary depending on a depository institution's capitalization or supervisory evaluations.

The enactment in February, 2006, of the Federal Deposit Insurance Reform Act of 2006, or FDIRA, provides, among other things, for the merger of the BIF and the SAIF into the Deposit Insurance Fund; future inflation adjustment increases in the standard maximum deposit insurance amount of \$100,000; the increase of retirement account coverage to \$250,000; changes in the formula and factors to be considered by the FDIC in calculating the FDIC reserve ratio, assessments and dividends, and a one-time aggregate assessment credit for depository institutions in existence on December 31, 1996 (or their successors) which paid assessments to recapitalize the insurance funds after the banking crises of the late 1980s and early 1990s. The FDIC is to issue regulations implementing the provisions of FDIRA. At this time it is uncertain what effect FDIRA and the forthcoming regulations will have on the bank.

Interstate Banking and Branching

Banks have the ability, subject to certain state restrictions, to acquire by acquisition or merger branches outside their home state. The establishment of new interstate branches is also possible in those states with laws that expressly permit it. Interstate branches are subject to certain laws of the states in which they are located. Competition may increase further as banks branch across state lines and enter new markets.

Federal Home Loan Bank System

The bank is a member of the Federal Home Loan Bank of San Francisco ("FHLB — SF"). Among other benefits, each FHLB serves as a reserve or central bank for its members within its assigned region. Each FHLB is financed primarily from the sale of consolidated obligations of the FHLB system. Each FHLB makes

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available loans or advances to its members in compliance with the policies and procedures established by the Board of Directors of the individual FHLB. As a FHLB member, we are required to own a certain amount of capital stock in the FHLB — SF. The amount of stock is equal to the greater of:

- 1% of its aggregate outstanding principal amount of its residential mortgage loans, home purchase contracts and similar obligations at the beginning of each calendar year; or
- 5% of its FHLB advances or borrowings.

At December 31, 2005, we were in compliance with the stock requirements.

Federal Reserve System

The Federal Reserve Board requires all depository institutions to maintain non-interest bearing reserves at specified levels against their transaction accounts (primarily checking, NOW, and Super NOW checking accounts) and non-personal time deposits. At December 31, 2005, we were in compliance with these requirements.

Non-bank Subsidiaries

The Company's non-bank subsidiaries also are subject to regulation by the FRB and other applicable federal and state agencies. Other non-bank subsidiaries of the Company are subject to the laws and regulations of both the federal government and the various states in which they conduct business.

Available Information

Reports filed with the Securities and Exchange Commission (the "Commission") include our proxy statements, annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. These reports and other information on file can be inspected and copied at the public reference facilities of the Commission on file at 450 Fifth Street, N.W., Washington D.C., 20549. The public may obtain information on the operation of the public reference loans by calling the SEC at 1-800-SEC-0330. The Commission maintains a Web Site that contains the reports, proxy and information statements and other information we file with them. The address of the site is <http://www.sec.gov>. The Company also maintains an Internet website at <http://www.cbbank.com>. We make available, free of charge through our website, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and current Report on Form 8-K, and any amendment there to, as soon as reasonably practicable after we file such reports with the SEC. None of the information contained in or hyperlinked from our website is incorporated into this Form 10-K.

Executive Officers

The following tables set forth certain information regarding our Executive Officers as of March 14, 2006:

Executive Officers:

<u>Name</u>	<u>Position</u>	<u>Age</u>
D. Linn Wiley	President and Chief Executive Officer of the Company and the Bank	67
Edward J. Biebrich Jr.	Chief Financial Officer of the Company and Executive Vice President and Chief Financial Officer of the Bank	62
Jay W. Coleman	Executive Vice President/ Sales and Service Division of the Bank	63
Edward J. Mylett, Jr.	Executive Vice President/ Credit Management Division of the Bank	57
R. Scott Racusin	Executive Vice President/ Financial Advisory Services Division of the Bank	52

Mr. Wiley has served as President and Chief Executive Officer of the Company since October 1991. Mr. Wiley joined the Company and Bank as a director and as President and Chief Executive Officer designate

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on August 21, 1991. Prior to that, Mr. Wiley served as an Executive Vice President of Wells Fargo Bank from April 1, 1990 to August 20, 1991. From 1988 to April 1, 1990 Mr. Wiley served as the President and Chief Administrative Officer of Central Pacific Corporation, and from 1983 to 1990 he was the President and Chief Executive Officer of American National Bank.

Mr. Biebrich assumed the position of Chief Financial Officer of the Company and Executive Vice President/ Chief Financial Officer of the Bank on February 2, 1998. From 1983 to 1990, he served as Chief Financial Officer for Central Pacific Corporation and Executive Vice President, Chief Financial Officer and Manager of the Finance and Operations Division for American National Bank. From 1990 to 1992, he was Vice President of Operations for Systematics Financial Services Inc. From 1992 to 1998, he served as Senior Vice President, Chief Financial Officer of ARB, Inc.

Mr. Coleman assumed the position of Executive Vice President of the Bank on December 5, 1988. Prior to that, he served as President and Chief Executive Officer of Southland Bank, N.A. from March 1983 to April 1988.

Mr. Mylett assumed the position of Executive Vice President and Senior Loan Officer of the Bank on March 1, 2006. Prior to that, he served as Senior Vice President Regional Manager of the Bank from July 2003 to March 2006 and the Burbank Business Financial Center Manager from June 2002 to July 2003. Prior to that, Mr. Mylett served as Executive Vice President, Chief Operating Officer and Senior Credit Officer for Western Security Bank from 1992 to June 2002.

Mr. Racusin assumed the position of Executive Vice President and Division Manager of Financial Advisory Services Group of the Bank on May 16, 2005. Prior to that, he served as Executive Vice President and Regional Managing Director of Wealth Management for Comerica Bank from 2002 to 2004. From 1999 to 2002, he served as the President and Chief Executive Officer of AeroBank.com as well as Executive Vice President of AeroFund Financial. Immediately prior to that, he held various positions with Union Bank of California from 1987 to 1998.

Item 1A. Risk Factors

Risk Factors That May Affect Future Results — In addition to the other information contained in this annual report, the following risks may affect us. If any of these risks occurs, our business, financial condition, operating results and prospects could be adversely affected.

In addition to other information contained in this report, the following discusses certain factors which may adversely affect our business' financial results and operations and should be considered in evaluating the Company.

Our Southern and Central California business focus and economic conditions in Southern and Central California could adversely affect our operations — Our operations are concentrated in Southern and Central California, and in particular in San Bernardino County, Riverside County, Orange County, Madera County, Fresno County, Tulare County, Kern County, and the eastern portion of Los Angeles County in Southern California. As a result of this geographic concentration, our business is directly affected by factors such as economic, political and market conditions, broad trends in industry and finance, legislative and regulatory changes, changes in government monetary and fiscal policies and inflation, all of which are beyond our control. Deterioration in economic conditions could result in the following consequences, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects:

- problem assets and foreclosures may increase,
- demand for our products and services may decline,
- low cost or non-interest bearing deposits may decrease, and
- collateral for loans made by us, especially real estate, may decline in value, in turn reducing customers' borrowing power, and reducing the value of assets and collateral associated with our existing loans.

In view of the concentration of our operations and the collateral securing our loan portfolio in Southern and Central California, we may be particularly susceptible to the adverse effects of any of these consequences,

any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are dependent on key personnel and the loss of one or more of those key personnel may materially and adversely affect our prospects — Competition for qualified employees and personnel in the banking industry is intense and there are a limited number of qualified persons with knowledge of, and experience in, the California community banking industry. The process of recruiting personnel with the combination of skills and attributes required to carry out our strategies is often lengthy. Our success depends to a significant degree upon our ability to attract and retain qualified management, credit quality, loan origination, finance, administrative, marketing and technical personnel and upon the continued contributions of our management and personnel. In particular, our success has been and continues to be highly dependent upon the abilities of our executive officers. The loss of the services of any one of our key executives or other executives or our inability to find suitable replacements could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our business is subject to interest rate risk and variations in interest rates may negatively affect our financial performance — Our earnings are impacted by changing interest rates. Changes in interest rates impact the level of loans, deposits and investments, the credit profile of existing loans and the rates received on loans and securities and the rates paid on deposits and borrowings. Significant fluctuations in interest rates may have a material adverse effect on our financial condition and results of operations.

A substantial portion of our income is derived from the differential or “spread” between the interest earned on loans, securities and other interest-earning assets, and interest paid on deposits, borrowings and other interest-bearing liabilities. Because of the differences in the maturities and repricing characteristics of our interest-earning assets and interest-bearing liabilities, changes in interest rates do not produce equivalent changes in interest income earned on interest-earning assets and interest paid on interest-bearing liabilities. At December 31, 2005 our balance sheet was asset sensitive and, as a result, our net interest margin tends to expand in a rising interest rate environment and decline in a declining interest rate environment. Accordingly, fluctuations in interest rates could adversely affect our interest rate spread and, in turn, our profitability. In addition, loan origination volumes are affected by market interest rates. Rising interest rates, generally, are associated with a lower volume of loan originations while lower interest rates are usually associated with higher loan originations. Conversely, in rising interest rate environments, loan repayment rates may decline and in falling interest rate environments, loan repayment rates may increase. In addition, in a rising interest rate environment, we may need to accelerate the pace of rate increases on our deposit accounts as compared to the pace of future increases in short-term market rates. Accordingly, changes in levels of market interest rates could materially and adversely affect our net interest spread, asset quality, loan origination volume, business, financial condition, results of operations and prospects.

The types of loans in our portfolio have a higher degree of risk and a downturn in our real estate markets could hurt our business — A downturn in our real estate markets could hurt our business because many of our loans are secured by real estate. Real estate values and real estate markets are generally affected by changes in national, regional or local economic conditions, fluctuations in interest rates and the availability of loans to potential purchasers, changes in tax laws and other governmental statutes, regulations and policies and acts of nature. If real estate prices decline, particularly in California, the value of real estate collateral securing our loans could be reduced. Our ability to recover on defaulted loans by foreclosing and selling the real estate collateral would then be diminished and we would be more likely to suffer losses on defaulted loans. As of December 31, 2005, approximately 42.75% of the book value of our loan portfolio consisted of loans collateralized or secured by various types of real estate. Substantially all of our real estate collateral is located in California. If there is a significant decline in real estate values, especially in California, the collateral for our loans will provide less security. Real estate values could also be affected by, among other things, earthquakes and national disasters particular to California. Any such downturn could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are subject to extensive government regulation. These regulations may hamper our ability to increase our assets and earnings — Our operations and those of the bank are subject to extensive regulation by federal,

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state and local governmental authorities and are subject to various laws and judicial and administrative decisions imposing requirements and restrictions on part or all of our operations. Because our business is highly regulated, the laws, rules and regulations applicable to us are subject to regular modification and change. We cannot assure you that these proposed laws, rules and regulations or any other laws, rules or regulations will not be adopted in the future, which could make compliance much more difficult or expensive, restrict our ability to originate, broker or sell loans, further limit or restrict the amount of commissions, interest or other charges earned on loans originated or sold by us or otherwise adversely affect our business, financial condition, results of operations or cash flows.

We are exposed to risk of environmental liabilities with respect to properties to which we take title — In the course of our business, we may foreclose and take title to real estate, and could be subject to environmental liabilities with respect to these properties. We may be held liable to a governmental entity or to third parties for property damage, personal injury, investigation and clean-up costs incurred by these parties in connection with environmental contamination, or may be required to investigate or clean-up hazardous or toxic substances, or chemical releases at a property. The costs associated with investigation or remediation activities could be substantial. In addition, if we are the owner or former owner of a contaminated site, we may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the property. If we become subject to significant environmental liabilities, our business, financial condition, results of operations and prospects could be adversely affected.

If we cannot attract deposits, our growth may be inhibited — Our ability to increase our asset base depends in large part on our ability to attract additional deposits at favorable rates. We intend to seek additional deposits by offering deposit products that are competitive with those offered by other financial institutions in our markets and by establishing personal relationships with our customers. We cannot assure you that these efforts will be successful. Our inability to attract additional deposits at competitive rates could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our allowance for credit losses may not be adequate to cover actual losses — A significant source of risk arises from the possibility that we could sustain losses because borrowers, guarantors, and related parties may fail to perform in accordance with the terms of their loans and leases. The underwriting and credit monitoring policies and procedures that we have adopted to address this risk may not prevent unexpected losses that could have a material adverse effect on our business, financial condition, results of operations and cash flows. Unexpected losses may arise from a wide variety of specific or systemic factors, many of which are beyond our ability to predict, influence, or control.

Like all financial institutions, we maintain an allowance for credit losses to provide for loan and lease defaults and non-performance — Our allowance for credit losses may not be adequate to cover actual loan and lease losses, and future provisions for credit losses could materially and adversely affect our business, financial condition, results of operations and cash flows. The allowance for credit losses reflects our estimate of the probable losses in our loan and lease portfolio at the relevant balance sheet date. Our allowance for credit losses is based on prior experience, as well as an evaluation of the known risks in the current portfolio, composition and growth of the loan and lease portfolio and economic factors. The determination of an appropriate level of the allowance for credit losses is an inherently difficult process and is based on numerous assumptions. The amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates, that may be beyond our control and these losses may exceed current estimates. Federal and state regulatory agencies, as an integral part of their examination process, review our loans and leases and allowance for credit losses. While we believe that our allowance for credit losses is adequate to cover current losses, we cannot assure you that we will not increase the allowance for credit losses further or that regulators will not require us to increase this allowance. Either of these occurrences could have a material adverse effect on our business, financial condition, results of operations and prospects.

We rely on communications, information, operating and financial control systems technology from third-party service providers, and we may suffer an interruption in those systems that may result in lost business and we may not be able to obtain substitute providers on terms that are as favorable if our relationships with our

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existing service providers are interrupted — We rely on third-party service providers for much of our communications, information, operating and financial control systems technology. Any failure or interruption or breach in security of these systems could result in failures or interruptions in our customer relationship management, general ledger, deposit, servicing and/or loan origination systems. We cannot assure you that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed by us or the third parties on which we rely. The occurrence of any failures or interruptions could have a material adverse effect on our business, financial condition, results of operations and cash flows. If any of our third-party service providers experience financial, operational or technological difficulties, or if there is any other disruption in our relationships with them, we may be required to locate alternative sources of such services, and we cannot assure you that we could negotiate terms that are as favorable to us, or could obtain services with similar functionality as found in our existing systems without the need to expend substantial resources, if at all. Any of these circumstances could have a material adverse effect on our business, financial condition, results of operations, and prospects.

We face strong competition from financial services companies and other companies that offer banking services which could hurt our business — We conduct our operations exclusively in California. Increased competition in our markets may result in reduced loans and deposits. Ultimately, we may not be able to compete successfully against current and future competitors. Many competitors offer the banking services that we offer in our service areas. These competitors include national banks, regional banks and other community banks. We also face competition from many other types of financial institutions, including savings and loan associations, finance companies, brokerage firms, insurance companies, credit unions, mortgage banks and other financial intermediaries. In particular, our competitors include major financial companies whose greater resources may afford them a marketplace advantage by enabling them to maintain numerous locations and mount extensive promotional and advertising campaigns. Additionally, banks and other financial institutions with larger capitalization and financial intermediaries not subject to bank regulatory restrictions may have larger lending limits which would allow them to serve the credit needs of larger customers. Areas of competition include interest rates for loans and deposits, efforts to obtain loan and deposit customers and a range in quality of products and services provided, including new technology-driven products and services. Technological innovation continues to contribute to greater competition in domestic and international financial services markets as technological advances enable more companies to provide financial services. We also face competition from out-of-state financial intermediaries that have opened loan production offices or that solicit deposits in our market areas. If we are unable to attract and retain banking customers, we may be unable to continue our loan growth and level of deposits and our business, financial condition, results of operations and prospects may be adversely affected.

Anti-takeover provisions and federal law may limit the ability of another party to acquire us, which could cause our stock price to decline — Various provisions of our articles of incorporation and by-laws could delay or prevent a third-party from acquiring us, even if doing so might be beneficial to our shareholders. These provisions provide for, among other things, a shareholder rights plan and the authorization to issue “blank check” preferred stock by action of the board of directors acting alone, thus without obtaining shareholder approval. The Bank Holding Company Act of 1956, as amended, and the Change in Bank Control Act of 1978, as amended, together with federal regulations, require that, depending on the particular circumstances, either Federal Reserve approval must be obtained or notice must be furnished to the Federal Reserve and not disapproved prior to any person or entity acquiring “control” of a state member bank, such as the bank. These provisions may prevent a merger or acquisition that would be attractive to shareholders and could limit the price investors would be willing to pay in the future for our common stock.

We may face other risks. From time to time, we detail other risks with respect to our business and/or financial results in our filings with the Commission.

For further discussion on additional areas of risk, see “Item 7. Management’s Discussion and Analysis of Financial Condition and the Results of Operations — Risk Management.”

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Item 1B. *Unresolved Staff Comments*

None

Item 2. *Properties*

The principal executive offices of the Company and the Bank are located at 701 North Haven Avenue, Suite 350, Ontario, California, which is owned by the Company. The office of Community is located at 125 East "H" Street, Colton, California, which is leased through our Colton business financial center, which is owned by the Bank. The office of Golden West Enterprises, Inc. is located at 3130 Harbor Boulevard, Costa Mesa, California, which is leased from an unaffiliated third party.

At December 31, 2005, the Bank occupied the premises for thirty-one of its offices under leases expiring at various dates from 2006 through 2014, at which time we can exercise options that could extend certain leases through 2027. We own the premises for eleven of our offices, including our two data centers, one of which is for sale and is in escrow. The Company's current data center is located in Ontario, California.

Item 3. *Legal Proceedings*

From time to time the Company and the Bank are parties to claims and legal proceedings arising in the ordinary course of business. After taking into consideration information furnished by counsel, we believe that the ultimate aggregate liability represented thereby, if any, will not have a material adverse effect on our consolidated financial position or results of operations.

In early 2004, the Company experienced a burglary at one of its business financial centers. The burglary resulted in a loss to our customers of items located in their safe deposit boxes. The Company had been compensating its customers for their losses with the acknowledgement of the insurance company that they were not confirming or denying coverage to us under our insurance policies. The Company paid \$400,000 on these claims. In early fall, the insurance company ceased approving these claims.

At the end of 2004, it became apparent that the insurance company may deny coverage of our claims. Therefore, the Company reserved an additional \$2.2 million as an estimate of claims yet to be paid as of December 2004. During the first quarter of 2005, the insurance company expressed its interest in settling these claims. The Company settled with the insurance company in April 2005 agreeing to reimburse the Company for all of the claims paid. This allowed the Company to reverse the \$2.6 million estimated robbery loss in the first quarter of 2005. This amount is included in other operating expenses for the year ended December 31, 2005.

Item 4. *Submission of Matters to a Vote of Security Holders*

No matters were submitted to shareholders during the fourth quarter of 2005.

PART II**Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities.**

Our common stock is traded on the Nasdaq National Market under the symbol "CVBF." The following table presents the high and low closing sales prices and dividend information for our common stock during each quarter for the past two years. The share prices for all periods have been restated to give retroactive effect, as applicable, to the 5-for-4 stock split declared in December 2005, which became effective January 10, 2006, the 5-for-4 stock split declared in December 2004, which became effective December 29, 2004, and the ten percent stock dividend declared in December 2003 and paid January 2, 2004. Cash dividends per share are not adjusted for these stock dividends and splits. The Company had approximately 1,938 shareholders of record as of January 5, 2006.

Two Year Summary of Common Stock Prices

<u>Quarter Ended</u>	<u>High</u>	<u>Low</u>	<u>Dividends</u>
3/31/2004	\$13.63	\$ 12.10	\$0.12 Cash Dividend
6/30/2004	\$14.05	\$ 12.58	\$0.12 Cash Dividend
9/30/2004	\$14.96	\$ 12.93	\$0.13 Cash Dividend
12/31/2004	\$17.87	\$ 14.24	\$0.11 Cash Dividend 5-for-4 Stock Split
3/31/2005	\$17.04	\$ 14.08	\$0.11 Cash Dividend
6/30/2005	\$16.10	\$ 13.60	\$0.11 Cash Dividend
9/30/2005	\$17.52	\$ 14.43	\$0.11 Cash Dividend
12/31/2005	\$16.72	\$ 13.90	\$0.09 Cash Dividend 5-for-4 Stock Split

For information on the ability of the Bank to pay dividends and make loans to the Company, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity Risk".

In October 2001, the Company's Board of Directors authorized the repurchase of up to 2.0 million shares (without adjustment for stock dividends and splits) of our common stock. During 2005, 2004 and 2003, we repurchased 676,033 shares, 99,504 shares, and 349,300 shares of common stock under this repurchase plan, for the total price of \$12.3 million, \$2.0 million, and \$7.1 million respectively. As of December 31, 2005, 875,163 shares are available to be repurchased in the future under this repurchase plan. There were no repurchases made during the fourth quarter of 2005.

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Item 6. Selected Financial Data.

The following table reflects selected financial information at and for the five years ended December 31. Throughout the past five years, the Company has acquired other banks. This may affect the comparability of the data.

	At December 31,				
	2005	2004	2003	2002	2001
	(Amounts and numbers in thousands except per share amounts)				
Net Interest Income	\$ 171,052	\$ 151,185	\$ 129,293	\$ 113,884	\$ 103,071
Provision for Credit Losses	—	—	—	—	1,750
Other Operating Income	27,505	27,907	29,989	29,018	22,192
Other Operating Expenses	91,593	89,722	77,794	66,056	60,155
Earnings Before Income Taxes	106,964	89,370	81,488	76,846	63,358
Income Taxes	36,346	27,884	28,656	27,101	23,300
NET EARNINGS	\$ 70,618	\$ 61,486	\$ 52,832	\$ 49,745	\$ 40,058
Basic Earnings Per Common Share(1)	<u>\$ 0.92</u>	<u>\$ 0.81</u>	<u>\$ 0.70</u>	<u>\$ 0.66</u>	<u>\$ 0.54</u>
Diluted Earnings Per Common Share(1)	<u>\$ 0.91</u>	<u>\$ 0.80</u>	<u>\$ 0.69</u>	<u>\$ 0.65</u>	<u>\$ 0.53</u>
Cash Dividends Declared Per Common Share	<u>\$ 0.42</u>	<u>\$ 0.48</u>	<u>\$ 0.48</u>	<u>\$ 0.54</u>	<u>\$ 0.56</u>
Cash Dividends paid	27,963	23,821	21,638	20,800	15,585
Dividend Pay-Out Ratio(3)	39.60%	38.74%	40.96%	41.81%	38.91%
Financial Position:					
Assets	\$ 5,422,971	\$ 4,511,011	\$ 3,854,349	\$ 3,123,411	\$ 2,514,102
Net Loans	2,640,659	2,117,580	1,738,659	1,424,343	1,167,071
Deposits	3,424,046	2,875,039	2,660,510	2,309,964	1,876,959
Long-Term Borrowings	580,000	830,000	381,000	272,000	325,000
Junior Subordinated debentures	82,476	82,746	82,476	—	—
Stockholders' Equity	342,877	317,483	286,721	259,821	220,748
Book Value Per Share(1)	4.49	4.18	3.80	3.47	2.96
Equity-to-Assets Ratio(2)	6.32%	7.04%	7.44%	8.32%	8.78%
Financial Performance:					
Return on:					
Beginning Equity	22.24%	21.44%	20.33%	22.53%	21.24%
Average Equity	20.87%	20.33%	19.17%	20.45%	19.17%
Average Assets	1.45%	1.47%	1.54%	1.83%	1.72%
Net Interest Margin(TE)	3.89%	3.99%	4.18%	4.66%	4.96%
Efficiency Ratio	46.13%	50.10%	48.84%	46.22%	48.02%
Credit Quality:					
Allowance for Credit Losses	\$ 23,204	\$ 22,494	\$ 21,282	\$ 21,666	\$ 20,469
Allowance/ Total Loans	0.87%	1.05%	1.21%	1.50%	1.72%
Total Non Performing Loans	\$ —	\$ 2	\$ 548	\$ 824	\$ 1,578
Non Performing Loans/ Total Loans	0.00%	0.00%	0.03%	0.06%	0.13%
Allowance/ Non Performing Loans	—	1,124,698%	3,884%	2,629%	1,297%
Net (Recoveries)/ Charge-offs	\$ 46	\$ (1,212)	\$ 1,418	\$ 1,128	\$ 433
Net (Recoveries)/ Charge-Offs/ Average Loans	0.00%	-0.06%	0.09%	0.09%	0.04%
Regulatory Capital Ratios For the Company:					
Leverage Ratio	7.7%	8.3%	8.6%	7.6%	8.6%
Tier 1 Capital	11.3%	12.6%	13.2%	10.2%	12.0%
Total Capital	12.0%	13.4%	14.5%	11.2%	13.2%
For the Bank:					
Leverage Ratio	7.3%	7.8%	8.6%	7.6%	8.6%
Tier 1 Capital	10.8%	11.9%	13.2%	10.2%	12.0%
Total Capital	11.5%	12.7%	14.2%	11.3%	13.2%

(1) All earnings per share information has been retroactively adjusted to reflect the 5-for-4 stock split declared on December 21, 2005, which became effective January 10, 2006, the 5-for-4 stock split declared December 15, 2004, which became effective December 29, 2004, the 10% stock dividend

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declared December 17, 2003 and paid January 2, 2004, the 5-for-4 stock split declared December 18, 2002, which became effective January 3, 2003, and the 5-for-4 stock split declared December 19, 2001, which became effective January 4, 2002. Cash dividends declared per share are not restated in accordance with generally accepted accounting principles.

- (2) Stockholders' equity divided by total assets.
- (3) Cash dividends divided by net income.

Item 7. *Management's Discussion and Analysis of Financial Condition and the Results of Operations.*

GENERAL

Management's discussion and analysis is written to provide greater detail of the results of operations and the financial condition of CVB Financial Corp. and its subsidiaries. This analysis should be read in conjunction with the audited financial statements contained within this report including the notes thereto.

OVERVIEW

We are a bank holding company with one bank subsidiary, Citizens Business Bank. We have two other active subsidiaries, Community Trust Deed Services, which is owned by CVB Financial Corp. and Golden West Enterprises, Inc, which is owned by the Bank. We have three other inactive subsidiaries: CVB Ventures, Inc.; Chino Valley Bancorp and ONB Bancorp. We are also the common stockholder of CVB Statutory Trust I, CVB Statutory Trust II, and CVB Statutory Trust III. Trusts I and II were created in December 2003 and Trust III was created in January 2006 to issue trust preferred securities in order to raise capital for the Company. We are based in Ontario, California in what is known as the "Inland Empire". Our geographical market area encompasses Madera (the middle of the Central Valley) in the center of California to Laguna Beach (in Orange County) in the southern portion of California. Our mission is to offer the finest financial products and services to professionals and businesses in our market area.

Our primary source of income is from the interest earned on our loans and investments and our primary area of expense is the interest paid on deposits and borrowings. As such, our net income is subject to fluctuations in interest rates and their impact on our earnings. We believe the recent rise in interest rates may relieve some of the pressure on our net interest margin. We are also subject to competition from other financial institutions, which may affect our pricing of products and services, and the fees and interest rates we can charge on them.

Economic conditions in our California service area impact our business. The economy of this area has not experienced the decline that other areas of the state and country have witnessed during the past few years. The job market continues to strengthen in the Central Valley and Inland Empire. However, we are still subject to changes in the economy in our market area. Although we do not provide mortgages on single-family residences, we still benefit from construction growth in Southern California since we provide construction loans to builders. Southern California is experiencing growth in construction on single-family residences and commercial buildings, and our balance sheet at December 31, 2005 reflects that growth from December 31, 2004. A slow down in construction will have an impact on our balance sheet and earnings.

Over the past few years, we have been active in acquisitions and we will continue to pursue acquisition targets which will enable us to meet our business objectives and enhance shareholder value. Since 1999, we have acquired four banks and a leasing company, and we have opened four de novo branches; Glendale, Bakersfield, Fresno and Madera. In 2001 we implemented our "Central Valley Initiative" which is intended to grow our presence in the southern Central Valley of California. This area has a large agribusiness economy and fits in well with agribusiness lending portfolio. This portion of the state is the largest agricultural area in the nation. We began this initiative in December of 2001 with the opening of our Bakersfield Business Financial Center. We added one de novo Business Financial Center in Fresno in the second quarter of 2003 and another de novo Business Financial Center in Madera in the second quarter of 2005. Our acquisition of Kaweah National Bank in September 2003 with Business Financial Centers in Visalia, Tulare, Porterville and

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McFarland further complimented the initiative. We currently have seven Business Financial Centers and one leasing office in the Central Valley.

Our growth in loans and investments during 2005 compared with 2004 and the increasing interest rate environment has allowed our interest income to grow in 2005 as compared to the same period in the preceding year. We did increase our borrowings from the FHLB in 2005 to assist in the growth of investments and the related interest income on these investments. The result of the increase in loan, investment and deposit balances and overall increase in interest rates resulted in an increase of net interest income to \$171.1 million in 2005 from \$151.2 million in 2004. However, the increase in interest rates paid on deposits and borrowings has resulted in a decrease in net interest margin (TE) from 3.99% in 2004 to 3.89% in 2005. The Bank has always had a base of interest free deposits because we specialize in businesses and professionals as deposit customers. This has allowed us to have a low cost of deposits, currently at 0.56% for 2005.

In 2004, we restructured a portion of our investment portfolio in anticipation of a rising interest rate environment. This restructuring had the effect of shortening the duration of the portfolio and we realized security gains of \$5.2 million in 2004. The purpose of the restructuring was to sell those securities which would not perform well in a rising rate environment. The shortening in the duration of the portfolio will allow for an increase in cash flow or liquidity so that the reinvestment of the cash flow will occur at higher rates.

During the first quarter of 2004, we wrote down the carrying value of two issues of Federal Home Loan Mortgage Association preferred stock. These securities pay dividends based on LIBOR and perform like a bond. Since there was a loss of value that was determined to be other-than-temporary, we charged \$6.3 million against earnings in the first quarter of 2004 to adjust for the impairment of the issues of preferred stock. This was partially offset by the \$5.2 million in security gains taken in the second quarter 2004. We took these gains on short maturity securities before rates rose and the gains disappeared.

We recorded an additional charge of \$2.6 million on these securities at December 31, 2005. Although the preferred stock resets with LIBOR (one issue resets to the 3-month LIBOR rate every 3 months and the other resets to the 12-month LIBOR every twelve months), the price of the Freddie Mac preferred stock has not moved up accordingly. For additional information regarding these charges, see "Analysis of Financial Condition — Investment Securities."

In the third quarter of 2004, we sold a building that housed the Pasadena Business Financial Center and our Financial Advisory Services Group. We are leasing this space back from the purchaser of the building. We realized a gain of \$1.9 million from this transaction. Under U.S. generally accepted accounting principles, we could only recognize the gain on that portion of the building that we previously leased to third parties in current year income. This resulted in gain recognition of \$490,000 in 2004. The remaining portion of the gain, \$1.5 million was deferred and is being amortized over the lives of the leases we have for the Pasadena Business Financial Center and the Financial Advisory Services Group. During 2005, we recognized \$549,000 of the deferred gain as a reduction of rental expense.

During the fourth quarter of 2004, we acquired a new building for our data center. We out-grew our old data center, which we also owned. We moved into the new facility in the third quarter of 2005 and have opened escrow on the sale of the old facility.

Our total occupancy expense, exclusive of furniture and equipment expense, for the year ended December 31, 2005, was \$8.3 million. We believe that our existing facilities are adequate for our present purposes. The Company believes that if necessary, it could secure suitable alternative facilities on similar terms without adversely affecting operations. For additional information concerning properties, see Notes 6 and 11 of the Notes to the Consolidated Financial Statements included in this report. See "Item 8. Financial Statements and Supplemental Data."

Our net income increased to \$70.6 million in 2005 compared with \$61.5 million in 2004, an increase of \$9.1 million or 14.85%. Diluted earnings per share, when restated for the five-for-four stock split declared in December 2005, increased \$.11, from \$0.80 in 2004 to \$0.91 in 2005.

In October 2004, we signed an agreement to acquire Granite State Bank (“GSB”). This acquisition was consummated in February 2005. At the date of acquisition, GSB had \$62.8 million in loans, \$103.1 million in deposits, and \$111.4 million in total assets. The Company issued 696,049 common shares and paid \$13.3 million in cash in connection with the purchase of GSB. This transaction gave rise to \$8.4 million in amortizable intangibles and \$12.8 million in goodwill. The allocation of the purchase price is based on preliminary data and could change when final valuation of certain assets is obtained.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties, and could potentially result in materially different results under different assumptions and conditions. We believe that our most critical accounting policies upon which our financial condition depends, and which involve the most complex or subjective decisions or assessment, are as follows:

Allowance for Credit Losses: Arriving at an appropriate level of allowance for credit losses involves a high degree of judgment. Our allowance for credit losses provides for probable losses based upon evaluations of known and inherent risks in the loan and lease portfolio. The determination of the balance in the allowance for credit losses is based on an analysis of the loan and lease finance receivables portfolio using a systematic methodology and reflects an amount that, in our judgment, is adequate to provide for probable credit losses inherent in the portfolio, after giving consideration to the character of the loan portfolio, current economic conditions, past credit loss experience, and such other factors as deserve current recognition in estimating inherent credit losses. The provision for credit losses is charged to expense. For a full discussion of our methodology of assessing the adequacy of the allowance for loan losses, see “Risk Management” in Item 7 Management’s Discussion and Analysis of Financial Condition and Results of Operation.

Investment Portfolio: The investment portfolio is an integral part of our financial performance. We invest primarily in fixed income securities. Accounting estimates are used in the presentation of the investment portfolio and these estimates do impact the presentation of our financial condition and results of operations. Many of the securities included in the investment portfolio are purchased at a premium or discount. The premiums or discounts are amortized or accreted over the life of the security. For mortgage-backed securities (“MBS”), the amortization or accretion is based on estimated average lives of the securities. The lives of these securities can fluctuate based on the amount of prepayments received on the underlying collateral of the securities. The amount of prepayments varies from time to time based on the interest rate environment (i.e., lower interest rates increase the likelihood of refinances) and the rate of turn over of the mortgages (i.e., how often the underlying properties are sold and mortgages are paid-off). We use estimates for the average lives of these mortgage backed securities based on information received from third parties whose business it is to compile mortgage related data and develop a consensus of that data. We adjust the rate of amortization or accretion regularly to reflect changes in the estimated average lives of these securities.

We classify securities as held-to-maturity those debt securities that we have the positive intent and ability to hold to maturity. Securities classified as trading are those securities that are bought and held principally for the purpose of selling them in the near term. All other debt and equity securities are classified as available-for-sale. Securities held-to-maturity are accounted for at cost and adjusted for amortization of premiums and accretion of discounts. Trading securities are accounted for at fair value with the unrealized holding gains and losses being included in current earnings. Securities available-for-sale are accounted for at fair value, with the net unrealized gains and losses, net of income tax effects, presented as a separate component of stockholders’ equity. At each reporting date, available-for-sale securities are assessed to determine whether there is an other-than-temporary impairment. Such impairment, if any, is required to be recognized in current earnings rather than as a separate component of stockholders’ equity. Realized gains and losses on sales of securities are recognized in earnings at the time of sale and are determined on a specific-identification basis. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Our investment in Federal Home Loan Bank (“FHLB”) stock is carried at cost.

Income Taxes: We account for income taxes by deferring income taxes based on estimated future tax effects of temporary differences between the tax and book basis of assets and liabilities considering the

provisions of enacted tax laws. These differences result in deferred tax assets and liabilities, which are included on our balance sheets. We must also assess the likelihood that any deferred tax assets will be recovered from future taxable income and establish a valuation allowance for those assets determined to not likely be recoverable. Our judgment is required in determining the amount and timing of recognition of the resulting deferred tax assets and liabilities, including projections of future taxable income. Although we have determined a valuation allowance is not required for all deferred tax assets, there is no guarantee that these assets are recoverable.

Goodwill and Intangible Assets: We have acquired entire banks and branches of banks. Those acquisitions accounted for under the purchase method of accounting have given rise to goodwill and intangible assets. We record the assets acquired and liabilities assumed at their fair value. These fair values are arrived at by use of internal and external valuation techniques. The excess purchase price is allocated to assets and liabilities respectively, resulting in identified intangibles. The identified intangibles are amortized over the estimated lives of the assets or liabilities. Any excess purchase price after this allocation results in goodwill. Goodwill is tested on an annual basis for impairment.

ANALYSIS OF THE RESULTS OF OPERATIONS

Earnings

We reported net earnings of \$70.6 million for the year ended December 31, 2005. This represented an increase of \$9.1 million, or 14.85%, over net earnings of \$61.5 million for the year ended December 31, 2004. Net earnings for 2004 increased \$8.7 million to \$61.5 million, or 16.38%, over net earnings of \$52.8 million for the year ended December 31, 2003. Diluted earnings per share were \$0.91 in 2005, as compared to \$0.80 in 2004, and \$0.69 in 2003. Basic earnings per share were \$0.92 in 2005, as compared to \$0.81 in 2004, and \$0.70 in 2003. Diluted and basic earnings per share have been adjusted for the effects of a 5-for-4 stock split declared December 21, 2005, which became effective January 10, 2006, a 5-for-4 stock split declared December 15, 2004, which became effective December 29, 2004, and a 10% stock dividend declared December 17, 2003 and paid on January 2nd, 2004.

The increase in net earnings for 2005 compared to 2004 was the result of an increase in net interest income offset by an increase in other operating expenses and decrease in other operating income. The decrease in other operating income was due in part to a decrease in service charge income and the \$2.3 million write down of other than temporary impairment on securities. The increase in operating expenses was due primarily to annual merit increases in salaries and increases in salary and occupancy expenses as a result of the acquisition of Granite State Bank. The increase in net earnings for 2004 compared to 2003 was the result of an increase in net interest income offset by an increase in other operating expenses and a decrease in other operating income. Increased net interest income for 2005, 2004 and 2003 reflected higher volumes of average earning assets for each year due to internal and external growth in our business.

For 2005, our return on average assets was 1.45%, compared to 1.47% for 2004, and 1.54% for 2003. Our return on average stockholders' equity was 20.87% for 2005, compared to a return of 20.33% for 2004, and 19.17% for 2003.

Net earnings, excluding the impact of gains or losses on sales of investment securities, other-than-temporary impairment write-down, and the settlement of excess legal accrual, totaled \$70.4 million for 2005. This represented an increase of \$6.9 million, or 10.91%, compared to net earnings, excluding the impact of gains or losses on sales of investment securities, gain on sale of real estate, other-than-temporary impairment write down, and the estimated robbery loss, of \$63.5 million for 2004. \$63.5 million represented an increase of \$12.1 million, or 23.61%, over net earnings, excluding the impact of gains or losses on sales of investment securities, the prepayment penalty for FHLB advances, and the reversed excess legal fee accrual, of \$51.4 million for 2003.

The following table reconciles the differences in net earnings with and without the net gains on sales of investment securities, net gain on sale of real estate, other-than-temporary impairment write down, the

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accrual/settlement of robbery loss, the prepayment penalty, and the reversed excess legal fee accrual (there is no provision for credit and OREO losses recorded in 2005, 2004, and 2003) in conformity with accounting principles generally accepted in the United States of America:

	Net Earnings Reconciliation For the Years Ended December 31,								
	2005			2004			2003		
	Before Income Taxes	Income Taxes	Net Earnings	Before Income Taxes	Income Taxes	Net Earnings	Before Income Taxes	Income Taxes	Net Earnings
	(Amounts in thousands)								
Net Earnings excluding net gain on sale of securities, net gain on sale of real estate, other-than-temporary impairment write down, accrual/settlement of robbery loss, the prepayment penalty, and reversed excess legal accrual	\$ 106,679	\$ 36,248	\$ 70,431	\$ 92,301	\$ 28,798	\$ 63,503	\$ 79,234	\$ 27,861	\$ 51,373
Net gain on sale of securities	(46)	(16)	(30)	5,219	1,628	3,591	4,210	1,486	2,724
Net gain on sale of real estate	—	—	—	419	131	288	—	—	—
Other-than-temporary impairment write down	(2,270)	(770)	(1,500)	(6,300)	(1,966)	(4,334)	—	—	—
Estimated robbery loss (accrual)/settlement	2,600	883	1,717	(2,269)	(707)	(1,562)	—	—	—
Prepayment penalty for FHLB advance	—	—	—	—	—	—	(5,256)	(1,855)	(3,401)
Reversed excess legal fee accrual	—	—	—	—	—	—	3,300	1,164	2,136
Net Earnings as reported	<u>\$ 106,963</u>	<u>\$ 36,345</u>	<u>\$ 70,618</u>	<u>\$ 89,370</u>	<u>\$ 27,884</u>	<u>\$ 61,486</u>	<u>\$ 81,488</u>	<u>\$ 28,656</u>	<u>\$ 52,832</u>

We have presented net earnings with and without the net gains on sales of investment securities, net gain on sale of real estate, other-than-temporary impairment write down, the accrual/settlement of robbery loss, the prepayment penalty, and the reversed excess legal fee accrual to show shareholders the earnings from our banking operations unaffected by the impact of these items. We believe this presentation allows the reader to more easily determine the operational profit of the Company with respect to its primary business.

Net Interest Income

The principal component of our earnings is net interest income, which is the difference between the interest and fees earned on loans and investments (earning assets) and the interest paid on deposits and borrowed funds (interest-bearing liabilities). When net interest income is expressed as a percentage of average earning assets, the result is the net interest margin. The net interest spread is the yield on average earning assets minus the cost of average interest-bearing liabilities. Our net interest income, interest spread, and net interest margin are sensitive to general business and economic conditions. These conditions include short-term and long-term interest rates, inflation, monetary supply, and the strength of the economy, in general, and the local economies in which we conduct business. Our ability to manage the net interest income during changing interest rate environments will have a significant impact on its overall performance. We manage net interest income through affecting changes in the mix of earning assets as well as the mix of interest-bearing liabilities, changes in the level of interest-bearing liabilities in proportion to earning assets, and in the growth of earning assets.

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Our net interest income totaled \$171.1 million for 2005. This represented an increase of \$19.9 million, or 13.14%, over net interest income of \$151.2 million for 2004. Net interest income for 2004 increased \$21.9 million, or 16.93%, over net interest income of \$129.3 million for 2003. The increase in net interest income of \$19.9 million for 2005 resulted from an increase of \$50.8 million in interest income offset by an increase of \$30.9 million in interest expense. The increase in interest income of \$50.8 million resulted from the \$628.3 million increase in average earning assets and the increase in yield on earning assets to 5.60% in 2005 from 5.16% in 2004. The increase of \$30.9 million in interest expense resulted from the increase in the average rate paid on interest-bearing liabilities to 2.49% in 2005 from 1.76% in 2004, and an increase of \$474.7 million in average interest-bearing liabilities. These interest-bearing liabilities are primarily borrowings from the FHLB and correspondent banks.

The increase in net interest income of \$21.9 million for 2004 as compared to 2003 resulted from an increase of \$31.4 million in interest income offset by a \$9.5 million increase in interest expense. This increase in interest income of \$31.4 million resulted from the \$692.2 million increase in average earning assets, offset by the decline in yield on earning assets to 5.16% in 2004 from 5.34% in 2003. The increase of \$9.5 million in interest expense was primarily the result of an increase in average interest-bearing liabilities of \$502.0 million.

Interest income totaled \$248.5 million for 2005. This represented an increase of \$50.8 million, or 25.69%, compared to total interest income of \$197.7 million for 2004. For 2004, total interest income increased \$31.4 million, or 18.85%, from total interest income of \$166.3 million for 2003. The increase in total interest income was primarily due to an increase in volume of interest earning assets in 2005, 2004, and 2003 and increases in interest rates in 2005 as compared to 2004.

Interest expense totaled \$77.4 million for 2005. This represented an increase of \$30.9 million, or 66.47%, over total interest expense of \$46.5 million for 2004. For 2004, total interest expense increased \$9.5 million, or 25.54%, over total interest expense of \$37.1 million for 2003.

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Table 1 represents the composition of average interest-earning assets and average interest-bearing liabilities by category for the periods indicated, including the changes in average balance, composition, and yield/rate between these respective periods:

**TABLE 1 — Distribution of Average Assets, Liabilities, and Stockholders' Equity;
Interest Rates and Interest Differentials**

ASSETS	Years Ended December 31,								
	2005			2004			2003		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
	(Amounts in thousands)								
Investment Securities									
Taxable(1)	\$ 1,774,842	\$ 76,573	4.32%	\$ 1,631,431	\$ 66,109	4.07%	\$ 1,315,162	\$ 49,814	3.79%
Tax preferenced(2)	425,877	19,078	5.99%	339,452	15,087	5.87%	348,845	16,065	6.09%
Investment in FHLB stock	64,144	2,623	4.09%	46,443	1,960	4.22%	34,169	1,391	4.07%
Federal Funds Sold & Interest Bearing Deposits with other institutions	8,908	253	2.84%	311	3	0.96%	2,436	34	1.40%
Loans(3)(4)	2,277,304	149,961	6.59%	1,905,145	114,543	6.01%	1,529,944	99,042	6.47%
Total Earning Assets	4,551,075	248,488	5.60%	3,922,782	197,702	5.17%	3,230,556	166,346	5.34%
Total Non Earning Assets	318,077			269,760			209,485		
Total Assets	<u>\$ 4,869,152</u>			<u>\$ 4,192,542</u>			<u>\$ 3,440,041</u>		
LIABILITIES AND STOCKHOLDERS' EQUITY									
Savings Deposits(5)	\$ 1,140,703	\$ 13,907	1.22%	\$ 1,042,447	\$ 7,708	0.74%	\$ 900,985	\$ 7,295	0.81%
Time Deposits	539,433	15,001	2.78%	505,102	7,800	1.54%	559,311	9,028	1.61%
Total Deposits	1,680,136	28,908	1.72%	1,547,549	15,508	1.00%	1,460,296	16,323	1.12%
Other Borrowings	1,429,632	48,528	3.39%	1,087,534	31,009	2.85%	672,827	20,730	3.08%
Interest Bearing Liabilities	3,109,768	77,436	2.49%	2,635,083	46,517	1.76%	2,133,123	37,053	1.74%
Non-interest bearing deposits	1,382,968			1,213,884			975,134		
Other Liabilities	38,057			41,201			56,221		
Stockholders' Equity	338,359			302,374			275,563		
Total Liabilities and Stockholders' Equity	<u>\$ 4,869,152</u>			<u>\$ 4,192,542</u>			<u>\$ 3,440,041</u>		
Net interest income		<u>\$ 171,052</u>			<u>\$ 151,185</u>			<u>\$ 129,293</u>	
Net interest spread — tax equivalent			3.11%			3.41%			3.60%
Net interest margin			3.76%			3.86%			4.02%
Net interest margin — tax equivalent			3.89%			3.99%			4.18%
Net interest margin excluding loan fees			3.55%			3.67%			3.78%
Net interest margin excluding loan fees — tax equivalent			3.68%			3.80%			3.94%

(1) Includes short-term interest bearing deposits with other institutions.

(2) Non tax equivalent rate for 2005 was 4.54%, 2004 was 4.51%, and 2003 was 4.61%

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- (3) Loan fees are included in total interest income as follows, (000)s omitted: 2005, \$9,543, 2004, \$7,353, and 2003, \$7,766.
- (4) Non performing loans are included in net loans as follows, (000)s omitted: 2005, \$0; 2004, \$2; and 2003, \$548.
- (5) Includes interest bearing demand and money market accounts

As stated above, the net interest margin measures net interest income as a percentage of average earning assets. The net interest margin is an indication of how effectively we generate our sources of funds and employ our earning assets. Our tax effected (TE) net interest margin was 3.89% for 2005, compared to 3.99% for 2004, and 4.18% for 2003. The decreases in the net interest margin over the last three years are the result of the increasing interest rate environment, which impacted interest earned and interest paid as a percent of earning assets. Although the yield on earning assets increased, this was offset by higher interest paid on interest-bearing liabilities.

It is difficult to attribute the net interest margin changes to any one factor. However, the banking and financial services businesses in our market areas are highly competitive. This competition has an influence on the strategies we employ. In addition, the general increase in interest rates had an impact on interest earned and interest paid as a percent of earning assets. Although the yield on earning assets increased, this was offset by higher interest paid on interest-bearing liabilities.

Although the net interest margin has declined, net interest income has increased. This primarily reflects the growth in average earning assets from \$3.2 billion in 2003, to \$3.9 billion in 2004, and to \$4.6 billion in 2005. This represents a 16.02% increase in 2005 from 2004 and a 21.43% increase in 2004 from 2003.

The net interest spread is the difference between the yield on average earning assets less the cost of average interest-bearing liabilities. The net interest spread is an indication of our ability to manage interest rates received on loans and investments and paid on deposits and borrowings in a competitive and changing interest rate environment. Our net interest spread (TE) was 3.11% for 2005, 3.41% for 2004, and 3.60% for 2003. The decrease in the net interest spread for 2005 as compared to 2004 resulted from a 43 basis point increase in the yield on earning assets offset by a 73 basis point increase in the cost of interest-bearing liabilities, thus generating a 30 basis point decrease in the net interest spread. The decrease in the net interest spread for 2004 resulted from a 17 basis point decrease in the yield on earning assets and a 2 basis point increase in the cost of interest-bearing liabilities, thus generating a 19 basis point decrease in the net interest spread.

The yield (TE) on earning assets increased to 5.60% for 2005, from 5.17% for 2004, and reflects an increasing interest rate environment and a change in the mix of earning assets. Investments as a percent of earning assets decreased to 48.36% in 2005 from 50.24% in 2004. The yield on loans for 2005 increased to 6.59% as compared to 6.01% for 2004 as a result of the increasing interest rate environment and competition for quality loans. The yield on investments for 2005 increased to 4.64% as compared to 4.38% in 2004. The increase in the yield on earning assets for 2005 was the result of higher yields on loans and investments. The yield on loans for 2004 decreased to 6.01% as compared to 6.47% for 2003. The decrease in the yields on loans for 2004 was primarily the result of a decreased interest rate environment partially offset by increased price competition for quality loans compared to 2003.

The cost of average interest-bearing liabilities increased to 2.49% for 2005 as compared to 1.76% for 2004, and increased to 1.76% for 2004 as compared to 1.74% for 2003. These variations reflected a change in the mix of interest-bearing liabilities and an increasing interest rate environment in 2005 and an in the last half of 2004. Borrowings as a percent of interest-bearing liabilities increased to 45.97% for 2005 as compared to 41.27% for 2004 and 31.54% for 2003. Borrowings typically have a higher cost than interest-bearing deposits. The cost of interest-bearing deposits for 2005 increased to 1.72% as compared to 1.00% for 2004 and decreased to 1.00% as compared to 1.12% for 2003, reflecting initial decreasing interest rate environment in 2004, with a subsequent rising interest rate environment in 2005. The cost of borrowings for 2005 increased to 3.39% as compared to 2.85% for 2004, and decreased to 2.85% from 3.08% for 2003, also reflecting the same decreasing interest rate environment followed by increases. The FDIC has approved the payment of interest on certain

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demand deposit accounts. This could have a negative impact on our net interest margin, net interest spread, and net earnings, should this be implemented fully. Currently, the only deposits for which we pay interest on are NOW and Money Market Accounts.

Table 2 presents a comparison of interest income and interest expense resulting from changes in the volumes and rates on average earning assets and average interest-bearing liabilities for the years indicated. Changes in interest income or expense attributable to volume changes are calculated by multiplying the change in volume by the initial average interest rate. The change in interest income or expense attributable to changes in interest rates is calculated by multiplying the change in interest rate by the initial volume. The changes attributable to interest rate and volume changes are calculated by multiplying the change in rate times the change in volume.

TABLE 2 — Rate and Volume Analysis for Changes in Interest Income, Interest Expense and Net Interest Income

	Comparison of years ended December 31,							
	2005 Compared to 2004 Increase (Decrease) Due to			2004 Compared to 2003 Increase (Decrease) Due to				
	Volume	Rate	Rate/ Volume	Total	Volume	Rate	Rate/ Volume	Total
(Amounts in thousands)								
Interest Income:								
Taxable investment securities	\$ 6,109	\$ 4,062	\$ 293	\$ 10,464	\$ 12,458	\$ 3,066	\$ 771	\$ 16,295
Tax-advantaged securities	5,383	407	(1,799)	3,991	(433)	(561)	16	(978)
Fed funds sold & interest-bearing deposits with other institutions	83	6	161	250	(30)	(11)	10	(31)
Investment in FHLB stock	747	(60)	(24)	663	500	51	18	569
Loans	22,367	11,050	2,001	35,418	24,289	(7,058)	(1,730)	15,501
Total interest on earning assets	34,689	15,465	632	50,786	36,784	(4,513)	(915)	31,356
Interest Expense:								
Savings deposits	727	5,004	468	6,199	1,145	(632)	(100)	413
Time deposits	529	6,263	409	7,201	(875)	(392)	39	(1,228)
Other borrowings	9,885	5,954	1,680	17,519	12,777	(1,545)	(953)	10,279
Total interest on interest-bearing liabilities	11,141	17,221	2,557	30,919	13,047	(2,569)	(1,014)	9,464
Net Interest Income	\$ 23,548	\$ (1,756)	\$ (1,925)	\$ 19,867	\$ 23,737	\$ (1,944)	\$ 99	\$ 21,892

Interest and Fees on Loans

Our major source of revenue is interest and fees on loans, which totaled \$150.0 million for 2005. This represented an increase of \$35.4 million, or 30.92%, over interest and fees on loans of \$114.5 million for 2004. For 2004, interest and fees on loans increased \$15.5 million, or 15.65%, over interest and fees on loans of \$99.0 million for 2003. The increase in interest and fees on loans for 2005 reflects increases in the average balance of loans and increases in interest rates. The increase in interest and fees for 2004 reflects increases in the average balance of loans offset by a lower interest rate environment. The yield on loans increased to 6.59% for 2005, compared to 6.01% for 2004 and decreased to 6.01% in 2004 from 6.47% for 2003. Deferred loan origination fees, net of costs, totaled \$17.2 million at December 31, 2005. This represented an increase of \$2.6 million, or 18.07%, over deferred loan origination fees, net of costs, of \$14.6 million at December 31, 2004.

In general, we stop accruing interest on a loan after its principal or interest becomes 90 days or more past due. When a loan is placed on non-accrual, all interest previously accrued but not collected is charged against

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earnings. There was no interest income that was accrued and not reversed on non-performing loans at December 31, 2005, 2004, and 2003. For 2005 we had no non-performing loans. For 2004, our non-performing loans were less than \$2,000. So the interest would have been collected was de minimums. Had non-performing loans for which interest was no longer accruing complied with the original terms and conditions of their notes, interest income would have been \$134,000 greater for 2003. Accordingly, yields on loans would have increased by 0.01% in 2003.

Fees collected on loans are an integral part of the loan pricing decision. Loan fees and the direct costs associated with the origination of loans are deferred and deducted from total loans on our balance sheet. Deferred net loan fees are recognized in interest income over the term of the loan in a manner that approximates the level-yield method. We recognized loan fee income of \$9.5 million for 2005, \$7.4 million for 2004 and \$7.8 million for 2003.

Table 3 summarizes loan fee activity for the Bank for the years indicated.

	<u>2005</u>	<u>2004</u>	<u>2003</u>
		(Amounts in thousands)	
Fees Collected	\$ 12,173	\$ 14,513	\$ 11,014
Fees and costs deferred	(7,342)	(11,224)	(12,736)
Accretion of deferred fees and costs	4,711	4,064	9,488
Total fee income reported	<u>\$ 9,542</u>	<u>\$ 7,353</u>	<u>\$ 7,766</u>
Deferred net loan origination fees at end of year	<u>\$ 17,182</u>	<u>\$ 14,552</u>	<u>\$ 7,392</u>

Interest on Investments

The second most important component of interest income is interest on investments, which totaled \$95.7 million for 2005. This represented an increase of \$14.5 million, or 17.80%, over interest on investments of \$81.2 million for 2004. For 2004, interest on investments increased \$15.3 million, or 23.25%, over interest on investments of \$65.9 million for 2003. The increase in interest on investments for 2005 and 2004 reflected increases in the average balance of investments and an increase in interest rates. The interest rate environment and the investment strategies we employ directly affect the yield on the investment portfolio. We continually adjust our investment strategies in response to the changing interest rate environments in order to maximize the rate of total return consistent within prudent risk parameters, and to minimize the overall interest rate risk of the Company. The weighted-average yield on investments was 4.64% for 2005, compared to 4.38% for 2004 and 4.31% for 2003.

Provision for Credit Losses

We maintain an allowance for inherent credit losses that is increased by a provision for credit losses charged against operating results. We did not make a provision for credit losses during 2005, 2004 and 2003 and we believe the allowance is adequate to absorb known inherent risk in the loan profile. No assurance can be given that economic conditions which adversely affect our service areas or other circumstances will not be reflected in increased provisions or credit losses in the future. The net charge-offs totaled \$46,000 in 2005, net recoveries totaled \$1.2 million in 2004, and net charge-offs totaled \$1.4 million in 2003. See "Risk Management — Credit Risk" herein.

Other Operating Income

Other operating income includes income derived from special services offered by the Bank, such as financial advisory services, merchant card, investment services, international banking, and other business services. Also included in other operating income are service charges and fees, primarily from deposit accounts; gains (net of losses) from the sale of investment securities, other real estate owned, and fixed assets; and other revenues not included as interest on earning assets.

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Other operating income, including realized losses on the sales of investment securities, totaled \$27.5 million for 2005. This represents a decrease of \$402,000, or 1.44%, from other operating income, including gain on the sales of investment securities and real estate, of \$27.9 million for 2004. During 2004, other operating income, including realized gains on the sales of investment securities and real estate, decreased \$2.1 million, or 6.94%, from other operating income, including realized gains on the sales of investment securities, of \$30.0 million for 2003.

Other operating income for 2005, without gain/loss on the sale of investment securities, increased \$1.3 million or 4.38%, as compared to 2004. Other operating income for 2004, without gains on the sale of investment securities and real estate, increased \$2.8 million or 10.82%, as compared to 2003. The increase in 2004 is primarily due to the increase of volume in other banking service fees.

Other operating income as a percent of net revenues (net interest income before loan loss provision plus other operating income) was 13.85% for 2005, as compared to 15.58% for 2004 and 18.83% for 2003. Excluding gains and losses on securities, other operating income as a percent of net revenues was 14.85% for 2005, as compared to 15.89% for 2004 and 16.62% for 2003.

The following table reconciles the differences in other operating income and the percentage of net revenues with and without the net gains/losses on sales of investment securities and real estate in conformity with accounting principles generally accepted in the United States of America:

Other Operating Income Reconciliation For the Years Ended December 31,

	2005			2004			2003		
	Without Gain/Loss	Net Gain/(Loss) on Securities/Real Estate	Reported Earnings	Without Gain/Loss	Net Gain/(Loss) on Securities/Real Estate	Reported Earnings	Without Gain/Loss	Net Gain/(Loss) on Securities/Real Estate	Reported Earnings
	(Amounts in thousands)								
Other Operating Income	\$ 29,821	\$ (2,316)	\$ 27,505	\$ 28,569	\$ (662)	\$ 27,907	\$ 25,779	\$ 4,210	\$ 29,989
Net Revenues	\$ 200,873	\$ (2,316)	\$ 198,557	\$ 179,754	\$ (662)	\$ 179,092	\$ 155,072	\$ 4,210	\$ 159,282
Percent of Other Operating Income to Net Revenues	14.85%	100.00%	13.85%	15.89%	100.00%	15.58%	16.62%	100.00%	18.83%

We have presented other operating income without the realized gains or losses of investment securities and gain on sale of real estate to show shareholders the earnings from operations unaffected by the impact of the investment securities gains or losses. We believe this presentation allows the reader to determine our profitability before the impact of sales of investment securities. We believe the reader will be able to more easily determine the operational profits of the Company.

Service charges on deposit accounts totaled \$13.3 million in 2005. This represented a decrease of \$412,000 or 3.02% from service charges on deposit accounts of \$13.7 million in 2004. Service charges for demand deposit (checking) accounts for business customers are generally charged based on an analysis of their activity and include an earning allowance based on their average balances. Contributing to the decrease in service charges on deposit accounts in 2005 was the higher average demand deposit balances that resulted in a higher account earnings allowance, which offsets services charges and the implementation of a revised service charge schedule. Service charges on deposit accounts in 2004 decreased \$1.4 million, or 9.15% from service charges on deposit accounts of \$15.0 million in 2003. Service charges on deposit accounts represented 48.18% of other operating income in 2005, as compared to 48.96% in 2004 and 50.15% in 2003.

Financial Advisory Services consists of Trust Services and Investment Services. Trust Services provides a variety of services, which include asset management services (both full management services and custodial services), estate planning, retirement planning, private and corporate trustee services, and probate services. Investment Services provides mutual funds, certificates of deposit, and other non-insured investment products. Financial Advisory Services generated fees of \$6.7 million in 2005. This represents an increase of \$598,000, or 9.88% over fees generated of \$6.1 million in 2004. The increase is primarily due to an increase in assets under

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administration of \$728.7 million. Fees generated by Financial Advisory Services represented 24.18% of other operating income in 2005, as compared to 21.69% in 2004 and 17.92% in 2003.

Bankcard Services, which provides merchant bankcard services, generated fees totaling \$2.5 million in 2005. This represented an increase of \$672,000, or 37.73% over fees generated of \$1.8 million in 2004. Bankcard fees in 2004 increased by \$364,000, or 25.71% over fees generated of \$1.4 million in 2003. The increases are primarily due to growth of the transaction volumes with our customer base and the controlling of costs in processing these transactions. Fees generated by Bankcard represented 8.92% of other operating income in 2005, as compared to 6.38% in 2004 and 4.72% in 2003.

Bank Owned Life Insurance ("BOLI") income totaled \$2.8 million in 2005. This represents an increase of \$365,000, or 14.99%, over BOLI income generated of \$2.4 million for 2004. BOLI income in 2003 was \$981,000. The increase in BOLI income in 2004 compared with 2003 was due to the purchase of \$50.0 million in BOLI in January 2004.

Other fees and income, which includes wire fees, other business services, international banking fees, check sale, ATM fees, miscellaneous income, etc, generated fees totaling \$4.7 million in 2005. This represented a decrease of \$390,000, or 7.72% from other fees and income generated of \$5.1 million in 2004. The decrease in 2005 is primarily due to the decrease of volume in other banking service fees. Other fees and income in 2004 increased by \$2.1 million, or 70.48% over fees generated of \$3.0 million in 2003. This increase is due primarily to the increase of volume in international banking fees.

The impairment charge on investment securities was \$2.3 million in 2005 and \$6.3 million in 2004. These charges were due to two issues of Federal Home Loan Mortgage Corporation preferred stock which was determined to be other-than-temporarily impaired. These securities pay dividends based on LIBOR and perform like a bond. Since there was a loss of value that was deemed to be other-than-temporary, we charged \$6.3 million against the earnings in the first quarter of 2004 to adjust for the impairment of the two issues of preferred stock. This was partially offset by the \$5.2 million in security gains taken in the second quarter 2004. We took these gains on short maturity securities before rates rose and the gains disappeared.

We wrote these same securities down by an additional \$2.6 million at December 31, 2005. Although these securities reset with LIBOR (one issue resets to the 3-month LIBOR rate every 3 months and the other resets to the 12-month LIBOR every twelve months), the price of the Freddie Mac preferred stock has not recovered accordingly. This may be due to the market perception of the stock. However, we feel that the investment is still good, with little credit risk and an increasing source of interest income.

The sales of securities generated a realized loss of \$46,000 in 2005 and generated realized gains of \$5.2 million in 2004 and \$4.2 million in 2003. The gains/losses on sales of securities in prior years were primarily due to repositioning of the investment portfolio to take advantage of the current interest rate cycle.

Other Operating Expenses

Other operating expenses include expenses for salaries and benefits, occupancy, equipment, stationery and supplies, professional services, promotion, amortization of intangibles, and other expenses. Other operating expenses totaled \$91.6 million for 2005. This represents an increase of \$1.9 million, or 2.09%, over other operating expenses of \$89.7 million for 2004. During 2004, other operating expenses increased \$11.9 million, or 15.33%, over other operating expenses of \$77.8 million for 2003.

For the most part, other operating expenses reflect the direct expenses and related administrative expenses associated with staffing, maintaining, promoting, and operating branch facilities. Our ability to control other operating expenses in relation to asset growth can be measured in terms of other operating expenses as a percentage of average assets. Operating expenses measured as a percentage of average assets decreased to 1.88% for 2005, compared to 2.14% for 2004, and 2.26% for 2003. The decrease in the ratio indicates that management is controlling greater levels of assets with proportionately smaller operating expenses, an indication of operating efficiency.

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Our ability to control other operating expenses in relation to the level of net revenue (net interest income plus other operating income) is measured by the efficiency ratio and indicates the percentage of net revenue that is used to cover expenses. For 2005, the efficiency ratio was 46.13%, compared to 50.10% for 2004 and 48.84% for 2003.

Salaries and related expenses comprise the greatest portion of other operating expenses. Salaries and related expenses totaled \$53.1 million for 2005. This represented an increase of \$5.8 million, or 12.23%, over salaries and related expenses of \$47.3 million for 2004. Salary and related expenses increased \$5.8 million, or 13.98%, over salaries and related expenses of \$41.5 million for 2003. At December 31, 2005, we employed 719 persons, 493 on a full-time and 226 on a part-time basis, this compares to 674 persons, 472 on a full-time and 202 on a part-time basis at December 31, 2004, and 670 persons, 459 on a full-time and 211 on a part-time basis at December 31, 2003. The increases in 2005 primarily resulted from increased staffing levels as a result of the Granite State Bank acquisition and annual salary adjustments. Salaries and related expenses as a percent of average assets decreased to 1.09% for 2005, compared to 1.13% for 2004, and 1.21% for 2003.

Occupancy and equipment expenses represent the cost of operating and maintaining branch and administrative facilities, including the purchase and maintenance of furniture, fixtures, office and equipment and data processing equipment. Occupancy expense totaled \$8.3 million for 2005. This represented an increase of \$436,000, or 5.53%, over occupancy expense of \$7.9 million for 2004. Occupancy expense for 2004 increased \$1.2 million, or 17.11%, over an expense of \$6.7 million for 2003. The increase in occupancy expense was primarily due to the acquisition of Granite State Bank and the opening of the new data center in 2005. Equipment expense totaled \$7.6 million for 2005. This represented a decrease of \$425,000, or 5.32%, from the \$8.0 million expense for 2004. For 2004, equipment expense increased \$1.1 million, or 16.35%, over an expense of \$6.9 million for 2003. The increase in equipment expense in 2004 primarily reflects the acquisition of Kaweah National Bank, the upgrade to image processing equipment, and the ongoing upgrade of other computer equipment.

Stationery and supplies expense totaled \$5.6 million for 2005, compared to \$5.0 million in 2004 and 2003. The increase was primarily due to the acquisition of Granite State Bank and the internal growth of the business.

Professional services totaled \$4.3 million for 2005. This represented a decrease of \$507,000 or 10.62%, from expense of \$4.8 million for 2004. For 2004, professional services increased \$771,000, or 19.25%, over expense of \$4.0 million for 2003. The increase was due to increased external and internal audit fees related to Sarbanes-Oxley compliance.

Promotion expense totaled \$5.8 million for 2005. This represented an increase of \$687,000, or 13.34%, over expense of \$5.1 million for 2004. Promotion expense increased in 2004 by \$624,000, or 13.79%, over expense of \$4.5 million for 2003. The increase in promotional expenses from 2005 to 2004 was primarily associated with the acquisition of Granite State Bank and increases in advertising expense as we expand our market area. The increase in promotional expense from 2004 to 2003 was primarily due to the acquisition of Kaweah National Bank, and the opening of the de novo Business Financial Center in Fresno, in California's central valley in 2003.

The amortization expense of intangibles totaled \$2.1 million for 2005. This represented an increase of \$876,000, or 73.92%, over expense of \$1.2 million for 2004. The increase is mainly due to additional amortization of core deposit premium as a result of the acquisition of Granite State Bank in February 2005. Amortization expense of intangibles increased in 2004 by \$370,000, or 45.40%, over amortization expense of intangibles of \$815,000 for 2003 primarily due to the core deposit premium recorded in connection with the acquisition of Kaweah National Bank.

Other operating expenses totaled \$4.9 million for 2005. This represented a decrease of \$5.5 million, or 53.26%, from expense of \$10.4 million for 2004. The decrease in 2005 was primarily due to the estimated robbery loss of \$2.3 million in 2004 and the income from the settlement of robbery loss of \$2.6 million in first quarter of 2005. Other operating expenses increased for 2004 by \$2.0 million, or 24.58%, over an expense of \$8.4 million for 2003. The increase in 2004 was primarily due to the accrual on estimated robbery loss of \$2.3 million in 2004.

Income Taxes

Our effective tax rate for 2005 was 34.0%, compared to 31.2% for 2004, and 35.2% for 2003. The effective tax rates are below the statutory combined Federal and State tax rate of 42.0% as a result of tax preference income from certain investments for each period. The majority of tax preference income is derived from municipal securities.

Subsequent Event

On January 31, 2006, we established CVB Statutory Trust III for the exclusive purpose of issuing and selling Trust Preferred Securities at a variable per annum rate equal to LIBOR (as defined in the indenture dated as of January 31, 2006 (“Indenture”) between the Company and U.S. Bank National Association, as debenture trustee) plus 1.38% (the “Variable Rate”) and upon terms as more fully set forth in the Indenture. The Company invested \$774,000 to establish the Trust. The \$774,000 was recorded as “investment in CVB Statutory Trust III” and is presented as part of the “other assets” on the Consolidated Balance Sheets. On January 31, 2006, CVB Statutory Trust III completed a \$25,000,000 offering of Trust Preferred Securities and used the gross proceeds from the offering and other cash totaling of \$25,774,000 to purchase a like amount of junior subordinated debentures of the Company due March 15, 2036. This capital will be used to fund the growth of the Company and the Bank.

ANALYSIS OF FINANCIAL CONDITION

The Company reported total assets of \$5.4 billion at December 31, 2005. This represented an increase of \$912.0 million, or 20.22%, over total assets of \$4.5 billion at December 31, 2004.

Investment Securities

The Company maintains a portfolio of investment securities to provide interest income and to serve as a source of liquidity for its ongoing operations. The tables below set forth information concerning the composition of the investment securities portfolio at December 31, 2005, 2004, and 2003, and the maturity distribution of the investment securities portfolio at December 31, 2005. At December 31, 2005, we reported total investment securities of \$2.37 billion. This represents an increase of \$284.9 million, or 13.66%, over total investment securities of \$2.09 billion at December 31, 2004.

Under SFAS No. 115, “Accounting for Certain Investments in Debt and Equity Securities”, securities held as “available-for-sale” are reported at current market value for financial reporting purposes. The related unrealized gain or loss, net of income taxes, is recorded in stockholders’ equity. At December 31, 2005, securities held as available-for-sale had a fair market value of \$2.37 billion, representing 100.00% of total investment securities with an amortized cost of \$2.39 billion. At December 31, 2005, the net unrealized holding loss on securities available-for-sale was \$23.1 million that resulted in accumulated other comprehen-

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sive income of \$13.4 million (net of \$9.7 million in deferred taxes). The composition of the investment portfolio at December 31, 2005 consists of the following:

	Maturing										
	One year or Less	Weighted Average Yield	After one Year through Five Years	Weighted Average Yield	After five Years through Ten Years	Weighted Average Yield	After ten Years	Weighted Average Yield	Balance as of December 31, 2005	Weighted Average Yield	% to Total
U.S. Treasury Obligations	\$ 497	3.81%	\$ —	0.00%	\$ —	0.00%	\$ —	0.00%	\$ 497	3.81%	0.02%
Government agency and government-sponsored enterprises	—	0.00%	53,589	4.36%	500	2.50%	—	0.00%	\$ 54,089	4.35%	2.34%
Mortgage-backed securities	949	4.41%	1,158,632	4.28%	25,027	5.72%	—	0.00%	\$ 1,184,608	4.31%	51.22%
CMO/ REMICs	26,869	3.34%	542,544	4.61%	40,499	4.84%	—	0.00%	\$ 609,912	4.57%	26.37%
Municipal bonds	6,722	4.56%	181,761	5.35%	135,954	4.39%	139,463	4.24%	\$ 463,900	4.74%	20.06%
TOTAL	<u>\$ 35,037</u>	<u>3.61%</u>	<u>\$ 1,936,526</u>	<u>4.47%</u>	<u>\$ 201,980</u>	<u>4.64%</u>	<u>\$ 139,463</u>	<u>4.24%</u>	<u>\$ 2,313,006</u>	<u>4.46%</u>	<u>100.00%</u>

The above table excludes securities without stated maturities, that is FHLMC preferred stock and other securities. The maturity of each security category is defined as the contractual maturity except for the categories of mortgage-backed securities and CMO/ REMICs whose maturities are defined as the estimated average life. The final maturity of mortgage-backed securities and CMO/ REMICs will differ from their contractual maturities because the underlying mortgages have the right to repay such obligations without penalty. The speed at which the underlying mortgages repay is influenced by many factors, one of which is interest rates. Mortgages tend to repay faster as interest rates fall and slower as interest rate rise. This will either shorten or extend the estimated average life. Also, the yield on mortgages-backed securities and CMO/ REMICs are affected by the speed at which the underlying mortgages repay. This is caused by the change in the amount of amortization of premiums or accretion of discount of each security as repayments increase or decrease. The Company obtains the estimated average life of each security from independent third parties.

The weighted-average yield (TE) on the investment portfolio at December 31, 2005 was 4.64% with a weighted-average life of 4.0 years. This compares to a yield of 4.38% at December 31, 2004 with a weighted-average life of 3.6 years. The weighted average life is the average number of years that each dollar of unpaid principal due remains outstanding. Average life is computed as the weighted-average time to the receipt of all future cash flows, using as the weights the dollar amounts of the principal pay-downs.

Composition of the Fair Value of Securities Available-for-Sale:

	At December 31,					
	2005		2004		2003	
	Amount	Percent	Amount	Percent	Amount	Percent
	(Amounts in thousands)					
U.S. Treasury Obligations	\$ 497	0.02%	\$ 496	0.02%	\$ 503	0.03%
Government agency and government-sponsored enterprises	54,089	2.28%	18,757	0.90%	36,941	1.98%
Mortgage-backed securities	1,184,608	49.99%	1,360,334	65.25%	1,176,512	63.05%
CMO/ REMICs	609,912	25.74%	345,627	16.58%	293,771	15.75%
Municipal bonds	463,900	19.57%	306,577	14.70%	296,383	15.89%
FHLMC Preferred Stock	56,070	2.37%	52,705	2.53%	61,100	3.27%
Other securities	816	0.03%	518	0.02%	572	0.03%
TOTAL	<u>\$ 2,369,892</u>	<u>100.00%</u>	<u>\$ 2,085,014</u>	<u>100.00%</u>	<u>\$ 1,865,782</u>	<u>100.00%</u>

Approximately 96.13% of securities issued by the U.S. government or U.S. government agencies guarantee payment of principal and interest.

Composition of the Fair Value and Gross Unrealized Losses of Securities Available-for-Sale:

Description of Securities	December 31, 2005					
	Less than 12 Months		12 months or longer		Total	
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
	(Amounts in thousands)					
U.S. Treasury Obligations	\$ 497	\$ 1	\$ —	\$ —	\$ 497	\$ 1
Government agency & government-sponsored enterprises	2,972	28	18,463	560	21,435	588
Mortgage-backed securities	459,242	8,385	634,731	20,850	1,093,973	29,235
CMO/ REMICs	444,431	5,198	119,603	2,158	564,034	7,356
Municipal bonds	162,193	3,624	8,737	374	170,930	3,998
	<u>\$ 1,069,335</u>	<u>\$ 17,236</u>	<u>\$ 781,534</u>	<u>\$ 23,942</u>	<u>\$ 1,850,869</u>	<u>\$ 41,178</u>

Composition of the Fair Value and Gross Unrealized Losses of Securities Available-for-Sale:

Description of Securities	December 31, 2004					
	Less than 12 Months		12 months or longer		Total	
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
	(Amounts in thousands)					
U.S. Treasury Obligations	\$ 496	\$ 2	\$ —	\$ —	\$ 496	\$ 2
Government agency & government-sponsored enterprises	12,711	179	6,047	51	18,758	230
Mortgage-backed securities	210,245	761	507,072	7,968	717,317	8,729
CMO/ REMICs	90,111	681	52,014	229	142,125	910
Municipal bonds	30,077	272	6,673	196	36,750	468
FHLMC Preferred Stock	58,340	5,635	—	—	58,340	5,635
	<u>\$ 401,980</u>	<u>\$ 7,530</u>	<u>\$ 571,806</u>	<u>\$ 8,444</u>	<u>\$ 973,786</u>	<u>\$ 15,974</u>

The table above shows the Company's investment securities' gross unrealized losses and fair value by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2005. We have reviewed individual securities classified as available-for-sale to determine whether a decline in fair value below the amortized cost basis is other-than-temporary. If it is probable that we will be unable to collect all amounts due according to the contractual terms of a debt security not impaired at acquisition, an other-than-temporary impairment shall be considered to have occurred. If an other-than-temporary impairment occurs the cost basis of the security would be written down to its fair value as a new cost basis and the write down would be accounted for as a realized loss.

The following summarizes our analysis of these securities and the unrealized losses. This assessment was based on the following factors: i) the length of the time and the extent to which the market value has been less than cost; ii) the financial condition and near-term prospects of the issuer; iii) the intent and ability of the Company to retain its investment in a security for a period of time sufficient to allow for any anticipated recovery in market value; and iv) general market conditions which reflect prospects for the economy as a whole, including interest rates and sector credit spreads.

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U.S. Treasury Obligations and Government Agency & Government Sponsored Enterprises — The U.S. Treasury Obligations and government agency and government sponsored enterprises are backed by the full faith and credit of the U.S. Treasury and Agencies of the U.S. Government. These securities are bullet securities, that is, they have a defined maturity date on which the principal is paid. The contractual term of these investments provide that the bank will receive the face value of the bond at maturity which will equal the amortized cost of the bond. Interest is received throughout the life of the security. The unrealized loss greater than 12 months of \$560,000 is comprised of four issues: two Fannie Mae and two Freddie Mac. These securities have maturities ranging from 3 months to 3 years. The agencies are rated in the A's and, although they have had some accounting difficulties in the past few years, this has not impacted their credit worthiness. Because the decline in market value is attributable to the changes in interest rates and not credit quality, and we have the ability and intent to hold these investment until recovery of fair value, which may be at maturity, we do not consider these investments to be other than temporarily impaired at December 31, 2005.

Mortgage-Backed Securities and CMO/ REMICs — The mortgage-backed and CMO/ REMICs securities are issued and guaranteed by the government sponsored enterprises such as Ginnie Mae, Fannie Mac and Freddie Mac. These securities are collateralized or backed by the underlying mortgages. All mortgage-backed securities are rated AAA with average lives ranging from 0.36 years to 5.99 years. The contractual cash flows of these investments are guaranteed by agencies of the U.S. government or private insurance companies. Accordingly, it is expected the securities would not be settled at a price less than the amortized cost of the bond. The unrealized loss greater than 12 months on these securities at December 31, 2005 is \$23.0 million. This loss is comprised of three main blocks of securities: FNMA's with a loss of \$12.2 million, Freddie Mac's with a loss of \$10.1 million and non government sponsored enterprises such as financial institutions with a loss of \$674,000. This loss is caused by the increase in interest rates over the last 1½ years. Because the decline in market value is attributable to the changes in interest rates and not credit quality, and we have the ability and intent to hold these securities until recovery of fair value, which may be at maturity, we do not consider these investments to be other than temporarily impaired at December 31, 2005.

Municipal Bonds — The municipal bonds in the Bank's portfolio are all rated AAA and they are insured by the largest bond insurance companies with maturities from 1 year to 21 years. The unrealized loss greater than 12 months on these securities at December 31, 2005 is 374,000. As with the other securities in the portfolio, this loss is due to the rising rate environment not the credit risk of these securities. The Bank diversifies its holdings by owning selections of securities from different issuers and by holding securities from geographically diversified municipal issuers, thus reducing the Bank's exposure to any single adverse event. Because the decline in market value is attributable to the changes in interest rates and not credit quality, and we have the ability and intent to hold these securities until recovery of fair value, which may be at maturity, we do not consider these investments to be other than temporarily impaired at December 31, 2005.

FHLMC Preferred Stock — In 2001 we acquired two separate issues of FHLMC ("Freddie Mac") Preferred Stock: 800,000 shares of Series N preferred stock with a dividend rate that resets annually based on the 12-month LIBOR rate and 500,000 shares of Series B preferred stock with a dividend rate that resets every three months based on the 3-month LIBOR rate. Due to various factors, these issues have not performed as expected even though the dividend rate on them has increased as interest rates have risen. In March of 2004, we wrote these securities down by \$6.3 million. Since that time we have seen gains and losses in the market value of both of these securities with many of the months showing a loss.

As we approached year end, December 31, 2005, we had sixteen months of unrealized losses in the Series N 12-month LIBOR stock and ten months of unrealized losses in the Series B 3-month LIBOR stock. However, the Series B stock, which resets every three months at the 3-month LIBOR rate was showing as increased decline in market value, which was contrary to our expectations in a rising rate environment. Therefore, based on the length of time the securities were below carrying value and the market perception of the stock, we recorded an impairment loss of \$1.9 million on the Series N 12-month LIBOR stock and \$350,000 million on the Series B 3-month LIBOR stock for the total amount of \$2.3 million related to our Freddie Mac preferred stock. Hence, there is no unrealized loss at December 31, 2005.

Loans

At December 31, 2005, the Company reported total loans, net of deferred loan fees, of \$2.66 billion. This represents an increase of \$523.8 million, or 24.48%, over total loans of \$2.14 billion at December 31, 2004.

Table 4 presents the distribution of our loan portfolio at the dates indicated.

TABLE 4 — Distribution of Loan Portfolio by Type

	December 31,				
	2005	2004	2003 (Amounts in thousands)	2002	2001
Commercial and Industrial(1)	\$ 980,602	\$ 905,139	\$ 856,373	\$ 667,316	\$ 491,989
Real Estate					
Construction	270,436	235,849	156,287	105,486	69,603
Mortgage(1)	875,693	553,000	388,626	396,707	422,085
Consumer, net of unearned discount	45,072	38,521	44,645	26,750	19,968
Municipal Lease Finance Receivables	108,832	71,675	37,866	17,852	20,836
Auto and equipment leases	62,375	52,783	28,497	21,193	—
Agribusiness	338,035	297,659	255,039	214,849	166,441
Gross Loans	<u>2,681,045</u>	<u>2,154,626</u>	<u>1,767,333</u>	<u>1,450,153</u>	<u>1,190,922</u>
Less:					
Allowance for Credit Losses	23,204	22,494	21,282	21,666	20,469
Deferred Loan Fees	17,182	14,552	7,392	4,144	3,382
Total Net Loans	<u>\$ 2,640,659</u>	<u>\$ 2,117,580</u>	<u>\$ 1,738,659</u>	<u>\$ 1,424,343</u>	<u>\$ 1,167,071</u>

(1) Included in Commercial and Industrial and Real Estate Mortgage loans are loans totaling \$102.5 million for 2005, \$94.9 million for 2004, \$79.8 million for 2003, \$70.9 million for 2002, and \$63.6 million for 2001 that represent loans to agricultural concerns for commercial or real estate purposes.

Commercial and industrial loans are loans to commercial entities to finance capital purchases or improvements, or to provide cash flow for operations. Real estate loans are loans secured by conforming first trust deeds on real property, including property under construction, commercial property and single family and multifamily residences. Consumer loans include installment loans to consumers as well as home equity loans and other loans secured by junior liens on real property. Municipal lease finance receivables are leases to municipalities. Agribusiness loans are loans to finance the operating needs of wholesale dairy farm operations, cattle feeders, livestock raisers, and farmers.

Table 5 provides the maturity distribution for commercial and industrial loans, real estate construction loans and agribusiness loans as of December 31, 2005. The loan amounts are based on contractual maturities although the borrowers have the ability to prepay the loans. Amounts are also classified according to re-pricing opportunities or rate sensitivity.

TABLE 5 — Loan Maturities and Interest Rate Category at December 31, 2005

	<u>Within One Year</u>	<u>After One But Within Five Years</u>	<u>After Five Years</u>	<u>Total</u>
	(Amounts in thousands)			
Types of Loans:				
Commercial and industrial(1)	\$ 227,014	\$ 314,735	\$ 1,132,012	\$ 1,673,761
Construction	222,650	27,020	20,766	270,436
Agribusiness	310,416	22,509	5,110	338,035
Other	11,961	65,557	321,295	398,813
	<u>\$ 772,041</u>	<u>\$ 429,821</u>	<u>\$ 1,479,183</u>	<u>\$ 2,681,045</u>
Amount of Loans based upon:				
Fixed Rates	\$ 18,320	\$ 194,371	\$ 671,331	\$ 884,022
Floating or adjustable rates	753,721	235,450	807,852	1,797,023
	<u>\$ 772,041</u>	<u>\$ 429,821</u>	<u>\$ 1,479,183</u>	<u>\$ 2,681,045</u>

(1) Includes approximately \$693.2 million in fixed rate commercial real estate loans. These loans are classified as real estate mortgage loans for the financial statements, but are accounted for as commercial and industrial loans on the Company's books.

As a normal practice in extending credit for commercial and industrial purposes, we may accept trust deeds on real property as collateral. In some cases, when the primary source of repayment for the loan is anticipated to come from the cash flow from normal operations of the borrower, the requirement of real property as collateral is not the primary source of repayment but an abundance of caution. In these cases, the real property is considered a secondary source of repayment for the loan. Since we lend primarily in Southern California, our real estate loan collateral is concentrated in this region. At December 31, 2005, substantially all of our loans secured by real estate were collateralized by properties located in Southern California. This concentration is considered when determining the adequacy of our allowance for credit losses.

Non-performing Assets

Non-performing assets include non-performing loans, nonaccrual loans, loans 90 days or more past due and still accruing interest, and restructured loans (see "Risk Management — Credit Risk" herein). We have no non-performing at December 31, 2005. The non-performing assets were \$2,000 at December 31, 2004. In addition, there were no loans classified as impaired at December 31, 2005 and impaired loans at December 31, 2004 were de minimus. A loan is impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts (contractual interest and principal) according to the contractual terms of the loan agreement.

At December 31, 2005, we had no loans on which interest was no longer accruing (nonaccrual) as compared to nonaccrual loans of \$2,000 at December 31, 2004. Loans are put on nonaccrual after 90 days of non-performance. They can also be put on nonaccrual if, in the judgment of management, the collectability is doubtful. All accrued and unpaid interest is reversed out. The Bank allocates specific reserves which are included in the allowance for credit losses for potential losses on nonaccrual loans.

A restructured loan is a loan on which terms or conditions have been modified due to the deterioration of the borrower's financial condition. At December 31, 2005, and 2004 we had no loans that were classified as restructured.

Table 6 provides information on non-performing loans and other real estate owned at the dates indicated.

TABLE 6 — Non-Performing Assets

	December 31,				
	2005	2004	2003	2002	2001
	(Amounts in thousands)				
Nonaccrual loans	\$ —	\$ 2	\$ 548	\$ 190	\$ 1,574
Loans past due 90 days or more	—	—	—	634	4
Restructured loans	—	—	—	—	—
Other real estate owned (OREO)	—	—	—	—	—
Total nonperforming assets	\$ —	\$ 2	\$ 548	\$ 824	\$ 1,578
Percentage of nonperforming assets to total loans outstanding & OREO	0.00%	0.00%	0.03%	0.06%	0.13%
Percentage of nonperforming assets to total assets	0.00%	0.00%	0.01%	0.03%	0.06%

Except for non-performing loans as set forth in Table 6 and loans disclosed as impaired, (see “Risk Management — Credit Risk” herein) we are not aware of any loans as of December 31, 2005 for which known credit problems of the borrower would cause serious doubts as to the ability of such borrowers to comply with their present loan repayment terms, or any known events that would result in the loan being designated as non-performing at some future date. We cannot, however, predict the extent to which the deterioration in general economic conditions, real estate values, increase in general rates of interest, change in the financial conditions or business of a borrower may adversely affect a borrower’s ability to pay.

At December 31, 2005, and 2004 the Company held no properties as other real estate owned.

Deposits

The primary source of funds to support earning assets (loans and investments) is the generation of deposits from our customer base. The ability to grow the customer base and subsequently deposits is a crucial element in the performance of the Company.

We reported total deposits of \$3.42 billion at December 31, 2005. This represented an increase of \$549.0 million, or 19.10%, over total deposits of \$2.88 billion at December 31, 2004.

The amount of non-interest-bearing demand deposits in relation to total deposits is an integral element in achieving a low cost of funds. Non-interest-bearing deposits represented 43.53% of total deposits as of December 31, 2005 and 45.99% of total deposits as of December 31, 2004. Non-interest-bearing demand deposits totaled \$1.49 billion at December 31, 2005. This represented an increase of \$168.4 million, or 12.73%, over total non-interest-bearing demand deposits of \$1.32 billion at December 31, 2004.

Table 7 provides the remaining maturities of large denomination (\$100,000 or more) time deposits, including public funds, at December 31, 2005.

TABLE 7 — Maturity Distribution of Large Denomination Time Deposits

	(Amount in thousands)
3 months or less	\$ 435,631
Over 3 months through 6 months	78,302
Over 6 months through 12 months	45,550
Over 12 months	31,468
Total	\$ 590,951

Other Borrowed Funds

To achieve the desired growth in earning assets we fund that growth through generating a source of funds. The first source of funds we pursue is non-interest-bearing deposits (the lowest cost of funds to the Company), next we pursue growth in interest-bearing deposits and finally we supplement the growth in deposits with borrowed funds. Borrowed funds, as a percent of total funding (total deposits plus demand notes plus borrowed funds), was 30.37% at December 31, 2005, as compared to 29.16% at December 31, 2004.

During 2005, 2004 and 2003, we entered into short-term borrowing agreements with the Federal Home Loan Bank (FHLB). We had outstanding balances of \$830.0 million, \$226.0 million and \$318.0 million under these agreements at December 31, 2005, 2004 and 2004, respectively. FHLB held certain investment securities of the Bank as collateral for those borrowings. On December 31, 2005, 2004 and 2003, we entered into an overnight agreement with certain financial institutions to borrow an aggregate of \$86.0 million, \$130.0 million and \$87.5 million, respectively. We maintained cash deposits with the financial institutions as collateral for these borrowings. The increase was primarily due to funding for the growth of earning assets.

The following table summarizes the short-term borrowings:

	<u>Federal Funds Purchased and Repurchase Agreements</u>	<u>Other Short-Term Borrowings</u> (Dollars in thousands)	<u>Total</u>
At December 31, 2005			
Amount outstanding	86,000	830,000	916,000
Weighted-average interest rate	4.14%	3.35%	3.42%
For the year ended December 31, 2005			
Highest amount at month-end	107,000	830,000	937,000
Daily-average amount outstanding	71,484	778,137	849,621
Weighted-average interest rate	3.21%	2.97%	2.99%
At December 31, 2004			
Amount outstanding	130,000	226,000	356,000
Weighted-average interest rate	2.27%	2.14%	2.19%
For the year ended December 31, 2004			
Highest amount at month-end	130,000	447,000	577,000
Daily-average amount outstanding	84,586	328,156	412,742
Weighted-average interest rate	1.35%	1.75%	1.67%
At December 31, 2003			
Amount outstanding	87,500	318,000	405,500
Weighted-average interest rate	0.89%	1.96%	1.73%
For the year ended December 31, 2003			
Highest amount at month-end	101,500	223,332	324,832
Daily-average amount outstanding	44,932	238,740	283,672
Weighted-average interest rate	1.03%	0.86%	0.89%

During 2005 and 2004, we entered into long-term borrowing agreements with the FHLB. We had outstanding balances of \$580.0 million and \$830.0 million under these agreements at December 31, 2005 and 2004, with weighted-average interest rates of 3.6% and 3.1% in 2005 and 2004 respectively. We had an average outstanding balance of \$493.5 million and \$587.9 million as of December 31, 2005 and 2004, respectively. FHLB held certain investment securities of the Bank as collateral for those borrowings.

At December 31, 2005, borrowed funds totaled \$1.50 billion. This represented an increase of \$310.0 million, or 26.14%, over total borrowed funds of \$1.19 billion at December 31, 2004. For 2004, total borrowed funds increased \$399.5 million, or 50.79%, over a balance of \$786.5 million at December 31, 2003. The

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maximum outstanding at any month-end was \$1.50 billion during 2005, \$1.19 billion during 2004, and \$793.0 million during 2003.

At December 31, 2005 and 2004, junior subordinated debentures totaled \$82.4 million. On January 31, 2006, the Company issued an additional \$25.8 million in junior subordinated debentures.

Aggregate Contractual Obligations

The following table summarizes the aggregate contractual obligations as of December 31, 2005:

	<u>Total</u>	<u>Maturity by Period</u>			
		<u>Less Than One Year</u>	<u>One Year to Three Years</u>	<u>Four Year to Five Years</u>	<u>After Five Years</u>
(Amounts in thousands)					
2005					
Deposits	\$ 3,424,046	\$ 3,208,763	\$ 204,015	\$ 10,844	\$ 424
FHLB and Other Borrowings	1,496,000	916,000	480,000	—	100,000
Junior Subordinated Debentures	82,476	—	—	—	82,476
Deferred Compensation	7,102	751	1,502	1,502	3,347
Operating Leases	15,890	4,204	7,237	3,302	1,147
Total	\$ 5,025,514	\$ 4,129,718	\$ 692,754	\$ 15,648	\$ 187,394

Deposits represent non-interest bearing, money market, savings, NOW, certificates of deposits, brokered and all other deposits held by the Company.

FHLB borrowings represent the amounts that are due to the Federal Home Loan Bank. These borrowings have fixed maturity dates. Other borrowings represent the amounts that are due to overnight Federal funds purchases and TT&L.

Junior subordinated debentures represent the amounts that are due from the Company to CVB Statutory Trust I & CVB Statutory Trust II. The debentures have the same maturity as the Trust Preferred Securities, which mature in 2033, but become callable in whole or in part in 2008.

Deferred compensation represents the amounts that are due to former employees' salary continuation agreements as a result of acquisitions.

Operating leases represent the total minimum lease payments under noncancelable operating leases.

Off-Balance Sheet Arrangements

At December 31, 2005, we had commitments to extend credit of approximately \$895.8 million, obligations under letters of credit of \$68.9 million and available lines of credit totaling \$1.06 billion from certain financial institutions. Commitments to extend credit are agreements to lend to customers, provided there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Commitments are generally variable rate, and many of these commitments are expected to expire without being drawn upon. As such, the total commitment amounts do not necessarily represent future cash requirements. We use the same credit underwriting policies in granting or accepting such commitments or contingent obligations as it does for on-balance sheet instruments, which consist of evaluating customers' creditworthiness individually.

Standby letters of credit written are conditional commitments issued by the Bank to guarantee the financial performance of a customer to a third party. Those guarantees are primarily issued to support private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. When deemed necessary, we hold appropriate collateral supporting those commitments. We do not anticipate any material losses as a result of these transactions.

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The following table summarizes the off-balance sheet items:

	<u>Total</u>	<u>Maturity by Period</u>			<u>After Five Years</u>
		<u>Less Than One Year</u>	<u>One Year to Three Years</u>	<u>Four Year to Five Years</u>	
(Amounts in thousands)					
2005					
Commitment to extend credit	895,774	367,064	40,728	77,654	410,328
Obligations under letters of credit	68,854	51,025	11,990	5,839	—
Total	<u>\$ 964,628</u>	<u>\$ 418,089</u>	<u>\$ 52,718</u>	<u>\$ 83,493</u>	<u>\$ 410,328</u>

Liquidity and Cash Flow

Since the primary sources and uses of funds for the Bank are loans and deposits, the relationship between gross loans and total deposits provides a useful measure of the Bank's liquidity. Typically, the closer the ratio of loans to deposits is to 100%, the more reliant the Bank is on its loan portfolio to provide for short-term liquidity needs. Since repayment of loans tends to be less predictable than the maturity of investments and other liquid resources, the higher the loans to deposit ratio the less liquid are the Bank's assets. For 2005, the Bank's loan to deposit ratio averaged 74.35%, compared to an average ratio of 68.99% for 2004 and 62.82% for 2003.

CVB is a company separate and apart from the Bank that must provide for its own liquidity. Substantially all of CVB's revenues are obtained from dividends declared and paid by the Bank. The remaining cash flow is from rents paid by third parties on office space in our corporate headquarters. There are statutory and regulatory provisions that could limit the ability of the Bank to pay dividends to CVB. At December 31, 2005, approximately \$93.0 million of the Bank's equity was unrestricted and available to be paid as dividends to CVB. Management of CVB believes that such restrictions will not have an impact on the ability of CVB to meet its ongoing cash obligations. As of December 31, 2005, neither the Bank nor CVB had any material commitments for capital expenditures.

For the Bank, sources of funds normally include principal payments on loans and investments, other borrowed funds, and growth in deposits. Uses of funds include withdrawal of deposits, interest paid on deposits, increased loan balances, purchases, and other operating expenses.

Net cash provided by operating activities totaled \$89.1 million for 2005, \$75.7 million for 2004, and \$71.9 million for 2003. The increase for 2005 compared to 2004 was primarily the result of the increase in net interest income as a result of the growth in average earning assets.

Cash used in investing activities totaled \$761.4 million for 2005, compared to \$695.4 million for 2004 and \$754.6 million for 2003. The funds used for investing activities primarily represented increases in investments and loans for each year reported. Funds obtained from investing activities for each year were obtained primarily from the sale and maturity of investment securities.

Funds provided by financing activities totaled \$718.0 million for 2005, compared to \$592.1 million for 2004 and \$629.6 million for 2003. Cash flows from financing activities resulted from an increase in transaction deposits and borrowings, and to a lesser extent from money market, savings deposits.

At December 31, 2005, cash and cash equivalents totaled \$130.1 million. This represented a decrease of \$45.7, or 54.20%, from a total of \$84.4 million at December 31, 2004.

Capital Resources

Historically, the primary source of capital for the Company has been the retention of operating earnings. In order to ensure adequate levels of capital, we conduct an ongoing assessment of projected sources and uses of capital in conjunction with projected increases in assets and the level of risk.

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Total stockholders' equity was \$342.9 million at December 31, 2005. This represented an increase of \$25.4 million, or 8.0%, over total stockholders' equity of \$317.5 million at December 31, 2004. For 2004, total stockholders' equity increased \$30.8 million, or 10.73%, over total stockholders' equity of \$286.7 million at December 31, 2003.

The following table presents the amounts of regulatory capital and the capital ratios for the Company, compared to its minimum regulatory capital requirements as of December 31, 2005.

	As of December 31, 2005					
	Actual		Required		Excess	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Amounts in thousands)					
Leverage ratio	\$ 394,617	7.7%	\$ 206,066	4.0%	\$ 188,551	3.7%
Tier 1 risk-based ratio	394,617	11.3%	139,811	4.0%	254,806	7.3%
Total risk-based ratio	419,554	12.0%	279,702	8.0%	139,852	4.0%

The following table presents the amounts of regulatory capital and the capital ratios for the Bank, compared to its minimum regulatory capital requirements as of December 31, 2005.

	As of December 31, 2005					
	Actual		Required		Excess	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Amounts in thousands)					
Leverage ratio	\$ 377,527	7.3%	\$ 205,737	4.0%	\$ 171,790	3.3%
Tier 1 risk-based ratio	377,527	10.8%	139,566	4.0%	237,961	6.8%
Total risk-based ratio	402,464	11.5%	279,245	8.0%	123,219	3.5%

For purposes of calculating capital ratios, bank regulators have excluded adjustments to stockholders' equity that result from mark-to-market adjustments of available-for-sale investment securities. At December 31, 2005, we had an unrealized loss on investment securities net of taxes of \$13.4 million, compared to an unrealized gain net of taxes of \$8.9 million at December 31, 2004.

Bank regulators have established minimum capital adequacy guidelines requiring that qualifying capital be at least 8.0% of risk-based assets, of which at least 4.0% must be Tier I capital (primarily stockholders' equity). These ratios represent minimum capital standards. Under Prompt Corrective Action rules, certain levels of capital adequacy have been established for financial institutions. Depending on an institution's capital ratios, the established levels can result in restrictions or limits on permissible activities. In addition to the aforementioned requirements, the Company and Bank must also meet minimum leverage ratio standards. The leverage ratio is calculated as Tier I capital divided by the most recent quarter's average total assets.

The highest level for capital adequacy under Prompt Corrective Action is "Well Capitalized". To qualify for this level of capital adequacy an institution must maintain a total risk-based capital ratio of at least 10.00% and a Tier I risk-based capital ratio of at least 6.00%.

During 2005, the Board of Directors of the Company declared quarterly cash dividends that totaled \$0.42 per share for the full year. We do not believe that the continued payment of cash dividends will impact the ability of the Company to continue to exceed the current minimum capital standards.

In October 2001, the Company's Board of Directors authorized the repurchase of up to 2.0 million shares (all share amounts will not be adjusted to reflect stock dividends and splits) of our common stock. During 2005, 2004 and 2003, we repurchased 676,033, 99,504, and 349,300 shares of common stock, for the total price of \$12.3 million, \$2.0 million, and \$7.1 million respectively. As of December 31, 2005, 875,163 shares are available to be repurchased in the future under this repurchase plan.

RISK MANAGEMENT

We have adopted a Risk Management Plan to ensure the proper control and management of all risk factors inherent in the operation of the Company and the Bank. Specifically, credit risk, interest rate risk, liquidity risk, transaction risk, compliance risk, strategic risk, reputation risk, price risk and foreign exchange risk, can all affect the market risk exposure of the Company. These specific risk factors are not mutually exclusive. It is recognized that any product or service offered by the Company may expose the Bank to one or more of these risks.

Credit Risk

Credit risk is defined as the risk to earnings or capital arising from an obligor's failure to meet the terms of any contract or otherwise fail to perform as agreed. Credit risk is found in all activities where success depends on counter party, issuer, or borrower performance. Credit risk arises through the extension of loans and leases, certain securities, and letters of credit.

Credit risk in the investment portfolio and correspondent bank accounts is addressed through defined limits in our policy statements. In addition, certain securities carry insurance to enhance credit quality of the bond. Limitations on industry concentration, aggregate customer borrowings, geographic boundaries and standards on loan quality also are designed to reduce loan credit risk. Senior Management, Directors' Committees, and the Board of Directors are provided with information to appropriately identify, measure, control and monitor the credit risk of the Bank.

Implicit in lending activities is the risk that losses will occur and that the amount of such losses will vary over time. Consequently, we maintain an allowance for credit losses by charging a provision for credit losses to earnings. Loans determined to be losses are charged against the allowance for credit losses. Our allowance for credit losses is maintained at a level considered by us to be adequate to provide for estimated probable losses inherent in the existing portfolio, and unused commitments to provide financing, including commitments under commercial and standby letters of credit.

The allowance for credit losses is based upon estimates of probable losses inherent in the loan and lease portfolio. The nature of the process by which we determine the appropriate allowance for credit losses requires the exercise of considerable judgment. The amount actually observed in respect of these losses can vary significantly from the estimated amounts. We employ a systemic methodology that is intended to reduce the differences between estimated and actual losses.

Our methodology for assessing the appropriateness of the allowance is conducted on a regular basis and considers all loans. The systemic methodology consists of two major elements.

The first major element includes a detailed analysis of the loan portfolio in two phases. The first phase is conducted in accordance with SFAS No. 114, "Accounting by Creditors for the Impairment of a Loan", as amended by SFAS No. 118, "Accounting by Creditors for Impairment of a Loan — Income Recognition and Disclosures." Individual loans are reviewed to identify loans for impairment. A loan is impaired when principal and interest are deemed uncollectible in accordance with the original contractual terms of the loan. Impairment is measured as either the expected future cash flows discounted at each loan's effective interest rate, the fair value of the loan's collateral if the loan is collateral dependent, or an observable market price of the loan (if one exists). Upon measuring the impairment, we will ensure an appropriate level of allowance is present or established.

Central to the first phase and our credit risk management is its loan risk rating system. The originating credit officer assigns borrowers an initial risk rating, which is reviewed and possibly changed by Credit Management, which is based primarily on a thorough analysis of each borrower's financial capacity in conjunction with industry and economic trends. Approvals are made based upon the amount of inherent credit risk specific to the transaction and are reviewed for appropriateness by senior line and credit management personnel. Credits are monitored by line and credit management personnel for deterioration in a borrower's financial condition, which would impact the ability of the borrower to perform under the contract. Risk ratings are adjusted as necessary.

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Loans are risk rated into the following categories: Impaired, Doubtful, Substandard, Special Mention and Pass. Each of these groups is assessed for the proper amount to be used in determining the adequacy of our allowance for losses. While each loan is looked at annually to determine its proper classification, the Impaired and Doubtful loans are analyzed on an individual basis for allowance amounts. The other categories have formulae used to determine the needed allowance amount.

Based on the risk rating system specific allowances are established in cases where management has identified significant conditions or circumstances related to a credit that we believe indicates the probability that a loss has been incurred. We perform a detailed analysis of these loans, including, but not limited to, cash flows, appraisals of the collateral, conditions of the marketplace for liquidating the collateral and assessment of the guarantors. We then determine the inherent loss potential and allocate a portion of the allowance for losses as a specific allowance for each of these credits.

The second phase is conducted by evaluating or segmenting the remainder of the loan portfolio into groups or pools of loans with similar characteristics in accordance with SFAS No. 5, "Accounting for Contingencies." In this second phase, groups or pools of homogeneous loans are reviewed to determine a portfolio formula allowance. In the case of the portfolio formula allowance, homogeneous portfolios, such as small business loans, consumer loans, agricultural loans, and real estate loans, are aggregated or pooled in determining the appropriate allowance. The risk assessment process in this case emphasizes trends in the different portfolios for delinquency, loss, and other-behavioral characteristics of the subject portfolios.

The second major element in our methodology for assessing the appropriateness of the allowance consists of our consideration of all known relevant internal and external factors that may affect a loan's collectibility. This includes our estimates of the amounts necessary for concentrations, economic uncertainties, the volatility of the market value of collateral, and other relevant factors. The relationship of the two major elements of the allowance to the total allowance may fluctuate from period to period.

In the second major element of the analysis which considers all known relevant internal and external factors that may affect a loan's collectibility is based upon our evaluation of various conditions, the effects of which are not directly measured in the determination of the formula and specific allowances. The evaluation of the inherent loss with respect to these conditions is subject to a higher degree of uncertainty because they are not identified with specific problem credits or portfolio segments. The conditions evaluated in connection with the second element of the analysis of the allowance include, but are not limited to the following conditions that existed as of the balance sheet date:

- then-existing general economic and business conditions affecting the key lending areas of the Company,
- then-existing economic and business conditions of areas outside the lending areas, such as other sections of the United States, Asia and Latin America,
- credit quality trends (including trends in non-performing loans expected to result from existing conditions),
- collateral values,
- loan volumes and concentrations,
- seasoning of the loan portfolio,
- specific industry conditions within portfolio segments,
- recent loss experience in particular segments of the portfolio,
- duration of the current business cycle,
- bank regulatory examination results and
- findings of our internal credit examiners.

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We review these conditions in discussion with our senior credit officers. To the extent that any of these conditions is evidenced by a specifically identifiable problem credit or portfolio segment as of the evaluation date, our estimate of the effect of such condition may be reflected as a specific allowance applicable to such credit or portfolio segment. Where any of these conditions is not evidenced by a specifically identifiable problem credit or portfolio segment as of the evaluation date, our evaluation of the inherent loss related to such condition is reflected in the second major element of the allowance. Although we have allocated a portion of the allowance to specific loan categories, the adequacy of the allowance must be considered in its entirety.

We maintain an allowance for inherent credit losses that is recorded as a provision for credit losses and charged against operating results. The allowance for credit losses is also increased by recoveries on loans previously charged off and reduced by actual loan losses charged to the allowance. We did not record a provision for credit losses for 2005, 2004 and 2003.

At December 31, 2005, we reported an allowance for credit losses of \$23.2 million. This represents an increase of \$710,000, or 3.16%, over the allowance for credit losses of \$22.5 million at December 31, 2004. During the year 2005, we did not make a provision for credit losses. The increase of \$710,000 was due to the allowance for credit losses in the acquisition of Granite State Bank of \$756,000, offset by net charge-offs of \$46,000. At December 31, 2004, we reported an allowance for credit losses of \$22.5 million. This represented an increase of \$1.2 million, or 5.69%, over the allowance for credit losses of \$21.3 million at December 31, 2003. During the year 2004, we did not make a provision for credit losses. The increase was due to recoveries of \$1.2 million. (See Table 8 — Summary of Credit Loss Experience.)

At December 31, 2005, we had no impaired loans and at December 31, 2004 impaired loans were de minimus. The quality of the loan portfolio is reflected in the fact that we have not made a provision for credit losses in the last three years and impaired and non-performing loans are minimal.

We had no non-performing loans at December 31, 2005 as compared to \$2,000 at December 31, 2004.

For 2005, total loans charged-off were \$1.4 million, offset by the recoveries of loans previous charged-off of \$1.3 million resulting in net charge-offs of \$46,000. This represented an increase of \$1.3 million, or 103.78% over the net recoveries to the allowance for credit losses of \$1.2 million in 2004, in which we recovered \$3.5 million of loans, offset by loans charged-off of \$2.4 million.

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Table 8 presents a comparison of net credit losses, the provision for credit losses (including adjustments incidental to mergers), and the resulting allowance for credit losses for each of the years indicated.

TABLE 8 — Summary of Credit Loss Experience

	As of and For Years Ended December 31,				
	2005	2004	2003 (Amounts in thousands)	2002	2001
Amount of Total Loans at End of Period(1)	\$ 2,663,863	\$ 2,140,074	\$ 1,759,941	\$ 1,446,009	\$ 1,187,540
Average Total Loans Outstanding(1)	\$ 2,277,304	\$ 1,905,145	\$ 1,529,944	\$ 1,247,384	\$ 1,067,621
Allowance for Credit Losses at Beginning of Period	\$ 22,494	\$ 21,282	\$ 21,666	\$ 20,469	\$ 19,152
Loans Charged-Off:					
Real Estate	780	1,002	982	41	113
Commercial and Industrial	243	943	1,507	2,048	854
Lease Finance Receivables	91	110	396	—	—
Consumer Loans	266	265	132	320	81
Total Loans Charged-Off	1,380	2,320	3,017	2,409	1,048
Recoveries:					
Real Estate Loans	572	775	336	1,062	—
Commercial and Industrial	543	2,558	889	176	455
Agribusiness	—	—	—	—	—
Lease Finance Receivables	101	86	262	—	—
Consumer Loans	118	113	112	43	160
Total Loans Recovered	1,334	3,532	1,599	1,281	615
Net Loans Charged-Off (Recovered)	46	(1,212)	1,418	1,128	433
Provision Charged to Operating Expense	—	—	—	—	1,750
Adjustments Incident to Mergers and reclassifications	756	—	1,034	2,325	—
Allowance for Credit Losses at End of period	\$ 23,204	\$ 22,494	\$ 21,282	\$ 21,666	\$ 20,469
Net Loans Charged-Off to Average Total Loans	0.00%	-0.06%	0.09%	0.09%	0.04%
Net Loans Charged-Off to Total Loans at End of Period	0.00%	-0.06%	0.08%	0.08%	0.04%
Allowance for Credit Losses to Average Total Loans	1.02%	1.18%	1.39%	1.74%	1.92%
Allowance for Credit Losses to Total Loans at End of Period	0.87%	1.05%	1.21%	1.50%	1.72%
Net Loans Charged-Off to Allowance for Credit Losses	0.20%	-5.39%	6.66%	5.21%	2.12%
Net Loans Charged-Off to Provision for Credit Losses	—	—	—	—	24.74%

(1) Net of deferred loan origination fees.

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While we believe that the allowance at December 31, 2005, was adequate to absorb losses from any known or inherent risks in the portfolio, no assurance can be given that economic conditions which adversely affect our service areas or other circumstances will not be reflected in increased provisions or credit losses in the future.

Table 9 provides a summary of the allocation of the allowance for credit losses for specific loan categories at the dates indicated. The allocations presented should not be interpreted as an indication that loans charged to the allowance for credit losses will occur in these amounts or proportions, or that the portion of the allowance allocated to each loan category represents the total amount available for future losses that may occur within these categories.

TABLE 9 — Allocation of Allowance for Credit Losses

	December 31,									
	2005		2004		2003		2002		2001	
	Allowance for Credit Losses	% of Loans to Total Loans in Each Category	Allowance for Credit Losses	% of Loans to Total Loans in Each Category	Allowance for Credit Losses	% of Loans to Total Loans in Each Category	Allowance for Credit Losses	% of Loans to Total Loans in Each Category	Allowance for Credit Losses	% of Loans to Total Loans in Each Category
	(Amounts in thousands)									
Real Estate	\$ 10,536	42.7%	\$ 7,214	36.6%	\$ 3,892	30.8%	\$ 4,158	34.6%	\$ 7,399	41.3%
Commercial and Industrial	15,408	49.2%	16,232	55.8%	15,508	62.9%	16,020	60.9%	7,243	55.3%
Consumer	224	8.1%	126	7.6%	149	6.3%	202	4.5%	127	3.4%
Unallocated	(2,964)		(1,078)		1,733		1,286		5,700	
Total	\$ 23,204	100.0%	\$ 22,494	100.0%	\$ 21,282	100.0%	\$ 21,666	100.0%	\$ 20,469	100.0%

Market Risk

In the normal course of its business activities, we are exposed to market risks, including price and liquidity risk. Market risk is the potential for loss from adverse changes in market rates and prices, such as interest rates (interest rate risk). Liquidity risk arises from the possibility that we may not be able to satisfy current or future commitments or that we may be more reliant on alternative funding sources such as long-term debt. Financial products that expose us to market risk includes securities, loans, deposits, debt, and derivative financial instruments.

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The table below provides the actual balances as of December 31, 2005 of interest-earning assets (net of deferred loan fees and allowance for credit losses) and interest-bearing liabilities, including the average rate earned or paid for 2005, the projected contractual maturities over the next five years, and the estimated fair value of each category determined using available market information and appropriate valuation methodologies.

	Balance December 31,	Average Rate	Maturing					Estimated Fair Value
			One Year	Two Years	Three Years	Four Years	Five years and Beyond	
(Amounts in thousands)								
2005								
Interest-Earning Assets								
Interest-bearing deposits with other institutions	\$ 1,883	2.84%	\$ 1,883	\$ —	\$ —	\$ —	\$ —	\$ 1,883
Investment securities available for sale(1)	2,313,006	4.64%	34,122	114,022	814,742	561,558	788,562	2,313,006
Loans and lease finance receivables, net	2,640,659	6.59%	772,040	106,610	80,417	112,134	1,569,458	2,648,921
Total interest earning assets	<u>\$ 4,955,548</u>		<u>\$ 808,045</u>	<u>\$ 220,632</u>	<u>\$ 895,159</u>	<u>\$ 673,692</u>	<u>\$ 2,358,020</u>	<u>\$ 4,963,810</u>
Interest-Bearing Liabilities								
Interest-bearing deposits	\$ 1,933,433	1.72%	\$ 1,894,831	\$ 16,746	\$ 11,826	\$ 549	\$ 9,481	\$ 1,939,540
Demand note to U.S. Treasury	6,433	2.77%	6,433	—	—	—	—	6,433
Borrowings	1,496,000	3.39%	916,000	480,000	—	—	100,000	1,485,396
Junior subordinated debentures	82,476	6.47%	—	—	—	—	82,476	74,593
Total interest-bearing liabilities	<u>\$ 3,518,342</u>		<u>\$ 2,817,264</u>	<u>\$ 496,746</u>	<u>\$ 11,826</u>	<u>\$ 549</u>	<u>\$ 191,957</u>	<u>\$ 3,505,962</u>

(1) Excludes securities with no maturity dates.

Interest Rate Risk

During periods of changing interest rates, the ability to re-price interest-earning assets and interest-bearing liabilities can influence net interest income, the net interest margin, and consequently, our earnings. Interest rate risk is managed by attempting to control the spread between rates earned on interest-earning assets and the rates paid on interest-bearing liabilities within the constraints imposed by market competition in our service area. Short-term re-pricing risk is minimized by controlling the level of floating rate loans and maintaining a downward sloping ladder of bond payments and maturities. Basis risk is managed by the timing and magnitude of changes to interest-bearing deposit rates. Yield curve risk is reduced by keeping the duration of the loan and bond portfolios relatively short. Options risk in the bond portfolio is monitored monthly and actions are recommended when appropriate.

We monitor the interest rate “sensitivity” risk to earnings from potential changes in interest rates using various methods, including a maturity/re-pricing gap analysis. This analysis measures, at specific time intervals, the differences between earning assets and interest-bearing liabilities for which re-pricing opportunities will occur. A positive difference, or gap, indicates that earning assets will re-price faster than interest-bearing liabilities. This will generally produce a greater net interest margin during periods of rising interest rates, and a lower net interest margin during periods of declining interest rates. Conversely, a negative gap will generally produce a lower net interest margin during periods of rising interest rates and a greater net interest margin during periods of decreasing interest rates.

TABLE 10 — Asset and Liability Maturity/ Repricing Gap

	<u>90 Days or Less</u>	<u>Over 90 Days to 180 days</u>	<u>Over 180 Days to 365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
(Amounts in thousands)					
2005					
Earning Assets:					
Interest-bearing deposits with other institution	\$ 1,883	\$ —	\$ —	\$ —	\$ 1,883
Investment Securities at carrying value	109,526	104,448	230,582	1,925,336	2,369,892
Total Loans	828,783	157,485	281,538	1,372,853	2,640,659
Total	<u>\$ 940,192</u>	<u>\$ 261,933</u>	<u>\$ 512,120</u>	<u>\$ 3,298,189</u>	<u>\$ 5,012,434</u>
Interest Bearing Liabilities Savings					
Deposits	\$ 717,585	\$ —	\$ —	\$ 432,671	\$ 1,150,256
Time Deposits	477,617	106,864	160,746	37,950	783,177
Demand Note to U.S. Treasury	6,433	—	—	—	6,433
Other Borrowings	361,000	35,000	520,000	580,000	1,496,000
Junior subordinated debentures	—	—	—	82,476	82,476
Total	<u>1,562,635</u>	<u>141,864</u>	<u>680,746</u>	<u>1,133,097</u>	<u>3,518,342</u>
Period GAP	<u>\$ (622,443)</u>	<u>\$ 120,069</u>	<u>\$ (168,626)</u>	<u>\$ 2,165,092</u>	<u>\$ 1,494,092</u>
Cumulative GAP	<u>\$ (622,443)</u>	<u>\$ (502,374)</u>	<u>\$ (671,000)</u>	<u>\$ 1,494,092</u>	
2004					
Earning Assets:					
Interest-bearing deposits with other institution	\$ —	\$ —	\$ —	\$ —	\$ —
Investment Securities at carrying value	204,796	167,261	363,626	1,402,896	2,138,579
Total Loans	788,396	146,481	223,926	958,777	2,117,580
Total	<u>\$ 993,192</u>	<u>\$ 313,742</u>	<u>\$ 587,552</u>	<u>\$ 2,361,673</u>	<u>\$ 4,256,159</u>
Interest Bearing Liabilities Savings					
Deposits	\$ 693,543	\$ —	\$ —	\$ 379,076	\$ 1,072,619
Time Deposits	216,294	179,084	59,134	25,653	480,165
Demand Note to U.S. Treasury	6,453	—	—	—	6,453
Other Borrowings	130,000	36,000	70,000	950,000	1,186,000
	—	—	—	82,476	82,476
Total	<u>1,046,290</u>	<u>215,084</u>	<u>129,134</u>	<u>1,437,205</u>	<u>2,827,713</u>
Period GAP	<u>\$ (53,098)</u>	<u>\$ 98,658</u>	<u>\$ 458,418</u>	<u>\$ 924,468</u>	<u>\$ 1,428,446</u>
Cumulative GAP	<u>\$ (53,098)</u>	<u>\$ 45,560</u>	<u>\$ 503,978</u>	<u>\$ 1,428,446</u>	

Table 10 provides the Bank's maturity/re-pricing gap analysis at December 31, 2005, and 2004. We had a positive cumulative 180-day gap of \$45.6 million and a positive cumulative 365-days gap of \$504.0 million at December 31, 2005. This represented an increase of \$612.4 million, or 108.0 times, over the 180-day cumulative negative gap of \$566.8 million at December 31, 2004. In theory, this would indicate that at December 31, 2005, \$45.6 million more in assets than liabilities would re-price if there were a change in interest rates over the next 180 days. If interest rates increase, the negative gap would tend to result in a lower

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net interest margin. If interest rates decrease, the negative gap would tend to result in an increase in the net interest margin. However, we do have the ability to anticipate the increase in deposit rates, and the ability to extend interest-bearing liabilities, offsetting, in part, the negative gap.

The interest rates paid on deposit accounts do not always move in unison with the rates charged on loans. In addition, the magnitude of changes in the rates charged on loans is not always proportionate to the magnitude of changes in the rate paid on deposits. Consequently, changes in interest rates do not necessarily result in an increase or decrease in the net interest margin solely as a result of the differences between re-pricing opportunities of earning assets or interest-bearing liabilities. The fact that the Bank reported a negative gap at December 31, 2005 for changes within the following 365 days does not necessarily indicate that, if interest rates decreased, net interest income would increase, or if interest rates increased, net interest income would decrease.

Approximately \$1.47 billion, or 78.80%, of the total investment portfolio at December 31, 2005 consisted of securities backed by mortgages. The final maturity of these securities can be affected by the speed at which the underlying mortgages repay. Mortgages tend to repay faster as interest rates fall, and slower as interest rates rise. As a result, we may be subject to a “prepayment risk” resulting from greater funds available for reinvestment at a time when available yields are lower. Conversely, we may be subject to “extension risk” resulting, as lesser amounts would be available for reinvestment at a time when available yields are higher. Prepayment risk includes the risk associated with the payment of an investment’s principal faster than originally intended. Extension risk is the risk associated with the payment of an investment’s principal over a longer time period than originally anticipated. In addition, there can be greater risk of price volatility for mortgage-backed securities as a result of anticipated prepayment or extension risk.

We also utilize the results of a dynamic simulation model to quantify the estimated exposure of net interest income to sustained interest rate changes. The sensitivity of our net interest income is measured over a rolling two-year horizon.

The simulation model estimates the impact of changing interest rates on interest income from all interest-earning assets and interest expense paid on all interest-bearing liabilities reflected on our balance sheet. This sensitivity analysis is compared to policy limits, which specify a maximum tolerance level for net interest income exposure over a one-year horizon assuming no balance sheet growth, given a 200 basis point upward and a 200 basis point downward shift in interest rates. A parallel and pro rata shift in rates over a 12-month period is assumed.

The following reflects our net interest income sensitivity analysis as of December 31, 2005:

Simulated Rate Changes	Estimated Net Interest Income Sensitivity
+ 200 basis points	(3.86)%
- 200 basis points	1.93%

The estimated sensitivity does not necessarily represent a forecast and the results may not be indicative of actual changes to our net interest income. These estimates are based upon a number of assumptions including: the nature and timing of interest rate levels including yield curve shape, prepayments on loans and securities, pricing strategies on loans and deposits, and replacement of asset and liability cash-flows. While the assumptions used are based on current economic and local market conditions, there is no assurance as to the predictive nature of these conditions including how customer preferences or competitor influences might change. See NOTE 19 — of the Notes to the Consolidated Financial Statements.

Liquidity Risk

Liquidity risk is the risk to earnings or capital resulting from our inability to meet obligations when they come due without incurring unacceptable losses. It includes the ability to manage unplanned decreases or changes in funding sources and to recognize or address changes in market conditions that affect our ability to liquidate assets quickly and with minimum loss of value. Factors considered in liquidity risk management are stability of the deposit base; marketability, maturity, and pledging of investments; and the demand for credit.

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In general, liquidity risk is managed daily by controlling the level of fed funds and the use of funds provided by the cash flow from the investment portfolio. To meet unexpected demands, lines of credit are maintained with correspondent banks, the Federal Home Loan Bank and the FRB. The sale of bonds maturing in the near future can also serve as a contingent source of funds. Increases in deposit rates are considered a last resort as a means of raising funds to increase liquidity.

Transaction Risk

Transaction risk is the risk to earnings or capital arising from problems in service or product delivery. This risk is significant within any bank and is interconnected with other risk categories in most activities throughout the Bank. Transaction risk is a function of internal controls, information systems, associate integrity, and operating processes. It arises daily throughout the Bank as transactions are processed. It pervades all divisions, departments and branches and is inherent in all products and services the Bank offers.

In general, transaction risk is defined as high, medium or low by the internal auditors during the audit process. The audit plan ensures that high risk areas are reviewed at least annually.

The key to monitoring transaction risk is in the design, documentation and implementation of well-defined procedures. All transaction related procedures include steps to report events that might increase transaction risk. Dual controls are also a form of monitoring.

Compliance Risk

Compliance risk is the risk to earnings or capital arising from violations of, or non-conformance with, laws, rules, regulations, prescribed practices, or ethical standards. Compliance risk also arises in situations where the laws or rules governing certain Bank products or activities of the Bank's customers may be ambiguous or untested. Compliance risk exposes the Bank to fines, civil money penalties, payment of damages, and the voiding of contracts. Compliance risk can also lead to a diminished reputation, reduced business value, limited business opportunities, lessened expansion potential, and lack of contract enforceability.

There is no single or primary source of compliance risk. It is inherent in every Bank activity. Frequently, it blends into operational risk and transaction processing. A portion of this risk is sometimes referred to as legal risk. This is not limited solely to risk from failure to comply with consumer protection laws; it encompasses all laws, as well as prudent ethical standards and contractual obligations. It also includes the exposure to litigation from all aspects of banking, traditional and non-traditional.

Our Compliance Management Policy and Program and the Code of Ethical Conduct are the cornerstone for controlling compliance risk. An integral part of controlling this risk is the proper training of associates. The Compliance Officer is responsible for developing and executing a comprehensive compliance training program. The Compliance Officer will ensure that each associate receives adequate training with regard to their position to ensure that laws and regulations are not violated. All associates who deal in compliance high risk areas are trained to be knowledgeable about the level and severity of exposure in those areas and the policies and procedures in place to control such exposure.

Our Compliance Management Policy and Program includes an audit program aimed at identifying problems and ensuring that problems are corrected. The audit program includes two levels of review. One is in-depth audits performed by an external firm and the other is periodic monitoring performed by the Compliance Officer.

The Bank utilizes an external firm to conduct compliance audits as a means of identifying weaknesses in the compliance program itself. The external firm's audit plan includes a periodic review of each branch and department of the Bank.

The branch or department that is the subject of an audit is required to respond to the audit and correct any violations noted. The Compliance Officer will review audit findings and the response provided by the branch or department to identify areas which pose a significant compliance risk to the Bank.

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The Compliance Officer conducts periodic monitoring of the Bank's compliance efforts with a special focus on those areas that expose the Bank to compliance risk. The purpose of the periodic monitoring is to ensure that Bank associates are adhering to established policies and procedures adopted by the Bank. The Compliance Officer will notify the appropriate department head and the Compliance Committee of any violations noted. The branch or department that is the subject of the review will be required to respond to the findings and correct any noted violations.

The Bank recognizes that customer complaints can often identify weaknesses in the Bank's compliance program which could expose the Bank to risk. Therefore, all complaints are given prompt attention. The Bank's Compliance Management Policy and Program includes provisions on how customer complaints are to be addressed. The Compliance Officer reviews all complaints to determine if a significant compliance risk exists and communicates those findings to Senior Management.

Strategic Risk

Strategic risk is the risk to earnings or capital arising from adverse decisions or improper implementation of strategic decisions. This risk is a function of the compatibility between an organization's goals, the resources deployed against those goals and the quality of implementation.

Strategic risks are identified as part of the strategic planning process. Offsite strategic planning sessions are held annually. The strategic review consists of an economic assessment, competitive analysis, industry outlook and legislative and regulatory review.

A primary measurement of strategic risk is peer group analysis. Key performance ratios are compared to three separate peer groups to identify any sign of weakness and potential opportunities. The peer group consists of:

1. All banks of comparable size
2. High performing banks
3. A list of specific banks

Another measure is the comparison of the actual results of previous strategic initiatives against the expected results established prior to implementation of each strategy.

The corporate strategic plan is formally presented to all branch managers and department managers at an annual leadership conference.

Reputation Risk

Reputation risk is the risk to capital and earnings arising from negative public opinion. This affects the Bank's ability to establish new relationships or services, or continue servicing existing relationships. It can expose the Bank to litigation and, in some instances, financial loss.

Price and Foreign Exchange Risk

Price risk arises from changes in market factors that affect the value of traded instruments. Foreign exchange risk is the risk to earnings or capital arising from movements in foreign exchange rates.

Our current exposure to price risk is nominal. We do not have trading accounts. Consequently, the level of price risk within the investment portfolio is limited to the need to sell securities for reasons other than trading. The section of this policy pertaining to liquidity risk addresses this risk.

We maintain deposit accounts with various foreign banks. Our Interbank Liability Policy limits the balance in any of these accounts to an amount that does not present a significant risk to our earnings from changes in the value of foreign currencies.

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Our asset liability model calculates the market value of the Bank's equity. In addition, management prepares, on a monthly basis, a capital volatility report that compares changes in the market value of the investment portfolio. We have as our target to always be well-capitalized by regulatory standards.

The Balance Sheet Management Policy requires the submission of a Fair Value Matrix Report to the Balance Sheet Management Committee on a quarterly basis. The report calculates the economic value of equity under different interest rate scenarios, revealing the level or price risk of the Bank's interest sensitive asset and liability portfolios.

Recent Accounting Pronouncements

In May 2005, the Financial Accounting Standards Board ("FASB") issued Statement No. 154, "Accounting Changes and Error Corrections. A replacement of APB Opinion No. 20 and FASB Statement No. 3" ("SFAS 154"). SFAS 154 requires retrospective application to prior periods' financial statements of changes in accounting principle. It also requires that the new accounting principle be applied to the balances of assets and liabilities as of the beginning of the earliest period for which retrospective application is practicable and that a corresponding adjustment be made to the opening balance of retained earnings for that period rather than being reported in an income statement. The statement will be effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. We do not expect the adoption of SFAS 154 to have a material effect on our consolidated financial position or results of operations.

In December 2004, the Financial Accounting Standards Board ("FASB") staff issued a revision to SFAS No. 123, "Accounting for Stock-Based Compensation," SFAS No. 123R, "Share-Based Payment." SFAS No. 123R focuses primarily on transactions in which the entity exchanges its equity instruments for employee services and generally establishes standards for the accounting for transactions in which an entity obtains goods or services in share-based payment transactions. SFAS No. 123R requires that the cost resulting from all share-based payment transactions be recognized in the financial statements over the period during which an employee is required to provide service in exchange for the award. SFAS No. 123R establishes fair value as the measurement objective in accounting for share-based payment arrangements and requires all entities to apply a fair-value based method in accounting for share-based transactions with employees. SFAS No. 123R also amends SFAS No. 95, "Statement of Cash Flows", to require that excess tax benefits be reported as a financing cash inflow rather than as a reduction of taxes paid. SFAS No. 123R is effective for most public companies at the beginning of the first fiscal year beginning after June 15, 2005. Therefore, we will begin to expense options in the first quarter of 2006. We adopted the provision of SFAS No. 123R on January 1, 2006 using the modified prospective method. Based on the option outstanding as of December 31, 2005, the expensing of options will add approximately \$890,000 pretax in 2006 of compensation expense to our results of operations.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss from adverse changes in the market prices and interest rates. Our market risk arises primarily from interest rate risk inherent in our lending and deposit taking activities. We currently do not enter into futures, forwards, or option contracts. For greater discussion on the risk management of the Company, see Item 7. Management's Discussion and Analysis of Financial Condition and the Results of Operations — Risk Management.

Item 8. Financial Statements and Supplementary Data

**CVB FINANCIAL CORP.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND FINANCIAL STATEMENT SCHEDULES**

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Consolidated Financial Statements	
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All schedules are omitted because they are not applicable, not material or because the information is included in the financial statements or the notes thereto.

For information about the location of management's annual reports on internal control, our financial reporting and the audit report of McGladrey & Pullen, LLP thereon. See "Item 9A. Controls and Procedures."

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

1) Management's Report on Internal Control over Financial Reporting

Management of CVB Financial Corp., together with its consolidated subsidiaries (the Company), is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of the Company's principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

As of December 31, 2005, management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has determined that the Company's internal control over financial reporting as of December 31, 2005 is effective.

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on our financial statements.

Management's assessment of the effectiveness of the firm's internal control over financial reporting as of December 31, 2005 has been audited by McGladrey & Pullen, LLP, an independent registered public accounting firm, as stated in their report appearing at 9A(2) below.

2) Auditor attestation

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
CVB Financial Corp.
Ontario, California

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting, that CVB Financial Corp. and subsidiaries (the Company) maintained effective internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our Audits provide a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company, and our report dated March 10, 2006 expressed an unqualified opinion.

/s/ McGLADREY & PULLEN, LLP

McGladrey & Pullen, LLP

Pasadena, California

March 10, 2006

3) Changing in Internal Control over Financial Reporting

We maintain controls and procedures designed to ensure that information is recorded and reported in all filings of financial reports. Such information is reported to our management, including our Chief Executive Officer and Chief Financial Officer to allow timely and accurate disclosure based on the definition of “disclosure controls and procedures” in SEC Rule 13a-15(e) and 15d-15(e).

As of the end of the period covered by this report, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures under the supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer. Based on the foregoing, our Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures are effective.

During the fiscal quarter ended December 31, 2005, there have been no changes in our internal control over financial reporting that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

Except as hereinafter noted, the information concerning directors and executive officers of the Company and our audit committee financial expert is incorporated by reference from the section entitled “Discussion of Proposals recommended by the Board — Proposal 1: Election of Directors” and “Beneficial Ownership Reporting Compliance” and “Audit Committee” of our definitive Proxy Statement to be filed pursuant to Regulation 14A within 120 days after the end of the last fiscal year. For information concerning directors and executive officers of the Company, see Item 1 of part I “Business — Executive Officers and Directors.”

The Company has adopted a Code of Ethics that applies to all of the Company’s employees, including the Company’s principal executive officers, the principal financial and accounting officer, and all employees who perform these functions. A copy of the Code of Ethics is available to any person without charge by submitting a request to the Company’s Chief Financial Officer at 701 N. Haven Avenue, Suite 350, Ontario, CA 91764.

Item 11. Executive Compensation

Information concerning management remuneration and transactions is incorporated by reference from the section entitled “Executive Compensation” of our definitive Proxy Statement to be filed pursuant to Regulation 14A within 120 days after the end of the last fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table summarizes information as of December 31, 2005 relating to our equity compensation plans pursuant to which grants of options, restricted stock, or other rights to acquire shares may be granted from time to time.

Equity Compensation Plan Information

<u>Plan Category</u>	<u>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)</u>	<u>Weighted-average Exercise Price of Outstanding Options, Warrants and Rights (b)</u>	<u>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a)) (c)</u>
Equity compensation plans approved by security holders	1,869,115	\$ 9.34	4,060,409
Equity compensation plans not approved by security holders	—	—	—
Total	1,869,115	\$ 9.34	4,060,409

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Information concerning security ownership of certain beneficial owners and management is incorporated by reference from the sections entitled “Stock Ownership” of our definitive Proxy Statement to be filed pursuant to Regulation 14A within 120 days after the end of the last fiscal year.

Item 13. *Certain Relationships and Related Transactions*

Information concerning certain relationships and related transactions with management and others is incorporated by reference from the section entitled “Executive Compensation — Certain Relationships and Related Transactions” of our definitive Proxy Statement to be filed pursuant to Regulation 14A within 120 days after the end of the last fiscal year.

Item 14. *Principal Accountant Fees and Services*

Information concerning principal accounting fees and services is incorporated by reference from the section entitled “Ratification of Appointment of Independent Public Accountants” of our definitive Proxy Statement to be filed pursuant to Regulation 14A within 120 days after the end of the last fiscal year.

PART IV

Item 15. Exhibits and Financial Statement Schedules

Financial Statements

Reference is made to the Index to Financial Statements at page 57 for a list of financial statements filed as part of this Report.

Exhibits

See Index to Exhibits at Page 98 of this Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 14th day of March 2006.

CVB FINANCIAL CORP.

By: /s/ D. LINN WILEY

D. Linn Wiley
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<hr/> <i>/s/ GEORGE A. BORBA</i> George A. Borba	Chairman of the Board	March 14, 2006
<hr/> <i>/s/ JOHN A. BORBA</i> John A. Borba	Director	March 14, 2006
<hr/> <i>/s/ RONALD O. KRUSE</i> Ronald O. Kruse	Director	March 14, 2006
<hr/> <i>/s/ ROBERT M. JACOBY</i> Robert M. Jacoby	Director	March 14, 2006
<hr/> <i>/s/ JAMES C. SELEY</i> James C. Seley	Director	March 14, 2006
<hr/> <i>/s/ SAN E. VACCARO</i> San E. Vaccaro	Director	March 14, 2006
<hr/> <i>/s/ EDWARD J. BIEBRICH, JR.</i> Edward J. Biebrich, Jr.	Chief Financial Officer (Principal Financial and Accounting Officer)	March 14, 2006
<hr/> <i>/s/ D. LINN WILEY</i> D. Linn Wiley	Director, President and Chief Executive Officer (Principal Executive Officer)	March 14, 2006

CVB FINANCIAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2005	December 31, 2004
	(Amounts in thousands)	
ASSETS		
Investment securities available-for-sale	\$ 2,369,892	\$ 2,085,014
Interest-bearing balances due from depository institutions	1,883	—
Investment in stock of Federal Home Loan Bank (FHLB)	70,770	53,565
Loans and lease finance receivables	2,663,863	2,140,074
Allowance for credit losses	(23,204)	(22,494)
Total earning assets	5,083,204	4,256,159
Cash and due from banks	130,141	84,400
Premises and equipment, net	40,020	33,508
Intangibles	12,474	6,136
Goodwill	32,357	19,580
Cash value life insurance	71,811	68,233
Accrued interest receivable	24,147	18,391
Deferred tax asset	18,420	4,409
Other assets	10,397	20,195
TOTAL ASSETS	\$ 5,422,971	\$ 4,511,011
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Noninterest-bearing	\$ 1,490,613	\$ 1,322,255
Interest-bearing	1,933,433	1,552,784
Total deposits	3,424,046	2,875,039
Demand Note to U.S. Treasury	6,433	6,453
Short-term borrowings	916,000	356,000
Long-term borrowings	580,000	830,000
Accrued interest payable	15,047	8,809
Deferred compensation	7,102	7,685
Junior subordinated debentures	82,476	82,476
Other liabilities	48,990	27,066
TOTAL LIABILITIES	5,080,094	4,193,528
COMMITMENTS AND CONTINGENCIES		
Stockholders' Equity:		
Preferred stock (authorized, 20,000,000 shares without par; none issued or outstanding)	—	—
Common stock (authorized, 122,070,312 shares without par; issued and outstanding 76,430,206 (2005) and 75,832,903 (2004))	252,717	236,277
Retained earnings	103,546	72,314
Accumulated other comprehensive income (loss), net of tax	(13,386)	8,892
TOTAL STOCKHOLDERS' EQUITY	342,877	317,483
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 5,422,971	\$ 4,511,011

See accompanying notes to the consolidated financial statements.

CVB FINANCIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
Three Years Ended December 31, 2005

	<u>2005</u>	<u>2004</u>	<u>2003</u>
		(Amounts in thousands, except earnings per share)	
INTEREST INCOME:			
Loans, including fees	\$ 149,961	\$ 114,543	\$ 99,042
Investment securities:			
Taxable	76,573	66,109	49,814
Tax-advantaged	19,078	15,087	16,065
	<u>95,651</u>	<u>81,196</u>	<u>65,879</u>
Dividends from FHLB	2,623	1,960	1,391
Federal funds sold	2	3	34
Interest-bearing deposits with other institutions	251	—	—
Total interest income	<u>248,488</u>	<u>197,702</u>	<u>166,346</u>
INTEREST EXPENSE:			
Deposits	28,908	15,508	16,323
Short-term borrowings	25,487	6,930	2,552
Long-term borrowings	17,701	18,731	17,940
Junior subordinated debentures	5,340	5,348	238
Total interest expense	<u>77,436</u>	<u>46,517</u>	<u>37,053</u>
NET INTEREST INCOME BEFORE PROVISION FOR CREDIT LOSSES	<u>171,052</u>	<u>151,185</u>	<u>129,293</u>
PROVISION FOR CREDIT LOSSES	<u>—</u>	<u>—</u>	<u>—</u>
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	<u>171,052</u>	<u>151,185</u>	<u>129,293</u>
OTHER OPERATING INCOME:			
Service charges on deposit accounts	13,251	13,663	15,039
Financial Advisory services	6,652	6,054	5,375
Bankcard services	2,453	1,781	1,417
BOLI Income	2,797	2,432	981
Other	4,668	5,058	2,967
Gain/(Loss) on sale of securities, net	(46)	5,219	4,210
Impairment charge on investment securities	(2,270)	(6,300)	—
Total other operating income	<u>27,505</u>	<u>27,907</u>	<u>29,989</u>
OTHER OPERATING EXPENSES:			
Salaries and employee benefits	53,075	47,292	41,493
Occupancy	8,327	7,891	6,738
Equipment	7,578	8,003	6,878
Stationery and supplies	5,569	4,987	4,960
Professional services	4,268	4,776	4,005
Promotion	5,835	5,148	4,524
Amortization of Intangibles	2,061	1,185	815
Other	4,880	10,440	8,381
Total other operating expenses	<u>91,593</u>	<u>89,722</u>	<u>77,794</u>
EARNINGS BEFORE INCOME TAXES	<u>106,964</u>	<u>89,370</u>	<u>81,488</u>
INCOME TAXES	<u>36,346</u>	<u>27,884</u>	<u>28,656</u>
NET EARNINGS	<u>\$ 70,618</u>	<u>\$ 61,486</u>	<u>\$ 52,832</u>
BASIC EARNINGS PER COMMON SHARE	<u>\$ 0.92</u>	<u>\$ 0.81</u>	<u>\$ 0.70</u>
DILUTED EARNINGS PER COMMON SHARE	<u>\$ 0.91</u>	<u>\$ 0.80</u>	<u>\$ 0.69</u>

See accompanying notes to consolidated financial statements.

CVB FINANCIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Three Years Ended December 31, 2005

	Common Shares Outstanding	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Comprehensive Income
(Amounts and shares in thousands)					
Balance January 1, 2003	43,533	\$ 146,449	\$ 87,716	\$ 25,656	
Issuance of common stock	317	989			
10% stock dividend	4,387	75,990	(75,990)		
Repurchase of common stock	(349)	(615)	(6,438)		
Shares issued for acquisition of Kaweah National Bank	401	7,904			
Tax benefit from exercise of stock options		2,242			
Cash dividends (\$0.48 per share)			(21,638)		
Comprehensive income:					
Net earnings			52,832		\$ 52,832
Other comprehensive income/(loss):					
Unrealized loss on securities available-for-sale, net				(8,376)	(8,376)
Comprehensive income					\$ 44,456
Balance December 31, 2003	48,289	232,959	36,482	17,280	
Issuance of common stock	345	1,281			
5-for-4 stock split	12,132				
Repurchase of common stock	(100)	(159)	(1,833)		
Tax benefit from exercise of stock options		2,196			
Cash dividends (\$0.48 per share)			(23,821)		
Comprehensive income:					
Net earnings			61,486		\$ 61,486
Other comprehensive income/(loss):					
Unrealized loss on securities available-for-sale, net				(8,388)	(8,388)
Comprehensive income					\$ 53,098
Balance December 31, 2004	60,666	\$ 236,277	\$ 72,314	\$ 8,892	
Issuance of common stock	460	1,789			
5-for-4 stock split	15,284				
Repurchase of common stock	(676)	(863)	(11,423)		
Shares issued for acquisition of Granite State Bank	696	13,427			
Tax benefit from exercise of stock options		2,087			
Cash dividends (\$0.42 per share)			(27,963)		
Comprehensive income:					
Net earnings			70,618		\$ 70,618
Other comprehensive income/(loss):					
Unrealized loss on securities available-for-sale, net				(22,278)	(22,278)
Comprehensive income					\$ 48,340
Balance December 31, 2005	76,430	\$ 252,717	\$ 103,546	\$ (13,386)	

	At December 31,		
	2005	2004	2003
(Amounts in thousands)			
Disclosure of reclassification amount			
Unrealized holding (losses)gains on securities arising during the period	(40,679)	(15,453)	\$ (10,232)
Tax benefit (expense)	17,058	6,438	4,298
Less:			
Reclassification adjustment for (gain)/loss on securities included in net income	2,316	1,081	(4,210)
Add:			
Tax expense on reclassification adjustments	(973)	(454)	1,768
Net unrealized (loss) gain on securities	\$ (22,278)	(8,388)	\$ (8,376)

See accompanying notes to consolidated financial statements.

**CVB FINANCIAL CORP. AND
SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the Year Ended December 31,		
	2005	2004	2003
	(Dollar amounts in thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received	250,202	\$ 204,471	\$ 175,871
Service charges and other fees received	29,779	28,526	25,752
Interest paid	(71,290)	(42,967)	(39,140)
Cash paid to suppliers and employees	(88,507)	(84,184)	(64,739)
Income taxes paid	(31,100)	(30,196)	(25,800)
Net cash provided by operating activities	<u>89,084</u>	<u>75,650</u>	<u>71,944</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales of investment securities available-for-sale	—	84,777	212,641
Proceeds from sales of MBS	126,598	—	20,538
Proceeds from repayment of MBS	414,804	433,365	660,357
Proceeds from repayment of investment securities available-for-sale	122	—	2,428
Proceeds from maturity of investment securities	18,598	36,006	6,985
Purchases of investment securities available-for-sale	(177,415)	(115,351)	(88,480)
Purchases of MBS	(677,451)	(687,538)	(1,304,603)
Purchases of FHLB stock	(17,205)	(15,935)	(15,543)
Net increase in loans	(449,842)	(372,431)	(247,865)
Proceeds from sales of premises and equipment	73	4,392	3,032
Purchase of premises and equipment	(11,881)	(11,376)	(6,923)
Cash acquired from purchase of Granite State Bank, net of cash paid	12,232	—	—
Cash acquired from purchase of Kaweah National Bank, net of cash paid	—	—	6,418
Purchase of Bank Owned Life Insurance	—	(50,000)	—
Investment in common stock of CVB Statutory Trust I & II	—	—	(2,476)
Other investing activities	—	(1,282)	(1,061)
Net cash used in investing activities	<u>(761,367)</u>	<u>(695,373)</u>	<u>(754,552)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase in transaction deposits	163,718	292,521	307,411
Net increase (decrease) in time deposits	282,786	(77,992)	(37,970)
Advances from Federal Home Loan Bank	370,000	500,000	250,000
Repayment of advances from Federal Home Loan Bank	(106,000)	(68,000)	(141,000)
Net increase (decrease) in short-term borrowings	45,980	(29,882)	196,428
Cash dividends on common stock	(27,963)	(23,821)	(21,638)
Repurchase of common stock	(12,286)	(1,992)	(7,053)
Issuance of junior subordinated debentures	—	—	82,476
Proceeds from exercise of stock options	1,789	1,281	989
Net cash provided by financing activities	<u>718,024</u>	<u>592,115</u>	<u>629,643</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>45,741</u>	<u>(27,608)</u>	<u>(52,965)</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>84,400</u>	<u>112,008</u>	<u>164,973</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 130,141</u>	<u>\$ 84,400</u>	<u>\$ 112,008</u>

See accompanying notes to the consolidated financial statements.

CVB FINANCIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	For the Year Ended December 31,		
	2005	2004	2003
(Dollar amounts in thousands)			
RECONCILIATION OF NET EARNINGS TO NET CASH PROVIDED BY			
OPERATING ACTIVITIES:			
Net earnings	\$ 70,618	\$ 61,486	\$ 52,832
Adjustments to reconcile net earnings to net cash provided by operating activities:			
(Gain)/Loss on sale of investment securities	46	(5,219)	(4,210)
Gain on sale of premises and equipment	34	140	112
Impairment charge on investment securities	2,270	6,300	0
Increase in cash value of life insurance	(2,253)	(2,432)	(981)
Net amortization of premiums on investment securities	13,195	14,302	18,618
Depreciation and amortization	8,435	7,125	3,406
Change in accrued interest receivable	(5,471)	(2,667)	396
Change in accrued interest payable	6,147	3,550	(1,303)
Deferred tax benefits (provision)	(585)	(3,537)	5,937
Change in other assets and liabilities	(3,352)	(3,398)	(2,863)
Total adjustments	18,466	14,164	19,112
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 89,084	\$ 75,650	\$ 71,944
Supplemental Schedule of Noncash Investing and Financing Activities			
Purchase of Granite State Bank:			
Assets acquired	\$ 85,898		
Goodwill	12,777		
Intangible assets	8,399		
Liabilities assumed	(105,879)		
Stock issued	(13,427)		
Purchase price of acquisition, net of cash received	\$ (12,232)		
Purchase of Kaweah National Bank:			
Assets acquired			\$ 73,750
Goodwill			8,571
Intangible assets			3,124
Liabilities assumed			(83,958)
Stock issued			(7,905)
Purchase price of acquisition, net of cash received			\$ (6,418)
Securities purchased and not settled	25,854	\$ —	\$ —

See accompanying notes to the consolidated financial statements.

CVB FINANCIAL CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Three Years Ended December 31, 2005

1. Summary of Significant Accounting Policies

The accounting and reporting policies of CVB Financial Corp. and subsidiaries are in accordance with accounting principles generally accepted in the United States of America and conform to practices within the banking industry. A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

Principles of Consolidation — The consolidated financial statements include the accounts of CVB Financial Corp. (the “Company”) and its wholly owned subsidiaries: Citizens Business Bank (the “Bank”) and the Bank’s wholly owned subsidiary, Golden West Enterprises, Inc. (“GWF”); Community Trust Deed Services (“Community”); CVB Ventures, Inc.; Chino Valley Bancorp; and ONB Bancorp after elimination of all intercompany transactions and balances. The Company is also the common stockholder of CVB Statutory Trust I, CVB Statutory Trust II, and CVB Statutory Trust III. Trusts I and II were created in December 2003 and Trust III was created in January 2006 to issue trust preferred securities in order to raise capital for the Company. In accordance with Financial Accounting Standards Board Interpretation No. 46R “Consolidation of Variable Interest Entities” (“FIN No. 46R”), these trusts are not included in the consolidated financial statements.

Nature of Operations — The Company’s primary operations are related to traditional banking activities, including the acceptance of deposits and the lending and investing of money through the operations of the Bank. The Bank has one subsidiary, Golden West Enterprises, Inc., located in Costa Mesa, California, which provides automobile and equipment leasing, and brokers mortgage loans. The Bank also provides trust services to customers through its Financial Advisory Services Division and Business Financial Centers (branch offices). The Bank’s customers consist primarily of small to mid-sized businesses and professionals located in the Inland Empire, San Gabriel Valley, Orange County, Madera County, Fresno County, Tulare County, and Kern County areas of California. The Bank operates 40 Business Financial Centers with its headquarters located in the city of Ontario. Segment reporting is not presented since the Company’s revenue is attributed to a single reportable segment.

Investment Securities — The Company classifies as held-to-maturity those debt securities that the Company has the positive intent and ability to hold to maturity. Securities classified as trading are those securities that are bought and held principally for the purpose of selling them in the near term. All other debt and equity securities are classified as available-for-sale. Securities held-to-maturity are accounted for at cost and adjusted for amortization of premiums and accretion of discounts. Trading securities are accounted for at fair value with the unrealized holding gains and losses being included in current earnings. Available-for-sale securities are accounted for at fair value, with the net unrealized gains and losses, net of income tax effects, presented as a separate component of stockholders’ equity. At each reporting date, available-for-sale securities are assessed to determine whether there is an other-than-temporary impairment. Such impairment, if any, is required to be recognized in current earnings rather than as a separate component of stockholders’ equity. Realized gains and losses on sales of securities are recognized in earnings at the time of sale and are determined on a specific-identification basis. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. For mortgage-backed securities (“MBS”), the amortization or accretion is based on estimated average lives of the securities. The lives of these securities can fluctuate based on the amount of prepayments received on the underlying collateral of the securities. The Company’s investment in Federal Home Loan Bank (“FHLB”) stock is carried at cost.

Loans and Lease Finance Receivables — Loans and lease finance receivables are reported at the principal amount outstanding, less deferred net loan origination fees and the allowance for credit losses. Interest on loans and lease finance receivables is credited to income based on the principal amount outstanding. Interest income is not recognized on loans and lease finance receivables when collection of interest is deemed by management to be doubtful.

CVB FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Bank receives collateral to support loans, lease finance receivables, and commitments to extend credit for which collateral is deemed necessary. The most significant categories of collateral are real estate, principally commercial and industrial income-producing properties, real estate mortgages, and assets utilized in agribusiness.

Nonrefundable fees and direct costs associated with the origination or purchase of loans are deferred and netted against outstanding loan balances. The deferred net loan fees and costs are recognized in interest income over the loan term in a manner that approximates the level-yield method.

Provision and Allowance for Credit Losses — The determination of the balance in the allowance for credit losses is based on an analysis of the loan and lease finance receivables portfolio using a systematic methodology and reflects an amount that, in management's judgment, is adequate to provide for probable credit losses inherent in the portfolio, after giving consideration to the character of the loan portfolio, current economic conditions, past credit loss experience, and such other factors as deserve current recognition in estimating inherent credit losses. The estimate is reviewed periodically by management and various regulatory entities and, as adjustments become necessary, they are reported in earnings in the periods in which they become known. The provision for credit losses is charged to expense.

A loan for which collection of principal and interest according to its original terms is not probable is considered to be impaired. The Company's policy is to record a specific valuation allowance, which is included in the allowance for credit losses, or charge off that portion of an impaired loan that exceeds its fair value. Fair value is usually based on the value of underlying collateral.

Premises and Equipment — Premises and equipment are stated at cost, less accumulated depreciation, which is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Properties under capital lease and leasehold improvements are amortized over the shorter of estimated economic lives of 15 years or the initial terms of the leases. Estimated lives are 3 to 5 years for computer and equipment 5 to 7 years for furniture, fixtures and equipment, and 15 to 40 years for buildings and improvements.

Other Real Estate Owned — Other real estate owned represents real estate acquired through foreclosure in satisfaction of commercial and real estate loans and is stated at fair value, minus estimated costs to sell (fair value at time of foreclosure). Loan balances in excess of fair value of the real estate acquired at the date of acquisition are charged against the allowance for credit losses. Any subsequent operating expenses or income, reduction in estimated values, and gains or losses on disposition of such properties are charged to current operations.

Business Combinations, Goodwill and Intangible Assets — The Company has engaged in the acquisition of financial institutions and the assumption of deposits and purchase of assets from other financial institutions in its market area. The Company has paid premiums on certain transactions, and such premiums are recorded as intangible assets, in the form of goodwill or other intangible assets. In accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets", goodwill is not being amortized whereas identifiable intangible assets with finite lives are amortized over their useful lives. On an annual basis, the Company tests goodwill for impairment. The Company completed its annual impairment test as of June 30, 2005; there was no impairment of goodwill.

Bank Owned Life Insurance — The Bank invests in Bank-Owned Life Insurance (BOLI). BOLI involves the purchasing of life insurance by the Bank on a chosen group of employees. The Bank is the owner and beneficiary of these policies. BOLI is recorded as an asset at cash surrender value. Increases in the cash value of these policies, as well as insurance proceeds received, are recorded in other non-interest income and are not subject to income tax.

CVB FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Income Taxes — Deferred income taxes are recognized for the tax consequences in future years of the Company’s differences between the tax bases of assets and liabilities and their financial reporting amounts at each year-end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income.

Earnings per Common Share — Basic earnings per share are computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding during each year. The computation of diluted earnings per share considers the number of tax-effected shares issuable upon the assumed exercise of outstanding common stock options. Earnings per common share and stock option amounts have been retroactively restated to give effect to all stock splits and dividends. A reconciliation of the numerator and the denominator used in the computation of basic and diluted earnings per common share is included in Note 14.

Statement of Cash Flows — Cash and cash equivalents as reported in the statements of cash flows include cash and due from banks and federal funds sold. Cash flow from loans and deposits are reported net.

Stock Compensation Plans — The Company has several stock option plans that are more fully described in Note 15 of the Notes to the Consolidated Financial Statements. The Company applies the intrinsic value method as described in Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees,” and related interpretations in accounting for its plans. Accordingly, compensation expense is not recognized when the exercise price of a stock option equals or exceeds the fair market value on the date the option is granted.

The following table presents the proforma effects on net income and related earnings per share if compensation costs related to the stock option plans were measured using the fair value method as prescribed under SFAS No. 123, “Accounting for Stock-Based Compensation”:

	For the Year Ended December 31,		
	2005	2004	2003
	(Amounts in thousands, except earnings per share)		
Net income, as reported	\$ 70,618	\$ 61,486	\$ 52,832
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	1,114	1,150	558
Pro forma net income	<u>\$ 69,504</u>	<u>\$ 60,336</u>	<u>\$ 52,274</u>
Earnings per share:			
Basic — as reported	\$ 0.92	\$ 0.81	\$ 0.70
Basic — pro forma	\$ 0.91	\$ 0.80	\$ 0.69
Diluted — as reported	\$ 0.91	\$ 0.80	\$ 0.69
Diluted — pro forma	\$ 0.90	\$ 0.79	\$ 0.68

The estimated weighted average fair value of each option granted during 2005, 2004, and 2003 was \$6.09, \$4.59, and \$3.90, respectively. The fair value of the options granted was estimated using the Black-Scholes option-pricing model with the following assumptions:

	2005	2004	2003
Dividend Yield	1.8%	1.8%	2.4%
Volatility	40.4%	36.2%	37.2%
Risk-free interest rate	4.4%	3.6%	3.3%
Expected life	6.9 years	7.3 years	7.0 years

CVB FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Financial Advisory Services — The Company maintains funds in trust for customers. The amount of these funds and the related liability have not been recorded in the accompanying consolidated balance sheets because they are not assets or liabilities of the Bank or Company, with the exception of any funds held on deposit with the Bank.

Use of Estimates in the Preparation of Financial Statements — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. A material estimate that is particularly susceptible to significant change in the near term relates to the determination of the allowance for credit losses.

Recent Accounting Pronouncements — In May 2005, the Financial Accounting Standards Board (“FASB”) issued Statement No. 154, “Accounting Changes and Error Corrections. A replacement of APB Opinion No. 20 and FASB Statement No. 3” (“SFAS 154”). SFAS 154 requires retrospective application to prior periods’ financial statements of changes in accounting principle. It also requires that the new accounting principle be applied to the balances of assets and liabilities as of the beginning of the earliest period for which retrospective application is practicable and that a corresponding adjustment be made to the opening balance of retained earnings for that period rather than being reported in an income statement. The statement will be effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company does not expect the adoption of SFAS 154 to have a material effect on the Company’s consolidated financial position or results of operations.

In December 2004, the FASB staff issued a revision to SFAS No. 123, “Accounting for Stock-Based Compensation,” SFAS No. 123R, “Share-Based Payment.” SFAS No. 123R focuses primarily on transactions in which the entity exchanges its equity instruments for employee services and generally establishes standards for the accounting for transactions in which an entity obtains goods or services in share-based payment transactions. SFAS No. 123R requires that the cost resulting from all share-based payment transactions be recognized in the financial statements over the period during which an employee is required to provide service in exchange for the award. SFAS No. 123R establishes fair value as the measurement objective in accounting for share-based payment arrangements and requires all public entities to apply a fair-value based method in accounting for share-based transactions with employees. SFAS No. 123R also amends SFAS No. 95, “Statement of Cash Flows”, to require that excess tax benefits be reported as a financing cash inflow rather than as an operating cash flow. SFAS No. 123R is effective for most public companies at the beginning of the first fiscal year beginning after June 15, 2005. Therefore, the Company will begin to expense options in the first quarter of 2006. The Company adopted the provision of SFAS No. 123R on January 1, 2006 using the modified prospective method. Based on the option outstanding as of December 31, 2005, the expensing of options will add approximately \$890,000 in 2006 of compensation expense to the results of operations. In addition, the impact of this statement in 2006 and beyond will depend upon our future compensation strategy.

Reclassifications — Certain amounts in the prior years’ financial statements and related footnote disclosures have been reclassified to conform to the current-year presentation with no impact on previously reported net income or stockholders’ equity.

CVB FINANCIAL CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

2. Investment Securities

The amortized cost and estimated fair value of investment securities are shown below. The majority of securities held are publicly traded, and the estimated fair values were obtained from an independent pricing service.

Composition of Investment Securities

	December 31, 2005				
	Amortized Cost	Gross Unrealized Holding Gain	Gross Unrealized Holding Loss	Market Value	Total Percent
	(Amounts in thousands)				
Investment Securities Available-for-Sale:					
U.S. Treasury Obligations	\$ 498	\$ —	\$ (1)	\$ 497	0.02%
Mortgage-backed securities	1,211,869	1,974	(29,235)	1,184,608	49.99%
CMO's/ REMICs	617,031	237	(7,356)	609,912	25.74%
Government agency & government-sponsored enterprises	54,608	69	(588)	54,089	2.28%
Municipal bonds	452,080	15,818	(3,998)	463,900	19.57%
FHLMC preferred stock	56,070	—	—	56,070	2.37%
Other securities	816	—	—	816	0.03%
Total Investment Securities	\$ 2,392,972	\$ 18,098	\$ (41,178)	\$ 2,369,892	100.00%

	December 31, 2004				
	Amortized Cost	Gross Unrealized Holding Gain	Gross Unrealized Holding Loss	Market Value	Total Percent
	(Amounts in thousands)				
Investment Securities Available-for-Sale:					
U.S. Treasury securities	\$ 498	\$ —	\$ (2)	\$ 496	0.02%
Government agency & government-sponsored enterprises	18,987	—	(230)	18,757	0.90%
Mortgage-backed securities	1,360,304	8,759	(8,729)	1,360,334	65.25%
CMO's/ REMICs	345,285	1,252	(910)	345,627	16.58%
Municipal bonds	285,752	21,293	(468)	306,577	14.70%
FHLMC preferred stock	58,340	—	(5,635)	52,705	2.53%
Other securities	518	—	—	518	0.02%
Total Investment Securities	\$ 2,069,684	\$ 31,304	\$ (15,974)	\$ 2,085,014	100.00%

Approximately 95% of the mortgage-backed securities and CMO/ REMICs (which represent collateralized mortgage obligations and real estate mortgage investment conduits) securities are issued by U.S. government agencies that guarantee payment of principal and interest of the underlying mortgages.

Gross realized gains were \$1.38 million, \$4.69 million, and \$5.15 million for years ended December 31, 2005, 2004, and 2003, respectively. Gross realized losses were \$1.42 million, \$374,000, and \$944,000 for years ended December 31, 2005, 2004, and 2003, respectively.

CVB FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The remaining CMO/ REMICs are backed by agency-pooled collateral or whole loan collateral. All non-agency CMO/ REMICs issues held are rated “A” or better by either Standard & Poor’s or Moody’s, as of December 31, 2005.

Composition of the Fair Value and Gross Unrealized Losses of Securities Available-for-Sale:

Description of Securities	December 31, 2005					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
	(Amounts in thousands)					
U.S. Treasury Obligations	\$ 497	\$ 1	\$ —	\$ —	\$ 497	\$ 1
Government agency & government-sponsored enterprises	2,972	28	18,463	560	21,435	588
Mortgage-backed securities	459,242	8,385	634,731	20,850	1,093,973	29,235
CMO/ REMICs	444,431	5,198	119,603	2,158	564,034	7,356
Municipal bonds	162,193	3,624	8,737	374	170,930	3,998
	<u>\$ 1,069,335</u>	<u>\$ 17,236</u>	<u>\$ 781,534</u>	<u>\$ 23,942</u>	<u>\$ 1,850,869</u>	<u>\$ 41,178</u>

Composition of the Fair Value and Gross Unrealized Losses of Securities Available-for-Sale:

Description of Securities	December 31, 2004					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
	(Amounts in thousands)					
U.S. Treasury Obligations	\$ 496	\$ 2	\$ —	\$ —	\$ 496	\$ 2
Government agency & government-sponsored enterprises	12,711	179	6,047	51	18,758	230
Mortgage-backed securities	210,245	761	507,072	7,968	717,317	8,729
CMO/ REMICs	90,111	681	52,014	229	142,125	910
Municipal bonds	30,077	272	6,673	196	36,750	468
FHLMC Preferred Stock	58,340	5,635	—	—	58,340	5,635
	<u>\$ 401,980</u>	<u>\$ 7,530</u>	<u>\$ 571,806</u>	<u>\$ 8,444</u>	<u>\$ 973,786</u>	<u>\$ 15,974</u>

The tables above show the Company’s investment securities’ gross unrealized losses and fair value by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2005 and 2004. The Company has reviewed individual securities classified as available-for-sale to determine whether a decline in fair value below the amortized cost basis is other-than-temporary. If it is probable that the Company will be unable to collect all amounts due according to the contractual terms of a debt security not impaired at acquisition, an other-than-temporary impairment shall be considered to have occurred. If an other-than-temporary impairment occurs, the cost basis of the security would be written down to its fair value as a new cost basis and the write down accounted for as a realized loss.

CVB FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following summarizes our analysis of these securities and the unrealized losses. This assessment was based on the following factors: i) the length of the time and the extent to which the market value has been less than cost; ii) the financial condition and near-term prospects of the issuer; iii) the intent and ability of the Company to retain its investment in a security for a period of time sufficient to allow for any anticipated recovery in market value; and iv) general market conditions which reflect prospects for the economy as a whole, including interest rates and sector credit spreads.

U.S. Treasury Obligations and Government Agency & Government Sponsored Enterprises — The U.S. Treasury Obligations and government agency and government sponsored enterprises are backed by the full faith and credit of the U.S. Treasury and Agencies of the U.S. Government. These securities are bullet securities, that is, they have a defined maturity date on which the principal is paid. The contractual term of these investments provides that the Bank will receive the face value of the bond at maturity which will equal the amortized cost of the bond. Interest is received throughout the life of the security. The unrealized loss greater than 12 months of \$560,000 is comprised of four issues: two Fannie Mae and two Freddie Mac. These securities have maturities from 3 months to 3 years. The agencies are rated in the A's and, although they have had some accounting difficulties in the past few years, this has not impacted their credit worthiness. Because the decline in market value is attributable to the changes in interest rates and not credit quality, and the Bank has the ability and intent to hold these investments until recovery of fair value, which may be at maturity, the Bank does not consider these investments to be other than temporarily impaired at December 31, 2005.

Mortgaged-Backed Securities and CMO/ REMICs — The mortgage-backed and CMO/ REMICs securities are issued and guaranteed by the government sponsored enterprises such as Ginnie Mae, Fannie Mae and Freddie Mac. These securities are collateralized or backed by the underlying mortgages. All mortgage-backed securities are rated AAA with average life from 0.36 years to 5.99 years. The contractual cash flows of these investments are guaranteed by agencies of the U.S. government or private insurance companies. Accordingly, it is expected the securities would not be settled at a price less than the amortized cost of the bond. The unrealized loss greater than 12 months on these securities at December 31, 2005 is \$23.0 million. This loss is comprised of three main blocks of securities: FNMA's with a loss of \$12.2 million, Freddie Mac with a loss of \$10.1 million and non government sponsored enterprises such as financial institutions with a loss of \$674,000. This loss is caused by the increase in interest rates over the last 1½ years. Because the decline in market value is attributable to the changes in interest rates and not credit quality, and the Company has the ability and intent to hold these securities until recovery of fair value, which may be at maturity, management does not consider these investments to be other than temporarily impaired at December 31, 2005.

Municipal Bonds — The municipal bonds in the Bank's portfolio are all rated AAA and they are insured by the largest bond insurance companies with maturities from 1 year to 21 years. The unrealized loss greater than 12 months on these securities at December 31, 2005 is \$374,000. As with the other securities in the portfolio, this loss is due to the rising rate environment not the credit risk of these securities. The Bank diversifies its holdings by owning selections of securities from different issuers and by holding securities from geographically diversified municipal issuers, thus reducing the Bank's exposure to any single adverse event. Because the decline in market value is attributable to the changes in interest rates and not credit quality, and the Bank has the ability and intent to hold these securities until recovery of fair value, which may be at maturity, the Bank does not consider these investments to be other than temporarily impaired at December 31, 2005.

FHLMC Preferred Stock — In 2001 the Company acquired two separate issues of FHLMC ("Freddie Mac") Preferred Stock: 800,000 shares of Series N preferred stock with a dividend rate that resets annually based on the 12-month LIBOR rate and 500,000 shares of Series B preferred stock with a dividend rate that resets every three months based on the 3-month LIBOR rate. Due to various factors, these issues have not performed as expected even though the dividend rate on them has increased as interest rates have risen. In

CVB FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

March of 2004, management wrote these securities down by \$6.3 million. Since that time we have seen gains and losses in the market value of both of these securities, with many of the months showing a loss.

At December 31, 2005, the Company had sixteen months of unrealized losses in the Series N 12-month LIBOR stock and ten months of unrealized losses in the Series B 3-month LIBOR stock. However, the Series B stock, which resets every three months at the 3-month LIBOR rate was showing increased decline in market value, which was contrary to our expectations in a rising rate environment. Therefore, based on the length of time the securities were below carrying value and the market perception of the stock, management recorded an impairment loss of \$2.3 million related to our FHLMC preferred stock at December 31, 2005. Hence, there is no unrealized loss at December 31, 2005.

At December 31, 2005 and 2004, investment securities having an amortized cost of approximately \$2.04 billion and \$1.63 billion respectively, were pledged to secure public deposits, short and long-term borrowings, and for other purposes as required or permitted by law.

The amortized cost and fair value of debt securities at December 31, 2005, by contractual maturity, are shown below. Although mortgage-backed securities and CMO/ REMICs have contractual maturities through 2033, expected maturities will differ from contractual maturities because borrowers may have the right to prepay such obligations without penalty.

	Amortized Cost	Available-for-sale	
		Fair Value	Weighted- Average Yield
		(Amounts in thousands)	
Due in one year or less	\$ 35,321	\$ 35,037	3.61%
Due after one year through five years	1,960,185	1,936,526	4.47%
Due after five years through ten years	199,690	201,980	4.63%
Due after ten years	140,890	139,463	4.24%
	<u>\$ 2,336,086</u>	<u>\$ 2,313,006</u>	<u>4.46%</u>

The above table excludes securities without stated maturities.

CVB FINANCIAL CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

3. Loan and Lease Finance Receivables

The following is a summary of the components of loan and lease finance receivables at December 31:

	2005	2004
	(Amounts in thousands)	
Commercial and Industrial	\$ 980,602	\$ 905,139
Real Estate:		
Construction	270,436	235,849
Mortgage	877,481	553,078
Consumer	59,801	51,187
Municipal lease finance receivables	108,832	71,675
Auto and equipment leases	39,442	34,753
Agribusiness	338,035	297,659
Gross Loans	2,674,629	2,149,340
Less:		
Allowance for credit losses	(23,204)	(22,494)
Deferred net loan fees	(10,766)	(9,266)
Net Loans	\$ 2,640,659	\$ 2,117,580

At December 31, 2005, the Company held approximately \$884,022,000 of fixed rate loans. These fixed rate loans bear interest at rates ranging from 3 to 12 percent and have contractual maturities between 1 and 28 years.

4. Transactions Involving Directors and Shareholders

In the ordinary course of business, the Bank has granted loans to certain directors, executive officers, and the businesses with which they are associated. All such loans and commitments to lend were made under terms that are consistent with the Bank's normal lending policies. All related party loans were current as to principal and interest at December 31, 2005 and 2004.

The following is an analysis of the activity of all such loans:

	As of December 31,	
	2005	2004
	(Amounts in thousands)	
Outstanding balance, beginning of year	\$ 5,251	\$ 5,790
Credit granted, including renewals	3,930	2,214
Repayments	(1,878)	(2,753)
Outstanding balance, end of year	\$ 7,303	\$ 5,251

CVB FINANCIAL CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

5. Allowance for Credit Losses and Other Real Estate Owned

Activity in the allowance for credit losses was as follows:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
		(Amounts in thousands)	
Balance, beginning of year	\$ 22,494	\$ 21,282	\$ 21,666
Provision charged to operations	—	—	—
Acquisition of Kaweah National Bank	—	—	2,767
Acquisition of Granite State Bank	756	—	—
Allowance for off-balance sheet credit exposure	—	—	(1,733)
Loans charged off	(1,380)	(2,320)	(3,017)
Recoveries on loans previously charged off	1,334	3,532	1,599
Balance, end of year	<u>\$ 23,204</u>	<u>\$ 22,494</u>	<u>\$ 21,282</u>

The allowance for off-balance sheet credit exposure relates to commitments to extend credit, letters of credit and undisbursed funds on lines of credit. The Company evaluates credit risk associated with the loan and lease portfolio at the same time it evaluates credit risk associated with the off-balance sheet commitments. The allowance necessary for the off-balance sheet commitments is reported separately in other liabilities in the accompanying consolidated statements of financial condition and therefore is no longer part of the allowance for loan and lease losses.

The Bank measures an impaired loan by using the present value of the expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent. If the calculated measurement of an impaired loan is less than the recorded investment in the loan, a portion of the Bank's general reserve is allocated as an impairment reserve.

At December 31, 2005, the Bank had no loans classified as impaired, compared to loan amounts of \$2,000 classified as impaired as of December 31, 2004. No specific reserve was recorded in 2004. The average recorded investment in impaired loans during the years ended December 31, 2005, 2004, and 2003 was approximately \$3,000, \$744,000, and \$1,936,000, respectively. Interest income of \$0, \$1,000, and \$82,000 was recognized, based on cash receipts, on impaired loans during the years ended December 31, 2005, 2004, and 2003, respectively.

The accrual of interest on impaired loans is discontinued when the loan becomes 90 days past due, or when the full collection of principal and interest is in doubt. When an asset is placed on nonaccrual status, previously accrued but unpaid interest is reversed against income. Subsequent collections of cash may be applied as reductions to the principal balance, or recorded as income, depending on management's assessment of the ultimate collectibility of the asset. Nonaccrual assets may be restored to accrual status when principal and interest become current and full payment of principal and interest is expected. For 2005, there were no non-performing loans and for 2004, non-performing loans were less than \$2,000. The interest would have been collected was de minimus. Had non-performing loans for which interest was no longer accruing complied with the original terms and conditions of their notes, interest income would have been \$134,000 greater for 2004.

At December 31, 2005 and 2004, loans on nonaccrual status totaled \$0 and \$2,000, all of which are included in the impaired loans discussed above.

The Company has no other real estate owned or allowance for other real estate owned losses at December 31, 2005 or 2004.

There were no expenses incurred in 2005, 2004, and 2003 related to holding and disposition of OREO.

CVB FINANCIAL CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

6. Premises and Equipment

Premises and equipment consist of:

	<u>As of December 31,</u>	
	<u>2005</u>	<u>2004</u>
	(Amounts in thousands)	
Land	\$ 8,263	\$ 4,742
Bank premises	29,084	21,319
Furniture and equipment	42,169	43,975
Leased property under capital lease	649	649
	<u>80,165</u>	<u>70,685</u>
Accumulated depreciation and amortization	(40,145)	(37,177)
	<u>\$ 40,020</u>	<u>\$ 33,508</u>

The Bank has for sale its old data center with land value of \$324,000 and a premises value of \$1.2 million. These numbers are reflected in the number in the table above.

7. Income Taxes

Income tax expense consists of the following:

	<u>For the Years Ended December 31,</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(Amounts in thousands)		
Current provision:			
Federal	\$ 25,874	\$ 21,707	\$ 14,622
State	11,057	9,714	8,097
	<u>36,931</u>	<u>31,421</u>	<u>22,719</u>
Deferred provision(benefit):			
Federal	(585)	(2,759)	5,267
State	—	(778)	670
	<u>(585)</u>	<u>(3,537)</u>	<u>5,937</u>
	<u>\$ 36,346</u>	<u>\$ 27,884</u>	<u>\$ 28,656</u>

CVB FINANCIAL CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Income tax liability (asset) consists of the following:

	<u>December 31,</u>	
	<u>2005</u>	<u>2004</u>
	(Amounts in thousands)	
Current:		
Federal	\$ (2,722)	\$ (3,984)
State	1,850	211
	<u>(872)</u>	<u>(3,773)</u>
Deferred:		
Federal	(14,572)	(2,580)
State	(3,848)	(1,829)
	<u>(18,420)</u>	<u>(4,409)</u>
	<u>\$ (19,292)</u>	<u>\$ (8,182)</u>

CVB FINANCIAL CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The components of the net deferred tax (liability) asset are as follows:

	December 31,	
	2005	2004
	(Amounts in thousands)	
Federal		
Deferred tax liabilities:		
Depreciation	\$ 2,704	\$ 3,197
Other Intangibles	199	242
Acquisition — Western Security Bank	875	1,155
Acquisition — Kaweah National Bank	1,339	1,556
Acquisition — Granite State Bank	2,381	—
Leases	38	49
Deferred income	5,222	3,330
Other, net	284	167
Unrealized gain on investment securities, net	—	5,343
Gross deferred tax liability	<u>13,042</u>	<u>15,039</u>
Deferred tax assets:		
California franchise tax	3,103	2,549
Bad debt and credit loss deduction	8,684	8,431
Net operating loss carryforward	1,587	1,696
Deferred compensation	3,162	2,738
Other-than-temporary impaired securities	3,000	2,205
Unrealized loss on investment securities, net	8,078	—
Other, net	—	—
Gross deferred tax asset	<u>27,614</u>	<u>17,619</u>
Net deferred tax (liability) asset — federal	<u>\$ 14,572</u>	<u>\$ 2,580</u>
State		
Deferred tax liabilities:		
Depreciation	\$ —	\$ 94
Other Intangibles	61	75
Acquisition — Western Security Bank	271	358
Acquisition — Kaweah National Bank	415	482
Acquisition — Granite State Bank	780	—
Leases	6	4
Deferred income	1,618	1,032
Unrealized gain on investment securities, net	—	1,095
Other, net	88	49
Gross deferred tax liability	<u>3,239</u>	<u>3,189</u>
Deferred tax assets:		
Depreciation	5	—
Bad debt and credit loss deduction	2,707	2,630
Net operating loss carryforward	793	793
Deferred compensation	1,037	912
Other-than-temporary impaired securities	929	683
Unrealized gain on investment securities, net	1,616	—
Other, net	—	—
Gross deferred tax asset	<u>7,087</u>	<u>5,018</u>
Net deferred tax (liability) asset — state	<u>\$ 3,848</u>	<u>\$ 1,829</u>

CVB FINANCIAL CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

A reconciliation of the statutory income tax rate to the consolidated effective income tax rate follows:

	For Years Ended December 31,					
	2005		2004		2003	
	Amount	Percent	Amount	Percent	Amount	Percent
	(Amounts in thousands)					
Federal income tax at statutory rate	\$ 37,437	35.0%	\$ 31,280	35.0%	\$ 28,521	35.0%
State franchise taxes, net of federal benefit	7,595	7.1%	6,345	7.1%	5,786	7.1
Tax-exempt income	(7,251)	(6.8)%	(6,339)	(7.1)%	(5,124)	(6.3)%
Tax credits	(1,435)	(1.3)%	(1,435)	(1.6)%	(1,435)	(1.7)%
Resolution of tax contingencies	—	0.0%	(1,967)	(2.2)%	—	0.0%
Other, net	—	0.0%	—	0.0%	908	1.1%
	<u>\$ 36,346</u>	<u>34.0%</u>	<u>\$ 27,884</u>	<u>31.2%</u>	<u>\$ 28,656</u>	<u>35.2%</u>

8. Deposits

Time certificates of deposit with balances of \$100,000 or more amounted to approximately \$591.0 million and \$355.1 million at December 31, 2005 and 2004, respectively. Interest expense on such deposits amounted to approximately \$11.1 million (2005), \$4.8 million (2004), and \$5.7 million (2003).

At December 31, 2005, the scheduled maturities of time certificates of deposit are as follows (000's omitted):

2006	\$ 744,574
2007	16,746
2008	11,826
2009	549
2010 and thereafter	9,481
	<u>\$ 783,176</u>

At December 31, 2005, the Company had a single depositor with balances of approximately \$140.8 million.

The Company has \$95.4 million and \$30.2 million of brokered certificates of deposits with the individual balances of under \$100,000 at December 31, 2005 and 2004, respectively.

9. Borrowings

During 2005 and 2004, the Bank entered into short-term borrowing agreements with the FHLB. The Bank had outstanding balances of \$830.0 million and \$226.0 million under these agreements at December 31, 2005 and 2004, respectively, with weighted-average interest rates of 3.35% and 2.14%, respectively. FHLB held certain investment securities of the Bank as collateral for those borrowings. The average outstanding balance of short-term borrowings for 2005 and 2004 was \$778.1 million and \$328.2 million, respectively. The maximum outstanding at any month-end was \$830.0 million during 2005 and \$447.0 million during 2004. On December 31, 2005 and 2004, the Bank entered into an overnight agreement with certain financial institutions to borrow an aggregate of \$86.0 million and \$130.0 million, respectively, at a weighted average annual interest rate of 3.21% and 1.35%, respectively. The Bank maintained cash deposits with the financial institutions as collateral for these borrowings.

CVB FINANCIAL CORP. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The Bank entered into an agreement, known as the Treasury Tax & Loan (“TT&L”) Note Option Program, in 1996 with the Federal Reserve Bank and the U.S. Department of the Treasury in which federal tax deposits made by depositors can be held by the Bank until called (withdrawn) by the U.S. Department of the Treasury. The maximum amount of accumulated federal tax deposits allowable to be held by the Bank, as set forth in the agreement, is \$15.0 million. On December 31, 2005 and 2004, the amounts held by the Bank in the TT&L Note Option Program were \$6.4 million and \$6.5 million respectively, collateralized by securities. Amounts are payable on demand. The Bank borrows at a variable rate of 43 and 34 basis points less than the average weekly federal funds rate, which was 3.21% and 1.35% at December 31, 2005 and 2004, respectively. The average amounts held in 2005 and 2004 were \$4.1 million and \$4.4 million, respectively.

During 2005 and 2004, the Bank entered into long-term borrowing agreements with the FHLB. The Bank had outstanding balances of \$580.0 million and \$830.0 million under these agreements at December 31, 2005 and 2004, respectively, with weighted-average interest rates of 3.62% and 3.05% in 2005 and 2004 respectively. FHLB held certain investment securities of the Bank as collateral for those borrowings. The maturity dates of the outstanding balances at December 31, 2005 are as follows: \$480.0 million in 2007 and \$100.0 million in 2011.

10. Junior Subordinated Debentures

On December 17, 2003, CVB Statutory Trust I completed a \$40,000,000 offering of Trust Preferred Securities and used the gross proceeds from the offering and other cash totaling \$41,238,000 to purchase a like amount of junior subordinated debenture of the Company. The junior subordinated debenture was issued concurrent with the issuance of the Trust Preferred Securities. The interest on junior subordinated debenture, paid by the Company to CVB Statutory Trust I, represent the sole revenues of CVB Statutory Trust I and the sole source of dividend distribution to the holders of the Trust Preferred Securities. The Company has fully and conditionally guaranteed all of CVB Statutory Trust I’s obligations under the Trust Preferred Securities. The Company has the right, assuming no default has occurred, to defer payments of interest on the junior subordinated debenture at any time for a period not to exceed 20 consecutive quarters. The Trust Preferred Securities will mature on December 17, 2033, but become callable in part or in total on December 17, 2008 by CVB Statutory Trust I. The Trust Preferred Securities have a fixed interest rate of 6.51% during the first five years, after which the interest rate will float and reset quarterly at the three-month Libor rate plus 2.85%.

On December 15, 2003, CVB Statutory Trust II completed a \$40,000,000 offering of Trust Preferred Securities and used the gross proceeds from the offering and other cash totaling \$41,238,000 to purchase a like amount of junior subordinated debenture of the Company. The junior subordinated debenture was issued concurrent with the issuance of the Trust Preferred Securities. The interest on junior subordinated debenture, paid by the Company to CVB Statutory Trust II, represent the sole revenues of CVB Statutory Trust II and the sole source of dividend distribution to the holders of the Trust Preferred Securities. The Company has fully and conditionally guaranteed all of CVB Statutory Trust II’s obligations under the Trust Preferred Securities. The Company has the right, assuming no default has occurred, to defer payments of interest on the junior subordinated debenture at any time for a period not to exceed 20 consecutive quarters. The Trust Preferred Securities will mature on December 15, 2033, but become callable in part or in total on December 15, 2008 by CVB Statutory Trust II. The Trust Preferred Securities have a fixed interest rate of 6.46% during the first five years, after which the interest rate will float and reset quarterly at the three-month Libor rate plus 2.85%.

11. Commitments and Contingencies***Leases***

The Company leases land and buildings under operating leases for varying periods extending to 2014, at which time the Company can exercise options that could extend certain leases through 2027. The future

CVB FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

minimum annual rental payments required for leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 2005, excluding property taxes and insurance, are as follows (000's omitted):

2006	\$	4,204
2007		4,103
2008		3,134
2009		2,275
2010		1,027
Succeeding years		1,147
Total minimum payments required	\$	<u>15,890</u>

Total rental expense for the Company was approximately \$4.0 million (2005), \$3.4 million (2004), and \$3.2 million (2003).

Commitments

At December 31, 2005, the Company had commitments to extend credit of approximately \$895.8 million and obligations under letters of credit of \$68.9 million. Commitments to extend credit are agreements to lend to customers, provided there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Commitments are generally variable rate, and many of these commitments are expected to expire without being drawn upon. As such, the total commitment amounts do not necessarily represent future cash requirements. The Bank uses the same credit underwriting policies in granting or accepting such commitments or contingent obligations as it does for on-balance-sheet instruments, which consist of evaluating customers' creditworthiness individually.

Standby letters of credit written are conditional commitments issued by the Bank to guarantee the financial performance of a customer to a third party. Those guarantees are primarily issued to support private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. When deemed necessary, the Bank holds appropriate collateral supporting those commitments. Management does not anticipate any material losses as a result of these transactions.

The Bank has available lines of credit totaling \$1.06 billion from certain financial institutions of which \$796.45 million were secured.

Shareholder Rights Plan

In 2000, the Company adopted a shareholder rights plan designed to maximize long-term value and to protect shareholders from improper takeover tactics and takeover bids which are not fair to all shareholders. In accordance with the plan, preferred share purchase rights were distributed as a dividend at the rate of one right to purchase one one-thousandth of a share of our Series A Participating Preferred Stock at an exercise price of \$50.00 (subject to adjustment) upon the occurrence of certain triggering events.

The rights become exercisable, and will begin to trade separately from the Common Stock of the Company, upon the earlier of (i) 10 days following a public announcement that a person or group of affiliated persons has acquired, or obtained the right to acquire, beneficial ownership of 20% or more of the outstanding Common Stock or (ii) ten business days (or such later day as determined by the Board) after a person or group announces a tender offer or exchange offer, the consummation of which would result in ownership by a

CVB FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

person or group of 20% or more of our Common Stock. Each right will entitle the holder to purchase Common Stock of the Company having a current market value of twice the exercise price of the right. If the Company is acquired through a merger or other business combination transaction, or if there is a sale of more than 50% of our assets or earning power, each right will entitle the holder (other than rights held by the acquiring person) to purchase, at the exercise price, common stock of the acquiring entity having a value of twice the exercise price at the time.

The Company's Board of Directors has the option, at any time after a person becomes a 20% holder of our outstanding common stock, to exchange all or part of the rights (other than rights held by the acquiring person) for shares of common stock of the Company provided the Company may not make such an exchange after the person becomes the beneficial owner of 50% or more of our outstanding stock.

The Company may redeem the rights for \$.01 each at any time on, or prior to, public announcement that a person has become the beneficial owner of 20% or more of our common stock. The rights will expire on June 21, 2010, unless earlier redeemed or exchanged.

Other Contingencies

In the ordinary course of business, the Company becomes involved in litigation. Based upon the Company's internal records and discussions with legal counsel, the Company records reserves for estimates of the probable outcome of all cases brought against them.

12. Deferred Compensation Plans

As a result of the acquisition of Citizens Commercial Trust and Savings Bank of Pasadena ("CCT&SB") in 1996, the Bank assumed deferred compensation and salary continuation agreements with several former employees of CCT&SB. These agreements call for periodic payments at the retirement of such employees who have normal retirement dates through 2021. In connection with these agreements, the Bank assumed life insurance policies, which it intends to use to fund the related liability. Benefits paid to retirees amounted to approximately \$108,000 in 2005, \$109,000 in 2004, and \$178,000 in 2003.

The Bank also assumed a death benefit program for certain former employees of CCT&SB, under which the Bank will provide benefits to the former employees' beneficiaries: 1) in the event of death while employed by the Bank; 2) after termination of employment for total and permanent disability; 3) after retirement, if retirement occurs after age 65. Amounts are to be paid to the former employees' beneficiaries over a 10-year period in equal installments. Further, the Bank assumed life insurance policies to fund any future liability related to this program. Amounts paid for the benefit of retirees totaled approximately \$135,000 in 2005, \$170,000 in each of 2004 and 2003.

The Company assumed certain deferred compensation and salary continuation agreements as a result of the merger with Orange National Bancorp ("ONB") in 1999. These agreements called for periodic payments over 180 months in the event that ONB experienced a merger, acquisition, or other act wherein the employees were not retained in similar positions with the surviving company. Amounts paid under these agreements totaled approximately \$60,000 in each of 2005, 2004, and 2003.

The Company assumed certain deferred compensation and salary continuation agreements as a result of the merger with Western Security Bank ("WSB") in 2002. These agreements called for periodic payments over 180 months in the event that WSB experienced a merger, acquisition, or other act wherein the employees were not retained in similar positions with the surviving company. Amounts paid under these agreements totaled approximately \$498,000 in each of 2005, 2004 and 2003.

In 2003, the acquired Kaweah National Bank ("KNB") had severance arrangements with several of its officers should they not retain a similar position upon a change of control. These monies totaling \$879,000

CVB FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

were paid into a Rabbi Trust by KNB prior to the closing of the acquisition. Amounts paid under these agreements totaled approximately \$121,000 in 2005.

In February 2005, the acquired Granite State Bank (“GSB”) had severance arrangement with an officer should he not retain a similar position upon a change of control. The total of \$1.2 million was paid into a Rabbi Trust by GSB prior to the closing of the acquisition. No amount was paid under this agreement in 2005.

13. 401(k) and Profit-Sharing Plan

The Bank sponsors a 401(k) and profit-sharing plan for the benefit of its employees. Employees are eligible to participate in the plan after 12 months of consecutive service, provided they have completed 1,000 service hours in the plan year. Employees may make contributions to the plan under the plan’s 401(k) component. The Bank contributes 3%, non-matching, to the plan to comply with ERISA’s safe harbor provisions. The Bank may make additional contributions under the plan’s profit-sharing component, subject to certain limitations. The Bank’s total contributions are determined by the Board of Directors and amounted to approximately \$2.6 million in 2005, \$2.5 million in 2004 and \$2.2 million in 2003.

14. Earnings Per Share Reconciliation

	<u>December 31, 2005</u>		
	<u>Income</u>	<u>Weighted</u>	<u>Per Share</u>
	<u>(Numerator)</u>	<u>Average Shares</u>	<u>Amount</u>
		<u>(Denominator)</u>	
		(Amount and share in thousands,	
		except per share amount)	
December 31, 2005			
Basic EPS			
Income available to common stockholders	\$ 70,618	76,490	\$ 0.92
Effect of Dilutive Securities			
Incremental shares from assumed exercise of outstanding options		703	(0.01)
Diluted EPS			
Income available to common stockholders	<u>\$ 70,618</u>	<u>77,193</u>	<u>\$ 0.91</u>
December 31, 2004			
Basic EPS			
Income available to common stockholders	\$ 61,486	75,656	\$ 0.81
Effect of Dilutive Securities			
Incremental shares from assumed exercise of outstanding options		943	(0.01)
Diluted EPS			
Income available to common stockholders	<u>\$ 61,486</u>	<u>76,599</u>	<u>\$ 0.80</u>

CVB FINANCIAL CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	December 31, 2003		
Basic EPS			
Income available to common stockholders	\$ 52,832	75,285	\$ 0.70
Effect of Dilutive Securities			
Incremental shares from assumed exercise of outstanding options		1,450	(0.01)
Diluted EPS			
Income available to common stockholders	\$ 52,832	76,735	\$ 0.69

15. Stock Option Plans

In May 2000, the Company approved a stock option plan that authorizes the issuance of up to 5,908,204 shares (all share amounts have been adjusted to reflect stock dividends and splits) of our stock, and expires in March 2010. The Company also has a stock option plan approved in 1991 that authorized the issuance of up to 3,529,281 shares and expired in February 2001. Under both plans option prices are determined at the fair market value of such shares on the date of grant, and options are exercisable in such installments as determined by the Board of Directors.

At December 31, 2005, options for the purchase of 1,869,115 shares of Company common stock were outstanding under the above plans, of which options to purchase 1,104,836 shares were exercisable at prices ranging from \$1.21 to \$17.00; 4,060,409 shares of common stock were available for the granting of future options under the May 2000 plan.

The following table presents the status of all optioned shares and per share amounts:

	Shares	Price Range
Outstanding at January 1, 2003	2,992,276	\$ 1.21 - \$ 9.83
Granted	61,875	\$11.14 - \$12.39
Exercised	(318,887)	\$ 1.21 - \$ 9.29
Effect of stock splits and dividends	(280,193)	
Canceled	(22,978)	\$ 5.28 - \$ 9.29
Outstanding at December 31, 2003	2,432,093	\$ 1.21 - \$ 9.83
Granted	584,614	\$12.38 - \$17.00
Exercised	(344,996)	\$ 1.46 - \$11.26
Effect of stock splits and dividends	(248,738)	
Canceled	(9,349)	\$ 5.28 - \$11.26
Outstanding at December 31, 2004	2,413,624	\$ 1.21 - \$17.00
Granted	128,750	\$14.96 - \$16.98
Exercised	(516,677)	\$ 1.88 - \$13.70
Effect of stock splits and dividends	(127,248)	
Canceled	(29,334)	\$ 5.28 - \$15.96
Outstanding at December 31, 2005	1,869,115	\$ 1.21 - \$17.00

CVB FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

At December 31, 2005, 1,104,836 options are exercisable at a weighted average exercise price of \$6.84. The remaining weighted-average contractual life of the 1,869,115 options outstanding at December 31, 2005 is 6.0 years.

Range of Exercise Prices	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	Outstanding as of 12/31/05	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Exercisable as of 12/31/05	Weighted-Average Exercise Price
\$ — - \$ 1.70	2	0.0	\$ 1.21	2	\$ 1.21
\$ 1.70 - \$ 3.40	15,817	1.2	\$ 3.04	15,817	\$ 3.04
\$ 3.40 - \$ 5.10	19,963	3.3	\$ 4.51	19,963	\$ 4.51
\$ 5.10 - \$ 6.80	758,213	3.9	\$ 5.63	758,213	\$ 5.63
\$ 6.80 - \$ 8.50	75,768	4.1	\$ 7.09	69,586	\$ 7.07
\$ 8.50 - \$10.20	276,638	6.4	\$ 9.34	134,050	\$ 9.35
\$10.20 - \$11.90	40,742	7.5	\$ 11.25	15,982	\$ 11.25
\$11.90 - \$13.60	409,929	8.2	\$ 13.32	62,402	\$ 13.26
\$13.60 - \$15.30	157,043	8.5	\$ 13.82	28,321	\$ 13.73
\$15.30 - \$17.00	115,000	9.6	\$ 16.04	500	\$ 17.00
	<u>1,869,115</u>	<u>6.0</u>	<u>\$ 9.34</u>	<u>1,104,836</u>	<u>\$ 6.84</u>

16. Regulatory Matters

The Company (on a consolidated basis) and the Bank are subject to various regulatory capital requirements administered by the federal banking regulatory agencies. Failure to meet minimum capital requirements can initiate certain mandatory — and possibly additional discretionary — actions by regulators that, if undertaken, could have a direct, material effect on the Company's and the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgment by the regulators about components, risk-weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I capital (primarily common stock and retained earnings, less goodwill) to risk-weighted assets, and of Tier I capital to average assets. Management believes that, as of December 31, 2005 and 2004, the Company and the Bank meet all capital adequacy requirements to which they are subject.

As of December 31, 2005 and 2004, the most recent notifications from the FDIC categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the minimum total risk-based, Tier I risk-based, and Tier I leverage (tangible Tier I capital divided by average total assets) ratios as set forth in the table below must be maintained. There are no conditions or events since said notification that management believes have changed the Bank's category.

CVB FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company has issued \$82 million of trust-preferred securities, which are included in Tier 1 capital for regulatory purposes. The actual amount and capital ratios of the Company and the Bank at December 31 are as follows:

	Actual		For Capital Adequacy Purposes:		To Be Well Capitalized under Prompt Corrective Action Provisions:	
	Amount (000s)	Ratio	Amount (000s)	Ratio	Amount (000s)	Ratio
As of December 31, 2005:						
Total Capital (to Risk-Weighted Assets)						
Company	\$ 419,554	12.0%	\$ 279,702	38.0%		N/A
Bank	402,464	11.5%	279,245	38.0%	\$ 349,058	³ 10.0%
Tier I Capital (to Risk-Weighted Assets)						
Company	\$ 394,617	11.3%	\$ 139,811	34.0%		N/A
Bank	377,527	10.8%	139,566	34.0%	\$ 209,350	³ 6.0%
Tier I Capital (to Average-Assets)						
Company	\$ 394,617	7.7%	\$ 206,066	34.0%		N/A
Bank	377,527	7.3%	205,737	34.0%	\$ 257,171	³ 5.0%
As of December 31, 2004:						
Total Capital (to Risk-Weighted Assets)						
Company	\$ 387,031	13.4%	\$ 230,718	38.0%		N/A
Bank	365,660	12.7%	229,793	38.0%	\$ 287,243	³ 10.0%
Tier I Capital (to Risk-Weighted Assets)						
Company	\$ 362,804	12.6%	\$ 115,359	34.0%		N/A
Bank	341,433	11.9%	114,864	34.0%	\$ 172,296	³ 6.0%
Tier I Capital (to Average-Assets)						
Company	\$ 362,804	8.3%	\$ 174,845	34.0%		N/A
Bank	341,433	7.8%	174,423	34.0%	\$ 218,029	³ 5.0%

In addition, California Banking Law limits the amount of dividends a bank can pay without obtaining prior approval from bank regulators. Under this law, the Bank could, as of December 31, 2005, declare and pay additional dividends of approximately \$92,777,000.

Banking regulations require that all banks maintain a percentage of their deposits as reserves at the Federal Reserve Board ("FRB"). On December 31, 2005, this reserve requirement was approximately \$400,000.

CVB FINANCIAL CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

17. Condensed Financial Information of Parent Company

BALANCE SHEETS

	December 31,	
	2005	2004
(Amounts in thousands)		
Assets:		
Investment in subsidiaries	\$ 409,033	\$ 379,400
Other assets, net	24,629	31,398
Total assets	\$ 433,662	\$ 410,798
Liabilities	\$ 90,785	\$ 93,315
Stockholders' equity	342,877	317,483
Total liabilities and stockholders' equity	\$ 433,662	\$ 410,798

STATEMENTS OF EARNINGS

	Years Ended December 31,		
	2005	2004	2003
(Amounts in thousands)			
Excess in net earnings of subsidiaries	\$ 38,483	\$ 27,143	\$ 20,562
Dividends from the Bank	35,150	38,050	32,642
Other expense, net	(3,015)	(3,707)	(372)
Net earnings	\$ 70,618	\$ 61,486	\$ 52,832

CVB FINANCIAL CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
(Amounts in thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	\$ 70,618	\$ 61,486	\$ 52,832
Adjustments to reconcile net earnings to cash used in operating activities:			
Earnings of subsidiaries	(73,633)	(65,193)	(53,204)
Other operating activities, net	(984)	194	(1,202)
Total adjustments	(74,617)	(64,999)	(54,406)
Net cash used in by operating activities	(3,999)	(3,513)	(1,574)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment in CVB Statutory Trust I & II	—	—	(2,476)
Capital Contribution to the Bank	—	—	(80,000)
Dividends received from the Bank	35,150	38,050	32,642
Net cash (used in) provided by investing activities	35,150	38,050	(49,834)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash dividends on common stock	(27,963)	(23,821)	(21,638)
Proceeds from exercise of stock options	1,789	1,281	989
Repayment of advance from the Bank	(2,336)	—	—
Repurchase of common stock	(12,286)	(1,992)	(7,053)
Issuance of junior subordinated debentures	—	—	82,476
Net cash provided by (used in) financing activities	(40,796)	(24,532)	54,774
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,645)	10,005	3,366
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	18,671	8,666	5,300
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 9,026</u>	<u>\$ 18,671</u>	<u>\$ 8,666</u>

CVB FINANCIAL CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

18. Quarterly Financial Data (Unaudited)

Summarized quarterly financial data follows:

	Three Months Ended			
	<u>March 31</u>	<u>June 30</u>	<u>September 30</u>	<u>December 31</u>
	<small>(Amounts in thousands, except per share amounts)</small>			
2005				
Net interest income	\$ 40,937	\$ 42,237	\$ 43,020	\$ 44,858
Provision for credit losses	—	—	—	—
Net earnings	17,701	17,478	18,267	17,172
Basic earnings per common share	0.23	0.23	0.24	0.22
Diluted earning per common share	0.23	0.23	0.23	0.22
2004				
Net interest income	\$ 35,564	\$ 35,907	\$ 39,976	\$ 39,740
Provision for credit losses	—	—	—	—
Net earnings	10,072	17,451	17,075	16,888
Basic earnings per common share	0.14	0.23	0.22	0.22
Diluted earning per common share	0.13	0.22	0.22	0.22

19. Fair Value Information

The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of SFAS No. 107, "Disclosures about Fair Value of Financial Instruments." The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. However, considerable judgment is required to develop the estimates of fair value. Accordingly, the estimates presented below are not necessarily indicative of the amounts the Company could

CVB FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

have realized in a current market exchange as of December 31, 2005 and 2004. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

	2005		2004	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
(Amounts in thousands)				
Assets				
Cash and cash equivalents	\$ 130,141	\$ 130,141	\$ 84,400	\$ 84,400
Interest-bearing balances due from depository institutions	1,883	1,883	—	—
FHLB Stock	70,770	70,770	53,565	53,565
Investment securities available for sale	2,369,892	2,369,892	2,085,014	2,085,014
Loans and lease finance receivables, net	2,640,659	2,648,921	2,117,580	2,132,580
Accrued interest receivable	24,147	24,147	18,391	18,391
Liabilities				
Deposits:				
Noninterest-bearing	\$ 1,490,613	\$ 1,490,613	\$ 1,322,255	\$ 1,322,255
Interest-bearing	1,933,433	1,930,887	1,552,784	1,552,208
Demand note to U.S. Treasury	6,433	6,433	6,453	6,453
Short-term borrowings	916,000	916,000	356,000	356,000
Long-term borrowings	580,000	569,396	830,000	828,996
Junior subordinated debentures	82,476	74,593	82,476	86,306
Accrued interest payable	15,047	15,047	8,809	8,809
Funds due on security purchase	25,854	25,854	—	—

The methods and assumptions used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value are explained below:

The carrying amount of cash and cash equivalents is considered to be a reasonable estimate of fair value. For investment securities, fair values are based on quoted market prices, dealer quotes, and prices obtained from an independent pricing service.

The carrying amount of loans and lease finance receivables is their contractual amounts outstanding, reduced by deferred net loan origination fees and the allocable portion of the allowance for credit losses. Variable rate loans are composed primarily of loans whose interest rates float with changes in the prime interest rate. The carrying amount of variable rate loans, other than such loans on nonaccrual status, is considered to be their estimated fair value.

The fair value of fixed rate loans, other than such loans on nonaccrual status, was estimated by discounting the remaining contractual cash flows using the estimated current rate at which similar loans would be made to borrowers with similar credit risk characteristics and for the same remaining maturities, reduced by deferred net loan origination fees and the allocable portion of the allowance for credit losses. Accordingly, in determining the estimated current rate for discounting purposes, no adjustment has been made for any change in borrowers' credit risks since the origination of such loans. Rather, the allocable portion of the allowance for credit losses is considered to provide for such changes in estimating fair value.

The fair value of loans on nonaccrual status has not been specifically estimated because it is not practicable to reasonably assess the credit risk adjustment that would be applied in the marketplace for such

CVB FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

loans. As such, the estimated fair value of total loans at December 31, 2005 and 2004 includes the carrying amount of nonaccrual loans at each respective date.

The fair value of commitments to extend credit and standby letters of credit were not significant at either December 31, 2005 or 2004, as these instruments predominantly have adjustable terms and are of a short-term nature.

The amounts of accrued interest receivable on loans and lease finance receivables and investments are considered to be stated at fair value.

The amounts payable to depositors for demand, savings, money market accounts, the demand note to the U.S. Treasury, short-term borrowings, and the related accrued interest payable are considered to be stated at fair value. The fair value of fixed-maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities. The fair value of long-term borrowings and junior subordinated debentures is estimated using the rates currently offered for borrowings of similar remaining maturities.

The fair value estimates presented herein are based on pertinent information available to management as of December 31, 2005 and 2004. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date, and therefore, current estimates of fair value may differ significantly from the amounts presented above.

20. Goodwill and Intangible Assets

In February 2005, the Bank acquired GSB. At the date of acquisition, GSB had \$62.8 million in loans, \$103.1 million in deposits, and \$111.4 million in total assets. The Company issued 696,049 common shares and paid \$13.3 million in cash in connection with the purchase of GSB. This transaction gave rise to \$8.4 million in amortizable intangibles and \$12.8 million in goodwill. The weighted average amortization period was 7 years. The allocation of the purchase price is based on preliminary data and could change when final valuation of certain assets is obtained.

During 2003, the Company acquired KNB and recorded an intangible asset classified as core deposit intangible in the amount of \$3.1 million. The weighted average amortization period was 8 years.

The following is a summary of amortizable intangible assets, which consist of core deposit intangibles, at December 31:

	2005		2004	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
	(Amounts in thousands)			
Amortizing intangible assets	\$ 19,636	\$ (7,162)	\$ 11,237	\$ (5,101)
Aggregate Amortization Expense:				
For year ended	\$ 2,061		\$ 1,185	
Estimated Amortization Expense:				
For the year ending December 31:				
2006	\$ 2,353			
2007	\$ 2,353			
2008	\$ 2,353			
2009	\$ 1,752			
2010	\$ 1,698			

At December 31, 2005 the weighted average remaining life of intangible assets is approximately 4.8 years.

CVB FINANCIAL CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The change in the carrying amount of goodwill for the years ended December 31, 2005 and 2004, are as follows:

	<u>2005</u>	(Amounts in thousands)	<u>2004</u>
Balance as of January 1	\$ 19,580		\$ 19,580
Goodwill acquired during the year	<u>12,777</u>		<u>—</u>
Balance as of December 31	<u>\$ 32,357</u>		<u>\$ 19,580</u>

21. Subsequent Event

On January 31, 2006, the Company established CVB Statutory Trust III for the exclusive purpose of issuing and selling Trust Preferred Securities at a variable per annum rate equal to LIBOR (as defined in the indenture dated as of January 31, 2006 (“Indenture”) between the Company and U.S. Bank National Association, as debenture trustee) plus 1.38% (the “Variable Rate”) and upon terms as more fully set forth in the Indenture. The Company invested \$774,000 to establish the Trust. The \$774,000 was recorded as “investment in CVB Statutory Trust III.” On January 31, 2006, CVB Statutory Trust III completed a \$25,000,000 offering of Trust Preferred Securities and used the gross proceeds from the offering and other cash totaling of \$25,774,000 to purchase a like amount of junior subordinated debentures of the Company due March 15, 2036. This capital will be used to fund the growth of the Company and the Bank.

* * * * *

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
CVB Financial Corp.
Ontario, California

We have audited the consolidated balance sheets of CVB Financial Corp. and subsidiaries as of December 31, 2005 and 2004, and the related consolidated statements of earnings, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CVB Financial Corp. and subsidiaries as of December 31, 2005 and 2004, and the results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of CVB Financial Corp. and subsidiaries' internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 10, 2006 expressed an unqualified opinion on management's assessment of the effectiveness of CVB Financial Corp.'s internal control over financial reporting and an unqualified opinion on the effectiveness of CVB Financial Corp.'s internal control over financial reporting.

/s/ McGLADREY & PULLEN, LLP

McGladrey & Pullen, LLP

Pasadena, California
March 10, 2006

INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders
CVB Financial Corp.
Ontario, California

We have audited the accompanying consolidated statements of earnings, stockholders' equity, and cash flows of CVB Financial Corp. and subsidiaries (the "Company") for the year ended December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of CVB Financial Corp. and subsidiaries for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Deloitte & Touche LLP

Los Angeles, California

March 10, 2004 (and March 10, 2006 as to the effects of the stock splits in 2004 and 2005)

INDEX TO EXHIBITS

<u>Exhibit No.</u>		<u>Page</u>
3.1	Articles of Incorporation of the Company, as amended	
3.2	Bylaws of Company, as amended	
3.3	Reserved.	*
4.1	Form of Registrant's Common Stock certificate.(1)	*
4.2	Preferred Shares Rights Agreement, dated as of June 21, 2000, between CVB Financial Corp. and U.S. Stock Transfer Corp., including the Certificate of Determination, the form of Rights Certificate and the Summary of Rights(2)	*
4.3	Certificate of Determination of Participating Preferred Stock of Registrant(3)	*
4.4	Form of Rights Certificate(4)	*
4.5	Summary of Rights(5)	*
4.6	CVB Statutory Trust I Junior Subordinated Indenture dated December 17, 2003 entered into between CVB Financial Corp. and U.S. Bank National Association, as Trustee(6)	*
4.7	CVB Statutory Trust I Form of Junior Subordinated Deferrable Interest Debenture (included as an exhibit to Exhibit 4.6)(6)	*
4.8	Amended and Restated Declaration of CVB Statutory Trust I(6)	*
4.9	CVB Statutory Trust I Form of Capital Security Certificate (included as an exhibit to Exhibit 4.8)(6)	*
4.10	CVB Statutory Trust I Form of Common Security Certificate (included as an exhibit to Exhibit 4.8)(6)	*
4.11	CVB Statutory Trust I Guarantee Agreement between CVB Financial Corp. and U.S. Bank National Association(6)	*
4.12	CVB Statutory Trust II Junior Subordinated Indenture dated December 15, 2003 entered into between CVB Financial Corp. and Wells Fargo Bank, National Association, as Trustee(6)	*
4.13	CVB Statutory Trust II Form of Junior Subordinated Deferrable Interest Debenture (included as an exhibit to Exhibit 4.12)(6)	*
4.14	Amended and Restated Declaration of CVB Statutory Trust II(6)	*
4.15	CVB Statutory Trust II Form of Capital Security Certificate (included as an exhibit to Exhibit 4.14)(6)	*
4.16	CVB Statutory Trust II Form of Common Security Certificate (included as an exhibit to Exhibit 4.14)(6)	*
4.17	CVB Statutory Trust II Guarantee Agreement between CVB Financial Corp. and Wells Fargo Bank, National Association(6)	*
4.18	CVB Statutory Trust III Junior Subordinated Indenture dated December 15, 2003 entered into between CVB Financial Corp. and Wells Fargo Bank, National Association, as Trustee(7)	*
4.19	CVB Statutory Trust III Form of Junior Subordinated Deferrable Interest Debenture (included as an exhibit to Exhibit 4.12)(7)	*
4.20	Amended and Restated Declaration of CVB Statutory Trust III(7)	*
4.21	CVB Statutory Trust III Form of Capital Security Certificate (included as an exhibit to Exhibit 4.14)(7)	*
4.22	CVB Statutory Trust III Form of Common Security Certificate (included as an exhibit to Exhibit 4.14)(7)	*
4.23	CVB Statutory Trust III Guarantee Agreement between CVB Financial Corp. and Wells Fargo Bank, National Association(7)	*
10.1	Reserved.	*

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<u>Exhibit No.</u>		<u>Page</u>
10.2	Agreement by and among D. Linn Wiley, CVB Financial Corp. and Chino Valley Bank dated August 8, 1991.(8)	*
10.3	Chino Valley Bank Profit Sharing Plan, as amended.(9)	*
10.4	Form of Indemnification Agreement.(10)	*
10.5	1991 Stock Option Plan, as amended.(11)	*
10.6	2000 Stock Option Plan.(12)	*
10.7	Form of Option Agreement under 2000 Stock Option(12)	*
10.10	Severance Compensation Agreement dated April 1, 2004 with Jay Coleman(13)	*
10.11	Severance Compensation Agreement dated April 1, 2004 with Edward J. Biebrich(14)	*
10.12	Severance Compensation Agreement dated April 1, 2004 with D. Linn Wiley(15)	*
10.13	Severance Compensation Agreement dated June 14, 2005 with R. Scott Racusin(16)	*
10.14	Severance Compensation Agreement dated August 31, 2005 with Edward J. Mylett(17)	*
10.15	Schedule of Director Fees	*
10.16	Salaries for Named Executive Officers	*
10.17	Discretionary Performance Compensation Plan 2005(18)	*
10.18	Amendment to Severance Compensation Agreement for D. Linn Wiley, dated March 18, 2005	
10.19	Amendment to Severance Compensation Agreement for Edward J. Biebrich, dated March 18, 2005	
10.20	Amendment to Severance Compensation Agreement for Jay W. Coleman, dated March 18, 2005	
12	Statement regarding computation of ratios (included in Form 10-K)	
21	Subsidiaries of Company.	
23.1	Consent of McGladrey & Pullen, LLP.	
23.2	Consent of Deloitte & Touche, LLP	
31.1	Certification of D. Linn Wiley pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
31.2	Certification of Edward J. Biebrich, Jr. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
32.1	Certification of D. Linn Wiley pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
32.2	Certification of Edward J. Biebrich, Jr. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	

* Not applicable.

- (1) Filed as Exhibit 4.1 to Registrant's Statement on Form 8-A12G on June 11, 2001, Commission file number 0-10140, which is incorporated herein by this reference.
- (2) Filed as Exhibit 4.2 to Registrant's Statement on Form 8-A12G on June 11, 2001, Commission file number 0-10140, which is incorporated herein by this reference.
- (3) Filed as Exhibit 4.3 to Registrant's Statement on Form 8-A12G on June 11, 2001, Commission file number 0-10140, which is incorporated herein by this reference.
- (4) Filed as Exhibit 4.4 to Registrant's Statement on Form 8-A12G on June 11, 2001, Commission file number 0-10140, which are incorporated herein by this reference.
- (5) Filed as Exhibit 4.5 to Registrant's Statement on Form 8-A12G on June 11, 2001, Commission file number 0-10140, which is incorporated herein by this reference.
- (6) Filed as Exhibits 4.6 thru 4.17 to Registrant's Statement on Form 10K on March 15, 2004, Commission file number 0-10140, which are incorporated herein by this reference.

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- (7) Filed as Exhibits 4.1 thru 4.6 to Registrant's Statement on Form 8-K on February 2, 2006, Commission file number 0-10140, which are incorporated herein by this reference.
- (8) Filed as Exhibit 10.2 to Registrant's Statement on Form 10-K on March 15, 2004, Commission file number 0-10140, which is incorporated herein by this reference.
- (9) Filed as Exhibits 10.3 to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1990, Commission file number 1-10394, which are incorporated herein by this reference.
- (10) Filed as Exhibit 10.13 to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1988, Commission file number 1-10394, which is incorporated herein by this reference.
- (11) Filed as Exhibit 10.17 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998, Commission file number 1-10394, which is incorporated herein by this reference.
- (12) Filed as Exhibit 10.18 and 10.19 respectively to Registrant's Statement on Form S-8 on July 12, 2000, Commission file number 333-41198, which is incorporated herein by this reference.
- (13) Filed as Exhibit 10.4 to Registrant's Quarterly Report on Form 10Q for the quarter ended March 31, 2004, Commission file number 1-10394, which is incorporated herein by reference.
- (14) Filed as Exhibit 10.2 to Registrant's Quarterly Report on Form 10Q for the quarter ended March 31, 2004, Commission file number 1-10394, which is incorporated herein by reference.
- (15) Filed as Exhibit 10.5 to Registrant's Quarterly Report on Form 10Q for the quarter ended March 31, 2004, Commission file number 1-10394, which is incorporated herein by reference.
- (16) Filed as Exhibit 10.2 to Registrant's statement on Form 8-K on June 17, 2005, Commission file number 0-10140, which is incorporated herein by this reference.
- (17) Filed as Exhibit 10.1 to Registrant's statement on Form 8-K on March 3, 2006, Commission file number 0-10140, which is incorporated herein by this reference.
- (18) Filed as Exhibit 10.2 to Registrant's statement on Form 8-K on March 23, 2005, Commission file number 0-10140, which is incorporated herein by this reference.

ARTICLES OF INCORPORATION
OF
CVB FINANCIAL CORP.

The undersigned Incorporator hereby executes, acknowledges and files the following Articles of Incorporation for the purpose of forming a corporation under the General Corporation Law of the State of California:

One: The name of the Corporation shall be:

CVB FINANCIAL CORP.

Two: The purpose of the Cooperation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

Three: The name and address in this state of the Corporation's initial agent for service of process in accordance with subdivision (b) of Section 1502 of the General Corporation Law is:

BARNET REITNER
Manatt, Phelps, Rothenberg & Tunney
1888 Century Park East, 21st Floor
Los Angeles, California 90067

Four: The Corporation is authorized to issue only one class of shares, and the total number of shares which the Corporation is authorized to issue is 20,000,000.

In WITNESS WHEREOF, the undersigned Incorporator has executed the foregoing Articles of Incorporation on April 24, 1981.

/s/ Barnet Reitner

Barnet Reitner, Incorporator

The undersigned declares that he is the person who executed the foregoing Articles of Incorporation and that such instrument is the act and deed of the undersigned.

/s/ Barnet Reitner

Barnet Reitner

CERTIFICATE OF AMENDMENT OF
ARTICLES OF INCORPORATION OF
CVB FINANCIAL CORP.

John Cavallucci and Christina Schaefer certify:

1. That they are the President/Chief Executive Officer and Secretary, respectively, of CVB Financial Corp., a California corporation.

2. That Article Four of the Corporation's Articles of Incorporation is amended to read as follows:

"Four: The Corporation is authorized to issue only one class of shares, and the total number of shares which the Corporation is authorized to issue is 25,000,000. Upon the amendment of this Article to read as herein set forth each four outstanding shares are split up and converted into five shares."

3. That the foregoing amendment of the Corporation's Articles of Incorporation has been duly approved by the Board of Directors.

4. That the foregoing amendment was one which the Board of Directors alone may adopt without approval of the outstanding shares pursuant to Section 902(c) of the California Corporations Code, since only one class of shares is outstanding.

/s/ John Cavallucci

John Cavallucci
President and Chief Executive Officer

/s/ Christina Schaefer

Christina Schaefer
Secretary

Each of the undersigned declares, under penalty of perjury that the matters set forth in the foregoing Certificate are true of their own knowledge. Executed at Chino, California on January 21, 1986.

/s/ John Cavallucci

John Cavallucci

/s/ Christina Schaefer

Christina Schaefer

CERTIFICATE OF AMENDMENT
OF ARTICLES OF INCORPORATION OF
CVB FINANCIAL CORP.

The undersigned, John Cavallucci and Christina Schaefer, do hereby certify:

1. That they are and have been, at all times mentioned herein, respectively, the duly acting President, the Chief Executive Officer and Secretary of CVB Financial Corp. (the "Company"), a California corporation; and

2. That the following is a true and correct copy of a resolution of the Company adopted by the holders of the majority of the outstanding shares of the Company's Common Stock entitled to vote pursuant to a Written Consent of Shareholders.

BE IT HEREBY RESOLVED, that Article Four of the Company's Articles of Incorporation, which currently provides as follows:

"Four. The Corporation is authorized to issue only one class of shares, and the total number of shares which the Corporation is authorized to issue is 25,000,000. Upon the amendment of this Article to read as herein set forth each four outstanding shares are split up and converted into five shares."

be, and it hereby is amended in full to read as follows:

"Four. This Corporation is authorized to issue two (2) classes of shares of stock: one class of shares to be called "Common Stock"; the second class of shares to be called "Serial Preferred Stock." The total number of shares of stock which the Corporation shall have authority to issue is Forty-five million (45,000,000), of which Twenty-Five Million (25,000,000) shall be Common Stock and Twenty Million (20,000,000) shall be Serial Preferred Stock. At the time the amendment to this Article to read as herein set forth becomes effective, each outstanding share of capital stock of this Corporation shall be reclassified as one share of Common Stock of the Corporation.

The designations and the powers, preferences and rights and the qualifications, limitations or restrictions thereof, of each class of stock of the Corporation shall be as follows:

(a) Serial Preferred Stock.

The Serial Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized to fix or alter the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of preferred shares, and the number of shares constituting any such series and a designation thereof, or any of them; and to increase or decrease the number of shares of any series subsequent to the issue of shares of that series, but not below the number of such series then outstanding. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

(b) Common Stock

(1) After the requirements with respect to preferential dividends upon all classes and series of stock entitled thereto shall have been paid or declared and set apart for payment and after the Corporation shall have complied with all requirements, if any, with respect to the setting aside of sums as a sinking fund or for a redemption account on any class of stock, then and not otherwise, the holders of Common Stock shall be entitled to receive, subject to the applicable provisions of the Corporations Code of the State of California, such dividends as may be declared from time to time by the Board of Directors.

(2) After distribution in full of the preferential amounts to be distributed to the holders of all classes and series of stock entitled thereto in the event of a voluntary or involuntary

liquidation, dissolution, or winding up of the Corporation, as provided for in the Corporations Code of the State of California, the holders of the Common Stock shall be entitled to receive all the remaining assets of the Corporation.

(3) Each holder of Common Stock shall have one (1) vote in respect of each share of stock held by him, subject, however, to such special voting rights by class as are or may be granted to holders of Serial Preferred Stock.

3. That the foregoing Amendment of Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902 of the California Corporations Code. The total number of outstanding shares of the Corporation is 1,216,573. The number of shares voting in favor of the Amendment equaled or exceeded the vote required. The percentage vote required was more than fifty percent (50%).

4. That the foregoing Amendment of Articles of Incorporation has been duly approved and adopted with the necessary quorum present at a duly held meeting of the Board of Directors of the Company held on June 18, 1986.

IN WITNESS WHEREOF, the undersigned have executed this Certificate on September 30, 1986.

/s/ John Cavallucci

John Cavallucci, President and
Chief Executive Officer

/s/ Christina Schaefer

Christina Schaefer, Secretary

Each of the undersigned declares under penalty of perjury that the matters set forth in the foregoing Certificate are true and correct.

Executed this 30th day of September, 1986, in Chino, California.

/s/ John Cavallucci

John Cavallucci, President and
Chief Executive Officer

/s/ Christina Schaefer

Christina Schaefer, Secretary

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION

John Cavallucci and Tina Schaefer certify that:

1. They are the President/Chief Executive Officer and the Secretary, respectively, of CVB Financial Corp., a California corporation.

2. The Articles of Incorporation of this corporation are amended to include an Article Five that reads as follows:

"Five: Section 1. Elimination of Directors' Liability. The liability of the directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

Section 2. Indemnification of Corporate Agents. This corporation is authorized to provide indemnification of agents (as defined in Section 317 of the California Corporations Code) through bylaw provisions, agreements with agents, vote of shareholders or disinterested directors or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the California Corporations Code, subject only to the applicable limits set forth in Section 204 of the California Corporations Code with respect to actions for breach of duty to the corporation and its shareholders.

Section 3. Insurance from a Subsidiary. This corporation is authorized to purchase and maintain insurance on behalf of its agents against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such from a company, the shares of which are owned in whole or in part by this corporation, provided that any policy issued by such company is limited to the extent required by applicable law.

Section 4. Repeal or Modification. Any repeal or modification of the foregoing provisions of this Article Five by the shareholders of this corporation shall not adversely affect any right or protection of an agent of this corporation existing at the time of that repeal or modification."

3. The foregoing Amendment of Articles of Incorporation was duly approved by the Board of Directors at its meeting held on February 22, 1988, at which a quorum was present and acting throughout.

4. The foregoing Amendment of Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902 of the California General Corporation Law, at a meeting held on May 18, 1988. The corporation has no shares of preferred stock outstanding. The total number of shares of Common Stock outstanding at the record date for determining shareholders entitled to vote was 2,281,068. The number of shares of Common Stock voting in favor of the amendment equaled or exceeded the vote required, which was more than 50 percent of the Common Stock.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in the foregoing Certificate are true and correct of our own knowledge.

Dated 5-20-88

/s/ John Cavallucci

John Cavallucci, President
and Chief Executive Officer

/s/ Tina Schaefer

Tina Schaefer, Secretary

CERTIFICATE OF AMENDMENT
OF ARTICLES OF INCORPORATION OF
CVB FINANCIAL CORP.

John Cavallucci and Tina Schaefer certify:

1. That they are the President and Secretary, respectively, of CVB Financial Corp., a California corporation.

2. That Article FOUR of the Corporation's Articles of Incorporation is amended to read as follows:

"Four. This Corporation is authorized to issue two (2) classes of shares of stock: one class of shares to be called "Common Stock"; the second class of shares to be called "Serial Preferred Stock." The total numbers of shares of stock which the Corporation shall have authority to issue is Seventy Million (70,000,000), of which Fifty Million (50,000,000) shall be Common Stock and Twenty Million (20,000,000) shall be Serial Preferred Stock. Upon the amendment of this Article to read as herein set forth each one outstanding share of Common Stock is split up and converted into two shares of Common Stock.

The designation and powers, preferences and rights and the qualifications, limitations or restrictions thereof, of each class of stock of the Corporation shall be as follows:

(a) Serial Preferred Stock.

The Serial Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized to fix or alter the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of preferred shares, and the number of shares constituting any such series and a designation thereof, or any of them; and to increase or decrease the number of shares of any series subsequent to the issue of shares of that series, but not below the number of such series then outstanding. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

(b) Common Stock

(1) After the requirements with respect to preferential dividends upon all classes and series of stock entitled thereto shall have been paid or declared and set apart for payment and after the Corporation shall have complied with all requirements, if any, with respect to the setting aside of sums as a sinking fund or for a redemption account on any class of stock, then and not otherwise, the holders of Common Stock shall be entitled to receive, subject to the applicable provisions of the Corporations Code of the State of California, such dividends as may be declared from time to time by the Board of Directors.

(2) After distribution in full of the preferential amounts to be distributed to the holders of all classes and series of stock entitled thereto in the event of a voluntary or involuntary liquidation, dissolution, or winding up of the Corporation, as provided for in the Corporations Code of the State of California, the holders of the Common Stock shall be entitled to receive all the remaining assets of the Corporation.

(3) Each holder of Common Stock shall have one (1) vote in respect of each share of stock held by him, subject, however, to such special voting rights by class as are or may be granted to holders of Serial Preferred Stock.

3. That the foregoing amendment of the Corporation's Articles of Incorporation has been duly approved by the Board of Directors at their regular meeting held on September 20, 1989.

4. That the foregoing amendment was one which the Board of Directors alone may adopt without approval of the outstanding shares pursuant to Section 902(c) of the California Corporations Code, since only one class of shares are outstanding.

/s/ John Cavallucci

John Cavallucci, President

/s/ Tina Schaefer

Tina Schaefer, Secretary

Each of the undersigned declares, under penalty of perjury that the matters set forth in the foregoing Certificate are true of their own knowledge. Executed at Ontario, California on September 20, 1989

/s/ John Cavallucci

John Cavallucci

/s/ Tina Schaefer

Tina Schaefer

CERTIFICATE OF AMENDMENT
OF ARTICLES OF INCORPORATION OF
CVB FINANCIAL CORP.

The undersigned, D. Linn Wiley and Donna Marchesi, do hereby certify:

1. That they are and have been at all times herein mentioned the duly elected and acting President and the Secretary, respectively, of CVB Financial Corp., a California corporation (the "Company").

2. That the Board of Directors of the Company adopted the following resolutions on December 17, 1997:

NOW, THEREFORE, BE IT RESOLVED that the first paragraph of article Four of the Company's Articles of Incorporation is amended to read as follows:

"Four. This Corporation is authorized to issue two (2) classes of shares of stock: one class of shares to be called "Common Stock"; the second class of shares to be called "Serial Preferred Stock." The total number of shares of stock which the corporation shall have authority to issue is Seventy Million (70,000,000), of which Fifty Million (50,000,000) shall be Common Stock and Twenty Million (20,000,000) shall be Serial Preferred Stock. Upon the amendment of this Article to read as herein set forth each two (2) outstanding shares of Common Stock are split up and converted into three (3) shares of Common Stock.

3. Approval of the foregoing Amendment of the Articles of Incorporation ("Amendment") by the shareholders is not required pursuant to Section 902(c) of the California Corporations Code.

4. This Amendment shall become effective on January 2, 1998.

IN WITNESS WHEREOF, the undersigned have executed the Certificate on December 23, 1997.

/s/ D. Linn Wiley

D. Linn Wiley, President

/s/ Donna Marchesi

Donna Marchesi, Secretary

Each if the undersigned declares under penalty of perjury that the matters set forth in the foregoing Certificate are true and correct of our own knowledge.

Executed this 23rd day of December, 1997 in Ontario, California.

/s/ D. Linn Wiley

D. Linn Wiley, President

/s/ Donna Marchesi

Donna Marchesi, Secretary

CERTIFICATE OF AMENDMENT
OF ARTICLES OF INCORPORATION OF
CVB FINANCIAL CORP.

The undersigned, D. Linn Wiley and Donna Marchesi, do hereby certify:

1. That they are and have been at all times herein mentioned the duly elected and acting President and the Secretary, respectively, of CVB Financial Corp., a California corporation (the "Company").

2. That the Board of Directors of the Company adopted the following resolutions on December 15, 1999:

NOW, THEREFORE, BE IT RESOLVED that the first paragraph of article Four of the Company's Articles of Incorporation is amended to read as follows:

"Four. This Corporation is authorized to issue two (2) classes of shares of stock: one class of shares to be called "Common Stock"; the second class of shares to be called "Serial Preferred Stock." The total number of shares of stock which the corporation shall have authority to issue is Seventy Million (70,000,000), of which Fifty Million (50,000,000) shall be Common Stock and Twenty Million (20,000,000) shall be Serial Preferred Stock. Upon the amendment of this Article to read as herein set forth each four (4) outstanding shares of Common Stock are split up and converted into five (5) shares of Common Stock.

3. Approval of the foregoing Amendment of the Articles of Incorporation ("Amendment") by the shareholders is not required pursuant to Section 902(c) of the California Corporations Code.

4. This Amendment shall become effective at 5:00 p.m. California time on January 14, 2000.

IN WITNESS WHEREOF, the undersigned have executed the Certificate on December 31, 1999.

/s/ D. Linn Wiley

D. Linn Wiley, President

/s/ Donna Marchesi

Donna Marchesi, Secretary

Each if the undersigned declares under penalty of perjury that the matters set forth in the foregoing Certificate are true and correct of our own knowledge.

Executed this 31st day of December, 1999 in Ontario, California.

/s/ D. Linn Wiley

D. Linn Wiley, President

/s/ Donna Marchesi

Donna Marchesi, Secretary

CERTIFICATE OF AMENDMENT
OF ARTICLES OF INCORPORATION OF
CVB FINANCIAL CORP.

The undersigned, D. Linn Wiley and Donna Marchesi, do hereby certify:

1. That they are and have been at all times herein mentioned the duly elected and acting President and the Secretary, respectively, of CVB Financial Corp., a California corporation (the "Company").

2. That the Board of Directors of the Company adopted the following resolutions on December 19, 2001:

NOW, THEREFORE, BE IT RESOLVED that the first paragraph of article Four of the Company's Articles of Incorporation is amended to read as follows:

"Four. This Corporation is authorized to issue two (2) classes of shares of stock: one class of shares to be called "Common Stock"; the second class of shares to be called "Serial Preferred Stock." The total number of shares of stock which the corporation shall have authority to issue is Eighty Two Million Five Hundred Thousand (82,500,000), of which Sixty Two Million Five Hundred Thousand (62,500,000) shall be Common Stock and Twenty Million (20,000,000) shall be Serial Preferred Stock. Upon the amendment of this Article to read as herein set forth each four (4) outstanding shares of Common Stock are split up and converted into five (5) shares of Common Stock.

3. Approval of the foregoing Amendment of the Articles of Incorporation ("Amendment") by the shareholders is not required pursuant to Section 902(c) of the California Corporations Code. There are no shares of Serial Preferred Stock outstanding.

4. This Amendment shall become effective at 5:00 p.m. California time on January 4, 2002.

IN WITNESS WHEREOF, the undersigned have executed the Certificate on December 26, 2001.

/s/ D. Linn Wiley

D. Linn Wiley, President

/s/ Donna Marchesi

Donna Marchesi, Secretary

Each if the undersigned declares under penalty of perjury that the matters set forth in the foregoing Certificate are true and correct of our own knowledge.

Executed this 26th day of December, 2001 in Ontario, California.

/s/ D. Linn Wiley

D. Linn Wiley, President

/s/ Donna Marchesi

Donna Marchesi, Secretary

CERTIFICATE OF AMENDMENT
OF ARTICLES OF INCORPORATION OF
CVB FINANCIAL CORP.

The undersigned, D. Linn Wiley and Donna Marchesi, do hereby certify:

1. That they are and have been at all times herein mentioned the duly elected and acting President and the Secretary, respectively, of CVB Financial Corp., a California corporation (the "Company").

2. That the Board of Directors of the Company adopted the following resolutions on December 18, 2002:

NOW, THEREFORE, BE IT RESOLVED that the first paragraph of article Four of the Company's Articles of Incorporation is amended to read as follows:

"Four. This Corporation is authorized to issue two (2) classes of shares of stock: one class of shares to be called "Common Stock"; the second class of shares to be called "Serial Preferred Stock." The total number of shares of stock which the corporation shall have authority to issue is Ninety Eight Million One Hundred Twenty Five Thousand (98,125,000), of which Seventy Eight Million One Hundred Twenty Five Thousand (78,125,000) shall be Common Stock and Twenty Million (20,000,000) shall be Serial Preferred Stock. Upon the amendment of this Article to read as herein set forth each four (4) outstanding shares of Common Stock are split up and converted into five (5) shares of Common Stock.

3. Approval of the foregoing Amendment of the Articles of Incorporation ("Amendment") by the shareholders is not required pursuant to Section 902(c) of the California Corporations Code. This Amendment only provides for a stock split and an increase in the authorized shares of Common Stock in proportion thereto. There are no shares of Serial Preferred Stock outstanding.

4. This Amendment shall become effective at 5:00 p.m. California time on January 3, 2003.

IN WITNESS WHEREOF, the undersigned have executed the Certificate on December 24, 2002.

/s/ D. Linn Wiley

D. Linn Wiley, President

/s/ Donna Marchesi

Donna Marchesi, Secretary

Each if the undersigned declares under penalty of perjury that the matters set forth in the foregoing Certificate are true and correct of our own knowledge.

Executed this 24th day of December, 2002 in Ontario, California.

/s/ D. Linn Wiley

D. Linn Wiley, President

/s/ Donna Marchesi

Donna Marchesi, Secretary

CERTIFICATE OF AMENDMENT OF
ARTICLES OF INCORPORATION OF
CVB FINANCIAL CORP.

The undersigned, D. Linn Wiley and Donna Marchesi, do hereby certify:

1. That they are and have been at all times herein mentioned the duly elected and acting President and the Secretary, respectively, of CVB Financial Corp., a California corporation (the "Company").
2. That the Board of Directors of the Company adopted the following resolutions on December 15, 2004:

NOW, THEREFORE, BE IT RESOLVED that the first paragraph of Article Four of the Company's Articles of Incorporation is amended to read as follows:

"Four. This Corporation is authorized to issue two (2) classes of shares of stock: one class of shares to be called "Common Stock"; the second class of shares to be called "Serial Preferred Stock." The total numbers of shares of stock which the Corporation shall have authority to issue is One Hundred Seventeen Million Six Hundred Fifty Six Thousand Two Hundred Fifty (117,656,250), of which Ninety Seven Million Six Hundred Fifty Six Thousand Two Hundred Fifty (97,656,250) shall be Common Stock and Twenty Million (20,000,000) shall be Serial Preferred Stock. Upon the amendment of this Article to read as herein set forth each four (4) outstanding shares of Common Stock are split up and converted into five (5) shares of Common Stock."

3. Approval of the foregoing Amendment of the Articles of Incorporation ("Amendment") by the shareholders is not required pursuant to Section 902(c) of the California Corporations Code. This Amendment only provides for a stock split and an increase in the authorized shares of Common Stock in proportion thereto. There are no shares of Serial Preferred Stock outstanding.

4. This Amendment shall become effective at 5:00 p.m. California time on December 29, 2004.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: December 21, 2004.

/s/ D. Linn Wiley

D. Linn Wiley, President

/s/ Donna Marchesi

Donna Marchesi, Secretary

CERTIFICATE OF AMENDMENT OF
ARTICLES OF INCORPORATION OF
CVB FINANCIAL CORP.

The undersigned, D. Linn Wiley and Donna Marchesi, do hereby certify:

1. That they are, and have been at all times herein mentioned, the duly elected and acting President and the Secretary, respectively, of CVB Financial Corp., a California corporation (the "Company").

2. That the Board of Directors of the Company adopted the following resolutions on December 21, 2005:

NOW, THEREFORE, BE IT RESOLVED that the first paragraph of Article Four of the Company's Articles of Incorporation is amended to read as follows:

"Four. This Corporation is authorized to issue two (2) classes of shares of stock: one class of shares to be called "Common Stock"; the second class of shares to be called "Serial Preferred Stock." The total numbers of shares of stock which the Corporation shall have authority to issue is One Hundred Forty Two Million Seventy Thousand Three Hundred Twelve (142,070,312), of which One Hundred Twenty Two Million Seventy Thousand Three Hundred Twelve (122,070,312) shall be Common Stock and Twenty Million (20,000,000) shall be Serial Preferred Stock. Upon the amendment of this Article to read as herein set forth each four (4) outstanding shares of Common Stock are split up and converted into five (5) shares of Common Stock."

3. Approval of the foregoing Amendment of the Articles of Incorporation ("Amendment") by the shareholders is not required pursuant to Section 902(c) of the California Corporations Code. This Amendment only provides for a stock split and an increase in the authorized shares of Common Stock in proportion thereto. There are no shares of Serial Preferred Stock outstanding.

4. This Amendment shall become effective at 5:00 p.m. California time on January 10, 2006.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: January 3, 2006.

/s/ D. Linn Wiley

D. Linn Wiley, President

/s/ Donna Marchesi

Donna Marchesi, Secretary

BYLAWS OF
CVB FINANCIAL CORP.
(a California corporation)

ARTICLE I

OFFICES

Section 1.1 PRINCIPAL EXECUTIVE OFFICE. The principal executive office of the corporation is hereby fixed and located at 12808 Central Avenue, Chino, California 91710. The Board of Directors is hereby granted full power and authority to change said principal executive office from one location to another.

Section 1.2 OTHER OFFICES. Other business offices may at any time be established by the Board of Directors at any place or places where the corporation is qualified to do business.

ARTICLE II

MEETINGS OF SHAREHOLDERS

Section 2.1 PLACE OF MEETINGS. All meetings of shareholders shall be held at the principal executive office of the corporation or at any other place within or outside the State of California as may be designated by the Board of Directors.

Section 2.2 ANNUAL MEETINGS.

(a) Time and Place. The annual meeting of shareholders shall be held each year on a date and at a time designated by the Board of Directors. The date so designated for the initial meeting shall be within fifteen (15) months after the organization of the corporation, and the date so designated for each subsequent meeting shall be within fifteen (15) months after the last annual meeting.

(b) Business to be Transacted. At the annual meetings, directors shall be elected, reports of the affairs of the corporation shall be considered, and any other business may be transacted which is within the powers of the shareholders.

(c) Notice, Means. Written notice of each annual meeting shall be given to each shareholder entitled to vote, either personally or by mail or other means of written communication, charges prepaid, addressed to such

shareholder at his address appearing on the books of the corporation or given by him to the corporation for the purpose of notice. If any notice or report addressed to the shareholder at the address of such shareholder appearing on the books of the corporation is returned to the corporation by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice or report to the shareholder at such address, all future notices or reports shall be deemed to have been duly given without further mailing if the same shall be available for the shareholder upon written demand of the shareholder at the principal executive office of the corporation for a period of one year from the date of the giving of the notice or report to all other shareholders. If a shareholder gives no address, notice shall be deemed to have been given him if sent by mail or other means of written communication addressed to the place where the principal executive office of the corporation is situated, or if published at least once in some newspaper of general circulation in the county in which said principal executive office is located.

An affidavit of the mailing or other means of giving any notice of any shareholders' meeting shall be executed by the secretary, assistant secretary or any transfer agent of the corporation giving the notice, and shall be filed and maintained in the minute book of the corporation. Such affidavit shall be prima facie evidence of the giving of such notice.

(d) Notice, Time and Content. All such notices shall be given to each shareholder entitled thereto not less than ten (10) days nor more than sixty (60) days before each annual meeting. Any such notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by other means of written communication.

Such notices shall specify:

(i) the place, the date, and the hour of such meeting;

(ii) those matters which the board, at the time of the mailing of the notice, intends to present for action by the shareholders;

(iii) if directors are to be elected, the names of nominees intended at the time of the notice to be presented by management for election;

(iv) the general nature of a proposal, if any, to take action with respect to approval of, (a) a contract or other transaction with an interested director, (b) amendment of the articles of incorporation, (c) a reorganization of the corporation as defined in Section 181 of the General Corporation Law, (d) voluntary dissolution of the corporation, or (e) a distribution in dissolution other than in accordance with the rights of outstanding preferred shares, if any; and,

(v) such other matters, if any, as may be expressly required by statute.

Section 2.3 SPECIAL MEETINGS.

(a) Calling of. Special meetings of the shareholders, for the purpose of taking any action permitted by the shareholders under the General Corporation Law and the articles of incorporation of this corporation, may be called at any time by the chairman of the board, the president, the Board of Directors or by one or more shareholders holding not less than ten percent (10%) of the votes at the meeting. A shareholder entitled to call a special meeting of shareholders for any proper purpose shall submit a request therefor in writing directed to the chairman of the board, president, vice president, or secretary.

(b) Time and Notice of. Upon receipt of such request, the corporation forthwith shall cause notice to be given to shareholders entitled to vote that a meeting will be held at a time requested by the person or persons calling the meeting, which time shall be not less than thirty-five (35) nor more than sixty (60) days after receipt of the request. If such notice is not given within twenty (20) days after receipt of such request, the persons calling for the meeting may give notice thereof in the manner provided by these bylaws. Except in special cases where other express provision is made by statute, notice of such special meetings shall be given in the same manner as for annual meetings of shareholders. In addition to the matters required by items (i) and, if applicable (iii) of Section 2.2(d), notice of any special meeting shall specify the general nature of the business to be transacted, and no other business may be transacted at such meeting.

Section 2.4 QUORUM. A majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum for the transaction of business at a meeting of shareholders. The shareholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding

the withdrawal of enough shareholders to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum.

Section 2.5 ADJOURNED MEETING AND NOTICE THEREOF. Any shareholders' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the shares, the holders of which are either present in person or represented by proxy thereat. When any meeting of shareholders is adjourned to another time or place, written notice need not be given of the adjourned meeting if the time and place are announced at a meeting at which the adjournment is taken, unless a new record date for the adjourned meeting is fixed, or unless the adjournment is for more than forty-five (45) days in which case the Board of Directors shall set a new record date. For any adjourned meeting requiring notice, such notice shall be given to each shareholder of record entitled to vote at the adjourned meeting in accordance with the provisions of Sections 2.2 and 2.3. At any adjourned meeting the corporation may transact any business which might have been transacted at the original meeting.

Section 2.6 VOTING.

(a) Record Date. Unless a record date for voting purposes be fixed as provided in Section 5.1 of Article V of these bylaws then, subject to the provisions of Sections 702 and 704 of the General Corporation Law of California (relating to voting of shares held by a fiduciary, in the name of a corporation, or in joint ownership), only persons in whose names shares entitled to vote standing on the stock records of the corporation at the close of business on the business day next preceding the day on which notice of the meeting is given or if such notice is waived, at the close of business on the business day next preceding the day on which the meeting of shareholders is held, shall be entitled to vote at such meeting, and such day shall be the record date for such meeting.

(b) Ballot. The shareholders' vote may be oral or by ballot; provided, however, all elections for directors must be by ballot if demand for election by ballot is made by a shareholder at the meeting and before the voting begins. If a quorum is present, except with respect to election of directors, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on any matter shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by the General Corporation Law of California or the articles of incorporation.

(c) At a shareholders' meeting at which directors are to be elected, no shareholder shall be entitled to cumulate votes (i.e., cast for any one or more candidates a number of votes greater than the number of the shareholder's shares) unless the candidates' names have been properly placed in nomination prior to commencement of the voting and a shareholder has given notice prior to commencement of the voting of the shareholder's intention to cumulate votes. If any shareholder has given such a notice, then every shareholder entitled to vote may cumulate votes for candidates in nomination and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which that shareholder's shares are entitled, or distribute the shareholder's votes on the same principle among any or all of the candidates, as the shareholder thinks fit. The candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected.

Section 2.7 VALIDATION OF DEFECTIVELY CALLED OR NOTICED MEETINGS. The transactions of any meeting of shareholders, either annual or special, however called and noticed, and wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, who was not present in person or by proxy, signs a written waiver of notice or a consent to a holding of the meeting, or an approval of the minutes. The waiver of notice or consent need not specify either the business to be transacted or the purpose of any annual or special meeting of shareholders, except that if action is taken or proposed to be taken for approval of any of those matters specified in Section 2.2(d)(iv) of Article II, the waiver of notice or consent shall state the general nature of the proposal. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Attendance by a person at a meeting shall also constitute a waiver of notice of that meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by the General Corporation Law of the State of California to be included in the notice but not so included, if such objection is expressly made at the meeting.

Section 2.8 ACTION WITHOUT MEETING.

(a) Action by Written Consent and Notice Thereof. Any action which may be taken at any annual or

special meeting of shareholders, including the election of directors, may be taken without a meeting and without prior notice if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding share having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all shares entitled to vote on that action were present and voted. If the consents of all shareholders entitled to vote have been solicited in writing, and if the unanimous written consents of all shareholders have not been obtained, notice shall be given as provided herein.

(i) Notice shall be given of any proposed shareholder approval of, (a) a contract or other transaction with an interested director, (b) indemnification of an agent of the corporation as authorized by section 3.16 of Article III of these bylaws, (c) a reorganization of the corporation as defined in Section 181 of the General Corporation Law of California, or (d) a distribution in dissolution other than in accordance with the rights of outstanding preferred shares, if any. The notice referred to herein shall be given at least ten (10) days before the consummation of the action authorized by such approval.

(ii) Prompt notice of the taking of any other corporate action shall be given to those shareholders entitled to vote who have not consented in writing. Such notices shall be given in the manner and shall be deemed to have been given as provided in Section 2.2 of Article II of these bylaws.

(b) Election to Fill Vacancy. In the case of an election to fill a vacancy on the Board of Directors which vacancy (1) was not created by removal or (2) has not been filled by the Board of Directors in accordance with Section 3.5(b) of Article III of these Bylaws, a director may be elected to fill such vacancy by the written consent of the holders of a majority of the outstanding shares entitled to vote for the election of directors. An election by the written consent of the shareholders to fill a vacancy created by removal may be made only by the unanimous written consent of the holders of all outstanding shares entitled to vote for the election of directors.

(c) Filing of Consents; Record Date. All written consents of the shareholders shall be filed with the secretary of the corporation. Unless, as provided in Section 5.1 of Article V of these bylaws, the Board of Directors has fixed a record date for the determination of shareholders entitled to notice of and to give such written consent, the record date for such determination shall be the day on which the first written consent is given.

(d) Revocation of Consent. Any shareholder giving a written consent, or the shareholder's proxyholders, or a transferee of the shares of a personal representative of the shareholder or his respective proxyholders, may revoke the consent by a writing received by the corporation prior to the time that written consents of the number of shares required to authorize the proposed action have been filed with the secretary of the corporation, but may not do so thereafter. Such revocation shall be effective upon its receipt by the secretary of the corporation.

Section 2.9 PROXIES. Every person entitled to vote or execute consents shall have the right to do so either in person or by one or more agents authorized by a written proxy executed by such person or his duly authorized agent and filed with the secretary of the corporation. Any proxy duly executed is not revoked and continues in full force and effect until (i) an instrument revoking it or a duly executed proxy bearing a later date is filed with the secretary of the corporation prior to the vote pursuant thereto, (ii) the person executing the proxy attends the meeting and votes in person, or (iii) written notice of the death or incapacity of the maker of such proxy is received by the corporation before said proxy is voted and counted. In the determination of the validity and effect of proxies, the dates contained on the forms of proxy shall presumptively determine the order of execution of the proxies, regardless of the postmark dates on the envelopes in which they are mailed. Unless otherwise provided in the proxy, no proxy shall be valid after the expiration of eleven (11) months from the date of such proxy.

Section 2.10 INSPECTORS OF ELECTION.

(a) Appointment, Number. In advance of any meeting of shareholders, the Board of Directors may appoint any persons, other than nominees for office, as inspectors of election to act at such meeting or any adjournment thereof. If inspectors of election are not so appointed, or if any person so appointed fails to appear or refuses to act, the chairman of any such meeting may, and on the request of any shareholder or his proxy shall, appoint inspectors of election (or persons to replace those who so fail or refuse) at the meeting. The number of inspectors shall be either one (1) or three (3). If appointed at a meeting on the request of one or more shareholders or proxies, the majority of shares represented in person or by proxy shall determine whether one (1) or three (3) inspectors are to be appointed.

(b) Duties. The duties of such inspectors shall be as prescribed by Section 707 of the General Corporation Law of California and shall include: determining the

number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the authenticity, validity and effect of proxies; receiving votes, ballots or consents; hearing and determining all challenges and questions in any way arising in connection with the right to vote; counting and tabulating all votes or consents; determining when the polls shall close; determining the result; and such acts as may be proper to conduct the election or vote with fairness to all shareholders. The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are three (3) inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein.

Section 2.11 NOMINATIONS FOR DIRECTOR. Nominations for election of members of the Board of Directors may be made by the Board of Directors or by any shareholder of any outstanding class of voting stock of the corporation entitled to vote for the election of directors. Notice of intention to make any nominations, other than by the Board of Directors, shall be made in writing and shall be received by the President of the corporation no more than 60 days prior to any meeting of shareholders called for the election of directors, and no more than 10 days after the date the notice of such meeting is sent to shareholders pursuant to Section 2.2 of these bylaws; provided, however, that if only 10 days' notice of the meeting is given to shareholders, such notice of intention to nominate shall be received by the President of the corporation not later than the time fixed in the notice of the meeting for the opening of the meeting. Such notification shall contain the following information to the extent known to the notifying shareholder: (a) the name and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the number of shares of voting stock of the corporation owned by each proposed nominee; (d) the name and residence address of the notifying shareholder; and (e) the number of shares of voting stock of the corporation owned by the notifying shareholder. Nominations not made in accordance herewith shall be disregarded by the then chairman of the meeting, and the inspectors of election shall then disregard all votes cast for each nominee.

The first paragraph of this Section 2.11 shall be set forth in any notice of a shareholders' meeting, whether pursuant to Section 2.2 or Section 2.3 of these bylaws, at which meeting the election of directors is to be considered.

ARTICLE III

DIRECTORS

Section 3.1 POWERS. Subject to any limitations of the articles of incorporation and of these bylaws and of the General Corporation Law of California requiring shareholder authorization or approval for a particular action, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board of Directors. The board may delegate the management of the day-to-day operation of the business of the corporation to a management company or other person, provided that the business and affairs of the corporation shall be managed and all corporate powers shall be exercised, under the ultimate direction of the Board of Directors.

Section 3.2 COMMITTEES. By resolution adopted by a majority of the authorized number of directors, the board may designate an executive and other committees, each consisting of two or more directors, to serve at the pleasure of the board. The provisions of this Article apply to committees of the Board of Directors and action by such committees, with such changes in the language of those provisions as are necessary to substitute the committee and its members for the board and its members. The board may designate one or more directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. The appointment of members or alternate members of a committee shall be made by the vote of a majority of the authorized number of directors. Unless the Board of Directors shall otherwise prescribe the manner of proceedings of any such committee, meetings of such committee may be regularly scheduled in advance and may be called at any time by any two members thereof; otherwise, the provisions of these bylaws with respect to notice and conduct of meetings of the board shall govern. Any such committee, to the extent provided in a resolution of the board, shall have all of the authority of the board, except with respect to:

(i) the approval of any action for which the General Corporation Law of California or the articles of incorporation also require shareholder approval;

(ii) the filling of vacancies on the board or in any committee;

(iii) the fixing of compensation of the directors for serving on the board or on any committee;

(iv) the adoption, amendment or repeal of bylaws;

(v) the amendment or repeal of any resolution of the board which by its express terms is not so amendable or repealable;

(vi) any distribution to the shareholders, except at a rate or in a periodic amount or within a price range determined by the board; and

(vii) the appointment of other committees of the board or the members thereof.

Section 3.3 NUMBER OF DIRECTORS. (a) The authorized number of directors shall be not less than 7 nor more than 13. The exact number of directors shall be fixed from time to time, within the limits specified in this subsection, by an amendment of subsection (b) of this section adopted by the Board of Directors.

(b) The exact number of directors shall be 8 until changed as provided in subsection (a) of this section.

(c) The maximum or minimum authorized number of directors may only be changed by an amendment of this section approved by the vote or written consent of a majority of the outstanding shares entitled to vote; provided, however, that an amendment reducing the minimum number to a number less than 5 shall not be adopted if the votes cast against its adoption at a meeting (or the shares not consenting in the case of action by written consent) exceed 16-2/3% of such outstanding shares; and provided further, that in no case shall the stated maximum authorized number of directors exceed two times the stated minimum number of authorized directors minus one.

Section 3.4 ELECTION AND TERM OF OFFICE. The directors shall be elected at each annual meeting of shareholders but, if any such annual meeting is not held or the directors are not elected thereat, the directors may be elected at any special meeting of shareholders held for that purpose. All directors shall hold office until the next annual meeting of the shareholders and until his successor is elected and qualified, subject to the General Corporation Law of California and the provisions of these bylaws with respect to vacancies on the board.

Section 3.5 VACANCIES.

(a) When a Vacancy Exists. A vacancy in the Board of Directors exists whenever any authorized position of director is not then filled by a duly elected director,

whether caused by death, resignation, removal, change in the authorized number of directors or otherwise.

(b) Filling of Vacancies by Directors. Vacancies in the Board of Directors, except for a vacancy created by the removal of a director (see Section 3.5(c)) may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until his successor is elected at an annual or a special meeting of shareholders. If the Board of Directors accepts the resignation of a director tendered to take effect at a future time, the Board of Directors (or the shareholders) may elect a successor to take office when the resignation becomes effective.

(c) Filling of Vacancies by Shareholders. The shareholders may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors. Except for an election to fill a vacancy created by the removal of a director, any such election by written consent shall require the consent of holders of a majority of the outstanding shares entitled to vote for the election of directors. A vacancy in the Board of Directors created by the removal of a director may only be filled by the vote of a majority of the shares entitled to vote for the election of directors represented at a duly held meeting at which a quorum is present, or by the unanimous written consent of the holders of all of the outstanding shares entitled to vote for the election of directors.

(d) Removal for Cause. The Board of Directors may declare vacant the office of a director who has been declared of unsound mind by an order of court or convicted of a felony.

(e) Removal without Cause. Any or all of the directors may be removed without cause if such removal is approved by a majority of the outstanding shares entitled to vote; provided, however, that no director may be removed (unless the entire Board of Directors is removed) whenever the votes cast against removal, or not consenting in writing to such removal, would be sufficient to elect such director if voted cumulatively at an election at which the same total number of votes were cast (or, if such action is taken by written consent, all shares entitled to vote were voted) and the entire number of directors authorized at the time of his most recent election were then being elected.

(f) Resignation. Any director may resign effective upon giving written notice to the chairman of the

board, the president, the secretary or the Board of Directors of the corporation, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective.

(g) When Reduction in Number Effective. No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his term of office.

Section 3.6 PLACE OF MEETING. Regular meetings of the Board of Directors shall be held at any place within or without the State of California which has been designated from time to time by resolution of the board. In the absence of such designation, regular meetings shall be held at the principal executive office of the corporation. Special meetings of the board may be held either at a place so designated or at the principal executive office.

Section 3.7 ANNUAL MEETING - Immediately following each annual meeting of shareholders the Board of Directors shall hold a regular meeting at the place of said annual meeting or at such other place as shall be fixed by the Board of Directors, for the purpose of organization, election of officers, and the transaction of other business. Call and notice of such meetings are hereby dispensed with.

Section 3.8 OTHER REGULAR MEETINGS. Other regular meetings of the Board of Directors shall be held at such day and hour as shall be fixed from time to time by the Board of Directors by resolution or in the bylaws. If such day falls upon a legal holiday, then said meeting shall be held at the same time on the next day thereafter ensuing which is a full business day. Notice of all such regular meetings of the Board of Directors is hereby dispensed with.

Section 3.9 SPECIAL MEETINGS. Special meetings of the Board of Directors for any purpose or purposes shall be called at any time by the chairman of the board, the president, any vice president, the secretary or by any two directors. Written notice of the time and place of special meetings shall be delivered personally to each director or communicated to each director by telephone, or by telegraph or mail, charges prepaid, addressed to him at his address as it is shown upon the records of the corporation or, if it is not so shown on such records or if not readily ascertainable, at the place at which the meetings of the directors are regularly held. In case such notice is mailed or telegraphed, it shall be deposited in the United states mail or delivered to the telegraph company in the place in which the

principal executive officer of the corporation is located at least four (4) days prior to the time of the holding of the meeting. In case such notice is delivered, personally or by telephone, as above provided, it shall be so delivered at least forty-eight (48) hours prior to the time of the holding of the meeting. Such mailing, telegraphing or delivery, personally or by telephone, as above provided, shall be due, legal and personal notice to such director. Any notice shall state the date, place and hour of the meeting.

Section 3.10 ACTION WITHOUT MEETING. Any action by the Board of Directors may be taken without a meeting if all members of the board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the board and shall have the same force and effect as a unanimous vote of such directors.

Section 3.11 ACTION AT A MEETING; QUORUM AND REQUIRED VOTE. Presence of a majority of the authorized number of directors at a meeting of the Board of Directors constitutes a quorum for the transaction of business. Members of the board may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another. Participation in a meeting as permitted in the preceding sentence constitutes presence in person at such meeting. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, unless a greater number, or the same number after disqualifying one or more directors from voting, is required by law, by the articles of incorporation, or by these bylaws. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of a director, provided that any action taken is approved by at least a majority of the required quorum for such meeting.

Section 3.12 VALIDATION OF DEFECTIVELY CALLED OR NOTICED MEETINGS. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum is present and if, either before or after the meeting, each of the directors not present or who signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 3.13 WAIVER OF NOTICE BY ATTENDANCE. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, unless a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called, noticed, or convened.

Section 3.14 ADJOURNMENT. A majority Of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, written notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

Section 3.15 FEES AND COMPENSATION. Directors and members of committees may receive such compensation, if any, for their services, and such reimbursement for expenses, as may be fixed or determined by resolution of the board.

Section 3.16 INDEMNIFICATION OF CORPORATE AGENTS. The corporation may indemnify each of its agents against expenses, judgments, fines, settlements and other amounts, actually and reasonably incurred by such person having been made or having been threatened to be made a party to a proceeding to the fullest extent possible by the provisions of Section 317 of the General Corporation Law of California and the corporation may advance the expenses reasonably expected to be incurred by such agent in defending any such proceeding upon receipt of the undertaking required by Section 317(f). The terms "agent," "proceeding" and "expense" made in this Section 3.16 shall have the same meaning as such terms in said Section 317.

Section 3.17 TRANSACTIONS BETWEEN CORPORATIONS AND DIRECTORS.

(a) No contract or other transaction between the corporation and one or more of its directors, or between the corporation and any corporation, firm or association in which one or more of its directors has a material financial interest, is either void or voidable because such director or directors or such other corporation, firm or association are parties or because such director or directors are present at the meeting of the board or a committee thereof which authorizes, approves or ratifies the contract or transaction, if

(1) the material facts as to the transaction and as to such director's interest are fully disclosed or known to the shareholders and such contract or transaction

is approved in good faith by the affirmative vote of a majority of the shares entitled to vote represented at a duly held meeting at which a quorum is present or by the written consent of shareholders, with the shares owned by the interested director or directors not being entitled to vote thereon;

(2) the material facts as to the transaction and as to such director's interest are fully disclosed or known to the board or committee, and the board or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient without counting the vote of the interested director or directors and the contract or transaction is just and reasonable as to the corporation at the time it is authorized, approved or ratified; or

(3) as to contracts or transactions not approved as provided in paragraph (a) or (b) of this subdivision, the person asserting the validity of the contract or transaction sustains the burden of proving that the contract or transaction was just and reasonable as to the corporation at the time it was authorized, approved or ratified.

(b) No contract or other transaction between a corporation and any corporation or association of which one or more of its directors are directors is either void or voidable because such director or directors are present at the meeting of the board or a committee thereof which authorizes, approves or ratifies the contract or transaction, if

(1) The material facts as to the transaction and as to such director's other directorship are fully disclosed or known to the board or committee, and the board or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient without counting the vote of the common director or directors or the contract or transaction is approved by the shareholders (Section 153) of the General Corporation Law in good faith, or

(2) As to contracts or other transactions not approved as provided in paragraph (1) of this subdivision, the contract or transaction is just and reasonable as to the corporation at the time it is authorized, approved or ratified.

This subsection (b) does not apply to contracts or transactions covered by subsection (a).

(c) A mere common directorship does not constitute a material financial interest within the meaning of subsection (a) of this Section 3.17. A director is not

interested within the meaning of subsection (a) of this Section 3.17 in a resolution fixing the compensation of another director as a director, officer or employee of the corporation, notwithstanding the fact that the first director is also receiving compensation from the corporation.

(d) Interested or common directors may be counted in determining the presence of a quorum at a meeting of the board or a committee thereof which authorizes, approves or ratifies a contract or transaction.

ARTICLE IV

OFFICERS

Section 4.1 OFFICERS. The officers of the corporation shall be a president, a secretary and a chief financial officer. The corporation may also have, at the discretion of the Board of Directors, a chairman of the board, one or more vice presidents, one or more assistant secretaries, one or more assistant treasurers and such other officers as may be appointed in accordance with the provisions of Section 4.3 of this article. Any number of offices may be held by the same person.

Section 4.2 ELECTION. The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 4.3 or Section 4.5 of this article, shall be chosen annually by the Board of Directors, and each shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

Section 4.3 SUBORDINATE OFFICERS, ETC. The Board of Directors may appoint, and may empower the chairman of the board, if there be such an officer, or the president, to appoint such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the bylaws or as the Board of Directors may from time to time determine. Any appointment of an officer shall be evidenced by a written instrument filed with the secretary of the corporation and maintained with the corporate records.

Section 4.4 REMOVAL AND RESIGNATION. Subject, in each case, to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the Board of Directors at any regular or special meeting thereof, or, except in case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors.

Any officer may resign at any time by giving written notice to the Board of Directors or to the president or to the secretary of the corporation, without prejudice, however, to the rights, if any, of the corporation under any contract to which such officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.5 VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these bylaws for regular appointments to such office.

Section 4.6 CHAIRMAN OF THE BOARD. The chairman of the board, if there shall be such an officer, shall, if present, preside at all meetings of the Board of Directors and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board of Directors or prescribed by these bylaws.

Section 4.7 PRESIDENT. Subject to such supervisory powers, if any, as may be given by the Board of Directors to the chairman of the board, if there be such an officer, the president shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. He shall preside at all meetings of the shareholders and, in the absence of the chairman of the board, or if there be none, at all meetings of the Board of Directors. He shall have the general powers and duties of management usually vested in the office of president of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or the bylaws.

Section 4.8 VICE PRESIDENT. In the absence or disability of the president, the vice presidents, if any, in order of their rank as fixed by the Board of Directors or, if not ranked, the vice president designated by the Board of Directors, shall perform all the duties of the president, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president. The vice presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors or these bylaws, or as the chief executive officer may from time to time delegate.

Section 4.9 SECRETARY.

(a) Corporate Records. The secretary shall keep or cause to be kept, at the principal executive office and such other place as the Board of Directors may direct, the seal of the corporation, copies of the articles of incorporation and bylaws of the corporation, a book of minutes of actions taken at all meetings of shareholders, the Board and committees of the Board with the time and place of holding, whether regular or special, and, if special, how authorized, the notice given, the names of those present at directors' meetings, the number of shares present or represented at shareholders' meetings, and the proceedings thereof.

(b) Share Register. The secretary shall keep, or cause to be kept, at the principal executive office or at the office of the corporation's transfer agent, a share register, or a duplicate share register, showing the names of the shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation.

(c) Other Duties. The secretary shall give, or cause to be given, notice of all the meetings of the shareholders and of the Board of Directors required by the bylaws or by law to be given, and he shall keep the seal of the corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the bylaws.

SECTION 4.10 CHIEF FINANCIAL OFFICER.

(a) Books of Account. The chief financial officer of the corporation shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the corporation, and shall send or cause to be sent to the shareholders of the corporation such financial statements and reports as are by law or these bylaws required to be sent to them. The books of account shall at all reasonable times be open to inspection by any director.

(b) Other Duties. The chief financial officer shall deposit all monies and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board of Directors. The chief financial officer shall disburse the funds of the corporation as may be ordered by the Board of Directors, shall render to the president and directors, whenever they request it, an account of all of his transactions as chief

financial officer and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the bylaws.

ARTICLE V

GENERAL CORPORATE MATTERS

Section 5.1 RECORD DATE.

(a) When Fixed by Board. The Board of Directors may fix a time in the future as a record date for the determination of the shareholders entitled to notice of and to vote at any meeting of shareholders or entitled to give consent to corporate action in writing without a meeting, to receive any report, to receive any dividend or distribution, or any allotment of rights, or to exercise rights in respect to any change, conversion, or exchange of shares. The record date so fixed shall be not more than sixty (60) days nor less than ten (10) days prior to the date of any meeting, nor more than sixty (60) days prior to any other event for the purposes of which it is fixed. When a record date is so fixed, only shareholders of record at the close of business on that date are entitled to notice of and to vote at any such meeting, to give consent without a meeting, to receive any report, to receive a dividend, distribution, or allotment of rights, or to exercise the rights, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after the record date, except as otherwise provided in the articles of incorporation or these bylaws.

(b) When Not Fixed by Board. In the event no record date is fixed by the Board of Directors:

(1) The record date for determining the shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held.

(2) The record date for determining shareholders entitled to give consent to corporate action in writing without a meeting, when no prior action by the Board of Directors has been taken, shall be the day on which the first written consent is given.

(3) The record date for determining shareholders for any other purpose shall be at the close of business on the date on which the Board of Directors adopts the resolution relating thereto, or the 60th day prior to the date of such other action, whichever is later.

Section 5.2 INSPECTION OF CORPORATE RECORDS.

(a) By Shareholders. The accounting books and records, the record of shareholders, and minutes of proceedings of the shareholders and the board and committees of the board of this corporation and any subsidiary of this corporation shall be open to inspection upon the written demand on the corporation of any shareholder or holder of a voting trust certificate at any reasonable time during usual business hours, for a purpose reasonably related to such holder's interests as a shareholder or as the holder of such voting trust certificate. Such inspection by a shareholder or holder of a voting trust certificate may be made in person or by agent or attorney, and the right of inspection includes the right to copy and make extracts.

(b) By Directors. Every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation. Such inspection by a director may be made in person or by agent or attorney and the right of inspection includes the right to copy and make extracts.

Section 5.3 MAINTENANCE AND INSPECTION OF BYLAWS. The corporation shall keep at its principal executive office, or if its principal executive office is not in the State of California, at its principal business office in this state, the original or a copy of the bylaws as amended to date, which shall be open to inspection by the shareholders at all reasonable times during office hours. If the principal executive office of the corporation is outside the state of California and the corporation has no principal business office in this state, the Secretary shall, upon the written request of any shareholder, furnish to that shareholder a copy of the bylaws as amended to date.

Section 5.4 ANNUAL AND OTHER REPORTS. The Board of Directors of the Corporation shall cause an annual report to be sent to the shareholders at least fifteen (15) days prior to the Annual Meeting of shareholders but not later than one hundred twenty (120) days after the close of the fiscal year in accordance with the provisions of the General Corporation Law.

Section 5.5 CHECKS, DRAFTS, ETC. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 5.6 CONTRACTS, ETC., HOW EXECUTED. The Board of Directors, except as in the bylaws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances; and, unless so authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

Section 5.7 CERTIFICATE FOR SHARES. Every holder of shares in the corporation shall be entitled to have a certificate signed in the name of the corporation by the chairman or vice chairman of the board or the president or a vice president and by the chief financial officer or an assistant treasurer or the secretary or any assistant secretary, certifying the number of shares and the class or series of shares owned by the shareholder. Any of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if such person were an officer, transfer agent or registrar at the date of issue.

Section 5.8 LOST, STOLEN OR DESTROYED CERTIFICATES. No new certificates for shares shall be issued to replace an old certificate unless the latter is surrendered and cancelled at the same time; provided, however, that the Board of Directors or the president and the vice president may, however, in case any certificate for shares is lost, stolen, mutilated or destroyed, authorize the issuance of a new certificate in lieu thereof, upon such terms and conditions, including reasonable indemnification of the Corporation, as the Board of Directors or the President or the Vice President shall determine. In the event of the issuance of a new certificate, the rights and liabilities of the Corporation, and of the holders of the old and new certificates, shall be governed by the relevant provisions of the California Commercial Code.

Section 5.9 REPRESENTATION OF SHARES OF OTHER CORPORATIONS. The chairman of the board, president or any vice president, or any other person authorized by resolution of the Board of Directors or by any of the foregoing designated officers, are authorized to vote, represent and exercise on behalf of this corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of this corporation. The authority herein granted to said officers to vote or represent on behalf of this corporation any and all shares held by this corporation in any other corporation or corporations may be exercised either by such officers in person or by any other person authorized so to do by proxy or power of attorney duly executed by these officers.

Section 5.10 CONSTRUCTION AND DEFINITIONS. Unless the context otherwise requires, the general provisions, rules of construction and definitions contained in the General Corporation Law of California shall govern the construction of these bylaws. Without limiting the generality of the foregoing, the masculine gender includes the feminine and neuter, the singular number includes the plural and the plural number includes the singular, and the term "person" includes a corporation as well as a natural person.

ARTICLE VI

AMENDMENTS

Section 6.1 POWER OF SHAREHOLDERS. New bylaws may be adopted or these bylaws may be amended or repealed by the affirmative vote or written consent of a majority of the outstanding shares entitled to vote thereon, except as otherwise provided by law or by the articles of incorporation.

Section 6.2 POWER OF DIRECTORS. Subject to the right of shareholders as provided in Section 6.1 of this Article VI to adopt, amend or repeal bylaws, bylaws may be adopted, amended or repealed by the Board of Directors provided, however, that the Board of Directors may adopt a bylaw or amendment thereof changing the authorized number of directors only for the purpose of fixing the exact number of directors within the limits specified in the articles of incorporation or in Section 3.2 of Article III of these bylaws.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting secretary of CVB Financial Corp., a California corporation; and

2. That the foregoing bylaws, comprising 23 pages, including this page, constitute the bylaws of said corporation as duly adopted by action of the Board of Directors of the corporation duly taken on June 17, 1981.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said corporation this 17th day of June, 1981.

/s/ Robert Littejohn

Robert Littejohn

CERTIFICATE OF AMENDMENT OF BYLAWS

The undersigned, Tina Schaefer, does hereby certify:

1. That, She is, and has been, at all times hereinmentioned, the duly elected and acting Secretary of CVB Financial Corp., a California Corporation.

2. That, Section 2.11 of the Bylaws of the Corporation is amended in its entirety to read as follows:

"Section 2.11 NOMINATIONS FOR DIRECTOR. Nominations for election of members of the Board of Directors may be made by the Board of the Directors or by any shareholder of any outstanding class of voting stock of the corporation entitled to vote for the election of Directors. Notice of intention to make any nominations, other than by the Board of Directors, shall be made in writing and shall be received by the President of the corporation no more than 60 days prior to any meeting of shareholders called for the election of directors, and no more than 10 days after the date the notice of such meeting is sent to shareholders pursuant to Section 2.2 of these bylaws; provided, however, that if only 10 days' notice of the meeting is given to shareholders, such notice of intention to nominate shall be received by the President of the corporation not later than the time fixed in the notice of the meeting for the opening of the meeting. Such notification shall contain the following information to the extent known to the notifying shareholder: (a) the name and address of each proposed nominee; (b) the

principal occupation of each proposed nominee; (c) the number of shares of voting stock of the corporation owned by each proposed nominee; (d) the name and residence address of the notifying shareholder; and (e) the number of shares of voting stock of the corporation owned by the notifying shareholder. Nominations not made in accordance herewith shall be disregarded by the then chairman of the meeting, and the inspectors of election shall then disregard all votes cast for each such nominee.

The first paragraph of this Section 2.11 shall be set forth in any notice of a shareholders' meeting, whether pursuant to Section 2.2 or Section 2.3 of these bylaws, at which meeting the election of directors is to be considered."

3. That, at a meeting of the Board of Directors of said Corporation, duly held at Chino, California, on May 14, 1984, the foregoing amendment of the Bylaws of the Corporation was duly adopted and approved.

/s/ Tina Schaefer

Tina Schaefer, Secretary

SECRETARY'S CERTIFICATE

I do hereby certify that I am the duly elected and acting Secretary of CVB Financial Corp. and that the following is a true and correct copy of a resolution amending the Bylaws of the Company adopted with a quorum present at a special meeting of the Board of Directors held on the 13th day of May, 1985:

"BE IT HEREBY RESOLVED, that Section 3.3(b) (Number of Directors.) of the Bylaws of CVB Financial Corp. be, and the same hereby is, amended to read verbatim as follows:

'Section 3.3(b). The exact number of directors shall be seven (7) until changed as provided in subsection (a) of this section."

The foregoing resolution is presently in full force and effect and has not been revoked or rescinded as of the date hereof.

IN WITNESS WHEREOF, I have hereupon set the seal of this corporation this 13th day of May, 1985.

/s/ Tina Schaefer

Tina Schaefer

(SEAL)

SECRETARY'S CERTIFICATE
(Bylaw Amendment)

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of CVB FINANCIAL CORP., a California corporation (the "Company"); and

2. That the following is a true and correct copy of resolutions amending the Bylaws of the Company adopted with a quorum present at a special meeting of the Board of Directors of the Company held on the 22nd day of February, 1988:

WHEREAS, California has recently enacted significant amendments to the General Corporation Law that permit, among other things, corporations to include in their Articles of Incorporation provisions that would eliminate or limit the personal liability of a director for monetary damages in an action brought by or in the right of the corporation for breach of the director's duty to the corporation and its shareholders as well as permit more extensive indemnification of corporate directors, officers and agents;

WHEREAS, the Board of Directors has adopted, subject to shareholder and regulatory approval, certain amendments to the Articles of Incorporation to implement these new provisions of the General Corporation Law; and

WHEREAS, it is deemed by the Board of Directors to be in the best interests of the Company, subject to shareholder and regulatory approval of the aforementioned amendments to the Articles of incorporation, to adopt certain amendments to the Bylaws to implement these new provisions of the General Corporation Law.

NOW, THEREFORE, BE IT HEREBY RESOLVED, Subject to shareholder and regulatory approval of the aforementioned amendments to the Articles of Incorporation, that ARTICLE III, Section 3.16 of the Bylaws of the Company entitled "INDEMNIFICATION OF CORPORATE AGENTS" be, and it hereby is, deleted; and

BE IT FURTHER RESOLVED, subject to shareholder and regulatory approval of the aforementioned amendments to the Articles of Incorporation, that the Bylaws of the Company be, and they hereby are, amended to add the

following new ARTICLE VII, which provides in its entirety as follows:

"ARTICLE VII

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND OTHER AGENTS

Section 7.1 PERMISSIVE INDEMNIFICATION. The corporation shall have the power, to the extent and in the manner permitted by the California Corporations Code (the "Code"), to indemnify each of its directors, officers, employees and agents against expenses (as defined in Section 317(a) of the Code), judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding (as defined in Section 317(a) of the Code), arising by reason of the fact that such person is or was an agent of the corporation. For purposes of this ARTICLE VII, an "employee" or "agent" of the corporation includes any person (i) who is or was an employee or agent of the corporation, (ii) who is or was serving at the request of the corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or (iii) who was an employee or agent of the corporation which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation.

Section 7.2 PAYMENT OF EXPENSES IN ADVANCE. Expenses incurred in defending any civil or criminal action or proceeding for which indemnification is permitted pursuant to Section 7.1 following authorization thereof by the Board of Directors, may be paid by the corporation in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of the indemnified party to repay such amount if it shall ultimately be determined that the indemnified party is not entitled to be indemnified as authorized in this ARTICLE VII.

Section 7.3 INDEMNITY NOT EXCLUSIVE. The indemnification provided by this ARTICLE VII shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office, to the extent that such additional rights to indemnification are authorized in the Articles of Incorporation.

Section 7.4 INSURANCE INDEMNIFICATION. The corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was an agent of the corporation against any liability asserted against or incurred by such person in such capacity or arising out of such person's status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this ARTICLE VII.

Section 7.5 CONFLICTS. No indemnification or advance shall be made under this ARTICLE VII, except where such indemnification or advance is mandated by law or the order, judgment or decree of any court of competent jurisdiction, in any circumstance where it appears:

(1) That it would be inconsistent with a provision of the Articles of Incorporation, these bylaws, a resolution of the shareholders or an agreement in effect at the time of the accrual of the alleged cause of the action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(2) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement."

I certify that the foregoing is true and correct to the best of my knowledge.

Executed this 22nd day of February, 1988.

/s/ Tina Schaefer

Tina Schaefer, Secretary

SECRETARY'S CERTIFICATE

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of CVB Financial Corp., a California corporation (the "Company");

2. That the following is a true and correct copy of a resolution amending the Bylaws of the Company adopted with the necessary quorum present at a duly held meeting of the Board of Directors of this corporation held on August 21, 1991.

WHEREAS, ARTICLE III, Section 3.3(b) of the Bylaws provides that the number of directors shall be not less than seven (7) nor more than thirteen (13);

WHEREAS, ARTICLE III, Section 3.3(b) of the Bylaws provides that the exact number of directors shall be seven (7) until changed as provided in subsection (a) of this section; and

WHEREAS, the Board of Directors deems it in the best interest of the Company to amend Section 3.3(b) of the Company's Bylaws changing the number of directors to eight (8);

NOW, THEREFORE, BE IT HEREBY RESOLVED, that Section 3.3(b) (Number of Directors.) of the Bylaws of the Company be, and the same hereby is, amended to read verbatim as follows:

'Section 3.3(b). The exact number of directors shall be eight (8) until changed as provided in subsection (a) of this section.'

The foregoing resolution is presently in full force and effect and has not been revoked or rescinded as of the date hereof.

IN WITNESS WHEREOF, I have hereupon set the seal of this corporation this 21st day of August, 1991.

/s/ Tina Schaefer

Tina Schaefer

(SEAL)

SECRETARY'S CERTIFICATE

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of CVB Financial Corp., a California corporation (the "Company");

2. That the following is a true and correct copy of a resolution amending the Bylaws of the Company adopted with the necessary quorum present at a duly held meeting of the Board of Directors of this corporation held on November 20, 1991.

WHEREAS, ARTICLE III, Section 3.3(b) of the Bylaws provides that the number of directors shall not be less than seven (7) nor more than thirteen (13);

WHEREAS, ARTICLE III, Section 3.3(b) of the Bylaws provides that the exact number of directors shall be eight (8) until changed as provided in subsection (a) of this section; and

WHEREAS, the Board of Directors deems it in the best interest of the Company to amend Section 3.3(b) of the Company's Bylaws changing the number of directors to seven (7);

NOW, THEREFORE, BE IT HEREBY RESOLVED, that Section 3.3(b) (Number of Directors.) of the Bylaws of the Company be, and the same hereby is, amended to read verbatim as follows:

"Section 3.3(b). The exact number of directors shall be seven (7) until changed as provided in subsection (a) of this section."

The foregoing resolution is presently in full force and effect and has not been revoked or rescinded as of the date hereof.

WITNESS MY HAND AND SEAL of said corporation this 21st day of November, 1991.

/s/ Donna Marchesi

Donna Marchesi

SECRETARY'S CERTIFICATE

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of CVB Financial Corp., a California corporation (the "Company");

2. That the following is a true and correct copy of a resolution amending the Bylaws of the Company adopted with the necessary quorum present at a duly held meeting of the Board of Directors of this corporation held on May 19, 1997.

WHEREAS, ARTICLE III, Section 3.3(b) of the Bylaws provides that the number of directors shall not be less than (7) nor more than thirteen (13) and the exact number of directors within the range shall be eight (8) until changed as provided in subsection (a) of this section; and

WHEREAS, the Board of Directors deems it to be in the best interest of the Company to amend Section 3.3(b) of the Company's By-laws changing the number of directors to seven (7);

NOW, THEREFORE BE IT HEREBY RESOLVED that subject to the provisions of Article III, Section 3.3(b) for changing the number of directors, Section 3.3(b) is amended to read as follows: "Section 3.3(b). The exact number of directors of the Company shall be seven (7) until changed as provided in Subsection (a) of this section."

The foregoing resolution is presently in full force and effect and has not been revoked or rescinded as of the date hereof.

WITNESS MY HAND AND SEAL of said corporation this 19th day of May, 1997.

/s/ Donna Marchesi

Donna Marchesi, Corporate Secretary

CERTIFICATE OF ACTION IN LIEU OF MEETING
BY THE BOARD OF DIRECTORS OF CVB FINANCIAL CORP.

The undersigned, being all the directors of CVB Financial Corp., a California corporation, in lieu of a meeting of the directors of CVB Financial Corp., hereby consent to and adopt the following resolutions this 25th day of June, 1999.

The undersigned, being all the qualified and acting directors of CVB Financial Corp. (the "Corporation"), a California corporation, hereby consent in writing to the adoption of the following resolutions, pursuant to all applicable California laws and Section 3.10 of the Corporation's Bylaws, permitting such action to be so taken.

WHEREAS, this Board of Directors believes it to be in the best interests of the Corporation to schedule a special meeting of shareholders to consider and act upon the Agreement and Plan of Reorganization dated as of May 19, 1999 (the "Agreement") by and between CVB Financial Corp. and Orange National Bancorp, including the issuance of shares of common stock of the Company to shareholders of Orange National Bancorp, and to transact such other business as may properly be transacted at the special meeting or at any adjournment thereof.

WHEREAS, the Board of Directors also believes it to be in the best interests to, amend its Bylaws effective as of the Effective Time of the Merger, as such term is defined in the Agreement, to increase its authorized number of directors from seven (7) to eight (8) and to appoint Mr. San Vaccaro to the Board of Directors effective as of the Effective Time of the Merger;

NOW, THEREFORE, BE IT HEREBY RESOLVED, that pursuant to its 2.3 of the Corporation's Bylaws, a special meeting of shareholders of CVB Financial Corp., be, and the same hereby is, called for 9:00 a.m. on Wednesday, August 25, 1999, said special meeting to be held at 701 N. Haven Avenue, Ontario, California.

BE IT FURTHER RESOLVED, that the Secretary of the Corporation, be and she hereby is, authorized and directed to prepare and mail legal notice of the special meeting to all shareholders of record on the close of business on July 5, 1999, indicating therein that the principal items of business to be transacted at the special meeting are as follows:

1. To approve the Agreement and Plan of Reorganization between the Company and Orange National Bancorp, dated as of May 18, 1999, and the related matters therein.

2. To transact such other business as may properly come before the Special Meeting and at any and all adjournments thereof.

BE IT FURTHER RESOLVED, that the officers of the Corporation be, and they hereby are authorized and directed to prepare, or cause to be prepared, obtain, or cause to be obtained, the approval of all necessary regulatory authorities and to distribute, or cause to be distributed, to the shareholders a form of proxy containing all necessary disclosures, as well as the Board of Directors recommendation favoring approval of the Agreement and the transactions contemplated thereby.

BE IT FURTHER RESOLVED, that the officers of the Company be, and they hereby are, authorized and directed to prepare, or cause to be prepared, and to distribute, or cause to be distributed, to the shareholders a form of proxy naming John Borba and James C. Seley, and each of them, as proxy holders and to solicit proxies on behalf of the Board of Directors;

BE IT FURTHER RESOLVED, that a representative of Deloitte & Touche be, and hereby is, appointed inspector of election to act at said special meeting or at any and all adjournments thereof, in the event such person appointed as an inspector fails to act as such at the special meeting, the vacancy shall be filled at the special meeting by an appointment made by the Chairman;

BE IT FURTHER RESOLVED, that Section 3.3(b) of the Corporation's Bylaws is hereby amended to read as follows, with such amendment to be effective as of the Effective Time of the Merger:

- (b) The exact number of directors shall be eight (8) until changed as provided in subsection (a) of this Section.

BE IT FURTHER RESOLVED, that as of the Effective Time of the Merger, Mr. San Vaccaro is hereby appointed to the Board of Directors of the Corporation to serve until the earlier of his resignation or removal, or until his successor is elected and qualified;

BE IT FURTHER RESOLVED, that each officer of this Corporation hereby is authorized and directed by and on behalf of the Corporation and in its name to take such actions and to execute and deliver such documents as he or she may deem to be necessary or advisable to effect the purpose and intent of the foregoing resolutions, including, but not limited to, the engagement of a proxy solicitation firm;

BE IT FURTHER RESOLVED, that these resolutions may be signed by the directors in as many counterparts as may be necessary, each of which shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this unanimous written consent as of June 25, 1999.

/s/ George A. Borba

George A. Borba

/s/ Ronald O. Kruse

Ronald O. Kruse

/s/ Charles M. Magistro

Charles M. Magistro

/s/ D. Linn Wiley

D. Linn Wiley

/s/ John A. Borba

John A. Borba

/s/ John J. LoPorto

John J. LoPorto

/s/ James C. Seley

James C. Seley

SECRETARY'S CERTIFICATE

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of CVB Financial Corp., a California corporation; and
2. That the following is a true and correct copy of resolutions adopted with the necessary quorum present at a duly held meeting of the Board of Directors of this corporation held on January 19, 2000; and
3. The following resolutions are presently in full force and effect and have not been revoked or rescinded as of the date hereof.

WHEREAS, Article III, Section 3.3(b) of the By-laws provides that the number of directors shall not be less than six (6) nor more than thirteen (13) and the exact number of directors within the range shall be eight (8) until changed as provided in subsection (a) of this section; and

WHEREAS, the Board of Directors deems it to be in the best interest of the Company to amend Section 3.3(b) of the Company's By-laws changing the number of directors to seven(7):

NOW, THEREFORE BE IT HEREBY RESOLVED that subject to the provisions of Article III, Section 3.3(b) for changing the number of directors, Section 3.3(b) is amended to read as follows: "Section 3.3(b). The exact number of directors of the Company shall be seven(7) until changed as provided in Subsection (a) of this section."

Witness my hand and seal of said corporation this 19th day of January 2000.

/s/ DONNA MARCHESI

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Donna Marchesi
Corporate Secretary

SECRETARY'S CERTIFICATE

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of CVB Financial Corp., a California corporation; and
2. That the following is a true and correct copy of resolutions adopted with the necessary quorum present at a duly held meeting of the Board of Directors of this corporation held on September 21, 2005; and
3. The following resolutions are presently in full force and effect and have not been revoked or rescinded as of the date hereof.

Ron Kruse recommended that the Board to approve the appointment of Robert Jacoby as Director of CVB Financial Corp. and member of the Audit, Compensation and Nominating Committees effective September 21, 2005. In connection with such appointment, Ron Kruse requested approval to amend the By-laws to allow the addition of Robert M. Jacoby to the Board of Directors. Upon motion duly made by John Borba, seconded by John Lo Porto and unanimously carried; the following resolutions were approved:

WHEREAS, Article III, Section 3.3(b) of the By-laws provides that the number of directors shall not be less than six (6) nor more than thirteen (13) and the exact number of directors within the range shall be eight (8) until changed as provided in subsection (a) of this section; and

WHEREAS, the Board of Directors deems it to be in the best interest of the Company to amend Section 3.3(b) of the Company's By-laws changing the number of directors to eight (8):

NOW, THEREFORE BE IT HEREBY RESOLVED that subject to the provisions of Article III, Section 3.3(b) for changing the number of directors, Section 3.3(b) is amended to read as follows: "Section 3.3(b). The exact number of directors of the Company shall be eight (8) until changed as provided in Subsection (a) of this section."

BE IT FURTHER RESOLVED that Robert M. Jacoby is hereby appointed Director of CVB Financial Corp. effective September 21, 2005.

Witness my hand and seal of said corporation this 21st day of September 2005.

/s/ Donna Marchesi

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Donna Marchesi
Corporate Secretary

SECRETARY'S CERTIFICATE

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of CVB Financial Corp., a California corporation; and
2. That the following is a true and correct copy of resolutions adopted with the necessary quorum present at a duly held meeting of the Board of Directors of this corporation held on October 19, 2005; and
3. The following resolutions are presently in full force and effect and have not been revoked or rescinded as of the date hereof.

George Borba thanked John Lo Porto for his many years of service on the Board of Directors and to the Company. He recommended approval amend the By-laws to accommodate Mr. Lo Porto's retirement from the Board of Directors. Upon motion duly made by Linn Wiley, seconded by John Borba and unanimously carried; the following resolutions were approved:

WHEREAS, Article III, Section 3.3(b) of the By-laws provides that the number of directors shall not be less than six (6) nor more than thirteen (13) and the exact number of directors within the range shall be eight (8) until changed as provided in subsection (a) of this section; and

WHEREAS, the Board of Directors deems it to be in the best interest of the Company to amend Section 3.3(b) of the Company's By-laws changing the number of directors to seven (7):

NOW, THEREFORE BE IT HEREBY RESOLVED that subject to the provisions of Article III, Section 3.3(b) for changing the number of directors, Section 3.3(b) is amended to read as follows; "Section 3.3(b). The exact number of directors of the Company shall be seven (7) until changed as provided in Subsection (a) of this section."

BE IT FURTHER RESOLVED that Robert M. Jacoby is hereby appointed Director of CVB Financial Corp. effective September 21, 2005.

Witness my hand and seal of said corporation this 19th day of October 2005.

/s/ Donna Marchesi

Donna Marchesi
Corporate Secretary

**AMENDMENT TO
SEVERANCE COMPENSATION AGREEMENT**

This Amendment (this "Amendment") to the Severance Compensation Agreement by and between Citizens Business Bank (the "Bank") and D. Linn Wiley (the "Executive") dated April 1, 2004 (the "Agreement") is entered into on March 18, 2005 by and between the Bank and the Executive. Capitalized terms used but not otherwise defined herein shall have the respective meanings given them in the Agreement.

The parties hereby agree as follows:

Section 1 of the Agreement is amended and replaced with the following:

1. Compensation Upon a Change in Control

(a) Payment Amount and Terms. In the event that a Change in Control occurs during the employment of the Executive and

(i) the Executive's employment is terminated by the Company or the Bank or any successor to the Company or the Bank other than for Cause (as defined herein) within one (1) year of the completion of such Change in Control; or

(ii) the Executive terminates or resigns Executive's employment for a Good Reason (as defined herein) within one (1) year of the completion of such Change in Control;

the Executive shall receive an amount equal to two times the Executive's annual base compensation for the last calendar year ended immediately preceding the Change in Control, plus two times the average annual bonus received for the last two calendar years ended immediately preceding the Change in Control. Such amounts, less applicable withholding, employment and payroll taxes (which taxes shall be paid upon termination of Executive's employment or at the time payments are made hereunder as required by law), shall be paid (without interest or other adjustment) in 120 equal monthly installments on the first day of each month commencing with the first such day that is at least six (6) months after the effective date of the termination of the Executive's employment and continuing for 119 successive months thereafter. This payment schedule is intended to comply with the requirements of Section 409A of the Internal Revenue Code and shall be interpreted consistent therewith.

(b) Beneficiaries. The Executive may designate in writing (only on a form provided by the Company and delivered by the Executive to the Company before the Executive's death) primary and contingent beneficiaries to receive the balance

of any payments under Section 1(a) that are not made prior to the Executive's death and the proportions in which such beneficiaries are to receive such payments. The total amount of the balance of such payment shall be paid to such beneficiaries in a single unreduced lump sum payment made within ninety (90) days following the Executive's death. The Executive may change beneficiary designations from time to time by completing and delivering additional such forms to the Company. The last written beneficiary designation delivered by the Executive to the Company prior to the Executive's death will control. If the Executive fails to designate a beneficiary in such manner, or if no designated beneficiary survives the Executive, then Executive's payment balance shall be paid to the Executive's estate in an unreduced lump sum payment within ninety (90) days following the Executive's death.

The other provisions of the Agreement shall remain in full force and effect.

This Amendment is executed on and as of the date first set forth above.

CITIZENS BUSINESS BANK

By: /s/ Edward J. Biebrich, Jr.

Name: Edward J. Biebrich, Jr.

Title: Executive Vice President and Chief Financial
Offier

/s/ D. Linn Wiley

D. Linn Wiley

**AMENDMENT TO
SEVERANCE COMPENSATION AGREEMENT**

This Amendment (this "Amendment") to the Severance Compensation Agreement by and between Citizens Business Bank (the "Bank") and Edward J. Biebrich, Jr. (the "Executive") dated April 1, 2004 (the "Agreement") is entered into on March 18, 2005 by and between the Bank and the Executive. Capitalized terms used but not otherwise defined herein shall have the respective meanings given them in the Agreement.

The parties hereby agree as follows:

Section 1 of the Agreement is amended and replaced with the following:

1. Compensation Upon a Change in Control

(a) Payment Amount and Terms. In the event that a Change in Control occurs during the employment of the Executive and

(i) the Executive's employment is terminated by the Company or the Bank or any successor to the Company or the Bank other than for Cause (as defined herein) within one (1) year of the completion of such Change in Control; or

(ii) the Executive terminates or resigns Executive's employment for a Good Reason (as defined herein) within one (1) year of the completion of such Change in Control;

the Executive shall receive an amount equal to two times the Executive's annual base compensation for the last calendar year ended immediately preceding the Change in Control, plus two times the average annual bonus received for the last two calendar years ended immediately preceding the Change in Control. Such amounts, less applicable withholding, employment and payroll taxes (which taxes shall be paid upon termination of Executive's employment or at the time payments are made hereunder as required by law), shall be paid (without interest or other adjustment) in 180 equal monthly installments on the first day of each month commencing with the first such day that is at least six (6) months after the effective date of the termination of the Executive's employment and continuing for 179 successive months thereafter. This payment schedule is intended to comply with the requirements of Section 409A of the Internal Revenue Code and shall be interpreted consistent therewith.

(b) Beneficiaries. The Executive may designate in writing (only on a form provided by the Company and delivered by the Executive to the Company before the Executive's death) primary and contingent beneficiaries to receive the balance

of any payments under Section 1(a) that are not made prior to the Executive's death and the proportions in which such beneficiaries are to receive such payments. The total amount of the balance of such payment shall be paid to such beneficiaries in a single unreduced lump sum payment made within ninety (90) days following the Executive's death. The Executive may change beneficiary designations from time to time by completing and delivering additional such forms to the Company. The last written beneficiary designation delivered by the Executive to the Company prior to the Executive's death will control. If the Executive fails to designate a beneficiary in such manner, or if no designated beneficiary survives the Executive, then Executive's payment balance shall be paid to the Executive's estate in an unreduced lump sum payment within ninety (90) days following the Executive's death.

The other provisions of the Agreement shall remain in full force and effect.

This Amendment is executed on and as of the date first set forth above.

CITIZENS BUSINESS BANK

By: /s/ D. Linn Wiley
Name: D. Linn Wiley
Title: President and Chief Financial Officer

/s/ Edward J. Biebrich, Jr.
EDWARD J. BIEBRICH, JR.

**AMENDMENT TO
SEVERANCE COMPENSATION AGREEMENT**

This Amendment (this "Amendment") to the Severance Compensation Agreement by and between Citizens Business Bank (the "Bank") and Jay W. Coleman (the "Executive") dated April 1, 2004 (the "Agreement") is entered into on March 18, 2005 by and between the Bank and the Executive. Capitalized terms used but not otherwise defined herein shall have the respective meanings given them in the Agreement.

The parties hereby agree as follows:

Section 1 of the Agreement is amended and replaced with the following:

1. Compensation Upon a Change in Control

(a) Payment Amount and Terms. In the event that a Change in Control occurs during the employment of the Executive and

(i) the Executive's employment is terminated by the Company or the Bank or any successor to the Company or the Bank other than for Cause (as defined herein) within one (1) year of the completion of such Change in Control; or

(ii) the Executive terminates or resigns Executive's employment for a Good Reason (as defined herein) within one (1) year of the completion of such Change in Control;

the Executive shall receive an amount equal to two times the Executive's annual base compensation for the last calendar year ended immediately preceding the Change in Control, plus two times the average annual bonus received for the last two calendar years ended immediately preceding the Change in Control. Such amounts, less applicable withholding, employment and payroll taxes (which taxes shall be paid upon termination of Executive's employment or at the time payments are made hereunder as required by law), shall be paid (without interest or other adjustment) in 120 equal monthly installments on the first day of each month commencing with the first such day that is at least six (6) months after the effective date of the termination of the Executive's employment and continuing for 119 successive months thereafter. This payment schedule is intended to comply with the requirements of Section 409A of the Internal Revenue Code and shall be interpreted consistent therewith.

(b) Beneficiaries. The Executive may designate in writing (only on a form provided by the Company and delivered by the Executive to the Company before the Executive's death) primary and contingent beneficiaries to receive the balance

of any payments under Section 1(a) that are not made prior to the Executive's death and the proportions in which such beneficiaries are to receive such payments. The total amount of the balance of such payment shall be paid to such beneficiaries in a single unreduced lump sum payment made within ninety (90) days following the Executive's death. The Executive may change beneficiary designations from time to time by completing and delivering additional such forms to the Company. The last written beneficiary designation delivered by the Executive to the Company prior to the Executive's death will control. If the Executive fails to designate a beneficiary in such manner, or if no designated beneficiary survives the Executive, then Executive's payment balance shall be paid to the Executive's estate in an unreduced lump sum payment within ninety (90) days following the Executive's death.

The other provisions of the Agreement shall remain in full force and effect.

This Amendment is executed on and as of the date first set forth above.

CITIZENS BUSINESS BANK

By: /s/ D. Linn Wiley
Name: D. Linn Wiley
Title: President and Chief Financial Officer

/s/ Jay W. Coleman
Jay W. Coleman

EXHIBIT 21

SUBSIDIARIES OF CVB FINANCIAL CORP.

Citizens Business Bank, a California corporation

Community Trust Deed Services, a California corporation

Chino Valley Bancorp., a California corporation

CVB Ventures, Inc., a California corporation

Orange National Bancorp, formerly ONB Mortgage Corporation, a California corporation

CVB is also the indirect holding company for Golden West Enterprises, Inc., a California corporation, and wholly owned subsidiary of Citizens Business Bank

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-88519, 33-41318 and 33-50442 of CVB Financial Corp. on Form S-8, of our report, dated March 10, 2006 relating to our audit of the consolidated financial statements and internal control over financial reporting, which appear in this Annual Report on Form 10-K of CVB Financial Corp. for the year ended December 31, 2005.

/s/ McGLADREY & PULLEN, LLP

Pasadena, California

March 10, 2006

EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos.333-88519, 33-41318 and 33-50442 on Form S-8, of our report, dated March 10, 2004 (March 10, 2006 as to the effects of the stock splits in 2004 and 2005), appearing in this Annual Report on Form 10-K of CVB Financial Corp. for the year ended December 31, 2005.

/s/ DELOITTE & TOUCHE LLP

Los Angeles, California

March 10, 2006

CERTIFICATION

I, D. Linn Wiley, certify that:

1. I have reviewed this annual report on Form 10-K of CVB Financial Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 14, 2006

/s/ D. Linn Wiley

D. Linn Wiley
Chief Executive Officer

CERTIFICATION

I, Edward J. Biebrich, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of CVB Financial Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 14, 2006

/s/ Edward J. Biebrich, Jr.

Edward J. Biebrich Jr.

Chief Financial Officer

CERTIFICATION

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2003

In connection with the Annual Report of CVB Financial Corp. (the "Company") on Form 10-K for the fiscal year ended December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, D. Linn Wiley, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2003, to the best of my knowledge that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 14, 2006

/s/ D. Linn Wiley

D. Linn Wiley
Chief Executive Officer

CERTIFICATION

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2003

In connection with the Annual Report of CVB Financial Corp. (the "Company") on Form 10-K for the fiscal year ended December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Edward J. Biebrich, Jr., Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2003, to the best of my knowledge that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 14, 2006

/s/ Edward J. Biebrich Jr.

Edward J. Biebrich Jr.
Chief Financial Officer