UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2002
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	95-3629339 (I.R.S. Employer Identification No.)
701 N. Haven Avenue, Suite 350 Ontario, California (Address of Principal Executive Offices)	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:

Common Stock, no par value	Preferred Stock Purchase Rights
(Title of class)	(Title of class)

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 an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ☑ No [ ]

As of June 28, 2002, the aggregate market value of the common stock held by non-affiliates of the registrant was approximately $792,621,309.

Number of shares of common stock of the registrant outstanding as of March 19, 2003: 43,686,208

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, 2002	Part III of Form 10-K

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INTRODUCTION

Certain matters discussed in this Annual Report may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “1933 Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “1934 Act”), and as such may involve risks and uncertainties. These forward-looking statements relate to, among other things, expectations of the business environment in which CVB Financial Corp. and its subsidiaries operate and projections of future performance. CVB Financial Corp. and its subsidiaries’ actual results, performance, or achievements may differ significantly from the results, performance, or achievements expressed or implied in such forward-looking statements. For discussion of some of the factors that might cause such differences, see “Item 1. Business – Risk Factors that May Affect Future Results.”

AVAILABLE INFORMATION

Reports filed with the Securities and Exchange Commission (the “Commission”) including proxy statements and other information can be inspected and copied at the public reference facilities of the Commission at Room 1024, 450 Fifth Street, N.W., Washington D.C., 20549. Copies of such materials can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington D.C. 20549, at prescribed rates. The Commission maintains a Web Site that contains the reports, proxy and information statements and other information. 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 the company files such reports with the SEC. None of the information contained in or hyperlinked from our website is incorporated into this Form 10-K.

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 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 the Company’s principal asset. The Company has two other operating subsidiaries, Community Trust Deed Services (“Community”) and CVB Ventures, Inc. (“Ventures”).

CVB’s principal business is to serve as a holding company for the Bank, Community, Ventures, and for other banking or banking related subsidiaries which the Company may establish or acquire. The Company has 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 primarily 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, 2002, the Company had $3.12 billion in total assets, $1.42 billion in net loans and $2.31 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, 2002, the Bank had $3.12 billion in assets, $1.42 billion in net loans and $2.31 billion in deposits.

The Bank currently has 32 banking offices located in San Bernardino County, Riverside County, Orange County, Kern County, and the Eastern portion of Los Angeles County in Southern California. Of the 32 offices, the Bank opened ten as de novo branches and acquired the other twenty-two in acquisition transactions. Since the beginning of 1995, the Bank has added fourteen offices, one in 1995, four in 1996, seven in 1999, one in 2001 and one in 2002. In June 2003, the Bank is planning to open an office in Fresno, California.

Through its network of banking offices, the Bank emphasizes personalized service combined with offering a full range of banking and trust services to businesses, professionals and individuals located in the service areas of its offices. Although the Bank focuses the marketing of its services to small-and medium-sized businesses, a full range of retail banking services are made available to the local consumer market.

The Bank offers a wide range of deposit instruments. These include checking, savings, money market and time certificates of deposit for both business and personal accounts. The Bank also serves as a federal tax depository for its business customers.

The Bank also provides a full complement of lending products, including commercial, agribusiness, installment, 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. Financing products for individuals 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.

The Bank also offers a wide range of specialized services designed for the needs of its 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. The Bank also makes available investment products to customers, including mutual funds, a full array of fixed income vehicles and a program to diversify its customers’ funds in federally insured time certificates of deposit of other institutions.

The Bank also offers a wide range of financial services and trust services through its Wealth Management Division. These services include fiduciary services, mutual funds, annuities, 401K plans and individual investment accounts.

On June 28, 2002, the Bank acquired 100% of Western Security Bank, National Association and its subsidiaries, Western Security Acceptance Corporation and Western Security Finance Corporation, with deposits of approximately $138.6 million and net loans of approximately $95.4 million in a transaction accounted for using the purchase method of accounting. The all cash purchase price was $6.2 million and an intangible asset classified as a core deposit intangible in the approximate amount of $4.3 million with a finite life of 6.6 years, and goodwill in the approximate amount of $1.5 million were recorded. As a result of the transaction the Bank acquired one new banking office in Burbank, California. The merger contributed to the growth of the Company's deposits, loans, and assets. Western Security Bank's two subsidiaries were dissolved in the third quarter of 2002.

On July 1, 2002, the Bank acquired 100% of Golden West Enterprises, Inc., a leasing company with net leases of approximately $20.4 million in a transaction accounted for using the purchase method of accounting. The all cash purchase price was $2.9 million and the Bank recorded goodwill in the approximate amount of $2.6 million upon acquisition. The payments of this are as follow: $1.9 million at acquisition, $300,000 in July 2003, $300,000 in July 2004, and $400,000 in July 2005. Golden West Enterprises, Inc. operates as a subsidiary of the Bank. Golden West Enterprises, Inc. specializes in leasing automobiles, equipment, and brokering of real estate loans. As a result of the acquisition, the Bank expects to increase its market share by expanding its leasing product line.

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.

CVB Ventures, Inc.

The Company owns 100% of the voting stock of Ventures, which has one office. Ventures charges fees and collects commissions for acting as an intermediary for emerging growth companies in obtaining capital, loans, leases and other financing vehicles. At present, the assets, revenues, and earnings of Ventures are not material in amount when compared to the Bank. As of December 31, 2002, the Company has decided to discontinue this subsidiary's operations due to the lack of business.

Employees

At December 31, 2002, the Company employed 618 persons, 417 on a full-time and 201 on a part-time basis. The Company believes that its employee relations are satisfactory.

Competition

The banking and financial services industry in California generally, and in the Bank's market areas specifically, 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. The Bank competes for loans, deposits, and customers with other commercial banks, savings and loan associations, securities and brokerage companies, mortgage companies, insurance companies, finance companies, money market funds, credit unions, and other nonbank financial service providers. Many of these competitors are much larger in total assets and capitalization, have greater access to capital markets and offer a broader range of financial services than the Bank. In addition, recent federal legislation may have the effect of further increasing the pace of consolidation within the financial services industry. See "Item 1. Business - Supervision and Regulation – Financial Services Modernization Legislation."

Economic Conditions, Government Policies, Legislation, and Regulation

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

The business of the Company 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 CVB and the Bank of any future changes in monetary and fiscal policies cannot be predicted.

From time to time, legislation, as well as regulations, are enacted which have 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. Proposals to change the laws and regulations governing the operations and taxation of banks, bank holding companies, and other financial institutions and financial services providers are frequently made in the U.S. Congress, in the state legislatures, and before various regulatory agencies. This legislation may change banking statutes and the operating environment of CVB and its subsidiaries in substantial and unpredictable ways. If enacted, such legislation could increase or decrease the cost of doing business, limit or expand permissible activities or affect the competitive balance among banks, savings associations, credit unions, and other financial institutions. CVB cannot predict whether any of this potential legislation will be enacted, and if enacted, the effect that it, or any implementing regulations, would have on the financial condition or results of operations of CVB or any of its subsidiaries. See “Item 1. Business - Supervision and Regulation.”

Supervision and Regulation

General

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

CVB

CVB is a registered bank holding company, and subject to regulation under the Bank Holding Company Act of 1956, as amended (the “BHCA”). CVB is required to file with the FRB periodic reports and such additional information as the FRB may require pursuant to the BHCA. The FRB may conduct examinations of CVB and its subsidiaries.

The FRB may require that CVB terminate an activity or terminate control of or liquidate or divest certain subsidiaries, affiliates or investments when 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 any of its banking subsidiaries. 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, CVB must file written notice and obtain approval from the FRB prior to purchasing or redeeming its equity securities.

Further, CVB is required by the FRB to maintain certain levels of capital. See “—Capital Standards.”

CVB is required to obtain the prior approval of the FRB 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 approval of the FRB is also required for the merger or consolidation of CVB and another bank holding company.

CVB is 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 its subsidiaries. However, CVB, subject to the prior approval of the FRB, may engage in any, or acquire shares of companies engaged in, activities that are deemed by the FRB to be so closely related to banking or managing or controlling banks as to be a proper incident thereto.

Under FRB regulations, a bank holding company is required to serve as a source of financial and managerial strength to its subsidiary banks and may not conduct its operations in an unsafe or unsound manner. In addition, it is the FRB's policy that a bank holding company should stand ready to use available resources to provide adequate capital funds to its subsidiary banks during periods of financial stress or adversity and should maintain the financial flexibility and capital-raising capacity to obtain additional resources for assisting its subsidiary banks. 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 the FRB's regulations or both.

CVB is also a bank holding company within the meaning of Section 3700 of the California Financial Code. As such, CVB and its subsidiaries are subject to examination by, and may be required to file reports with, the California Department of Financial Institutions.

CVB's securities are registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). As such, CVB is subject to the information, proxy solicitation, insider trading, and other requirements and restrictions of the Exchange Act.

The Bank

As a California chartered bank, the Bank is subject to primary supervision, periodic examination, and regulation by the California Commissioner of Financial Institutions ("Commissioner") and the Federal Deposit Insurance Corporation ("FDIC"). The Bank is also subject to certain regulations promulgated by the FRB. If, as a result of an examination of the Bank, the FDIC should determine that the financial condition, capital resources, asset quality, earnings prospects, management, liquidity, or other aspects of the Bank's operations are unsatisfactory or that the Bank or its management is violating or has violated any law or regulation, various remedies are available to the FDIC. Such remedies include 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 the growth of the Bank, to assess civil monetary penalties, to remove officers and directors, and ultimately to terminate the Bank's deposit insurance, which for a California chartered bank would result in a revocation of the Bank's charter. The Commissioner separately has many of the same remedial powers.

The Sarbanes-Oxley Act of 2002

On July 30, 2002, President Bush signed into law The Sarbanes-Oxley Act of 2002. This new legislation addresses accounting oversight and corporate governance matters, including:

- the creation of a five-member oversight board appointed by the Securities & Exchange Commission that will set standards for accountants and have investigative and disciplinary powers
- 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
- increased penalties for financial crimes
- expanded disclosure of corporate operations and internal controls and certification of financial statements
- enhanced controls on and reporting of insider trading, and
- statutory separations between investment bankers and analysts.

We are currently evaluating what impacts the new legislation and its implementing regulations will have upon our operations, including a likely increase in certain outside professional costs.

USA Patriot Act of 2001

On October 26, 2001, President Bush signed the USA Patriot Act of 2001. The Patriot Act is intended is to strengthen the U.S law enforcement and the intelligence communities' abilities to work cohesively to combat terrorism on a variety of fronts. The potential impact of the Patriot Act on financial institutions of all kinds is significant and wide ranging. The Patriot Act contains sweeping anti-money laundering and financial transparency, in addition to current requirements, laws and requires various regulations, including:

- due diligence requirements for financial institutions that administer, maintain, or manage private banks accounts or correspondent accounts for non-US persons

- standards for verifying customer identification at account opening

- rules to promote cooperation among financial institutions, regulators, and law enforcement entities in identifying parties that may be involved in terrorism or money laundering

- reports by non-financial businesses filed with the Treasury Department's Financial Crimes Enforcement Network for transactions exceeding $10,000, and the filing of suspicious activities reports securities by brokers and dealers if they believe a customer may be violating U.S. laws and regulations.

On July 23, 2002, the U.S. Treasury proposed regulations requiring institutions to incorporate into their written money laundering plans a Board approved customer identification program implementing reasonable procedures for:

- verifying the identity of any person seeking to open an account, to the extent reasonable and practicable;

- maintaining records of the information used to verify the person's identity; and

- determining whether the person appears on any list of known or suspected terrorists or terrorist organizations.

Account is defined as a formal banking or business relationship established to provide ongoing services, dealings, or other financial transactions. We do not expect the proposed regulations will have a material impact on our operations.

Financial Services Modernization Legislation

General. On November 12, 1999, President Clinton signed into law the Gramm-Leach-Bliley Act of 1999 (the "GLBA"). The general effect of the law is to establish a comprehensive framework to permit affiliations among commercial banks, insurance companies, securities firms, and other financial service providers by revising and expanding the BHCA framework to permit a holding company system to engage in a full range of financial activities through a new entity known as a financial holding company.

The law also:

- Broadened the activities that may be conducted by national banks, banking subsidiaries of bank holding companies, and their financial subsidiaries;

- Provided an enhanced framework for protecting the privacy of consumer information;

- Adopted a number of provisions related to the capitalization, membership, corporate governance, and other measures designed to modernize the Federal Home Loan Bank system;

- Modified the laws governing the implementation of the Community Reinvestment Act; and

- Addressed a variety of other legal and regulatory issues affecting both day-to-day operations and long-term activities of financial institutions.

We do not believe that the GLBA will have a material adverse effect on operations in the near-term. However, to the extent that it permits banks, securities firms, and insurance companies to affiliate, the financial services industry may experience further consolidation. The GLBA is intended to grant to community banks certain powers as a matter of right that larger institutions have accumulated on an ad hoc basis. Nevertheless, this act may have the result of increasing the amount of competition that CVB and the Bank face from larger institutions and other types of companies offering financial products, many of which may have substantially more financial resources than CVB and the Bank. We have not elected to become a Financial Holding Company at this time. We may elect to do so in the future should it prove to be beneficial.

Merchant Banking Restrictions. While the BHCA generally prohibits bank holding companies from owning more than 5 percent of the voting stock of non-financial companies, with limited exceptions, the FSMA authorizes merchant banking activities. Permissible merchant banking investments are defined as investments that meet two important requirements:

- the investment may only be held for a period of time to enable the resale of the investment (generally current regulations allow for a 10-year holding period for direct investments and a 15-year holding period for investments in private equity funds), and

- while the investment is held by the financial holding company, the investing financial holding company may not routinely manage or operate the commercial firm except as necessary or required to obtain a reasonable return on the investment on resale.

In addition, there are limits on bank funding of portfolio companies controlled by the bank’s parent holding company, transactions between the bank and portfolio companies and on cross-marketing activities between banks and portfolio companies owned by the same financial holding company. However, current rules do not prevent a depository institution from marketing the shares of private equity funds controlled by an affiliated financial holding company, and do not apply to situations in which the financial holding company owns less than 5 percent of the voting shares of the portfolio company.

Furthermore, in December 2002, federal regulators adopted new capital requirements for merchant banking activities and certain other equity investments. The rule employs a sliding scale based on each banking organization’s aggregate equity investments in non-financial entities and Tier 1 capital, requiring banks or holding companies to hold regulatory capital equal to:

- 8 cents for every $1 of equity investments up to 15% of Tier 1 capital;

- 12 cents for every $1 of investments for the next 10% of Tier 1 capital; and

- 25 cents for every $1 exceeding 25% of Tier 1 capital.

The first 15% of investments that banking companies make through small-business investment companies (SBICs) is exempt, however, the sliding scale applies for any such investments over 15%.

Expanded Bank Activities. The GLBA also permits national banks to engage in expanded activities through the formation of financial subsidiaries. A national bank may have a subsidiary engaged in any activity authorized for national banks directly or any financial activity, except for insurance underwriting, insurance investments, real estate investment or development, or merchant banking, which may only be conducted through a subsidiary of a financial holding company. Financial activities include all activities permitted under new sections of the BHCA or permitted by regulation.

A national bank seeking to have a financial subsidiary, and each of its depository institution affiliates, must be “well-capitalized,” “well-managed” and in satisfactory compliance with the Community Reinvestment Act. The total assets of all financial subsidiaries may not exceed the lesser of 45% of a bank’s total assets, or $50 billion. A national bank must exclude from its assets and equity all equity investments, including retained earnings, in a financial subsidiary. The assets of the subsidiary may not be consolidated with the bank’s assets. The bank must also have policies and procedures to assess financial subsidiary risk and protect the bank from such risks and potential liabilities.

The GLBA also includes a new section of the Federal Deposit Insurance Act governing subsidiaries of state banks that engage in “activities as principal that would only be permissible” for a national bank to conduct in a financial subsidiary. It expressly preserves the ability of a state bank to retain all existing subsidiaries. Because California permits commercial banks chartered by the state to engage in any activity permissible for national banks, the Bank will be permitted to form subsidiaries to engage in the activities authorized by the GLBA, to the same extent as a national bank. In order to form a financial subsidiary, the Bank must be well-capitalized, and the Bank would be subject to the same capital deduction, risk management and affiliate transaction rules as applicable to national banks.

Privacy. Under the GLBA, federal banking regulators adopted rules that limit the ability of banks and other financial institutions to disclose non-public information about consumers to nonaffiliated third parties. Pursuant to these rules, effective July 1, 2001, 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. Since the FSMA's enactment, a number of states have implemented their own versions of privacy laws. CVB has implemented its privacy policies in accordance with the law.

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. The Bank is subject to various statutory and regulatory restrictions on its ability to pay dividends to CVB. Under such restrictions, the amount available for payment of dividends to CVB by the Bank totaled $81.0 million at December 31, 2002. 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.

Transactions with Affiliates

The Bank is subject to certain restrictions imposed by federal law on any extensions of credit to, or the issuance of a guarantee or letter of credit on behalf of, CVB or other 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 CVB or other affiliates. Such restrictions prevent CVB and such other affiliates from borrowing from the Bank unless the loans are secured by marketable obligations of designated amounts. Further, such secured loans and investments by the Bank to or in CVB or to or in any other affiliate are limited, individually, to 10.0% of the Bank's capital and surplus (as defined by federal regulations), and such secured loans and investments are limited, in the aggregate, to 20.0% of the Bank's capital and surplus (as defined by federal regulations). California law also imposes certain restrictions with respect to transactions involving CVB and other controlling persons of the Bank. Additional restrictions on transactions with affiliates may be imposed on the Bank under the prompt corrective action provisions of federal law. As of December 31, 2002, the Bank has a $2.4 million loan to CVB received by the Company's Corporate headquarter building. See "Item 1. Business — Supervision and Regulation — Prompt Corrective Action and Other Enforcement Mechanisms."

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 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 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%. In addition to these uniform risk-based capital guidelines and leverage ratios that apply across the industry, the regulators have the discretion to set individual minimum capital requirements for specific institutions at rates significantly above the minimum guidelines and ratios.

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, 2002:

	As of December 31, 2002					
	Actual		Required		Excess	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)					
Leverage ratio	$213,430	7.6%	$112,926	4.0%	$100,504	3.6%
Tier 1 risk-based ratio	213,430	10.2%	83,862	4.0%	129,568	6.2%
Total risk-based ratio	235,096	11.2%	167,775	8.0%	67,321	3.2%

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, 2002:

	As of December 31, 2002					
	Actual		Required		Excess	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)					
Leverage ratio	$214,078	7.6%	$112,821	4.0%	$101,257	3.6%
Tier 1 risk-based ratio	214,078	10.2%	83,788	4.0%	130,290	6.2%
Total risk-based ratio	235,744	11.3%	167,639	8.0%	68,105	3.3%

In addition, federal banking regulators may set capital requirements higher than the minimums described above for financial institutions whose circumstances warrant it. For example, a financial institution experiencing or anticipating significant growth may be expected to maintain capital positions substantially above the minimum supervisory levels without significant reliance on intangible assets.

Predatory Lending

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. But 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”)
- engaging in fraud or deception to conceal the true nature of the loan obligation from an unsuspecting or unsophisticated borrower.

On October 1, 2002, FRB regulations aimed at curbing such lending became effective. The rule significantly widens the pool of high-cost home-secured loans covered by the Home Ownership and Equity Protection Act of 1994, a federal law that requires extra disclosures and consumer protections to borrowers. The following triggers coverage under the act:

- interest rates for first lien mortgage loans in excess of 8 percentage points above comparable Treasury securities,
- subordinate-lien loans of 10 percentage points above Treasury securities, and

- fees such as optional insurance and similar debt protection costs paid in connection with the credit transaction, when combined with points and fees if deemed excessive.

In addition, the regulation bars loan flipping by the same lender or loan servicer within a year. Lenders also will be presumed to have violated the law — which says loans shouldn't 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.

The Bank does not generate first lien mortgages, with certain rare exceptions, and does not engage in predatory lending.

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. At December 31, 2002, the Bank and CVB exceeded the required ratios for classification as "well/adequately capitalized."

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.

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 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.

Safety and Soundness Standards

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 new 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 Bank Insurance Fund (BIF), the FDIC insures the deposits of the Bank 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.

FDIC-insured depository institutions pay an assessment rate equal to the rate assessed on deposits insured by the Savings Association Insurance Fund ("SAIF").

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 to continued growth in deposits and some recent bank failures, 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 for the first time since 1996. Any increase in assessments or the assessment rate could have a material adverse effect on CVB's earnings, depending on the amount of the increase.

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 CVB's subsidiary depository institution could have a material adverse effect on CVB'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 FDIC established the FICO assessment rates effective for the fourth quarter of 2002 at approximately $0.0170 per $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.

Interstate Banking and Branching

The BHCA permits bank holding companies from any state to acquire banks and bank holding companies located in any other state, subject to certain conditions, including certain nationwide- and state-imposed concentration limits. The Bank has the ability, subject to certain state restrictions, to acquire by acquisition or merger branches outside its 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. The bank has continued to remain within its current market place and is not currently looking to expand outside the state of California.

Community Reinvestment Act and Fair Lending Developments

The Bank is subject to certain fair lending requirements and reporting obligations involving home mortgage lending operations and Community Reinvestment Act activities. The CRA generally requires the federal banking agencies to evaluate the record of a financial institution in meeting the credit needs of its local communities, including low- and moderate-income neighborhoods. A bank may be subject to substantial penalties and corrective measures for a violation of certain fair lending laws. The federal banking agencies may take compliance with such laws and CRA obligations into account when regulating and supervising other activities. Furthermore, financial institutions are subject to annual reporting and public disclosure requirements for certain written agreements that are entered into between insured depository institutions or their affiliates and nongovernmental entities or persons that are made pursuant to, or in connection with, the fulfillment of the CRA.

A bank's compliance with its CRA obligations is based a performance-based evaluation system which bases CRA ratings on an institution's lending service and investment performance. When a bank holding company applies for approval to acquire a bank or other bank holding company, the FRB will review the assessment of each subsidiary bank of the applicant bank holding company, and such records may be the basis for denying the application. Based on an examination conducted February 19, 2002, the Bank received a satisfactory rating.

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, 2002, the Bank was in compliance with these requirements.

Nonbank Subsidiaries

The Company's nonbank subsidiaries also are subject to regulation by the FRB and other applicable federal and state agencies.

Risk Factors That May Affect Future Results

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

Our Southern California business focus and economic conditions in Southern California could adversely affect our operations. The Company's operations are located in San Bernardino County, Riverside County, Orange County, Kern County, and the eastern portion of Los Angeles County in Southern California. As a result of this geographic concentration, the Company's results depend largely upon economic conditions in these areas. A deterioration in economic conditions or a natural or manmade disaster in the Company's market areas could have a material adverse impact on the quality of the Company's loan portfolio, the demand for its products and services and its financial condition and results of operations.

Changes in market interest rates could adversely affect our earnings. The Company's 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. The Company anticipates that interest rates may continue to decrease should the FRB continue to lower rates. Significant fluctuations in interest rates may have a material adverse affect on the Company's financial condition and results of operations. Furthermore, the financial weakness of California's three primary energy providers, and shortages in electrical generation capacities may further weaken the California economy and businesses operating in Southern California.

We are subject to government regulations that could limit or restrict our activities, which in turn could adversely impact our operations. The financial services industry is subject to extensive federal and state supervision and regulation. Significant new laws or changes in existing laws, or repeals of existing laws may cause the Company's results to differ materially. Further, federal monetary policy, particularly as implemented through the Federal Reserve System, significantly affects credit conditions for the Company and a material change in these conditions could have a material adverse impact on the Company's financial condition and results of operations.

Competition may adversely affect our performance. The banking and financial services businesses in the Company's market areas are highly competitive. The company faces competition in attracting deposits and in making loans. The increasingly competitive environment is a result of changes in regulation, changes in technology and product delivery systems, and the accelerating pace of consolidation among financial services providers. The results of the Company in the future may differ depending the nature or level of competition.

If a significant number of borrowers, guarantors and related parties fail to perform as required by the terms of their loans, we will sustain losses. A significant source of risk arises from the possibility that losses will be sustained because borrowers, guarantors and related parties may fail to perform in accordance with the terms of their loans. The Company has adopted underwriting and credit monitoring procedures and credit policies, including the establishment and review of the allowance for credit losses, that management believes are appropriate to minimize this risk by assessing the likelihood of nonperformance, tracking loan performance and diversifying the Company's credit portfolio. These policies and procedures, however, may not prevent unexpected losses that could have a material adverse effect on the Company's results of operations.

We may face other risks. From time to time, the Company details other risks with respect to its business and/or financial results in its filings with the Commission.

ITEM 2. PROPERTIES

The principal executive offices of the Company and the Bank are located at 701 North Haven Avenue, Suite 350, Ontario, California. The office of Community is located at 125 East "H" Street, Colton, California.

The Bank occupies the premises for twenty-four of its offices under leases expiring at various dates from 2002 through 2014, at which time the Company can exercise options that could extend certain leases through 2027. The Bank owns the premises for eight of its offices, including its data center.

The Company's total occupancy expense, exclusive of furniture and equipment expense, for the year ended December 31, 2002, was $6.3 million. Management believes that its existing facilities are adequate for its 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 10 of the Notes to the Consolidated Financial Statements included in this report. See "Item 8. Financial Statements and Supplemental Data."

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 to the Company and the Bank, management believes that the ultimate aggregate liability represented thereby, if any, will not have a material adverse effect on the Company's consolidated financial position or results of operations.

In May 1998, the Bank received an unfavorable jury judgment as a result of the lawsuit filed against them by MRI Grand Terrace, Inc. ("MRI"). The award to MRI and its joint venture partner, Tri-National Development Corp. was approximately $4,900,000, which included approximately $2,100,000 in compensatory damages, $1,600,000 in punitive damages, and $1,200,000 in prejudgment interest. The lawsuit alleges that the Bank misled MRI in its purchase of a commercial real estate property from the Bank. The Bank subsequently made a motion to the trial judge to vacate the jury verdict, and on August 14, 1998, the motion was denied. The Bank filed an appeal on August 19, 1998. The Court of Appeal has vacated the judgment and remanded the case for retrial. In addition, the Court of Appeal has awarded the Bank the costs of Appeal. MRI petitioned the Supreme Court of the State of California, who refused to hear the case.

On March 14, 2003, the Bank reached a settlement in the MRI litigation. Pursuant to this settlement, the Bank has agreed to pay $2 million dollars to the plaintiffs and the plaintiffs have agreed to dismiss this case in its entirety with prejudice. The settlement is contingent upon the approval of the bankruptcy court currently administering the bankruptcy proceedings of the Tri-National Development Corp. as successor to MRI. The amount of this settlement is less than half of the original jury judgment against the Bank, which the Bank was required to accrue for under accounting principles generally accepted in the United States of America.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to shareholders during the fourth quarter of 2002.

ITEM 4(A). EXECUTIVE OFFICERS OF THE REGISTRANT

As of March 19, 2003, the executive officers of the Company and Bank are:

Name	Position	Age
D. Linn Wiley	President and Chief Executive Officer of the Company and the Bank	64
Frank Basirico	Executive Vice President/Credit Management Division of the Bank	48
Edward J. Biebrich Jr.	Chief Financial Officer of the Company and Executive Vice President and Chief Financial Officer of the Bank	59
Jay W. Coleman	Executive Vice President/Sales and Service Division of the Bank	60
Edwin Pomplun	Executive Vice President/Wealth Management Division of the Bank	56

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 & Chief Executive Officer designate 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. Basirico has served as Executive Vice President and Senior Loan Officer of the Bank since October 1996. From March 1993 to October 1996, he served as Credit Administrator of the Bank. Prior to that time he was Executive Vice President, senior loan officer at Fontana First National Bank from 1991. Between 1985 and 1990 he served as Executive Vice President, senior loan officer at the Bank of Hemet.

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 First 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. Pomplun has served as Executive Vice President and Division Manager of the Wealth Management Division since March 29, 1996. From February 1994 to March 29, 1996 he held that position for Citizens Bank of Pasadena. From June 1988 through February 1994, Mr. Pomplun served as Executive Vice President and Division Manager of the Trust Division for First National Bank in San Diego. Between 1984 and 1988, he served as Vice President for Bank of America's Trust Division.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Effective June 12, 2001, shares of CVB Financial Corp. common stock price commenced trading on the NASDAQ National Market System under the symbol "CVBF". Prior to that date, the common stock was listed on the American Stock Exchange. Shares of CVB Financial Corp common stock increased from an average price of $15.14 per share for the first quarter of 2002 to an average per share price of $19.05 for the fourth quarter of 2002. The following table presents the high and low closing sales prices and dividend information for the Company's common stock during each quarter for the past two years. The share prices and cash dividend per share amounts presented for all periods have been restated to give retroactive effect, as applicable, to the 5-for-4 stock split declared in December 2002, which became effective January 3, 2003, the 5-for-4 stock split declared in December 2001, which became effective January 4, 2002, and the ten percent stock dividend declared in December 2000, which was paid in January 2001. The Company had approximately 1,471 shareholders of record as of December 31, 2002.

Two Year Summary of Common Stock Prices

Quarter Ended	High	Low	Dividends
3/31/2001	$11.04	$ 9.28	$0.14 Cash Dividend
6/30/2001	$12.29	$ 9.54	$0.14 Cash Dividend
9/30/2001	$14.11	$11.30	$0.15 Cash Dividend
12/31/2001	$15.71	$13.06	$0.13 Cash Dividend
			5-for-4 Stock Split
3/31/2002	$16.13	$14.02	$0.14 Cash Dividend
6/30/2002	$19.26	$15.97	$0.14 Cash Dividend
9/30/2002	$18.74	$13.76	$0.14 Cash Dividend
12/31/2002	$21.38	$16.38	$0.12 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 "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity Risk".

ITEM 6. SELECTED FINANCIAL DATA.

	2002	2001	2000	1999	1998
	(dollars in thousands except per share amounts)				
Net Interest Income	$ 113,884	$ 103,071	$ 94,129	$ 90,034	$ 80,542
Provision for Credit Losses	0	1,750	2,800	2,700	2,600
Other Operating Income	29,018	22,192	19,023	18,630	17,759
Other Operating Expenses	66,056	60,155	56,367	64,759	57,181
Earnings Before Income Taxes	76,846	63,358	53,985	41,205	38,520
Income Taxes	27,101	23,300	19,302	15,245	14,403
NET EARNINGS	$ 49,745	$ 40,058	$ 34,683	$ 25,960	$ 24,117
Basic Earnings Per Common Share (1)	$ 1.14	$ 0.92	$ 0.81	$ 0.62	$ 0.58
Diluted Earnings Per Common Share (1)	$ 1.11	$ 0.90	$ 0.78	$ 0.59	$ 0.56
Cash Dividends Declared Per Share (1)	$ 0.54	$ 0.56	$ 0.45	$ 0.39	$ 0.32
Dividend Pay-Out Ratio	39.71%	38.90%	35.72%	37.91%	32.72%
Financial Position:					
Assets	$3,123,411	$2,514,102	$2,307,996	$2,010,757	$1,841,069
Net Loans	1,424,343	1,167,071	1,032,341	935,791	817,296
Deposits	2,309,964	1,876,959	1,595,030	1,501,073	1,475,639
Stockholders’ Equity	259,821	220,748	188,630	140,770	139,430
Book Value Per Share (1)	5.97	5.08	4.34	3.31	3.32
Equity-to-Assets Ratio (2)	8.32%	8.78%	8.17%	7.00%	7.57%
Financial Performance:					
Return on:					
Beginning Equity	22.53%	21.24%	24.64%	18.62%	19.50%
Average Equity	20.45%	19.17%	21.96%	17.90%	18.06%
Return on Average Assets	1.83%	1.72%	1.67%	1.39%	1.49%
Credit Quality:					
Allowance for Credit Losses	$ 21,666	$ 20,469	$ 19,152	$ 16,761	$ 14,888
Allowance/Total Loans	1.50%	1.72%	1.82%	1.76%	1.79%
Total Non Performing Loans	$ 824	$ 1,578	$ 966	$ 1,194	$ 8,925
Non Performing Loans/Total Loans	0.06%	0.13%	0.09%	0.13%	1.07%
Allowance/Non Performing Loans	2,629.32%	1,297.15%	1,982.61%	1,403.77%	166.81%
Net Charge-Offs	$ 1,128	$ 433	$ 409	$ 827	$ 815
Net Charge-Offs/Average Loans	0.09%	0.04%	0.04%	0.10%	0.11%
Regulatory Capital Ratios For the Company:					
Leverage Ratio	7.6%	8.6%	8.5%	7.7%	7.4%
Tier 1 Capital	10.2%	12.0%	13.2%	12.6%	12.4%
Total Capital	11.2%	13.2%	14.4%	13.9%	13.6%
For the Bank:					
Leverage Ratio	7.6%	8.6%	8.5%	7.6%	7.3%
Tier 1 Capital	10.2%	12.0%	13.2%	12.3%	12.1%
Total Capital	11.3%	13.2%	14.5%	13.6%	13.3%

(1) All per share information has been retroactively adjusted to reflect the 5-for-4 stock split declared December 18, 2002, which became effective January 3, 2003, the 5-for-4 stock split declared December 19, 2001, which became effective January 4, 2002, the 10% stock dividend declared December 20, 2000, as to holders of record on January 5, 2001 and paid January 26, 2001, the 5-for-4 stock split declared December 15, 1999, which became effective January 14, 2000, the 3-for-2 stock split declared in December 1997 which became effective in January 1998, and the 10% stock dividends paid in 1999.

(2) Stockholders’ equity divided by total assets.

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. Certain statements under this caption constitute "forward-looking statements" under Section 27A of the 1934 Act and Section 21E of the 1934 Act which involve risk and uncertainties. The Company's 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 the Company conducts its operations, fluctuations in interest rates, credit quality and government regulation. For additional information concerning these factors, see "Item 1. Business – Risk Factors that May Affect Future Results."

CVB Financial Corp. (referred to herein on an unconsolidated basis as "CVB" and on a consolidated basis as the "Company") is a bank holding company. Its primary subsidiary, Citizens Business Bank, ("Bank") is a state chartered bank with 32 branch offices located in San Bernardino, Riverside, Eastern portion of Los Angeles, Orange, and Kern Counties. Community Trust Deed Services ("Community") is a nonbank subsidiary providing services to the Bank as well as nonaffiliated persons. CVB Ventures, Inc. ("Ventures") is a nonbank subsidiary providing financing and venture capital services to non-affiliated persons.

On June 28, 2002, the Bank acquired 100% of Western Security Bank, National Association and its subsidiaries, Western Security Acceptance Corporation and Western Security Finance Corporation, with deposits of approximately $138.6 million and net loans of approximately $95.4 million in a transaction accounted for using the purchase method of accounting. The all cash purchase price was $6.2 million and an intangible asset classified as a core deposit intangible in the approximate amount of $4.3 million with a finite life of 6.6 years, and goodwill in the approximate amount of $1.5 million were recorded. As a result of the transaction the Bank acquired one new banking office in Burbank, California. The merger contributed to the growth of the Company's deposits, loans, and assets. Western Security Bank's two subsidiaries were dissolved in the third quarter of 2002.

On July 1, 2002, the Bank acquired 100% of Golden West Enterprises, Inc., a leasing company with net leases of approximately $20.4 million in a transaction accounted for using the purchase method of accounting. The all cash purchase price was $2.9 million and the Bank recorded goodwill in the approximate amount of $2.6 million upon acquisition. The payments of this are as follow: $1.9 million at acquisition, $300,000 in July 2003, $300,000 in July 2004, and $400,000 in July 2005. Golden West Enterprises, Inc. will operate as a subsidiary of the Bank. Golden West Enterprises, Inc. specializes in leasing automobiles, equipment, and brokering of real estate loans. As a result of the acquisition, the Bank expects to increase its market share by expanding its leasing product line.

Critical Accounting Policies

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 Loan Losses: Arriving at an appropriate level of allowance for loan losses involve a high degree of judgment. The Company's allowance for loan losses provides for probable losses based upon evaluations of known and inherent risks in the loan 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 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 provision for credit losses is charged to expense. For a full discussion of the Company's 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 the Company's financial performance. The Company invests primarily in fixed income securities. Accounting estimates are used in the presentation of the investment portfolio and these estimates do impact the presentation of the Company's 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-related securities (i.e., securities that are collateralized and payments received from underlying mortgages), 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 paid-off). The Company uses estimates for the average lives of these mortgage-related securities based on information received from third parties whose business it is to compile mortgage related data, and develop a consensus of that data. The Company adjusts the rate of amortization or accretion regularly to reflect changes in the estimated average lives of these securities.

Income Taxes: The Company accounts for income taxes by deferring income taxes based on estimated future tax effects of 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 in the Company's balance sheets. The Company 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. Management 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 the Company has determined a valuation allowance is not required for all deferred tax assets, there is no guarantee that these assets are recognizable.

Goodwill and Intangible Assets: The Company has acquired entire banks and branches of banks. These acquisitions accounted for under the purchase method of accounting have given rise to goodwill and intangible assets. The Company records 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 the assets and liabilities, resulting in identifiable intangibles. Any excess purchase price after this allocation results in goodwill. Both goodwill and intangible assets are tested on an annual basis for impairment.

ANALYSIS OF THE RESULTS OF OPERATIONS

Earnings

The Company reported net earnings of $49.7 million for the year ended December 31, 2002. This represented an increase of $9.7 million, or 24.20%, over net earnings of $40.0 million for the year ended December 31, 2001. Net earnings for 2001 increased $5.3 million, or 15.50%, over net earnings of $34.7 million for the year ended December 31, 2000. Diluted earnings per share were $1.11 in 2002, $0.90 in 2001, and $0.78 in 2000. Basic earnings per share were $1.14 in 2002, $0.92 in 2001, and $0.81 in 2000. Diluted and basic earnings per share have been adjusted for the effects of two 5-for-4 stock splits which became effective January 3, 2003, January 4, 2002 and January 14, 2000, and 10% stock dividends paid in January 2001.

The increase in earnings for 2002 compared to 2001 was the result of an increase in net interest income and in other operating income. This increase was partially offset by the increase in other operating expenses. The increase in net earnings for 2001 compared to 2000 was primarily the result of an increase in net interest income and in other operating income. This increase was partially offset by the increase in other operating expenses. Increased net interest income for 2002, 2001 and 2000 reflected higher volumes of average earning assets for each year.

For 2002, the Company's return on average assets was 1.83%, compared to a return on average assets of 1.72% for 2001, and of 1.67% for 2000. The Company's return on average stockholders' equity was 20.45% for 2002, compared to a return of 19.17% for 2001, and of 21.96% for 2000.

Net Interest Income

The principal component of the Company’s 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. The Company’s 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 the Company conducts business. The Company’s ability to manage the net interest income during changing interest rate environments will have a significant impact on its overall performance. The Company manages 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.

The Company’s net interest income totaled $113.9 million for 2002. This represented an increase of $10.8 million, or 10.49%, over net interest income of $103.1 million for 2001. Net interest income for 2001 increased $9.0 million, or 9.50%, over net interest income of $94.1 million for 2000. The increases in net interest income of $10.8 million for 2002 resulted from a decrease of $1.6 million in interest income and a $12.4 million reduction in interest expense. The decrease in interest income of $1.6 million resulted from the $374.3 million increase in average earning assets, which was offset by the decline in yield on earning assets to 6.30% in 2002 from 7.45% in 2001. The reduction of $12.4 million in interest expense resulted from the decline in the average rate paid on interest-bearing liabilities to 2.47% in 2002 from 3.68% in 2001, which offset a $205.6 million increase in interest-bearing liabilities. The increase in net interest income of $9.0 million for 2001 as compared to 2000 resulted from an increase of $5.0 million in interest income and a $3.9 million reduction in interest expense. This increase in interest income of $5.0 million resulted from the $269.8 million increase in average earning assets as the yield on earning assets declined to 7.45% in 2001 from 8.09% in 2000.

Interest income totaled $154.3 million for 2002. This represented a decrease of $1.6 million, or 1.00%, compared to total interest income of $155.9 million for 2001. The decrease in total interest income was primarily caused by a decline in interest rates. For 2001, total interest income increased $5.0 million, or 3.32%, from total interest income of $150.9 million for 2000.

Interest expense totaled $40.4 million for 2002. This represented a decrease of $12.4 million, or 23.48%, over total interest expense of $52.8 million for 2001. For 2001, total interest expense decreased $3.9 million, or 6.92%, over total interest expense of $56.7 million for 2000.

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

	2002			2001		
	Average Balance	Interest	Rate	Average Balance	Interest	Rate
	(Amounts in thousands)					
ASSETS						
Investment Securities						
Taxable (1)	$ 945,141	$ 47,097	4.98%	$ 794,035	$ 49,295	6.21%
Tax preferenced	334,075	16,273	6.92%	306,501	16,114	7.47%
Federal Funds Sold	31,877	602	1.89%	16,016	466	2.91%
Loans (2) (3)	1,247,384	90,351	7.24%	1,067,621	90,002	8.43%
Total Earning Assets	2,558,477	154,323	6.30%	2,184,173	155,877	7.45%
Total Non Earning Assets	166,022			141,760		
Total Assets	$2,724,499			$2,325,933		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Demand Deposits	$ 807,505			$ 655,518		
Savings Deposits (4)	771,931	$ 11,798	1.53%	588,311	$ 11,793	2.00%
Time Deposits	481,859	9,672	2.01%	443,151	20,050	4.52%
Total Deposits	2,061,295	21,470	1.04%	1,686,980	31,843	1.89%
Other Borrowings	384,928	18,969	4.93%	401,692	20,963	5.21%
Interest Bearing Liabilities	1,638,718	40,439	2.47%	1,433,154	52,806	3.68%
Total deposits and borrowings	2,446,223			2,088,672		
Other Liabilities	34,987			28,267		
Stockholders' Equity	243,289			208,994		
Total Liabilities and Stockholders' Equity	$2,724,499			$2,325,933		
Net interest income		113,884			103,071	
Net interest spread			3.83%			3.76%
Net interest margin			4.72%			5.03%
Net interest margin excluding loan fees			4.52%			4.84%

[Additional columns below]

[Continued from above table, first column(s) repeated]

	2000		
	Average Balance	Interest	Rate
	(Amounts in thousands)		
ASSETS			
Investment Securities			
Taxable (1)	$ 721,681	$ 48,901	6.78%
Tax preferenced	208,781	11,369	7.35%
Federal Funds Sold	2,850	197	6.91%
Loans (2) (3)	981,045	90,400	9.21%
Total Earning Assets	1,914,357	150,867	8.09%
Total Non Earning Assets	157,198		
Total Assets	$2,071,555		
LIABILITIES AND STOCKHOLDERS' EQUITY			
Demand Deposits	$ 610,826		
Savings Deposits (4)	526,019	$ 13,216	2.51%
Time Deposits	361,172	19,478	5.39%
Total Deposits	1,498,017	32,694	2.18%
Other Borrowings	387,622	24,044	6.20%

Interest Bearing Liabilities	1,274,813	56,738	4.45%
Total deposits and borrowings	1,885,639		
Other Liabilities	28,001		
Stockholders' Equity	157,915		
Total Liabilities and Stockholders' Equity	$2,071,555		
Net interest income		94,129	
Net interest spread			3.64%
Net interest margin			5.12%
Net interest margin excluding loan fees			4.93%

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

(2) Loan fees are included in total interest income as follows, (000)s omitted: 2002, $4,964; 2001, $4,212

(3) Non performing loans are included in net loans as follows, (000)s omitted: 2002, $824; 2001, $1,574

(4) 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 the Company generates its source of funds and employs its earning assets. The Company's tax effected (TE) net interest margin was 4.72% for 2002, compared to 5.03% for 2001, and 5.12% for 2000. The decrease in the net interest margin over the last three years is the result of a number of factors. The most significant of which include changes in the mix of assets and liabilities as follows:

- Decrease in demand deposits (interest free deposits) as a percent of earning assets from 31.9% in 2000 to 30.0% in 2001
- Increase in demand deposits (interest free deposits) as a percent of earning assets from 30.0% in 2001 to 31.6% in 2002
- Decrease in interest-bearing liabilities as a percent of earning assets from 66.6% in 2000 to 65.6% in 2001, and to 64.1% in 2002
- Increases in investment securities as a percent of earning assets from 48.8% in 2000 to 51.1% in 2001, and to 51.2% in 2002
- Decrease in borrowings as a percent of earning assets from 20.2% in 2000 to 18.4% in 2001, and to 15.1% in 2002
- Interest expense as a percent of earning assets decreased from 3.0% in 2000 to 2.4% in 2001, and to 1.6% in 2002
- In addition, the Company's net interest margin is impacted by declining interest rates

It is difficult to attribute the above changes to any one factor. However, the banking and financial services businesses in the Company's market areas are highly competitive. This competition has an influence on the strategies the Company employs.

Although the net interest margin has declined net interest income has increased. This primarily reflects the growth in average earning assets from $1.9 billion in 2000, to $2.2 billion in 2001, and to $2.6 billion in 2002. This represents a 17.14% increase in 2002 and a 14.09% increase in 2001. Net interest income has also been positively affected by the increase in average earning assets as a percent of average total assets to 93.91% in 2002 and 2001 and 92.41% in 2000.

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 the Company’s ability to manage interest rates received on loans and investments and paid on deposits and borrowings in a competitive and changing interest rate environment. The Company’s net interest spread (TE) was 3.83% for 2002, 3.76% for 2001, and 3.64% for 2000. The increase in the net interest spread for 2002 resulted from a 115 basis point decrease in the yield on earning assets offset by a 121 basis point decrease in the cost of interest-bearing liabilities, thus generating a 7 basis point increase in the net interest spread. The increase in the net interest spread for 2001 resulted from a 64 basis point decrease in the yield on earning assets offset by a 76 basis point decrease in the cost of interest-bearing liabilities, thus generating a 12 basis point increase in the net interest spread.

The yield (TE) on earning assets decreased to 6.30% for 2002, from 7.45% for 2001, and reflects a decreasing interest rate environment and a change in the mix of earning assets. Investments as a percent of earning assets decreased to 50.00% in 2002 from 50.39% in 2001. Investments typically have a lower yield than loans. The Company was unable to generate quality loans at a pace necessary to achieve the desired increase in earning assets and as alternative increased investments. The yield on loans for 2002 decreased to 7.24% as compared to 8.43% for 2001 as a result of the decreasing interest rate environment and competition for quality loans. The yield on investments for 2002 decreased to 5.49% in 2002 as compared to 6.56% in 2001. The decrease in the yield on earning assets for 2001 was the result of lower yields on both loans and investments. The yield on loans for 2001 decreased to 8.43% as compared to 9.21% for 2000. The decrease in the yields on loans for 2001 was primarily the result of a decreased interest rate environment partially offset by increased price competition for loans compared to 2000.

The cost of average interest-bearing liabilities decreased to 2.47% for 2002 as compared to 3.68% for 2001, and decreased to 3.68% for 2001 as compared to 4.45% for 2000. These decreases reflected a decreasing interest rate environment and a change in the mix of interest-bearing liabilities. Borrowings as a percent of interest-bearing liabilities decreased to 23.49% for 2002 as compared to 28.03% for 2001 and decreased to 28.03% for 2001 as compared to 30.41 for 2000. Borrowings typically have a higher cost than interest-bearing deposits. During 2002 the Company was able to generate more interest-bearing deposits from its customers than in 2001 and as a result needed to utilize less borrowing. The cost of interest-bearing deposits for 2002 decreased to 1.71% as compared to 3.09% for 2001 and decreased to 3.09% as compared to 3.69% for 2000, reflecting the decreasing interest rate environment offset by competition for interest-bearing deposits. The cost of borrowings for 2002 decreased to 4.93% as compared to 5.21% for 2001 and decrease to 5.21% as compared to 6.20% for 2000, also reflecting the decreasing interest rate environment. For the most part, the increase in the cost of average interest-bearing liabilities for 2000 reflected a higher interest rate environment and increased usage of other borrowed funds. The FDIC has approved the payment of interest on certain demand deposit accounts. This could have a negative impact on the Company’s net interest margin, net interest spread, and net earnings, should this be implemented fully. Currently, the Bank pays interest on 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

	2002 Compared to 2001 Increase (Decrease) Due to				2001 Compared to 2000 Increase (Decrease) Due to			
	Volume	Rate	Rate/ Volume	Total	Volume	Rate	Rate/ Volume	Total
				(Amounts in thousands)				
Interest Income:								
Taxable investment securities	$ 9,381	$ (9,728)	$(1,851)	$ (2,198)	$ 4,903	$ (4,098)	$ (411)	$ 394
Tax preferenced securities	1,450	(1,185)	(106)	159	5,321	(393)	(183)	4,745
Federal funds	462	(164)	(162)	136	909	(114)	(526)	269
Loans	15,154	(12,671)	(2,134)	349	7,978	(7,697)	(679)	(398)
Total earning assets	26,447	(23,748)	(4,253)	(1,554)	19,111	(12,302)	(1,799)	5,010
Interest Expense:								
Savings deposits	3,681	(2,802)	(891)	(12)	1,565	(2,672)	(316)	(1,423)
Time deposits	1,751	(11,155)	(957)	(10,361)	4,421	(3,137)	(712)	572
Other borrowings	(859)	(1,183)	48	(1,994)	874	(3,816)	(138)	(3,080)
Total interest bearing liabilities	4,573	(15,140)	(1,800)	(12,367)	6,860	(9,625)	(1,166)	(3,931)
Net Interest Income	$21,874	$ (8,608)	$(2,453)	$ 10,813	$12,251	$ (2,677)	$ (633)	$ 8,941

Interest and Fees on Loans

The Company's major source of revenue is interest and fees on loans, which totaled $90.4 million for 2002. This represented an increase of $349,000, or 0.39%, over interest and fees on loans of $90.0 million for 2001. For 2001, interest and fees on loans decreased $398,000, or 0.44%, over interest and fees on loans of $90.4 million for 2000. The increase in interest and fees on loans for 2002 reflects increases in the average balance of loans offset by a lower interest rate environment. The decrease in interest and fees on loans for 2001 and 2000 reflects increases in the average balance of loans offset by a lower interest rate environment. The yield on loans decreased to 7.24% for 2002, compared to 8.43% for 2001 and 9.21% for 2000. Deferred loan origination fees, net of costs, totaled $4.1 million at December 31, 2002. This represented an increase of $762,000, or 22.5%, from deferred loan origination fees, net of costs, of $3.4 million at December 31, 2001.

In general, the Company stops 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 earnings. There was no interest income that was accrued and not reversed on non-performing loans at December 31, 2002, 2001, and 2000. 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 $116,000 greater for 2002, $124,000 greater 2001, and $99,000 greater for 2000. Accordingly, yields on loans would have increased by 0.01% for 2002, 2001, and 2000.

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 the loan balance. Deferred net loan fees are recognized in interest income over the term of the loan in a manner that approximates the level-yield method. The Company recognized loan fee income of $5.0 million for 2002, $4.2 million for 2001 and $3.8 million for 2000.

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

TABLE 3 — Loan Fee Activity

	2002	2001	2000
		(Amounts in thousands)	
Fees Collected	$ 5,727	$ 4,287	$ 3,535
Fees and costs deferred	(5,444)	(3,842)	(2,039)
Accretion of deferred fees and costs	4,682	3,767	2,298
Total fee income reported	$ 4,965	$ 4,212	$ 3,794
Deferred net loan origination fees at end of year	$ 4,144	$ 3,382	$ 3,307

Interest on Investments

The second most important component of interest income is interest on investments, which totaled $63.4 million for 2002. This represented a decrease of $2.0 million, or 3.12%, over interest on investments of $65.4 million for 2001. For 2001, interest on investments increased $5.1 million, or 8.53%, over interest on investments of $60.3 million for 2000. The decrease in interest on investments for 2002 and 2001 reflected increases in the average balance of investments offset by a lower interest rate environment. The increase in interest on investments for 2001 and 2000 reflected increases in the average balance of investments and in addition for 2000, reflected a higher interest rate environment. In addition, changes in the mix of investments within the portfolio have positively affected the yield of the portfolio. The interest rate environment and the investment strategies the Company employs directly affect the yield on the investment portfolio. The Company continually adjusts its 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 decreased to 5.49% for 2002, compared to 6.55% for 2001 and 7.09% for 2000.

Provision for Credit Losses

The Company maintains an allowance for inherent credit losses that is increased by a provision for credit losses charged against operating results. The Company did not make a provision for credit losses during 2002 and the Company believes the allowance is appropriate. No assurance can be given that economic conditions which adversely affect the Company's service areas or other circumstances will not be reflected in increased provisions or credit losses in the future. See "Risk Management — Credit Risk" herein. The provision for credit losses totaled $1.8 million for 2001. This represented a decrease of $1.0 million, or 37.50%, from the provision for credit losses of $2.8 million for 2000. The decrease in the provision for credit losses was primarily the result of a systemic methodology that the Company employs to determine the appropriate allowance for the probable inherent losses in the loan and lease portfolio. The nature of this process requires considerable judgment. See "Risk Management — Credit Risk" herein.

Other Operating Income

Other operating income for the Company includes income derived from special services offered by the Bank, such as wealth management and trust 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; the gross revenue from Community and Ventures; and other revenues not included as interest on earning assets.

Other operating income totaled $29.0 million for 2002. This represents an increase of $6.8 million, or 30.76%, from other operating income of $22.2 million for 2001. During 2001, other operating income increased $3.2 million, or 16.66%, over other operating income of $19.0 million for 2000. Other operating income as a percent of net revenues (net interest income plus other operating income) was 20.31% for 2002, as compared to 17.72% for 2001, and 16.82% for 2000.

Service charges on deposit accounts totaled $14.2 million in 2002. This represented an increase of $1.2 million, or 9.26% over service charges on deposit accounts of $13.0 million in 2001. Service charges for demand deposits (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 increase in service charges on deposit accounts in 2002 was the lower interest rate environment that resulted in a lower account earnings allowance, which offsets services charges and the implementation of a revised service charge schedule. Service charges on deposit accounts in 2001 increased $2.4 million, or 22.52% over service charges on deposit accounts of $10.6 million in 2000. Service charges on deposit accounts represented 48.78% of other operating income in 2002, as compared to 58.37% in 2001 and 55.58% in 2000.

The Wealth Management Division 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. Despite the decline in stock market values in 2002 and 2001 the Wealth Management Division generated fees of $3.8 million in both 2002 and 2001. Fees generated by the Wealth Management Division in 2001 decreased $197,000, or 4.88% over fees generated by the Wealth Management Division of $4.0 million in 2000. The decrease in fees is due primarily to the impact of the stock market valuation of portfolios under management. Fees generated by the Wealth Management Division represented 12.97% of other operating income in 2002, as compared to 17.31% in 2001 and 21.23% in 2000.

Investment Services, which provides mutual funds, certificates of deposit and other non-insured investment products, generated fees totaling $1.5 million in 2002. This represented an increase of $81,000, or 5.81% over fees generated of $1.4 million in 2001. Investment Services fees in 2001 increased $79,000, or 6.00% over fees generated of $1.3 million in 2000. Fees generated by Investment Services represented 5.09% of other operating income in 2002, as compared to 6.29% in 2001 and 6.92% in 2000.

Bankcard, which provides merchant bankcard services, generated fees totaling $1.2 million in 2002. This represented an increase of $161,000, or 15.89% over fees generated of $1.0 million in 2001. Bankcard fees in 2001 increased $302,000, or 42.48% over fees generated of $711,000 in 2000. Fees generated by Bankcard represented 4.05% of other operating income in 2002, as compared to 4.56% in 2001 and 3.74% in 2000.

Other fees and income, which includes wire fees, other business services, international banking fees, check sale, ATM fees, miscellaneous income, etc, generated fees totaling $3.6 million in 2002. This represented an increase of $750,000, or 26.76% over other fees and income generated of $2.8 million in 2001. Other fees and income in 2001 increased $202,000, or 7.77% over fees generated of $2.6 million in 2000. Other fees and income also includes revenue from Community, a subsidiary of the Company. Total revenue from Community was approximately $106,000 in 2002, $174,000 in 2001, and $107,000 in 2000. Ventures, a subsidiary of the Company, had revenues of $42,000 in 2002, $23,000 in 2001 and 41,000 in 2000. Other fees and income represented 12.24% of other operating income in 2002, as compared to 12.63% in 2001 and 13.67% in 2000.

The sale of securities generated income or (loss) totaling $4.9 million in 2002, $60,000 in 2001, and $(216,000) in 2000. The gain or (loss) on sale of securities was primarily due to repositioning of the investment portfolio.

Other Operating Expenses

Other operating expenses for the Company includes expenses for salaries and benefits, occupancy, equipment, stationary and supplies, professional services, promotion, data processing, deposit insurance, other real estate owned, and other expenses. Other operating expenses totaled $66.1 million for 2002. This represents an increase of $5.9 million, or 9.81%, from other operating expenses of $60.2 million for 2001. During 2001, other operating expenses increased $3.8 million, or 6.72%, over other operating expenses of $56.4 million for 2000. The acquisition of Western Security Bank and Golden West Enterprises contributed to the increase in other operating expenses in 2002.

For the most part, other operating expenses reflect the direct expenses and related administrative expenses associated with staffing, maintaining, promoting, and operating branch facilities. Management’s 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 2.42% for 2002, compared to a ratio of 2.59% for 2001, and 2.72% for 2000.

The decrease in the ratio indicates that management is controlling greater levels of assets with proportionately smaller operating expenses, an indication of operating efficiency.

Management's 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 2002, the efficiency ratio was 46.22%, compared to a ratio of 48.02% for 2001 and a ratio of 49.81% for 2000. The decrease in the ratio indicates that a proportionately smaller amount of net revenue was being allocated to operating expenses, an additional indication of operating efficiency.

Salaries and related expenses comprise the greatest portion of other operating expenses. Salaries and related expenses totaled $36.0 million for 2002. This represented an increase of $3.4 million, or 10.25%, over salaries and related expenses of $32.6 million for 2001. Salary and related expenses increased $2.4 million, or 7.89%, over salaries and related expenses of $30.2 million for 2000. The increases for both 2002 and 2001 primarily resulted from increased staffing levels and annual salary adjustments. At December 31, 2002, the Company employed 618 persons, 417 on a full-time and 201 on a part-time basis, this compares to 575 persons, 355 on a full-time and 220 on a part-time basis at December 31, 2001, and 555 persons, 340 on a full-time and 215 on a part-time basis at December 31, 2000. The increases in 2002 resulted from increased staffing levels associated with the acquisition of Western Security Bank and Golden West Enterprises and internal growth. Salaries and related expenses as a percent of average assets decreased to 1.32% for 2002, compared to 1.40% for 2001, and 1.46% for 2000.

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 $6.3 million for 2002. This represented an increase of $681,000, or 12.04%, over occupancy expense of $5.7 million for 2001. Occupancy expense for 2001 increased $308,000, or 5.75%, from an expense level of $5.4 million for 2000. The increase in occupancy expense was primarily due to the acquisitions of Western Security Bank and Golden West Enterprises, Inc. in 2002 as well as the on going remodeling and upkeep of the Company's facilities. Equipment expense totaled $6.2 million for 2002. This represented an increase of $891,000, or 16.74%, over the $5.3 million expense for 2001. For 2001, equipment expense increased $340,000, or 6.82%, from an expense of $5.0 million for 2000. The increase in equipment expense primarily reflects the upgrade to image processing equipment and the on going upgrade of other computer equipment.

Stationary and supplies expense totaled $4.0 million for 2002. This represented an increase of $358,000, or 9.90%, over the expense of $3.6 million for 2001. Stationary and supplies expense for 2001 decreased $88,000, or 2.38%, over the expense of $3.7 million for 2000.

Professional services totaled $4.1 million for 2002. This represented an increase of $112,000 or 2.82%, over an expense of $4.0 million for 2001. For 2001, professional services increased $913,000, or 29.84%, from an expense of $3.1 million for 2000.

Promotion expense totaled $3.7 million for 2002. This represented an increase of $461,000, or 14.30%, from an expense of $3.2 million for 2001. Promotion expense increased for 2001 by $521,000, or 19.29%, over an expense of $2.7 million for 2000. The increase in promotional expenses was primarily associated with the opening of the Bank's business financial center in Bakersfield and our entrance into California's central valley. As mentioned above, the Bank intends to open a new office in Fresno in June 2003.

Data processing expense totaled $1.3 million for 2002. This represented an increase of $43,000, or 3.43%, from an expense of $1.3 million for 2001. Data processing expense decreased for 2001 by $170,000, or 11.94%, over an expense of $1.4 million for 2000.

The amortization expense of goodwill totaled $578,000 for 2002. This represented a decrease of $342,000, or 37.17%, from an expense of $920,000 for 2001. The decrease in 2002 is a result of the adoption of the Financial Accounting Standards Board (“FASB”) Statement of Financial Accounting Standards (“SFAS”) No. 142, “Accounting for Goodwill and Other Intangible Assets”. This standard establishes new accounting standards for goodwill and other intangible assets and continues to require the recognition of goodwill and intangible assets as assets but does not permit amortization of goodwill and other intangible assets as previously required by APB Opinion No. 17. Amortization expense of intangibles decreased for 2001 by $287,000, or 23.78%, from amortization expense of goodwill and intangibles of $1.2 million for 2000 as a result of previously acquired intangibles becoming fully amortized.

Other operating expenses totaled $3.9 million for 2002. This represented an increase of $352,000, or 9.87%, from an expense of $3.6 million for 2001. Other operating expenses decreased for 2001 by $135,000, or 3.65%, over an expense of $3.7 million for 2000.

Income Taxes

The Company’s effective tax rate for 2002 was 35.3%. This compares to effective tax rates of 36.8% for 2001, and 35.8% for 2000. These rates are below the nominal combined Federal and State tax rates as a result of tax preference income from certain investments for each period. The majority of tax preference income is derived from municipal securities.

ANALYSIS OF FINANCIAL CONDITION

The Company reported total assets of $3.12 billion at December 31, 2002. This represented an increase of $609.3 million, or 24.24%, from total assets of $2.51 billion at December 31, 2001. For 2001, total assets increased $206.1 million, or 8.93%, from total assets of $2.31 billion at December 31, 2000.

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, 2002, 2001 and 2000, and the maturity distribution of the investment securities portfolio at December 31, 2002. At December 31, 2002, the Company reported total investment securities of $1.45 billion. This represents an increase of $271 million, or 22.94%, over total investment securities of $1.18 billion at December 31, 2001. For 2001, investment securities increased $111.4 million, or 10.41%, greater than total investment securities of $1.07 billion at December 31, 2000.

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 market value, less the amortized cost of investment securities, net of income taxes, is adjusted directly to stockholders’ equity. At December 31, 2002, securities held as available-for-sale had a fair market value of $1.45 billion, representing 100.00% of total investment securities with an amortized cost of $1.41 billion. At December 31, 2002, the net unrealized holding gain on securities available-for-sale was $44.2 million and that resulted in, accumulated other comprehensive income of $25.7 (net of $18.5 million in deferred taxes).

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The composition of the investment portfolio consists of the following:

2002	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
					(Amounts in thousands)	
U.S. Treasury securities	$ —	—	$ 503	1.38%	$ —	—
Mortgage-backed securities	65,859	6.56%	471,767	6.45%	—	—%
CMO/REMIC's	133,884	6.61%	162,688	5.67%	35,099	5.14%
Government securities	10,608	3.62%	20,769	4.13%	—	—
Municipal securities	6,579	4.57%	42,013	5.53%	205,371	5.29%
Corporate securities	28,439	5.28%	110,767	6.60%	—	—
Other debt securities	—	—	—	—	14,753	8.10%
FHLB stock	—	—	—	—	—	—
TOTAL	**$245,369**	**6.25%**	**$808,507**	**6.20%**	**$255,223**	**5.41%**

[Additional columns below]

[Continued from above table, first column(s) repeated]

2002	Maturing After ten years	Weighted Average Yield	Balance as of December 31,	Weighted Average Yield	% to Total
				(Amounts in thousands)	
U.S. Treasury securities	$ —	—	**$ 503**	1.88%	0.04%
Mortgage-backed securities	33,504	7.84%	**571,130**	6.55%	39.32%
CMO/REMIC's	10,259	5.00%	**341,930**	5.96%	23.54%
Government securities	—	—	**31,377**	3.95%	2.16%
Municipal securities	15,148	5.53%	**269,111**	5.32%	18.53%
Corporate securities	—	—%	**139,206**	6.32%	9.58%
Other debt securities	62,589	3.28%	**77,342**	3.98%	5.32%
FHLB stock	21,900	—	**21,900**	—	1.51%
TOTAL	**$143,400**	**4.06%**	**$1,452,499**	**5.91%**	**100.00%**

Composition of the Fair Value of Securities Available for Sale

	At December 31, 2002 Amount	Percent	2001 Amount	Percent	2000 Amount	Percent
			(Amounts in thousands)			
U.S. Treasury Security	$ 503	0.04%	$ 1,029	0.09%	$ 1,010	0.09%
Mortgage-backed Securities	571,130	39.32%	334,876	28.34%	337,533	31.54%
CMO/REMIC's	341,930	23.54%	317,262	26.85%	391,045	36.54%
Government Securities	31,377	2.16%	51,232	4.34%	18,711	1.75%
Municipal Securities	269,111	18.53%	249,217	21.09%	264,626	24.73%
Corporate: Total	139,206	9.58%	129,528	10.96%	21,683	2.03%
Other Debt Securities	77,342	5.32%	78,677	6.66%	13,944	1.31%
FHLB stock	21,900	1.51%	19,682	1.67%	21,522	2.01%
TOTAL	**$1,452,499**	**100.00%**	**$1,181,503**	**100.00%**	**$1,070,074**	**100.00%**

Approximately 66.35% of the portfolio represents securities issued by the U.S. government or U.S. government agencies, which guarantee payment of principal and interest. The weighted-average yield on the investment portfolio at December 31, 2002 was 5.49% with a weighted-average life of 2.8 years. This compares to a yield of 6.55% at December 31, 2001 with a weighted-average life of 4.28 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. The amortized cost and fair value of debt securities at December 31, 2002, by contractual maturity, are shown above. Although mortgage-backed securities and CMO/REMICs have contractual maturities through 2030, expected maturities will differ from contractual maturities because borrowers may have the right to prepay such obligations without penalty.

Loans

At December 31, 2002, the Company reported total loans, net of deferred loan fees, of $1.45 billion. This represents an increase of $258.4 million, or 21.72%, over total loans of $1.19 billion at December 31, 2001. For 2001, total loans increased $136.0 million, or 12.94%, over total loans, net of deferred loan fees of $1.05 billion at December 31, 2000.

Table 4 presents the distribution of the Company's loan portfolio at the dates indicated.

TABLE 4 — Distribution of Loan Portfolio by Type

	December 31,				
	2002	2001	2000	1999	1998
	(amounts in thousands)				
Commercial and Industrial	$ 688,509	$ 491,989	$ 425,130	$392,094	$287,518
Real Estate					
Construction	105,486	69,603	58,373	48,078	34,489
Mortgage	396,707	422,085	401,408	375,387	385,393
Consumer, net of unearned discount	26,750	19,968	22,642	24,731	28,996
Municipal Lease Finance Receivables	17,852	20,836	23,633	21,268	22,923
Agribusiness (1)	214,849	166,441	123,614	94,560	76,283
Gross Loans	1,450,153	1,190,922	1,054,800	956,118	835,602
Less:					
Allowance for Credit Losses	21,666	20,469	19,152	16,761	14,888
Deferred Loan Fees	4,144	3,382	3,307	3,566	3,418
Total Net Loans	$1,424,343	$1,167,071	$1,032,341	$935,791	$817,296

(1) Included as Commercial and Industrial and Real Estate Mortgage loans above are loans totaling $70.9 million for 2002, $63.6 million for 2001, $59.1 million for 2000, $42.9 million for 1999, $34.6 million for 1998, 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, 2002. 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, 2002
(amounts in thousands)

	Within One Year	After One But Within Five Years	After Five Years	Total
Types of Loans:				
Commercial and industrial (1)	$137,728	$167,114	$686,580	$ 991,422
Construction	92,753	4,421	8,313	105,487
Agribusiness	182,386	21,463	11,000	214,849
Other	10,965	15,272	112,158	138,395
	$423,832	$208,270	$818,051	$1,450,153
Amount of Loans based upon:				
Fixed Rates	$ 36,391	$130,947	$366,887	$ 534,225
Floating or adjustable rates	387,441	77,323	451,164	915,928
	$423,832	$208,270	$818,051	$1,450,153

(1) Includes approximately $380.4 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, the Bank 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 the Bank lends primarily in Southern California, its real estate loan collateral is concentrated in this region. At December 31, 2002, substantially all of the Bank's loans secured by real estate were collateralized by properties located in Southern California. This concentration is considered when determining the adequacy of the Company's allowance for credit losses.

Non-performing Assets

At December 31, 2002, non-performing assets, which included non-performing loans (nonaccrual loans, loans 90 days or more past due and still accruing interest, and restructured loans) (see Credit Risk) totaled $824,000. This represented a decrease of $754,000, or 47.78%, compared to non-performing assets of $1.6 million at December 31, 2001. For 2001, total non-performing assets increased $253,000, or 19.08%, from total non-performing assets of $1.3 million at December 31, 2000. The decrease in non-performing assets for 2002 compared to 2001 reflects a decrease in nonaccrual loans offset by an increase in loans past due 90 days or more. The increase in non-performing assets for 2001 compared to 2000 resulted as balances of nonaccrual loans increased and other real estate owned decreased during the year. In addition, the Company had loans classified as impaired totaling $4.7 million at December 31, 2002. This represented a decrease of $10.0 million, or 68.03%, compared to loans classified as impaired of $14.7 million at December 31, 2001. 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, 2002, the Company had loans on which interest was no longer accruing (nonaccrual) totaling $190,000. This represented a decrease of $1.4 million, or 87.93%, from total nonaccrual loans of $1.6 million at December 31, 2001. For 2001, total nonaccrual loans increased $608,000, or 62.92%, over total nonaccrual loans of $966,000 at December 31, 2000. The Bank has allocated specific reserves included in the allowance for credit losses for potential losses on these loans.

A restructured loan is a loan on which the Bank has reduced the rate of interest to a lower rate, forgiven all or a part of the interest income, or forgiven part of the principal balance of the loan due to the borrower's financial condition. At December 31, 2002, and 2001 the Company had no loans that were classified as restructured.

Although management believes that non-performing loans are generally well secured and that potential losses are provided for in the Company's allowance for credit losses, there can be no assurance that future deterioration in economic conditions or collateral values will not result in future credit losses. Table 6 provides information on non-performing loans and other real estate owned at the dates indicated.

TABLE 6 — Non-Performing Assets
(amounts in thousands)

	December 31,				
	2002	**2001**	**2000**	**1999**	**1998**
Nonaccrual loans	$ 190	$1,574	$ 966	$1,191	$ 8,849
Loans past due 90 days or more	634	4	0	3	76
Restructured loans	0	0	0	0	0
Other real estate owned (OREO)	0	0	359	703	2,102
Total nonperforming assets	$ 824	$1,578	$1,325	$1,897	$11,027
Percentage of nonperforming assets to total loans outstanding & OREO	0.06%	0.13%	0.13%	0.20%	1.32%
Percentage of nonperforming assets to total assets	0.03%	0.06%	0.06%	0.09%	0.60%

Except for non-performing loans as set forth in Table 6 and loans disclosed as impaired, (see "Risk Management – Credit Risk" herein) the Bank's management is not aware of any loans as of December 31, 2002 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. The Bank's management 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, 2002, and 2001 the Bank 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 the Company's customer base. The ability to grow the customer base and subsequently deposits is a crucial element in the performance of the Company.

The Company reported total deposits of $2.31 billion at December 31, 2002. This represented an increase of $433.0 million, or 23.07%, over total deposits of $1.88 billion at December 31, 2001. This increase reflected an addition of $138.6 million deposits from the acquisition of Western Security Bank. In addition, the Company believes that the increase is in part the result of monies being transferred out of the stock market during 2002 due to declining stock market values. It is the Company's intention to aggressively pursue the retention of these deposits. During 2001, total deposits increased $281.9 million, or 17.68%, over total deposits of $1.60 billion at December 31, 2000.

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 41.50% of total deposits as of December 31, 2002 and 40.83% of total deposits as of December 31, 2001. Non-interest-bearing demand deposits totaled $958.7 million at December 31, 2002. This represented an increase of $192.3 million, or 25.10%, over total non-interest-bearing demand deposits of $766.3 million at December 31, 2001. For 2001, total non-interest-bearing demand deposits increased $101.0 million, or 15.19%, over non-interest-bearing demand deposits of $665.3 million at December 31, 2000.

Table 7 provides the remaining maturities of large denomination ($100,000 or more) time deposits, including public funds, at December 31, 2002.

Table 7 — Maturity Distribution of Large Denomination Time Deposits

	(Amount in thousands)
3 months or less	$221,631
Over 3 months through 6 months	133,774
Over 6 months through 12 months	33,400
Over 12 months	14,480
Total	$**403,285**

Other Borrowed Funds

To achieve the desired growth in earning assets the Company funds that growth through generating a source of funds. The first source of funds the Company pursues is non-interest-bearing deposits (the lowest cost of funds to the Company), next the Company pursues the growth in interest-bearing deposits and finally the Company supplements the growth in deposits with borrowed funds. Borrowed funds, as a percent of total funding (total deposits plus demand notes plus borrowed funds) was 16.76% at December 31, 2002, as compared to 16.58% at December 31, 2001.

During 2002 and 2001, the Bank entered into short-term borrowing agreements with the Federal Home Loan Bank (FHLB). The Bank had outstanding balances of $166,000,000 and $50,000,000 under these agreements at December 31, 2002 and 2001, respectively. FHLB held certain investment securities of the Bank as collateral for those borrowings. On December 31, 2002, the Bank entered into an overnight agreement with certain financial institutions to borrow an aggregate of $30,000,000 at a weighted average annual interest rate of 1.3 percent. The Bank maintained cash deposits with the financial institutions as collateral for these borrowings.

During 2002 and 2001, the Bank entered into long-term borrowing agreements with the FHLB. The Bank had outstanding balances of $272,000,000 and $325,000,000 under these agreements at December 31, 2002 and 2001, respectively. FHLB held certain investment securities of the Bank as collateral for those borrowings.

At December 31, 2002, borrowed funds totaled $468.0 million. This represented an increase of $93.0 million, or 24.80%, from total borrowed funds of $375.0 million at December 31, 2001. For 2001, total borrowed funds decreased $111.0 million, or 22.84%, from a balance of $486.0 million at December 31, 2000. The maximum outstanding at any month-end was $468.0 million during 2002, $465.0 million during 2001, and $465.0 million during 2000.

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, the Company conducts an ongoing assessment of projected sources and uses of capital in conjunction with projected increases in assets and the level of risk.

Total stockholders' equity was $259.8 million at December 31, 2002. This represented an increase of $39.1 million, or 17.70%, over total stockholders' equity of $220.7 million at December 31, 2001. For 2001, total stockholders' equity increased $32.1 million, or 17.03%, over total stockholders' equity of $188.6 million at December 31, 2000.

Tier 1 capital, stockholders' equity less intangible assets, was $213.4 million at December 31, 2002. This represented an increase of $13.3 million, or 6.62%, over total Tier 1 capital of $200.2 million at December 31, 2001. For 2001, Tier 1 capital increased $25.8 million, or 14.76%, over Tier 1 capital of $174.4 million at December 31, 2000. Total adjusted capital, Tier 1 capital plus the lesser of the allowance for credit losses or 1.03% of risk-weighted assets was $235.1 million at December 31, 2002. This represented an increase of $14.5 million, or 6.55%, over adjusted capital of $220.6 million at December 31, 2001. For 2001, adjusted capital increased $29.5 million, or 15.46%, over total adjusted capital of $191.1 million at December 31, 2000.

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 1 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 1 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 1 risk-based capital ratio of at least 6.00%.

At December 31, 2002 and 2001, the Company exceeded all of the minimum capital ratios required to be considered well capitalized. At December 31, 2002, the Company's total risk-based capital ratio was

11.2%, compared to a ratio of 13.2% at December 31, 2001. The ratio of Tier 1 capital to risk-weighted assets was 10.2% at December 31, 2002, compared to a ratio of 12.0% at December 31, 2001. At December 31, 2002, the Company's leverage ratio was 7.6%, compared to a ratio of 8.6% at December 31, 2001. (See NOTE 15 of the Notes to the Consolidated Financial Statements.)

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, 2002, the Company had an unrealized gain on investment securities net of taxes of $25.7 million, compared to an unrealized gain net of taxes of $14.0 million at December 31, 2001.

During 2002, the Board of Directors of the Company declared quarterly cash dividends that totaled $0.54 per share for the full year after retroactive adjustment of a 5-for-4 stock split declared on December 18, 2002. Management does 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 the Company's common stock. During 2002, we repurchased 100,000 shares of common stock for the total price of $2.1 million. As of December 31, 2002, 1.9 million shares are available to be repurchased in the future.

RISK MANAGEMENT

The Company's management has 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 the Bank's 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, the Company maintains 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. The Company's allowance for credit losses is maintained at a level considered by the Bank's management 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 the Company determines 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. The Company employs a systemic methodology that is intended to reduce the differences between estimated and actual losses.

The Company's 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 uncollectable 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, the Company will insure an appropriate level of allowance is present or established.

Central to the first phase and the Company’s credit risk management is its loan risk rating system. The originating credit officer assigns borrowers an initial risk rating, 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 administration personnel. Credits are monitored by line and credit administration 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.

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 management believes indicates the probability that a loss has been incurred. Management performs 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. Management then determines the inherent loss potential and allocates 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 lending, 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 the Company’s methodology for assessing the appropriateness of the allowance consists of management’s considerations of all known relevant internal and external factors that may affect a loan’s collectibility. This includes management’s 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 management’s 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 the Company’s internal credit examiners.

Management reviews these conditions in discussion with the Company’s 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, management’s 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, management’s evaluation of the inherent loss related to such condition is reflected in the second major element allowance. Although management has allocated a portion of the allowance to specific loan categories, the adequacy of the allowance must be considered in its entirety.

The Company maintains an allowance for inherent credit losses that is increased by a provision for credit losses 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. The Company did not have provision for credit losses for 2002. For 2001, the provision for credit losses was $1.8 million, a decrease of $1.0 million, or 37.50%, from the provision for credit losses of $2.8 million for 2000.

At December 31, 2002, the Company reported an allowance for credit losses of $21.7 million. This represented an increase of $1.2 million, or 5.85%, from the allowance for credit losses of $20.5 million at December 31, 2001. During the year 2002, the Company did not make a provision for credit losses. The increase of $1.2 million was due to the acquisition of Western Security Bank in June 2002. Western Security Bank had an allowance of credit losses of $2.3 million, which was added to the Company’s existing allowance. (See Table 8 - Summary of Credit Loss Experience.) For 2001, the allowance for credit losses increased $1.3 million, or 6.87%, from a balance of $19.2 million at December 31, 2000.

At December 31, 2002, the Company had loans classified as impaired totaling $4.7 million. This represents a decrease of $10 million, or 67.90% compared to loans classified impaired of $14.7 million at December 31, 2001. For 2001, impaired loans decreased $433,000, or 2.85%, from impaired loans of $15.2 million at December 2000. Impaired loans, measured as a percent of gross loans, equaled 0.33%, 1.24%, and 1.44%, at December 31, 2002, 2001, and 2000 respectively.

Non-performing loans totaled $824,000 at December 31, 2002. This represented a decrease of $754,000 or 47.78%, from non-performing loans of $1.6 million at December 31, 2001. For 2001, non-performing loans increased $612,000, or 63.35%, from non-performing loans of $966,000 at December

31, 2000. Non-performing loans, measured as a percent of gross loans, equaled 0.06%, 0.13%, and 0.09%, at December 31, 2002, 2001, and 2000, respectively. Non-accrual loans decreased $1.4 million, or 87.93%, to $1.6 million at December 31, 2001, from $966,000 at December 31, 2000.

For 2002, the Company charged-off $1.1 million of loans net of recoveries to the allowance for credit losses. This represented an increase of $695,000, or 160.51%, from 2001, in which the Company charged-off $433,000 of loans, net of recoveries to the allowance for credit losses. This represented an increase of $24,000, or 5.87%, from net charges to the allowance for credit losses of $409,000 for 2000.

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,			
	2002	**2001**	**2000**	**1999**	**1998**
		(amounts in thousands)			
Amount of Total Loans at End of Period (1)	$1,446,009	$1,187,540	$1,051,493	$952,552	$832,184
Average Total Loans Outstanding (1)	$1,247,384	$1,067,621	$ 981,045	$866,917	$772,331
Allowance for Credit Losses at Beginning of Period	$ 20,469	$ 19,152	$ 16,761	$ 14,888	$ 13,103
Loans Charged-Off:					
Real Estate	41	113	559	483	707
Commercial, Financial and Industrial	2,048	854	193	522	373
Agribusiness		0	0	0	0
Municipal Lease Finance Receivables		0	0	0	0
Consumer Loans	320	81	22	18	61
Total Loans Charged-Off	2,409	1,048	774	1,023	1,141
Recoveries:					
Real Estate Loans	1,062	0	139	6	161
Commercial, Financial and Industrial	176	455	221	184	150
Agribusiness		0	0	0	0
Municipal Lease Finance Receivables		0	0	0	0
Consumer Loans	43	160	5	6	15
Total Loans Recovered	1,281	615	365	196	326
Net Loans Charged-Off	1,128	433	409	827	815
Provision Charged to Operating Expense	0	1,750	2,800	2,700	2,600
Adjustments Incidental to Mergers	2,325	0	0	0	0
Allowance for Credit Losses at End of period	$ 21,666	$ 20,469	$ 19,152	$ 16,761	$ 14,888
Net Loans Charged-Off to Average Total Loans	0.09%	0.04%	0.04%	0.10%	0.11%
Net Loans Charged-Off to Total Loans at End of Period	0.08%	0.04%	0.04%	0.09%	0.10%
Allowance for Credit Losses to Average Total Loans	1.74%	1.92%	1.95%	1.93%	1.93%
Allowance for Credit Losses to Total Loans at End of Period	1.50%	1.72%	1.82%	1.76%	1.79%
Net Loans Charged-Off to Allowance for Credit Losses	5.21%	2.12%	2.14%	4.93%	5.47%
Net Loans Charged-Off to Provision for Credit Losses	—	24.74%	14.61%	30.63%	31.35%

(1) Net of deferred loan origination fees.

While management believes that the allowance at December 31, 2002, 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 the Company’s 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.

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Table 9 — Allocation of Allowance for Credit Losses
(amounts in thousands)

	December 31,					
	2002		2001		2000	
	Allowance for Credit Losses	% of Total Allowance	Allowance for Credit Losses	% of Total Allowance	Allowance for Credit Losses	% of Total Allowance
Real Estate	$ 4,158	19.2%	$ 7,399	36.1%	$10,037	52.4%
Commercial and Industrial	16,020	74.0%	7,243	35.4%	4,021	21.0%
Consumer	202	0.9%	127	0.7%	67	0.4%
Unallocated	1,286	5.9%	5,700	27.8%	5,027	26.2%
Total	$21,666	100.0%	$20,469	100.0%	$19,152	100.0%

[Additional columns below]

[Continued from above table, first column(s) repeated]

	December 31,			
	1999		1998	
	Allowance for Credit Losses	% of Total Allowance	Allowance for Credit Losses	% of Total Allowance
Real Estate	$ 466	2.8%	$ 1,942	13.0%
Commercial and Industrial	9,794	58.4%	6,867	46.1%
Consumer	130	0.8%	155	1.1%
Unallocated	6,371	38.0%	5,924	39.8%
Total	$16,761	100.0%	$14,888	100.0%

Market Risk

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

The table below provides the actual balances as of December 31, 2002 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 2002, 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.

(amounts in thousands)	Balance December 31,	Average Rate	Maturing One year	Two years	Three years	Four years	Five years and beyond	Estimated Fair Value
2002								
Interest-Earning Assets								
Federal Fund Sold	$ 40,000	1.89%	$ 40,000					$ 40,000
Investment securities available for sale	1,452,499	5.91%	245,369	$438,268	$228,259	$ 79,611	$ 460,992	1,452,499
Loans and lease finance receivables, net	1,424,343	7.24%	423,832	69,581	64,708	44,823	821,399	1,420,129
Total interest earning assets	$2,916,842		$ 709,201	$507,849	$292,967	$124,434	$1,282,391	$2,912,628
Interest-Bearing Liabilities								
Interest-bearing deposits	$1,351,293	1.71%	$1,281,618	$ 30,552	$ 22,133	$ 16,875	$ 115	$1,358,743
Demand note to U.S. Treasury	14,888	1.36%	14,888					14,888
Borrowings	468,000	4.99%	196,000	106,000	1,000	60,000	105,000	494,216
Total interest-bearing liabilities	$1,834,181		$1,492,506	$136,552	$ 23,133	$ 76,875	$ 105,115	$1,867,847

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, the Company's 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 the Bank's 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.

The Bank's management monitors 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 provides the Bank's maturity/re-pricing gap analysis at December 31, 2002, and 2001. The Bank had a negative cumulative 180 day gap of $2.7 million at December 31, 2002. This represented a decrease of $149.2 million, or 98.22%, over the 180 day cumulative negative gap of $151.9 million at December 31, 2001. In theory, this would indicate that at December 31, 2002, $2.7 million more in liabilities than assets 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 net interest margin. If interest rates decrease, the negative gap would tend to result in an increase in the net interest margin.

TABLE 10 — Asset and Liability Maturity/Repricing Gap
(amounts in thousands)

	90 days or less	Over 90 days to 180 days	Over 180 days to 365 days	Over 365 days
2002				
Earning Assets:				
Federal Funds Sold	$ 40,000	$	$	$
Investment Securities at carrying value	236,229	130,593	196,626	889,051
Total Loans	655,997	66,491	145,331	556,524
Total	$932,226	$ 197,084	$341,957	$1,445,575
Interest Bearing Liabilities				
Savings Deposits	$509,160	$	$	$ 275,539
Time Deposits	271,819	160,154	65,639	68,982
Demand note to U.S. Treasury	14,888			
Other Borrowings	150,000	26,000	20,000	272,000
Total	945,867	186,154	85,639	616,521
Period GAP	$ (13,641)	$ 10,930	$256,318	$ 829,054
Cumulative GAP	$ (13,641)	$ (2,711)	$253,607	$1,082,661
2001				
Earning Assets:				
Federal Funds Sold	$ 20,000	$	$	$
Investment Securities at carrying value	106,982	23,431	54,933	996,157
Total Loans	473,274	47,451	104,502	541,844
Total	$600,256	$ 70,882	$159,435	$1,538,001
Interest Bearing Liabilities				
Savings Deposits	$437,547	$	$	$ 236,712
Time Deposits	214,044	136,450	73,438	12,439
Demand note to U.S. Treasury	9,999			
Other Borrowings	25,000		25,000	325,000
Total	686,590	136,450	98,438	574,151
Period GAP	$ (86,334)	$ (65,568)	$ 60,997	$ 963,850
Cumulative GAP	$ (86,334)	$(151,902)	$ (90,905)	$ 872,945

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 for 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, 2002 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.

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Approximately $913.1 million, or 62.86%, of the total investment portfolio at December 31, 2002 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, the Bank may be subject to a “prepayment risk” resulting from greater funds available for reinvestment at a time when available yields are lower. Conversely, the Bank 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.

The Company’s management also utilizes the results of a dynamic simulation model to quantify the estimated exposure of net interest income to sustained interest rate changes. The sensitivity of the Company’s net interest income is measured over a rolling two-year horizon.

The simulation model estimates the impact of changing interest rates on the interest income from all interest-earning assets and the interest expense paid on all interest-bearing liabilities reflected on the Company’s 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 100 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 the Company’s net interest income sensitivity analysis as of December 31, 2002:

Simulated Rate Changes	Estimated Net Interest Income Sensitivity
+200 basis points	(1.23%)
-100 basis points	(0.41%)

The estimated sensitivity does not necessarily represent a Company forecast and the results may not be indicative of actual changes to the Company’s 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 18 - of the Notes to the Consolidated Financial Statements.

Contractual Obligations and Commitments

At December 31, 2002, the Bank had commitments to extend credit of approximately $450,327,000 and obligations under letters of credit of $23,811,000. 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 following table summarized the commitments by expiration period:

		Amount of Commitment Expiration Per Period			
	Total Amounts Committed	Less Than One Year	One Year to Three Years	Four Year to Five Years	After Five Years
2002					
Commitment to extend credit	$450,327,000	$238,863,031	$58,917,198	$42,265,518	$110,281,253
Obligations under letters of credit	23,810,904	12,218,190	11,592,714		
Total	$474,137,904	$251,081,221	$70,509,912	$42,265,518	$110,281,253

The Bank has available lines of credit totaling $282,000,000 from certain financial institutions, and lease obligations totaling $11,522,574. The following indicates the expiration periods for these items:

		Amount of Lines of Credit and Leases Expirations Per Period			
	Total	Less Than One Year	One Year to Three Years	Four Year to Five Years	After Five Years
2002					
Available lines of credit	$282,000,000	$190,000,000	$ —	$42,000,000	$50,000,000
Leases	11,522,574	2,722,643	4,410,754	2,442,007	1,947,170
Total	$293,522,574	$192,722,643	$4,410,754	$44,442,007	$51,947,170

Liquidity Risk

Liquidity risk is the risk to earnings or capital resulting from the Bank's inability to meet its 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 the Bank's 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.

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 Federal Reserve Bank. 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.

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 $61.3 million for 2002, $40.2 million for 2001, and $44.0 million for 2000. The increase for 2002 compared to 2001 was primarily the result of the increase in net interest income as a result of the growth in average earning assets.

Cash used for investing activities totaled $405.2 million for 2002, compared to $232.4 million for 2001 and $263.2 million for 2000. 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 from financing activities totaled $365.2 million for 2002, compared to $154.5 million for 2001 and $241.2 million for 2000. For 2002, cash flows from financing activities resulted from an increased in time deposit accounts, borrowings, and to a lesser extent from money market, savings deposits. For 2001, cash flows from financing activities resulted from an increased in transaction deposit accounts and to a lesser extent from money market, savings deposits and time deposits. For 2000, cash flows from financing activities resulted from an increased borrowings, money market, savings deposits and time deposits accounts, and to a lesser extent from transaction deposits.

At December 31, 2002, cash and cash equivalents totaled $165.0 million. This represented an increase of $62,322, or 60.71%, from a total of $102.7 million at December 31, 2001.

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 2002, the Bank’s loan to deposit ratio averaged 60.51%, compared to an average ratio of 63.29% for 2001, and a ratio of 65.49% for 2000.

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 cashflow is from rents paid by third parties on office space in the Company’s corporate headquarters. There are statutory and regulatory provisions that could limit the ability of the Bank to pay dividends to CVB. At December 31, 2002, approximately $81.0 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, 2002, neither the Bank nor CVB had any material commitments for capital expenditures.

Accounting Changes

In June 2001, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 141, “Accounting for Business Combinations,” which eliminated the pooling method of accounting for all business combinations initiated after June 30, 2001 and addresses the initial recognition and measurement of goodwill and other intangible assets acquired in a business combination. The Company adopted this accounting standard for business combinations initiated after June 30, 2001.

In June 2001, FASB issued SFAS No. 142, “Accounting for Goodwill and Other Intangible Assets,” which addresses the financial accounting and reporting standards for the acquisition of intangible assets outside of a business combination and for goodwill and other intangible assets subsequent to their acquisition. This accounting standard requires that goodwill be separately disclosed from other intangible assets in the statement of financial position, and no longer be amortized but tested for impairment on a periodic basis.

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. After adoption of SFAS No. 142, goodwill is not being amortized whereas identifiable intangible assets with finite lives are amortized over their useful lives.

Additionally, as required by SFAS No. 142, during the quarter ended June 30, 2002, the Company completed a transitional impairment test and did not record any impairment of goodwill. At December 31, 2002 goodwill was $10.7 million (net of amortization of $5.3 million recorded prior to the adoption of SFAS No. 142). As of December 31, 2002, intangible assets that continue to be subject to amortization include core deposits of $5.0 million (net of $3.2 million of accumulated amortization). Amortization expense for such intangible assets was $578,000 in 2002 and for each of the succeeding five fiscal years, estimated amortization expense will be $817,400 for years one and two, and $787,400 for the remaining years. With the implementation of SFAS No. 142, the amortization of goodwill in the approximate amount of $703,000 ceased as of January 1, 2002. The impact on net income and earnings per common share (basic and diluted) is not considered significant.

In August 2001, FASB issued SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” which replaces SFAS No. 121. SFAS No. 144 requires that long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. It also expands the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and that will be eliminated from the on-going operations of the entity in a disposal transaction. The Company adopted SFAS No. 144 on January 1, 2002. There was no material impact upon adoption.

In June 2002, FASB issued SFAS No. 146, “Accounting for Costs Associated with Exit or Disposal Activities,” which addresses financial accounting and reporting for costs associated with exit or disposal activities and supersedes Emerging Issues Task Force (EITF) Issue 94-3, “Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring).” SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under Issue 94-3, a liability for an exit cost as defined in EITF 94-3 was recognized at the date of an entity’s commitment to an exit plan. SFAS No. 146 also establishes that the liability should initially be measured and recorded at fair value. The Company will adopt the provisions of SFAS No. 146 for exit or disposal activities that are initiated after December 31, 2002. Management believes that the adoption of the statement on January 1, 2003 will not have a material effect on the Company’s financial statements.

In October 2002, FASB issued SFAS No. 147, “Acquisitions of Certain Financial Institutions,” which addresses the application of the purchase method of accounting applied to all acquisitions of financial institutions, except transactions between two or more mutual enterprises. The provisions of this statement that relate to the application of SFAS No. 144 apply to certain long-term customer-relationship intangible assets recognized in an acquisition of a financial institution, including those acquired in transactions between mutual enterprises. The Company adopted the provisions of SFAS No. 147 for acquisitions of certain financial institutions that are initiated after October 1, 2002. Management believes that the adoption of the statement on October 1, 2002 will not have a material effect on the Company’s financial statements.

In December 2002, FASB issued SFAS No. 148, “Accounting for Stock-Based Compensation — Transition and Disclosure — an amendment of FASB Statement No. 123” which amends SFAS No. 123, “Accounting for Stock-Based Compensation,” to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of Statement No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The provisions of SFAS No. 148 are effective for annual financial statements for fiscal years ending after December 15, 2002, and for financial reports containing condensed financial statements for interim periods beginning after December 15, 2002. The Company has not determined whether it will adopt the fair value based method of accounting for stock-based employee compensation as provided by SFAS No. 123.

In November 2002, FASB issued FIN No. 45, "Guarantors Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees and Indebtedness of Others," an interpretation of SFAS Nos. 5, 57 and 107, and rescission of FIN No. 34, "Disclosure of Indirect Guarantees of Indebtedness of Others." FIN No. 45 elaborates on the disclosures to be made by the guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also requires that a guarantor recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of the interpretation are applicable on a prospective basis to guarantees issued or modified after December 31, 2002, while the provisions of the disclosure requirements are effective for financial statements of interim or annual periods ending after December 15, 2002. The Company believes the adoption of such interpretation will not have a material impact on its results of operations, financial position or cash flows.

In January 2003, FASB issued FIN No. 46, "Consolidation of Variable Interest Entities," an interpretation of Accounting Research Bulletin No. 51. FIN No. 46 requires that variable interest entities be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or is entitled to receive a majority of the entity's residual returns or both. FIN No. 46 also requires disclosures about variable interest entities that companies are not required to consolidate but in which a company has a significant variable interest. The consolidation requirements of FIN No. 46 will apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements will apply to entities established prior to January 31, 2003 in the first fiscal year or interim period beginning after June 15, 2003. The Company does not believe the adoption of such interpretation will have a material impact on its results of operations, financial position or cash flows.

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. The Company's market risk arises primarily from interest rate risk inherent in its lending and deposit taking activities. The Company currently does 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

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.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

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 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 Requirement in 2000” of the Company’s definitive Proxy Statement to be filed pursuant to Regulation 14A within 120 days after the end of the last fiscal year. For information concerning executive officers of the Company, see “Item 4(A). EXECUTIVE OFFICERS OF THE REGISTRANT” above.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning management remuneration and transactions is incorporated by reference from the section entitled “Executive Compensation” of the Company’s 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, 2002 relating to equity compensation plans of the Company 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

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	1,628,812	$8.14	2,778,254
Equity compensation plans not approved by security holders(1)	112,149	$5.98	—
Total	1,740,961	$8.01	2,778,254

(1) The sole equity compensation plan not previously submitted to Company shareholders for approval is the CVB Financial Corp. 1999 Orange National Bancorp 1997 Continuation Stock Option Plan, which the Company adopted in connection with its acquisition of Orange National Bancorp and Orange National Bank. Pursuant to this plan, options were originally granted to original Orange National Bancorp employees and directors at no less than the fair market value of the stock subject to the option at the date of grant. At the time of adoption, the number of shares available for grant pursuant to this plan was reduced to the number of outstanding options being assumed in connection with this plan. As of December 31, 2002, 112,149 shares of CVB were issuable upon exercise of options pursuant to this plan and all of such options are immediately exercisable.

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

ITEM 14. CONTROLS AND PROCEDURES

The Company maintains controls and procedures designed to ensure that information is recorded and reported in all filings of financial reports. Such information is reported to the Company’s management, including its Chief Executive Officer and its Chief Financial Officer to allow timely and accurate disclosure based on the definition of “disclosure controls and procedures” in Rule 13a-14(c). In designing these controls and procedures, management recognizes that they can only provide reasonable assurance of achieving the desired control objectives. Management also evaluated the cost-benefit relationship of possible controls and procedures.

Within 90 days prior to the date of this report, the Company carried out an evaluation of the effectiveness of Company’s controls and disclosure procedures under the supervision and with the participation of the Chief Executive Officer, the Chief Financial Officer and other senior management of the Company. Based on the foregoing, the Company’s Chief Executive Officer and the Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective.

There have been no significant changes in the Company’s internal controls or in other factors that could significantly affect the internal controls subsequent to the date the Company completed its evaluation.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

Financial Statements

Reference is made to the Index to Financial Statements at page 43 for a list of financial statements filed as part of this Report.

Exhibits

See Index to Exhibits at Page 78 of this Form 10-K.

EXECUTIVE COMPENSATION PLANS AND ARRANGEMENTS

The following compensation plans and arrangements were filed as exhibits to this Form 10-K as management contracts or compensatory plans: Agreement by and among D. Linn Wiley, CVB Financial Corp. and Chino Valley Bank dated August 8, 1991, Exhibit 10.2; Chino Valley Bank Profit Sharing Plan, Exhibit 10.3; 1991 Stock Option Plan, Exhibit 10.17; 2000 Stock Option Plan, Exhibit 10.18; Severance Compensation Agreement dated September 19, 2001 with Edwin J. Pomplun, Exhibit 10.29; Severance Compensation Agreement dated September 19, 2001 with Frank Basirico, Exhibit 10.30; Severance Compensation Agreement dated September 19, 2001 with Jay Coleman, Exhibit 10.31, and Severance Compensation Agreement dated September 19, 2001 with Edward Biebrich, Exhibit 10.35.

REPORTS ON FORM 8-K

None

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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 19th day of March 2003.

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.

Signature	Title	Date
/s/ GEORGE A. BORBA George A. Borba	Chairman of the Board	March 19, 2003
/s/ JOHN A. BORBA John A. Borba	Director	March 19, 2003
/s/ RONALD O. KRUSE Ronald O. Kruse	Director	March 19, 2003
/s/ JOHN J. LOPORTO John J. LoPorto	Director	March 19, 2003
/s/ JAMES C. SELEY James C. Seley	Director	March 19, 2003
/s/ SAN E. VACCARO San E. Vaccaro	Director	March 19, 2003
/s/ EDWARD J. BIEBRICH, JR. Edward J. Biebrich, Jr.	Chief Financial Officer (Principal Financial and Accounting Officer)	March 19, 2003
/s/ D. LINN WILEY D. Linn Wiley	Director, President and Chief Executive Officer (Principal Executive Officer)	March 19, 2003

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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 annual 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 annual 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 officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures 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 annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 19, 2003

/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 annual 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 annual 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 officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

    a) designed such disclosure controls and procedures 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 annual report is being prepared;

    b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

    c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 19, 2003

/s/ Edward J. Biebrich, Jr.

Edward J. Biebrich, Jr.
Chief Financial Officer

CVB FINANCIAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2002	December 31, 2001
	(Dollar in thousands)	
ASSETS		
Federal funds sold	$ 40,000	$ 20,000
Investment securities available-for-sale (Note 2)	1,452,499	1,181,503
Loans and lease finance receivables, net (Notes 3, 4 and 5)	1,424,343	1,167,071
Total earning assets	2,916,842	2,368,574
Cash and due from banks	124,973	82,651
Premises and equipment, net (Note 6)	29,413	29,921
Goodwill and other intangibles:		
Amortizable	5,012	1,304
Non-amortizable	10,708	5,178
Cash value life insurance	12,845	7,578
Accrued interest receivable	15,841	14,711
Other assets	7,777	4,185
TOTAL ASSETS	$3,123,411	$2,514,102
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits (Note 8):		
Noninterest-bearing	$ 958,671	$ 766,329
Interest-bearing	1,351,293	1,110,630
Total deposits	2,309,964	1,876,959
Demand Note to U.S. Treasury (Note 9)	14,888	9,999
Short-term borrowings (Note 9)	196,000	50,000
Long-term borrowings (Note 9)	272,000	325,000
Deferred taxes (Note 7)	5,332	514
Accrued interest payable	6,497	7,402
Deferred compensation (Note 11)	6,988	2,012
Funds due security purchase	25,970	
Other liabilities (Note 7)	25,951	21,468
TOTAL LIABILITIES	2,863,590	2,293,354
COMMITMENTS AND CONTINGENCIES (Note 10)		
Stockholders' Equity (Notes 14 and 15):		
Preferred stock (authorized, 20,000,000 shares without par; none issued or outstanding)		
Common stock (authorized, 78,125,000 shares without par; issued and outstanding 43,533,129 (2002) and 43,477,792 (2001))	144,487	146,108
Retained earnings	89,678	60,671
Accumulated other comprehensive income, net of tax (Note 2)	25,656	13,969
Total stockholders' equity	259,821	220,748
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$3,123,411	$2,514,102

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS
Three Years Ended December 31, 2002

	2002	2001	2000
		(Dollars in thousands)	
INTEREST INCOME:			
Loans, including fees (Note 3)	$ 90,351	$ 90,002	$ 90,400
Investment securities:			
Taxable	47,097	49,295	48,901
Tax-advantaged	16,273	16,114	11,369
	63,370	65,409	60,270
Federal funds sold	602	466	197
Total interest income	154,323	155,877	150,867
INTEREST EXPENSE:			
Deposits (Note 8)	21,470	31,843	32,694
Other borrowings (Note 9)	18,969	20,963	24,044
Total interest expense	40,439	52,806	56,738
NET INTEREST INCOME BEFORE PROVISION FOR CREDIT LOSSES (Note 5)	113,884	103,071	94,129
PROVISION FOR CREDIT LOSSES	—	1,750	2,800
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	113,884	101,321	91,329
OTHER OPERATING INCOME:			
Service charges on deposit accounts	14,154	12,954	10,573
Wealth Management services	3,764	3,841	4,038
Investment services	1,476	1,395	1,316
Bankcard services	1,174	1,013	711
Other	3,553	2,803	2,601
Gain on sale of real estate owned	—	126	—
Gain (loss) on sale of securities, net	4,897	60	(216)
Total other operating income	29,018	22,192	19,023
OTHER OPERATING EXPENSES:			
Salaries, wages, and employee benefits (Notes 11, 12 and 14)	35,970	32,625	30,239
Occupancy (Note 10)	6,339	5,658	5,350
Equipment	6,212	5,321	4,981
Stationery and supplies	3,975	3,617	3,705
Professional services	4,084	3,972	3,059
Promotion	3,684	3,223	2,702
Data processing	1,297	1,254	1,424
Goodwill and other intangibles	578	920	1,207
Other	3,917	3,565	3,700
Total other operating expenses	66,056	60,155	56,367
EARNINGS BEFORE INCOME TAXES	76,846	63,358	53,985
INCOME TAXES (Note 7)	27,101	23,300	19,302
NET EARNINGS	$ 49,745	$ 40,058	$ 34,683
BASIC EARNINGS PER COMMON SHARE (Note 13)	$ 1.14	$ 0.92	$ 0.81
DILUTED EARNINGS PER COMMON SHARE (Note 13)	$ 1.11	$ 0.90	$ 0.78

See accompanying notes to consolidated financial statements.

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CVB FINANCIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
Three Years Ended December 31, 2002

	Common Shares Outstanding	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income Net of Tax	Comprehensive Income
			(Dollars and shares in thousands)		
Balance January 31, 2000	24,717	$105,304	$ 51,857	$(16,391)	
Issuance of common stock	428	2,347			
10% stock dividend	2,514	37,997	(37,997)		
Tax benefit from exercise of stock options			26		
Cash dividends			(12,390)		
Comprehensive income:					
Net earnings			34,683		$34,683
Other comprehensive income:					
Unrealized gains on securities available for sale, net				23,194	23,194
Comprehensive income					$57,877
Balance December 31, 2000	27,659	145,648	36,179	6,803	
Issuance of common stock	167	460			
5-for-4 stock split	6,956				
Tax benefit from exercise of stock options			19		
Cash dividends			(15,585)		
Comprehensive income:					
Net earnings			40,058		$40,058
Other comprehensive income:					
Unrealized gains on securities available-for-sale, net				7,166	7,166
Comprehensive income					$47,224
Balance December 31, 2001	34,782	146,108	60,671	13,969	
Issuance of common stock	148	479			
5-for-4 stock split	8,728				
Repurchase of common stock	(125)	(2,100)			
Tax benefit from exercise of stock options			62		
Cash dividends			(20,800)		
Comprehensive income:					
Net earnings			49,745		$49,745
Other comprehensive income:					
Unrealized gain on securities available-for-sale, net				11,687	11,687
Comprehensive income					$61,432
Balance December 31, 2002	43,533	$144,487	$ 89,678	$ 25,656	

See accompanying notes to the consolidated financial statements.

	2002	2001	2000
Disclosure of reclassification amount			
Unrealized holding gains on securities arising during the period	$ 25,048	$12,415	$ 40,157
Tax expense	(10,521)	(5,214)	(17,089)
Add/(Less):			
Reclassification adjustment for (gain) loss on securities included in net income	(4,897)	(60)	216
Add/(Less):			
Tax (benefit) expense on reclassification adjustments	2,057	25	(90)
Net unrealized gain on securities	$ 11,687	$ 7,166	$ 23,194

See accompanying notes to consolidated financial statements.

CVB FINANCIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Twelve Months Ended December 31,		
	2002	2001	2000
	(Dollar amounts in thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received	$ 160,343	$ 140,057	$ 152,898
Service charges and other fees received	24,113	22,132	18,795
Interest paid	(42,992)	(52,169)	(55,359)
Cash paid to suppliers and employees	(54,767)	(49,959)	(49,568)
Income taxes paid	(25,384)	(19,825)	(22,762)
Net cash provided by operating activities	61,313	40,236	44,004
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales of securities available-for-sale	119,807	32,941	36,732
Proceeds from sales of MBS	142,627	256,234	102,021
Proceeds from repayment of MBS	267,652	108,553	102,649
Proceeds from repayment of FHLB stock	2,468	2,894	287
Purchases of securities available-for-sale	(138,924)	(220,139)	(153,242)
Purchases of MBS	(619,899)	(266,475)	(240,998)
Purchases of FHLB stock	(4,686)	(1,053)	(5,456)
Net increase in loans	(156,000)	(132,268)	(99,760)
Loan origination fees received	(5,727)	(4,287)	(3,535)
Proceeds from sales of premises and equipment	7	57	32
Proceeds from sales of other real estate owned	0	536	994
Purchase of premises and equipment	(4,390)	(7,657)	(4,201)
Purchase of Western Security Bank & Golden West Enter	(8,125)	0	0
Other investing activities	(2)	(1,770)	1,231
Net cash used in investing activities	(405,192)	(232,434)	(263,246)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase in transaction deposits	221,689	255,307	14,500
Net increase in time deposits	72,008	26,622	79,457
Net decrease in borrowings	93,889	(112,270)	157,283
Cash dividends on common stock	(20,800)	(15,585)	(12,390)
Repurchase of common stock	(2,100)	0	0
Proceeds from exercise of stock options	479	460	2,347
Net cash provided by (used in) financing activities	365,165	154,534	241,197
NET INCREASE IN CASH AND CASH EQUIVALENTS	21,286	(37,664)	21,955
CASH AND CASH EQUIVALENTS, beginning of period	102,651	140,315	118,360
CASH AND CASH EQUIVALENTS BEFORE ACQUISITIONS	123,937	102,651	140,315
CASH AND CASH EQUIVALENTS RECEIVED IN THE PURCHASE OF WESTERN SECURITY BANK, N.A	41,304		
CASH AND CASH EQUIVALENTS PAID IN THE PURCHASE OF GOLDEN WEST ENTERPRISES, INC	(268)		
CASH AND CASH EQUIVALENTS, end of period	$ 164,973	$ 102,651	$ 140,315

See accompanying notes to the consolidated financial statements.

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

	For the Twelve Months Ended December 31,		
	2002	2001	2000
	(Dollar amounts in thousands)		
RECONCILIATION OF NET EARNINGS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Net earnings	$ 49,745	$ 40,058	$34,683
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Gain on sale of investment securities	(5,039)	(1,680)	(480)
Loss on sale of investment securities	142	1,620	697
(Gain) Loss on sale of premises and equipment	6	(62)	19
Gain on sale of other real estate owned	0	(126)	(223)
Increase in cash value of life insurance	(846)	(144)	(641)
Amortization of premiums on investment securities	12,356	(11,969)	5,204
Provisions for credit losses	0	1,750	2,800
Provisions for losses on other real estate owned	0	(51)	(17)
Depreciation and amortization	5,923	5,743	5,907
Change in accrued interest receivable	(1,726)	(85)	(3,171)
Change in accrued interest payable	(1,979)	660	1,401
Deferred tax benefits (provision)	1,532	(527)	(460)
Change in other assets and liabilities	(1,199)	5,049	(1,715)
Total adjustments	(11,568)	178	9,321
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 61,313	$ 40,236	$44,004
Supplemental Schedule of Noncash Investing and Financing Activities			
Purchase of Western Security Bank:			
Cash and cash equivalents acquired	$ 41,304		
Fair value of assets acquired	110,318		
Purchase price of acquisition	(6,225)		
Liabilities assumed	$(145,397)		
Purchase of Golden West Enterprises, Inc.:			
Cash and cash equivalents acquired	$ (268)		
Fair value of assets acquired	24,317		
Purchase price of acquisition	(2,900)		
Liabilities assumed	$ (20,969)		
Securities purchased and not settled	$ 25,970	$ 0	$ 0

See accompanying notes to the consolidated financial statements.

CVB FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE YEARS ENDED DECEMBER 31, 2002

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 subsidiary, Citizens Business Bank (the "Bank") and its wholly owned subsidiary, Community Trust Deed Services, CVB Ventures, Inc., Chino Valley Bancorp, and ONB Bancorp, after elimination of all material intercompany transactions and balances.

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 also provides trust services to customers through its wealth management division and branch offices. The Bank's customers consist primarily of small to mid-sized businesses and individuals located in the Inland Empire, San Gabriel Valley, Orange, and Kern County areas of Southern California. The Bank operates 32 branches with the headquarters located in the city of Ontario.

Investment Securities - The Company classifies as held-to-maturity those debt securities that it has the positive intent and ability to hold to maturity. 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. Securities available-for-sale are accounted for at fair value, with the net unrealized gains and losses (unless other than temporary), net of income tax effects, presented 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. The Company's investment in Federal Home Loan Bank ("FHLB") stock is classified as available-for-sale but is carried at cost, which approximates fair value.

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.

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 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 their economic lives or the initial terms of the leases.

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 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 and intangible assets for impairment.

Additionally, as required by SFAS No. 142, during the quarter ended June 30, 2002, the Company completed a transitional impairment test and did not record any impairment of goodwill. At December 31, 2002 goodwill was $10.7 million (net of amortization of $5.3 million recorded prior to the adoption of SFAS No. 142). As of December 31, 2002, intangible assets that continue to be subject to amortization include core deposits of $5.0 million (net of $3.2 million of accumulated amortization). Amortization expense for such intangible assets was $578,000 in 2002 and for each of the succeeding five fiscal years, estimated amortization expense is $817,400 for year one and two, and $787,400 for the remaining years. With the implementation of SFAS No. 142, the amortization of goodwill in the approximate amount of $703,000 ceased as of January 1, 2002. The impact on net income and earnings per common share (basic and diluted) is not considered significant.

Income Taxes - Deferred income taxes are recognized for the tax consequences in future years of 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 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 13.

Statement of Cash Flows - Cash and cash equivalents as reported in the statements of cash flows include cash and due from banks and fed funds sold.

Trust 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. Trust fees are recorded on a cash basis.

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.

Recent Accounting Pronouncements – In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141, "Accounting for Business Combinations," effective starting with fiscal years beginning after December 15, 2001. This standard requires that all business combinations be accounted for by a single method – the purchase method and prohibits the use of the pooling-of-interests method for all business combinations initiated after June 30, 2001. This statement supersedes Accounting Principles Board ("APB") Opinion No. 16, "Business Combinations," and SFAS No. 38, "Accounting for Contingencies of Purchased Enterprises." This statement reflects the conclusion that virtually all business combinations are acquisitions and, thus, all business combinations should be accounted for in the same way that other asset acquisitions are accounted for – based on the values exchanged. Management adopted this statement on January 1, 2002 and it had no material effect on the Company's financial statements.

In June 2001, FASB issued SFAS No. 142, "Accounting for Goodwill and Other Intangible Assets," effective starting with fiscal years beginning after December 15, 2001. This standard established new accounting standards for goodwill and other intangible assets and continues to require the recognition of goodwill and other intangible assets as assets but does not permit amortization of goodwill and other intangible assets as previously required by APB Opinion No. 17. The standard also establishes a new method of testing goodwill and other intangible assets for impairment. It requires goodwill and other intangible assets to be separately tested for impairment at a reporting unit level. The amount of goodwill and other intangible assets determined to be impaired, if any, would be expensed to current operations. The adoption of this statement had no material effect on the Company's financial statements.

In August 2001, FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which replaces SFAS No. 121. SFAS No. 144 requires that long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. It also expands the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and that will be eliminated from the on-going operations of the entity in a disposal transaction. The Company adopted SFAS No. 144 on January 1, 2002. There was no material impact upon adoption.

In June 2002, FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which addresses financial accounting and reporting for costs associated with exit or disposal activities and supersedes Emerging Issues Task Force (EITF) Issue 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under Issue 94-3, a liability for an exit cost was recognized at the date of an entity's commitment to an exit plan. SFAS No. 146 also establishes that the liability should initially be measured and recorded at fair value. The Company will adopt the provisions of SFAS No. 146 for exit or disposal activities that are initiated after December 31, 2002. Management believes that the adoption of the statement on January 1, 2003 will not have a material effect on the Company's financial statements.

In October 2002, FASB issued SFAS No. 147, "Acquisitions of Certain Financial Institutions," which addresses the application of the purchase method of accounting applied to all acquisitions of financial institutions, except transactions between two or more mutual enterprises. The provisions of this statement that relate to the application of SFAS No. 144 apply to certain long-term customer-relationship intangible assets recognized in an acquisition of a financial institution, including those acquired in transactions between mutual enterprises. The Company adopted the provisions of SFAS No. 147 for acquisitions of certain financial institutions that are initiated after October 1, 2002. Management believes that the adoption of the statement on October 1, 2002 will not have a material effect on the Company's financial statements.

In December 2002, FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation -Transition and Disclosure — an amendment of FASB Statement No. 123," amends SFAS No. 123, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The provisions of SFAS No. 148 are effective for annual financial statements for fiscal years ending after December 15, 2002, and for financial reports containing condensed financial statements for interim periods beginning after December 15, 2002. The Company has not determined whether it will adopt the fair value based method of accounting for stock-based employee compensation as provided in SFAS No. 123.

In November 2002, FASB issued FIN No. 45, "Guarantors Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees and Indebtedness of Others," an interpretation of SFAS Nos. 5, 57 and 107, and rescission of FIN No. 34, "Disclosure of Indirect Guarantees of Indebtedness of Others." FIN No. 45 elaborates on the disclosures to be made by the guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also requires that a guarantor recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of the interpretation are applicable on a prospective basis to guarantees issued or modified after December 31, 2002, while the provisions of the disclosure requirements are effective for financial statements of interim or annual periods ending after December 15, 2002. The Company believes the adoption of such interpretation will not have a material impact on its results of operations, financial position or cash flows.

In January 2003, FASB issued FIN No. 46, "Consolidation of Variable Interest Entities," an interpretation of Accounting Research Bulletin No. 51. FIN No. 46 requires that variable interest entities be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or is entitled to receive a majority of the entity's residual returns or both. FIN No. 46 also requires disclosures about variable interest entities that companies are not required to consolidate but in which a company has a significant variable interest. The consolidation requirements of FIN No. 46 will apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements will apply to entities established prior to January 31, 2003 in the first fiscal year or interim period beginning after June 15, 2003. The Company does not believe the adoption of such interpretation will have a material impact on its results of operations, financial position or cash flows.

Reclassification – Certain amounts in the prior years' financial statements and related footnote disclosures have been reclassified to conform to the current-year presentation.

2. INVESTMENT SECURITIES

The amortized cost and estimated fair value of investment securities are shown below. All securities held, except FHLB stock, are publicly traded, and the estimated fair values were obtained from an independent pricing service. FHLB stock is carried at cost, which approximates fair value.

	2002			
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
	(In thousands)			
Investment securities available-for-sale:				
U.S. Treasury securities	$ 499	$ 4	$	$ 503
Mortgage-backed securities	553,148	17,982		571,130
CMO/REMICs	336,228	5,762	(60)	341,930
Government agency	30,554	823		31,377
Municipal bonds	247,573	21,597	(59)	269,111
Corporate bonds	136,533	3,247	(574)	139,206
Other debt securities	81,830	3,219	(7,707)	77,342
FHLB stock	21,900			21,900
	$1,408,265	$52,634	$(8,400)	$1,452,499

	2001			
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
	(In thousands)			
Investment securities available-for-sale:				
U.S. Treasury securities	$ 1,000	$ 29		$ 1,029
Mortgage-backed securities	328,979	5,930	$ (33)	334,876
CMO/REMICs	311,605	6,033	(376)	317,262
Government agency	51,212	38	(18)	51,232
Municipal bonds	241,086	8,372	(241)	249,217
Corporate bonds	127,782	1,904	(158)	129,528
Other debt securities	76,073	2,604		78,677
FHLB stock	19,682			19,682
	$1,157,419	$24,910	$(826)	$1,181,503

Approximately 94% of the mortgage-backed securities and CMO/REMIC (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. The remaining CMO/REMICs are backed by agency-pooled collateral or whole loan collateral. All non-agency CMO/REMIC issues held are currently rated “A” or better by either Standard & Poor’s or Moody’s.

At December 31, 2002 and 2001, investment securities having an amortized cost of approximately $872,724,000 and $663,813,000, 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, 2002, by contractual maturity, are shown below. Although mortgage-backed securities and CMO/REMICs have contractual maturities through 2030, expected maturities will differ from contractual maturities because borrowers may have the right to prepay such obligations without penalty.

	Available-for-Sale		
	Amortized Cost	Fair Value	Weighted Average Yield
		(In thousands)	
Due in one year or less	$ 239,922	$ 245,369	6.25%
Due after one year through five years	785,313	808,507	6.20%
Due after five years through ten years	223,936	255,223	5.41%
Due after ten years	159,094	143,400	4.06%
	$1,408,265	$1,452,499	5.91%

3. LOANS AND LEASE FINANCE RECEIVABLES

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

	2002	2001
	(In thousands)	
Commercial, financial and industrial	$ 688,509	$ 491,989
Real Estate;		
Construction	105,486	69,603
Mortgage	396,707	422,085
Consumer	26,750	19,968
Municipal lease finance receivables	17,852	20,836
Agribusiness	214,849	166,441
	1,450,153	1,190,922
Allowance for credit losses (Note 5)	(21,666)	(20,469)
Deferred loan origination fees	(4,144)	(3,382)
	$1,424,343	$1,167,071

At December 31, 2002, the Bank held approximately $441,043,000 of fixed rate loans. These fixed rate loans bear interest at rates ranging from 1 to 14 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.

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

	2002	2001
	(In thousands)	
Outstanding balance, beginning of year	$4,495	$4,345
Credit granted, including renewals	792	892
Repayments	(907)	(742)
Outstanding balance, end of year	$4,380	$4,495

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5. ALLOWANCE FOR CREDIT AND OTHER REAL ESTATE OWNED LOSSES

Activity in the allowance for credit losses was as follows:

	2002	2001	2000
		(in thousands)	
Balance, beginning of year	$20,469	$19,152	$16,761
Provision charged to operations		1,750	2,800
Acquisition of Western Security Bank	2,325		
Loans charged off	(2,409)	(1,048)	(774)
Recoveries on loans previously charged off	1,281	615	365
Balance, end of year	$21,666	$20,469	$19,152

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, 2002 and 2001, the Bank had classified as impaired, loan amounts totaling $4,730,000 and $14,737,000, respectively. All of these loans require specific reserves, and accordingly, the Bank has recorded specific reserves of $3,520,000 and $6,902,000 on such loans, respectively. The average recorded investment in impaired loans during the years ended December 31, 2002, 2001, and 2000 was approximately $7,117,000, $15,138,000, and $5,944,000, respectively. Interest income of $1,035,000, $1,232,000, and $1,456,000 was recognized on impaired loans during the years ended December 31, 2002, 2001, and 2000, 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. 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 $116,000 greater for 2002, $124,000 greater for 2001, and $99,000 greater for 2000. Accordingly, yields on loans would have increased by 0.01% for 2002, 2001, and 2000.

At December 31, 2002 and 2001, loans on nonaccrual status totaled $190,000 and $1,574,000, all of which are included in the impaired loans discussed above.

The Company has no allowance for other real estate owned losses at December 31, 2002 or 2001. Allowance for other real estate owned losses of $51,000 was recorded at December 31, 2000.

The Company incurred expenses related to other real estate owned of $38,000 (2001) and $90,000 (2000) related to the holding and disposition of other real estate owned. There were no expenses incurred in 2002 related to holding and disposition of OREO.

6. PREMISES AND EQUIPMENT

Premises and equipment consist of:

	2002	2001
	(In thousands)	
Land	$ 5,856	$ 5,717
Bank premises	24,718	23,996
Furniture and equipment	35,528	31,712
Lease property under capital lease	649	649
	66,751	62,074
Accumulated depreciation and amortization	(37,338)	(32,153)
	$ 29,413	$ 29,921

7. INCOME TAXES

Income tax expense comprised the following:

	2002	2001	2000
		(In thousands)	
Current provision:			
Federal	$17,820	$19,776	$13,898
State	7,749	4,051	5,864
	25,569	23,827	19,762
Deferred provision (benefit):			
Federal	1,128	(562)	(434)
State	404	35	(26)
	1,532	(527)	(460)
	$27,101	$23,300	$19,302

Income tax liability (asset) comprised the following:

	2002	2001
	(In thousands)	
Current:		
Federal	$1,455	$2,050
State	261	502
	1,716	2,552
Deferred:		
Federal	4,989	569
State	343	(55)
	5,332	514
	$7,048	$3,066

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

	2002	2001
	(In thousands)	
Federal		
Deferred tax liabilities:		
Depreciation	$ 1,773	$ 1,800
Valuation of trust assets	366	410
Acquisition — Western Security	1,416	
Leases	68	73
Deferred income	2,610	447
Unrealized gain on investment securities, net	15,420	8,346
Gross deferred tax liability	21,653	11,076
Deferred tax assets:		
California franchise tax	1,775	1,906
Bad debt and credit loss deduction	7,498	7,069
Other real estate owned reserves	2,100	
Deferred compensation	3,341	784
Self-insurance reserves	0	523
Other, net	1,950	225
Gross deferred tax asset	16,664	10,507
Net deferred tax (liability) asset — federal	$ (4,989)	$ (569)
State		
Deferred tax liabilities:		
Depreciation	$ 597	$ 568
Valuation of trust assets	113	127
Acquisition — Western Security	439	
Deferred income	471	605
Unrealized gain on investment securities, net	3,159	1,769
Gross deferred tax liability	4,779	3,069
Deferred tax assets:		
Bad debt and credit loss deduction	2,348	2,064
Other real estate owned reserves	387	
Deferred compensation	1,035	243
Self-insurance reserves	0	162
Other accrued expense	575	575
Other, net	91	80
Gross deferred tax asset	4,436	3,124
Net deferred tax (liability) asset — state	$ (343)	$ 55

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

	2002		2001		2000	
	Amount	Percent	Amount	Percent	Amount	Percent
			(In thousands)			
Federal income tax at statutory rate	$26,896	35.0%	$22,175	35.0%	$18,895	35.0%
State franchise taxes, net of federal benefit	5,456	7.1	4,498	7.1	3,804	7.1
Tax-exempt interest	(5,194)	(6.7)	(4,913)	(7.8)	(4,091)	(7.6)
Other, net	(57)	(0.1)	1,540	2.5	694	1.3
	$27,101	35.3%	$23,300	36.8%	$19,302	35.8%

8. DEPOSITS

Time certificates of deposit with balances of $100,000 or more amounted to approximately $403,285,000 and $340,901,000 at December 31, 2002 and 2001, respectively. Interest expense on such deposits amounted to approximately $9,583,000 (2002), $15,652,000 (2001), and $14,622,000 (2000).

At December 31, 2002, the scheduled maturities of time certificates of deposit are as follows (000's omitted):

2003	$497,612
2004	29,458
2005	22,534
2006	16,875
2007 and thereafter	115
	$566,594

At December 31, 2002, the Company had a single depositor with balances of approximately $140,000,000.

9. BORROWINGS

During 2002 and 2001, the Bank entered into short-term borrowing agreements with the FHLB. The Bank had outstanding balances of $166,000,000 and $50,000,000 under these agreements at December 31, 2002 and 2001, respectively, with weighted-average interest rates of 3.0 percent and 5.2 percent, respectively. FHLB held certain investment securities of the Bank as collateral for those borrowings. The average outstanding balance of short-term borrowings for 2002 and 2001 was $113,833,000 and $125,000,000, respectively. The maximum outstanding at any month-end was $175,000,000 during 2002 and $395,000,000 during 2001. On December 31, 2002, the Bank entered into an overnight agreement with certain financial institutions to borrow an aggregate of $30,000,000 at a weighted average annual interest rate of 1.3 percent. The Bank maintained cash deposits with the financial institutions as collateral for these borrowings.

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, 2002 and 2001, the amounts held by the Bank in the TT&L Note Option Program were $14,888,000 and $9,999,000, respectively, collateralized by securities. Amounts are payable on demand. The Bank borrows at a variable rate of 25 basis points less than the average weekly federal funds rate. The average amounts held in 2002 and 2001 were $6.3 million and $10.3 million, respectively.

During 2002 and 2001, the Bank entered into long-term borrowing agreements with the FHLB. The Bank had outstanding balances of $272,000,000 and $325,000,000 under these agreements at December 31, 2002 and 2001, respectively, with weighted-average interest rates of 5.1 percent in 2002 and 2001. FHLB held certain investment securities of the Bank as collateral for those borrowings. The maturity dates of the outstanding balances at December 31, 2002 are as follows: $106,000,000 in 2004, $1,000,000 in 2005, $60,000,000 in 2006, $5,000,000 in 2007 and $100,000,000 in 2011.

10. 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 minimum annual rental payments required for leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 2002, excluding property taxes and insurance, are approximately as follows (000's omitted):

2003	$ 2,723
2004	2,441
2005	1,969
2006	1,304
2007	1,138
Succeeding years	1,947
Total minimum payments required	$11,522

Total rental expense for the Company was approximately $3,082,000 (2002), $2,668,000 (2001), and $2,577,000 (2000).

Commitments

At December 31, 2002, the Bank had commitments to extend credit of approximately $450,327,000 and obligations under letters of credit of $23,811,000. 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 $282,000,000 from certain financial institutions.

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 the Company's 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 person or group of 20% or more of the Company's 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 the Company's 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 the Company's 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 the Company's 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 the Company's 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.

In May 1998, the Bank received an unfavorable jury judgment as a result of the lawsuit filed against them by MRI Grand Terrace, Inc. ("MRI"). The award to MRI and its joint venture partner, Tri-National Development Corp. was approximately $4,900,000, which included approximately $2,100,000 in compensatory damages, $1,600,000 in punitive damages, and $1,200,000 in prejudgment interest. The lawsuit alleges that the Bank misled MRI in its purchase of a commercial real estate property from the Bank. The Bank subsequently made a motion to the trial judge to vacate the jury verdict, and on August 14, 1998, the motion was denied. The Bank filed an appeal on August 19, 1998. The Court of Appeals vacated the judgment and remanded the case for retrial. In addition, the Court of Appeals has awarded the Bank the costs of appeal. MRI petitioned the Supreme Court of the State of California, which refused to hear the case.

On March 14, 2003, the Bank reached a settlement in the MRI litigation. Pursuant to this settlement, the Bank has agreed to pay $2 million dollars to the plaintiffs and the plaintiffs have agreed to dismiss this case in its entirety with prejudice. The settlement is contingent upon the approval of the bankruptcy court currently administering the bankruptcy proceedings of the Tri-National Development Corp. as successor to MRI. The amount of this settlement is less than half of the original jury judgment against the Bank, which the Bank was required to accrue for under accounting principles generally accepted in the United States of America.

11. 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 $181,000 (2002), $169,000 (2001), and $452,000 (2000).

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 $170,000 for 2002, $197,000 for 2001 and $221,000 for 2000.

The Company assumed certain deferred compensation and salary continuation agreements as a result of the merger with Orange National Bancorp (“ONB”). These agreements called for periodic payments over 179 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 (2002), $189,000 (2001), and $420,000 (2000).

The Company assumed certain deferred compensation and salary continuation agreements as a result of the merger with Western Security Bank (“WSB”). These agreements called for periodic payments over 179 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 $207,500 (2002).

12. 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 $1,735,000 (2002), $1,585,000 (2001), and $1,349,000 (2000).

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13. EARNINGS PER SHARE RECONCILIATION (Dollars and shares in thousands, except per share amounts)

	Income (Numerator)	Weighted Average Shares (Denominator)	Per Share Amount
		December 31, 2002	
Basic EPS			
Income available to common stockholders	$49,745	43,624	$ 1.14
Effect of Dilutive Securities			
Incremental shares from assumed exercise of outstanding options		954	(0.03)
Diluted EPS			
Income available to common stockholders	$49,745	44,578	$ 1.11
		December 31, 2001	
Basic EPS			
Income available to common stockholders	$40,058	43,422	$ 0.92
Effect of Dilutive Securities			
Incremental shares from assumed exercise of outstanding options		847	(0.02)
Diluted EPS			
Income available to common stockholders	$40,058	44,269	$ 0.90
		December 31, 2000	
Basic EPS			
Income available to common stockholders	$34,683	43,110	$ 0.81
Effect of Dilutive Securities			
Incremental shares from assumed exercise of outstanding options		900	(0.03)
Diluted EPS			
Income available to common stockholders	$34,683	44,010	$ 0.78

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14. STOCK OPTION PLANS

In May 2000, the Company approved a new stock option plan that authorizes the issuance of up to 3,437,500 shares (all share amounts have been adjusted to reflect stock dividends and splits) of the Company's stock, and expires in March 2010. The Company also has a stock option plan approved in 1991 that authorized the issuance of up to 4,411,601 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.

As a result of the merger with Orange National Bank ("ONB"), the Company maintains two compensatory incentive stock option plans in which options to purchase shares of the Company's common stock were granted. At December 31, 2002, options for the purchase of 112,149 shares were outstanding and exercisable. There are no further shares available for granting under these plans.

At December 31, 2002, options for the purchase of 1,740,961 shares of the Company's common stock were outstanding under the above plans, of which options to purchase 1,197,763 shares were exercisable at prices ranging from $2.08 to $14.97; 2,778,254 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, 2000	2,279,944	$ 1.44 - $12.38
Granted	479,245	$ 8.10 - $ 9.81
Exercised	(428,124)	$ 1.44 - $ 9.94
Effect of stock splits and dividends	(348,596)	
Canceled	(21,205)	$ 3.74 - $12.38
Outstanding at December 31, 2000	1,961,264	$ 1.44 - $12.38
Granted	26,564	$ 11.74 - $14.97
Exercised	(167,191)	$ 1.44 - $ 9.94
Effect of stock splits and dividends	(116,146)	
Canceled	(3,360)	$ 6.66 - $11.74
Outstanding at December 31, 2001	1,701,131	$ 1.44 - $14.97
Granted	228,440	$ 15.96 - $16.90
Exercised	(147,704)	$ 1.44 - $11.74
Effect of stock splits and dividends	(38,156)	
Canceled	(2,750)	$ 9.66 - $ 9.66
Outstanding at December 31, 2002	1,740,961	$ 2.08 - $16.90

At December 31, 2002, 1,197,763 options are exercisable at a weighted average exercise price of $6.05. The remaining weighted-average contractual life of the 1,740,961 options outstanding at December 31, 2002 is 5.2 years. The estimated fair value of each option granted during 2002, 2001, and 2000 was $5.33 per share, $5.98 per share, and $5.26 per share, respectively.

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
Range of Exercise Prices	Outstanding as of 12/31/02	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Exercisable as of 12/31/02	Weighted-Average Exercise Price
$ 1.69 - $ 3.38	502,066	1.2	$ 2.68	502,066	$ 2.68
$ 3.38 - $ 5.07	28,280	3.4	$ 3.89	28,280	$ 3.89
$ 5.07 - $ 6.67	202,500	4.5	$ 6.01	202,500	$ 6.01
$ 6.76 - $ 8.45	12,892	7.2	$ 8.25	5,156	$ 8.25
$ 8.45 - $10.14	612,084	7.1	$ 9.43	339,876	$ 9.47
$ 10.14 - $11.83	114,137	5.6	$10.71	88,076	$10.57
$ 11.83 - $13.52	37,436	6.8	$12.25	31,185	$12.01
$ 13.52 - $15.21	3,126	8.9	$14.77	624	$14.77
$ 15.21 - $16.90	228,440	9.5	$16.02	—	$ —
	1,740,961	5.2	$ 8.01	1,197,763	$ 6.05

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, no compensation expense has been recognized for its stock-based compensation plans.

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":

	2002	2001	2000
	(In thousands, except per share amounts)		
Reduction in net income	$ 667	$ 697	$1,541
Reduction in basic earnings per common share	$0.02	$0.02	$ 0.06
Reduction in diluted earnings per common share	$0.01	$0.02	$ 0.05

The fair value of the options granted was estimated using the Black-Scholes option-pricing model with the following assumptions:

	2002	2001	2000
Dividend Yield	1.9%	2.3%	2.8%
Volatility	38.8%	35.1%	34.0%
Risk-free interest rate	2.8%	4.3%	5.1%
Expected life	7.1 years	6.8 years	7.5 years

15. REGULATORY MATTERS

The Company 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 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.

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, 2002, the Company and the Bank meet all capital adequacy requirements to which they are subject.

As of December 31, 2002, the most recent notification 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.

The actual 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, 2002:						
Total Capital (to Risk-Weighted Assets)						
Company	$235,096	11.2%	$167,775	>or=8.0%		N/A
Bank	235,744	11.3%	167,639	>or=8.0%	$209,550	>or=10.0%
Tier I Capital (to Risk-Weighted Assets)						
Company	$213,430	10.2%	$ 83,862	>or=4.0%		N/A
Bank	214,078	10.2%	83,788	>or=4.0%	$125,682	>or=6.0%
Tier I Capital (to Average-Assets)						
Company	$213,430	7.6%	$112,926	>or=4.0%		N/A
Bank	214,078	7.6%	112,821	>or=4.0%	$141,026	>or=5.0%
As of December 31, 2001:						
Total Capital (to Risk-Weighted Assets)						
Company	$220,646	13.2%	$133,522	>or=8.0%		N/A
Bank	220,519	13.2%	133,748	>or=8.0%	$167,186	>or=10.0%
Tier I Capital (to Risk-Weighted Assets)						
Company	$200,177	12.0%	$ 66,781	>or=4.0%		N/A
Bank	200,050	12.0%	66,906	>or=4.0%	$100,360	>or=6.0%
Tier I Capital (to Average-Assets)						
Company	$200,177	8.6%	$ 92,782	>or=4.0%		N/A
Bank	200,050	8.6%	92,723	>or=4.0%	$115,904	>or=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, 2002, declare and pay additional dividends of approximately $80,539,000.

Banking regulations require that all banks maintain a percentage of their deposits as reserves at the Federal Reserve Board ("FRB"). On December 31, 2002, this reserve requirement was approximately $769,000.

16. CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY

BALANCE SHEETS
(In thousands)

	2002	2001
Assets:		
Investment in subsidiaries	$260,556	$220,501
Other assets, net	9,099	8,730
Total assets	$269,655	$229,231
Liabilities	$ 9,834	$ 8,483
Stockholders' equity	259,821	220,748
Total liabilities and stockholders' equity	$269,655	$229,231

STATEMENTS OF EARNINGS
(In thousands)

	2002	2001	2000
Equity in earnings of subsidiaries	$49,916	$40,455	$34,963
Other expense, net	(171)	(397)	(280)
Net earnings	$49,745	$40,058	$34,683

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STATEMENTS OF CASH FLOWS
(In thousands)

	2002	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	$ 49,745	$ 40,058	$ 34,683
Adjustments to reconcile net earnings to cash (used in) provided by operating activities:			
Earnings of subsidiaries	(49,916)	(40,455)	(34,963)
Other operating activities, net	1,286	634	1,870
Total adjustments	(48,630)	(39,821)	(33,093)
Net cash provided by (used in) operating activities	1,115	237	1,590
CASH FLOWS FROM INVESTING ACTIVITIES:			
Dividends received from Citizens Business Bank	21,700	16,100	6,550
Net cash provided by investing activities	21,700	16,100	6,550
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash dividends on common stock	(20,800)	(15,585)	(12,390)
Proceeds from exercise of stock options	479	460	2,347
Repurchase of common stock	(2,100)		
Net cash used in financing activities	(22,421)	(15,125)	(10,043)
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	394	1,212	(1,903)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,906	3,694	5,597
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,300	$ 4,906	$ 3,694

17. QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data follows:

	Three Months Ended			
	March 31	June 30	September 30	December 31
	(In thousands, except per share amounts)			
2002				
Net interest income	$26,638	$27,447	$29,371	$30,428
Provision for credit losses	—	—	—	—
Net earnings	12,317	11,639	13,196	12,593
Basic earnings per common share	0.28	0.26	0.30	0.30
Diluted earning per common share	0.28	0.26	0.30	0.27
2001				
Net interest income	$23,999	$25,652	$26,504	$26,916
Provision for credit losses	750	750	250	—
Net earnings	8,809	9,644	10,791	10,814
Basic earnings per common share	0.21	0.22	0.24	0.25
Diluted earning per common share	0.20	0.21	0.24	0.24

18. 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 have realized in a current market exchange as of December 31, 2002 and 2001. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

	2002		2001	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(In thousands)		(In thousands)	
Assets				
Cash and cash equivalents	$ 164,972	$ 164,972	$ 102,651	$ 102,651
Investment securities available for sale	1,452,499	1,452,499	1,181,503	1,181,503
Loans and lease finance receivables, net	1,424,343	1,420,129	1,167,071	1,154,200
Accrued interest receivable	15,841	15,841	14,711	14,711
Liabilities				
Deposits:				
Noninterest-bearing	$ 958,671	$ 958,671	$ 766,329	$ 766,329
Interest-bearing	1,351,293	1,358,743	1,110,630	1,112,399
Demand note to U.S. Treasury	14,888	14,888	9,999	9,999
Short-term borrowings	196,000	196,000	50,000	50,000
Long-term borrowings	272,000	298,216	325,000	329,227
Accrued interest payable	6,497	6,497	7,402	7,402
Funds due on security purchase	25,970	25,970		

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 financing 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 loans. As such, the estimated fair value of total loans at December 31, 2002 and 2001 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, 2002 or 2001, 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 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, 2002 and 2001. 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.

19. ACQUISITION

On June 28, 2002, the Bank acquired 100% of Western Security Bank, National Association and its subsidiaries, Western Security Acceptance Corporation and Western Security Finance Corporation, with deposits of approximately $138.6 million and net loans of approximately $95.4 million in a transaction accounted for using the purchase method of accounting. The all cash purchase price was $6.2 million and an intangible asset classified as a core deposit intangible in the approximate amount of $4.3 million with a finite life of 6.6 years, and goodwill in the approximate amount of $1.5 million was recorded. As a result of the transaction the Bank acquired one new banking office in Burbank, California. The merger contributed to the growth of the Company's deposits, loans, and assets during the period. The Bank dissolved the two subsidiaries whose operations were merged into the Bank immediately after the acquisition.

On July 1, 2002, the Bank acquired 100% of Golden West Enterprises, Inc., a leasing company with net leases of approximately $20.4 million in a transaction accounted for using the purchase method of accounting. The all cash purchase price was $2.9 million, and the Bank recorded goodwill in the approximate amount of $2.6 million upon acquisition. The payments of this are as follows: $1.9 million at acquisition, $300,000 in July 2003, $300,000 in July 2004, and $400,000 in July 2005.

Golden West Enterprises, Inc. operates as a subsidiary of the Bank. Golden West Enterprises, Inc. specializes in leasing automobiles, equipment, and brokering of real estate loans. As a result of the acquisition, the Bank expects to increase its market share by expanding its leasing product line.

******

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of CVB Financial Corp. and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2002. These consolidated financial statements are the responsibility of CVB Financial Corp.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP
Deloitte & Touche LLP

Los Angeles, California
January 31, 2003
(March 14, 2003 as to Note 10)

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3.2	Bylaws of Company, as amended. (1)	*
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 (1)	*
4.3	Certificate of Determination of Participating Preferred Stock of Registrant (1)	*
4.4	Form of Rights Certificate (1)	*
4.5	Summary of Rights (1)	*
10.1	Reserved	*
10.2	Agreement by and among D. Linn Wiley, CVB Financial Corp. and Chino Valley Bank dated August 8, 1991. (1)	*
10.3	Chino Valley Bank Profit Sharing Plan, as amended. (2)	*
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10.5	Reserved	*
10.6	Reserved	*
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10.13	Form of Indemnification Agreement. (3)	*
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10.17	1991 Stock Option Plan, as amended. (4)	*
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10.26	Reserved	*
10.27	Reserved	*
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10.29	Severance Compensation Agreement dated September 19, 2001 with Edwin J. Pomplun.	
10.30	Severance Compensation Agreement dated September 19, 2001 with Frank Basirico.	
10.31	Severance Compensation Agreement dated September 19, 2001 with Jay Coleman.	
10.32	Reserved	*
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10.37	CVB Financial Corp. 1999 Orange National Bancorp 1993 Continuation Stock Option Plan (6)	*
10.38	CVB Financial Corp. 1999 Orange National Bancorp 1997 Continuation Stock Option Plan (6)	*
12	Statement regarding computation of ratios (included in Form 10-K)	*
21	Subsidiaries of Company.	
23	Consent of Independent Certified Public Accountants.	

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Exhibit No.	
99.1	Certification of D. Linn Wiley pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.2	Certification of Edward j. Biebrich, Jr. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Not applicable.

(1) Filed as Exhibits 3.2, 4.1, 4.2, 4.3, 4.4, 4.5 and 10.2 to Registrant's Statement on Form 8-A12G on June 11, 2001, Commission file number 1658197, which are incorporated herein by this reference.

(2) 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.

(3) 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.

(4) 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.

(5) 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.

(6) Filed as Exhibit 99.1 and 99.2 to Registrant's Registration Statement on Form S-8 on October 6, 1999, Registration No. 333-88519, which is incorporated herein by this reference.

EXHIBIT 3.1

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

EXHIBIT 10.29

SEVERANCE COMPENSATION AGREEMENT

This agreement is entered into the 19th day of September, 2001 by and between Citizens Business Bank, a California banking corporation (the "Bank"), and Edwin J. Pomplun, (the "Executive").

WHEREAS, the Bank's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Bank's Senior Management Committee, including the Executives, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a Change in Control (as defined herein) of CVB Financial Corp. (the "Company") or directly or indirectly the Bank, a wholly owned subsidiary of the Company; and

WHEREAS, this Agreement sets forth the compensation which the Bank agrees it will pay to the Executive upon a Change in Control and termination of the Executive's employment,

NOW, THEREFORE, in consideration of these premises and the mutual covenants and agreements contained herein and to induce the Executive to remain employed by the Bank and to continue to exert his/her best efforts on behalf of the Bank, the parties agree as follows:

1. Compensation Upon a Change in Control

(a) In the event that a (i) Change in Control occurs during the employment of the Executive and (ii) (a) 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 year of the completion of such Change in Control or (b) the Executive terminates or resigns Executive's employment for a Good Reason (as defined herein) within one year of the completion of such Change in Control, the Executive shall receive an amount equal to 2x the Executive's annual base compensation for the last calendar year ended immediately preceding the Change in Control. Such amount shall be paid in a lump sum, less applicable employment and payroll taxes, within five days after the effective date of the termination of Executive's employment.

2. Definitions

(a) Change in Control. For purposes of this Agreement, a "Change in Control" shall deemed to have occurred if:

(i) any one person, or more than one person acting as a group, acquires (or has acquired during the 12 month period ending on the date of the most recent acquisition) ownership of stock of the Company or the Bank possessing more than 50% of the total voting power of the Company's or the Bank's stock; provided, however, it is expressly acknowledged by the Executive that this provision shall not be applicable to any person who is, as of the date of this agreement, a Director of the Company or the Bank;

(ii) a majority of the members of the Company's or the Bank's Board of Directors is replaced during any 12 month period by directors whose appointment or election is not endorsed by a majority of the members of the Company's or the Bank's board prior to the date of the appointment or election;

(iii) a merger or consolidation where the holders of the Bank's or the Company's voting stock immediately prior to the effective date of such merger or consolidation own less than 50% of the voting stock of the entity surviving such merger or consolidation.

(iv) any one person, or more than one person acting as a group, acquires (or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or persons) assets from the Bank that have a total fair market value greater than 50% of the total fair market value of all of the Bank's assets immediately before the acquisition or acquisitions; provided, however, transfer of assets which otherwise would satisfy the requirements of this subsection (iv) will not be treated as a change in the ownership of such assets if the assets are transferred to;

(A) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly by the Company or the Bank prior to the acquisition;

(B) a person, or more than one person acting as a group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company or the Bank prior to the acquisition; or

(C) an entity, at least 50% of the total value or voting power is owned, directly or indirectly by a person who owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Bank prior to the acquisition.

Not withstanding the foregoing, a Change in Control shall not be deemed to occur as a result of any transaction whose primary purpose is to change the jurisdiction of incorporation of the Company or the Bank.

(b) Cause. For purposes of this Agreement, the Bank, or any successor thereto, shall have "Cause" to terminate the Executive's employment and shall not be obligated to make any payments hereunder or otherwise in the event the Executive has: (i) committed a significant act of dishonesty, deceit or breach of fiduciary duty in the performance of Executive's duties as an employee of the Bank; (ii) grossly neglected or willfully failed in any way to perform substantially the duties of such employment; or (iii) acted or failed to act in any other way that reflects materially and adversely on the Bank. In the event of a termination of Executive's employment by the Bank for Cause, the Bank shall deliver to Executive at the time the Executive is notified of the termination of his/her employment a written statement setting forth in reasonable detail the facts and circumstances claimed by the Bank to provide a basis for the termination of the Executive's employment for Cause.

(c) Good Reason. For purposes of this Agreement, "Good Reason" means (i) the Executive's then current level of annual base salary is reduced; (ii) there is any reduction in the

employee benefit coverage provided to the Executive (including pension, profit sharing, deferred compensation, life insurance and health insurance, but not including incentive bonuses) from the coverage levels in effect immediately prior to the Change in Control, unless that company or the Bank, or any successor thereto, provide substantially equivalent employee benefits to the Executive; (iii) the Executive suffers a material diminution in Executive's title, authority, position, reporting relationship, responsibilities or offices; (iv) there is a relocation of the Executive's principal business office by more than fifty (50) miles from its existing location; or (v) the Company or the Bank fail to obtain assumption of any employment relating to Executive by any successor or assign of the Bank; provided, however, that termination by the Executive for Good Reason must be made by the Executive in good faith.

3. Term

This Agreement shall terminate, except to the extent that any obligation of the Bank hereunder remains unpaid as of such time, upon the earliest of (i) the termination of the Executive's employment from the Bank for any reason if a Change in Control has not occurred prior to the date of such termination; (ii) the termination of Executive's employment from the Bank for Cause within 1 year after a Change in Control, (iii) 1 year after a Change in Control if Executive is still employed with the Bank or its successor or (iv) after a Change in Control of the Company or the Bank upon satisfaction of all of the Company's or the Bank's obligations hereunder.

4. No Obligation to Mitigate Damages; No Effect on Other Contractual Rights

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by the Executive as the result of employment by another employer after the effective date of Termination, or otherwise, by his/her engagement as a consultant or his/her conduct of any other business activities.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any employment agreement or other plan, arrangement or deferred compensation agreement, except as otherwise agreed to in writing by the Bank and the Executive.

5. Successor to the Bank

(a) The Bank will require any successor or assign (whether direct or indirect, by purchase or otherwise) to all or substantially all of the business and/or assets of the Bank, by written agreement with the Executive, to assume and agree to perform this Agreement in full. As used in this Agreement, "Bank" shall mean the Bank as herein before defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this section 5 or which otherwise becomes bound by all the terms and provisions if this Agreement by operations of law. Notwithstanding the assumption of this Agreement by a successor assign of the Bank, if a Change in Control (as defined in Section 2 (a) above) has

occurred, the Executive shall have and be entitled from such successor to all rights under Section 1 of this Agreement.

(b) If the Executive should die while any amounts are still payable to him/her hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate. This Agreement shall, therefore, insure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

6. Confidentiality

The Executive shall retain in confidence any and all confidential information known to the Executive concerning the Company and the Bank and its business so long as such information is not otherwise publicly disclosed.

7. Legal Fees and Expenses

The Bank shall pay all legal fees and expenses which the Executive may incur as a result of the Bank's contesting the validity, enforceability or the Executive's interpretation of, or determinations, under, this Agreement if the Executive prevails in any such contest or proceeding.

8. Limitation on Payments

This agreement is made expressly subject to the provisions of law codified at 12 U.S.C. 1828 (k) and 12 C.F.R. Part 359 which regulate and prohibit certain forms of benefits to Executive. Executive acknowledges that he understands these sections of law and that the Bank's obligations to make payments hereunder are expressly relieved if such payments violate these sections of law or any successors thereto.

9. Notice

For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid as follows:

If the Bank: Citizens Business Bank
701 N. Haven Avenue, Suite 350
Ontario, California 91764
Attention: D. Linn Wiley, President and CEO

If to the Executive: At the address below his/her signature or such other address as either party may have been furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

10. Validity

The invalidity or unenforceability of any provisions of this agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

11. Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

12. Miscellaneous

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Bank. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or any prior to subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above,

CITIZENS BUSINESS BANK

By: /s/ D. Linn Wiley

Name: D. Linn Wiley

Title: President

EXECUTIVE: /s/ Edwin J. Pomplun

Address:

City and State:

EXHIBIT 10.30

SEVERANCE COMPENSATION AGREEMENT

This agreement is entered into the 19th day of September, 2001 by and between Citizens Business Bank, a California banking corporation (the "Bank"), and Frank Basirico, Jr., (the "Executive").

WHEREAS, the Bank's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Bank's Senior Management Committee, including the Executives, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a Change in Control (as defined herein) of CVB Financial Corp. (the "Company") or directly or indirectly the Bank, a wholly owned subsidiary of the Company; and

WHEREAS, this Agreement sets forth the compensation which the Bank agrees it will pay to the Executive upon a Change in Control and termination of the Executive's employment,

NOW, THEREFORE, in consideration of these premises and the mutual covenants and agreements contained herein and to induce the Executive to remain employed by the Bank and to continue to exert his/her best efforts on behalf of the Bank, the parties agree as follows:

1. Compensation Upon a Change in Control

(a) In the event that a (i) Change in Control occurs during the employment of the Executive and (ii) (a) 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 year of the completion of such Change in Control or (b) the Executive terminates or resigns Executive's employment for a Good Reason (as defined herein) within one year of the completion of such Change in Control, the Executive shall receive an amount equal to 2x the Executive's annual base compensation for the last calendar year ended immediately preceding the Change in Control. Such amount shall be paid in a lump sum, less applicable employment and payroll taxes, within five days after the effective date of the termination of Executive's employment.

2. Definitions

(a) Change in Control. For purposes of this Agreement, a "Change in Control" shall deemed to have occurred if:

(i) any one person, or more than one person acting as a group, acquires (or has acquired during the 12 month period ending on the date of the most recent acquisition) ownership of stock of the Company or the Bank possessing more than 50% of the total voting power of the Company's or the Bank's stock; provided, however, it is expressly acknowledged by the Executive that this provision shall not be applicable to any person who is, as of the date of this agreement, a Director of the Company or the Bank;

(ii) a majority of the members of the Company's or the Bank's Board of Directors is replaced during any 12 month period by directors whose appointment or election is not endorsed by a majority of the members of the Company's or the Bank's board prior to the date of the appointment or election;

(iii) a merger or consolidation where the holders of the Bank's or the Company's voting stock immediately prior to the effective date of such merger or consolidation own less than 50% of the voting stock of the entity surviving such merger or consolidation.

(iv) any one person, or more than one person acting as a group, acquires (or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or persons) assets from the Bank that have a total fair market value greater than 50% of the total fair market value of all of the Bank's assets immediately before the acquisition or acquisitions; provided, however, transfer of assets which otherwise would satisfy the requirements of this subsection (iv) will not be treated as a change in the ownership of such assets if the assets are transferred to;

(A) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly by the Company or the Bank prior to the acquisition;

(B) a person, or more than one person acting as a group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company or the Bank prior to the acquisition; or

(C) an entity, at least 50% of the total value or voting power is owned, directly or indirectly by a person who owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Bank prior to the acquisition.

Not withstanding the foregoing, a Change in Control shall not be deemed to occur as a result of any transaction whose primary purpose is to change the jurisdiction of incorporation of the Company or the Bank.

(b) Cause. For purposes of this Agreement, the Bank, or any successor thereto, shall have "Cause" to terminate the Executive's employment and shall not be obligated to make any payments hereunder or otherwise in the event the Executive has: (i) committed a significant act of dishonesty, deceit or breach of fiduciary duty in the performance of Executive's duties as an employee of the Bank; (ii) grossly neglected or willfully failed in any way to perform substantially the duties of such employment; or (iii) acted or failed to act in any other way that reflects materially and adversely on the Bank. In the event of a termination of Executive's employment by the Bank for Cause, the Bank shall deliver to Executive at the time the Executive is notified of the termination of his/her employment a written statement setting forth in reasonable detail the facts and circumstances claimed by the Bank to provide a basis for the termination of the Executive's employment for Cause.

(c) Good Reason. For purposes of this Agreement, "Good Reason" means (i) the Executive's then current level of annual base salary is reduced; (ii) there is any reduction in the

employee benefit coverage provided to the Executive (including pension, profit sharing, deferred compensation, life insurance and health insurance, but not including incentive bonuses) from the coverage levels in effect immediately prior to the Change in Control, unless that company or the Bank, or any successor thereto, provide substantially equivalent employee benefits to the Executive; (iii) the Executive suffers a material diminution in Executive's title, authority, position, reporting relationship, responsibilities or offices; (iv) there is a relocation of the Executive's principal business office by more than fifty (50) miles from its existing location; or (v) the Company or the Bank fail to obtain assumption of any employment relating to Executive by any successor or assign of the Bank; provided, however, that termination by the Executive for Good Reason must be made by the Executive in good faith.

3. Term

This Agreement shall terminate, except to the extent that any obligation of the Bank hereunder remains unpaid as of such time, upon the earliest of (i) the termination of the Executive's employment from the Bank for any reason if a Change in Control has not occurred prior to the date of such termination; (ii) the termination of Executive's employment from the Bank for Cause within 1 year after a Change in Control, (iii) 1 year after a Change in Control if Executive is still employed with the Bank or its successor or (iv) after a Change in Control of the Company or the Bank upon satisfaction of all of the Company's or the Bank's obligations hereunder.

4. No Obligation to Mitigate Damages; No Effect on Other Contractual Rights

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by the Executive as the result of employment by another employer after the effective date of Termination, or otherwise, by his/her engagement as a consultant or his/her conduct of any other business activities.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any employment agreement or other plan, arrangement or deferred compensation agreement, except as otherwise agreed to in writing by the Bank and the Executive.

5. Successor to the Bank

(a) The Bank will require any successor or assign (whether direct or indirect, by purchase or otherwise) to all or substantially all of the business and/or assets of the Bank, by written agreement with the Executive, to assume and agree to perform this Agreement in full. As used in this Agreement, "Bank" shall mean the Bank as herein before defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this section 5 or which otherwise becomes bound by all the terms and provisions if this Agreement by operations of law. Notwithstanding the assumption of this Agreement by a successor assign of the Bank, if a Change in Control (as defined in Section 2 (a) above) has

occurred, the Executive shall have and be entitled from such successor to all rights under Section 1 of this Agreement.

(b) If the Executive should die while any amounts are still payable to him/her hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate. This Agreement shall, therefore, insure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

6. Confidentiality

The Executive shall retain in confidence any and all confidential information known to the Executive concerning the Company and the Bank and its business so long as such information is not otherwise publicly disclosed.

7. Legal Fees and Expenses

The Bank shall pay all legal fees and expenses which the Executive may incur as a result of the Bank's contesting the validity, enforceability or the Executive's interpretation of, or determinations, under, this Agreement if the Executive prevails in any such contest or proceeding.

8. Limitation on Payments

This agreement is made expressly subject to the provisions of law codified at 12 U.S.C. 1828 (k) and 12 C.F.R. Part 359 which regulate and prohibit certain forms of benefits to Executive. Executive acknowledges that he understands these sections of law and that the Bank's obligations to make payments hereunder are expressly relieved if such payments violate these sections of law or any successors thereto.

9. Notice

For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid as follows:

If the Bank: Citizens Business Bank
701 N. Haven Avenue, Suite 350
Ontario, California 91764
Attention: D. Linn Wiley, President and CEO

If to the Executive: At the address below his/her signature or such other address as either party may have been furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

10. Validity

The invalidity or unenforceability of any provisions of this agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

11. Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

12. Miscellaneous

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Bank. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or any prior to subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above,

CITIZENS BUSINESS BANK

By: /s/ D. Linn Wiley

Name: D. Linn Wiley

Title: President

EXECUTIVE: /s/ Frank Basirico, Jr.

Address:

City and State:

EXHIBIT 10.31

SEVERANCE COMPENSATION AGREEMENT

This agreement is entered into the 19th day of September, 2001 by and between Citizens Business Bank, a California banking corporation (the "Bank"), and Jay W. Coleman, (the "Executive").

WHEREAS, the Bank's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Bank's Senior Management Committee, including the Executives, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a Change in Control (as defined herein) of CVB Financial Corp. (the "Company") or directly or indirectly the Bank, a wholly owned subsidiary of the Company; and

WHEREAS, this Agreement sets forth the compensation which the Bank agrees it will pay to the Executive upon a Change in Control and termination of the Executive's employment,

NOW, THEREFORE, in consideration of these premises and the mutual covenants and agreements contained herein and to induce the Executive to remain employed by the Bank and to continue to exert his/her best efforts on behalf of the Bank, the parties agree as follows:

1. Compensation Upon a Change in Control

(a) In the event that a (i) Change in Control occurs during the employment of the Executive and (ii) (a) 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 year of the completion of such Change in Control or (b) the Executive terminates or resigns Executive's employment for a Good Reason (as defined herein) within one year of the completion of such Change in Control, the Executive shall receive an amount equal to 2x the Executive's annual base compensation for the last calendar year ended immediately preceding the Change in Control. Such amount shall be paid in a lump sum, less applicable employment and payroll taxes, within five days after the effective date of the termination of Executive's employment.

2. Definitions

(a) Change in Control. For purposes of this Agreement, a "Change in Control" shall deemed to have occurred if:

(i) any one person, or more than one person acting as a group, acquires (or has acquired during the 12 month period ending on the date of the most recent acquisition) ownership of stock of the Company or the Bank possessing more than 50% of the total voting power of the Company's or the Bank's stock; provided, however, it is expressly acknowledged by the Executive that this provision shall not be applicable to any person who is, as of the date of this agreement, a Director of the Company or the Bank;

(ii) a majority of the members of the Company's or the Bank's Board of Directors is replaced during any 12 month period by directors whose appointment or election is not endorsed by a majority of the members of the Company's or the Bank's board prior to the date of the appointment or election;

(iii) a merger or consolidation where the holders of the Bank's or the Company's voting stock immediately prior to the effective date of such merger or consolidation own less than 50% of the voting stock of the entity surviving such merger or consolidation.

(iv) any one person, or more than one person acting as a group, acquires (or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or persons) assets from the Bank that have a total fair market value greater than 50% of the total fair market value of all of the Bank's assets immediately before the acquisition or acquisitions; provided, however, transfer of assets which otherwise would satisfy the requirements of this subsection (iv) will not be treated as a change in the ownership of such assets if the assets are transferred to;

(A) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly by the Company or the Bank prior to the acquisition;

(B) a person, or more than one person acting as a group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company or the Bank prior to the acquisition; or

(C) an entity, at least 50% of the total value or voting power is owned, directly or indirectly by a person who owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Bank prior to the acquisition.

Not withstanding the foregoing, a Change in Control shall not be deemed to occur as a result of any transaction whose primary purpose is to change the jurisdiction of incorporation of the Company or the Bank.

(b) Cause. For purposes of this Agreement, the Bank, or any successor thereto, shall have "Cause" to terminate the Executive's employment and shall not be obligated to make any payments hereunder or otherwise in the event the Executive has: (i) committed a significant act of dishonesty, deceit or breach of fiduciary duty in the performance of Executive's duties as an employee of the Bank; (ii) grossly neglected or willfully failed in any way to perform substantially the duties of such employment; or (iii) acted or failed to act in any other way that reflects materially and adversely on the Bank. In the event of a termination of Executive's employment by the Bank for Cause, the Bank shall deliver to Executive at the time the Executive is notified of the termination of his/her employment a written statement setting forth in reasonable detail the facts and circumstances claimed by the Bank to provide a basis for the termination of the Executive's employment for Cause.

(c) Good Reason. For purposes of this Agreement, "Good Reason" means (i) the Executive's then current level of annual base salary is reduced; (ii) there is any reduction in the

employee benefit coverage provided to the Executive (including pension, profit sharing, deferred compensation, life insurance and health insurance, but not including incentive bonuses) from the coverage levels in effect immediately prior to the Change in Control, unless that company or the Bank, or any successor thereto, provide substantially equivalent employee benefits to the Executive; (iii) the Executive suffers a material diminution in Executive's title, authority, position, reporting relationship, responsibilities or offices; (iv) there is a relocation of the Executive's principal business office by more than fifty (50) miles from its existing location; or (v) the Company or the Bank fail to obtain assumption of any employment relating to Executive by any successor or assign of the Bank; provided, however, that termination by the Executive for Good Reason must be made by the Executive in good faith.

3. Term

This Agreement shall terminate, except to the extent that any obligation of the Bank hereunder remains unpaid as of such time, upon the earliest of (i) the termination of the Executive's employment from the Bank for any reason if a Change in Control has not occurred prior to the date of such termination; (ii) the termination of Executive's employment from the Bank for Cause within 1 year after a Change in Control, (iii) 1 year after a Change in Control if Executive is still employed with the Bank or its successor or (iv) after a Change in Control of the Company or the Bank upon satisfaction of all of the Company's or the Bank's obligations hereunder.

4. No Obligation to Mitigate Damages; No Effect on Other Contractual Rights

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by the Executive as the result of employment by another employer after the effective date of Termination, or otherwise, by his/her engagement as a consultant or his/her conduct of any other business activities.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any employment agreement or other plan, arrangement or deferred compensation agreement, except as otherwise agreed to in writing by the Bank and the Executive.

5. Successor to the Bank

(a) The Bank will require any successor or assign (whether direct or indirect, by purchase or otherwise) to all or substantially all of the business and/or assets of the Bank, by written agreement with the Executive, to assume and agree to perform this Agreement in full. As used in this Agreement, "Bank" shall mean the Bank as herein before defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this section 5 or which otherwise becomes bound by all the terms and provisions if this Agreement by operations of law. Notwithstanding the assumption of this Agreement by a successor assign of the Bank, if a Change in Control (as defined in Section 2 (a) above) has

occurred, the Executive shall have and be entitled from such successor to all rights under Section 1 of this Agreement.

(b) If the Executive should die while any amounts are still payable to him/her hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate. This Agreement shall, therefore, insure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

6. Confidentiality

The Executive shall retain in confidence any and all confidential information known to the Executive concerning the Company and the Bank and its business so long as such information is not otherwise publicly disclosed.

7. Legal Fees and Expenses

The Bank shall pay all legal fees and expenses which the Executive may incur as a result of the Bank's contesting the validity, enforceability or the Executive's interpretation of, or determinations, under, this Agreement if the Executive prevails in any such contest or proceeding.

8. Limitation on Payments

This agreement is made expressly subject to the provisions of law codified at 12 U.S.C. 1828 (k) and 12 C.F.R. Part 359 which regulate and prohibit certain forms of benefits to Executive. Executive acknowledges that he understands these sections of law and that the Bank's obligations to make payments hereunder are expressly relieved if such payments violate these sections of law or any successors thereto.

9. Notice

For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid as follows:

If the Bank: Citizens Business Bank
701 N. Haven Avenue, Suite 350
Ontario, California 91764
Attention: D. Linn Wiley, President and CEO

If to the Executive: At the address below his/her signature or such other address as either party may have been furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

10. Validity

The invalidity or unenforceability of any provisions of this agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

11. Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

12. Miscellaneous

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Bank. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or any prior to subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above,

CITIZENS BUSINESS BANK

By: /s/ D. Linn Wiley

Name: D. Linn Wiley

Title: President

EXECUTIVE: /s/ Jay W. Coleman

Address:

City and State:

EXHIBIT 10.35

SEVERANCE COMPENSATION AGREEMENT

This agreement is entered into the 19th day of September, 2001 by and between Citizens Business Bank, a California banking corporation (the "Bank"), and Edward J. Biebrich, Jr., (the "Executive").

WHEREAS, the Bank's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Bank's Senior Management Committee, including the Executives, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a Change in Control (as defined herein) of CVB Financial Corp. (the "Company") or directly or indirectly the Bank, a wholly owned subsidiary of the Company; and

WHEREAS, this Agreement sets forth the compensation which the Bank agrees it will pay to the Executive upon a Change in Control and termination of the Executive's employment,

NOW, THEREFORE, in consideration of these premises and the mutual covenants and agreements contained herein and to induce the Executive to remain employed by the Bank and to continue to exert his/her best efforts on behalf of the Bank, the parties agree as follows:

1. Compensation Upon a Change in Control

(a) In the event that a (i) Change in Control occurs during the employment of the Executive and (ii) (a) 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 year of the completion of such Change in Control or (b) the Executive terminates or resigns Executive's employment for a Good Reason (as defined herein) within one year of the completion of such Change in Control, the Executive shall receive an amount equal to 2x the Executive's annual base compensation for the last calendar year ended immediately preceding the Change in Control. Such amount shall be paid in a lump sum, less applicable employment and payroll taxes, within five days after the effective date of the termination of Executive's employment.

2. Definitions

(a) Change in Control. For purposes of this Agreement, a "Change in Control" shall deemed to have occurred if:

(i) any one person, or more than one person acting as a group, acquires (or has acquired during the 12 month period ending on the date of the most recent acquisition) ownership of stock of the Company or the Bank possessing more than 50% of the total voting power of the Company's or the Bank's stock; provided, however, it is expressly acknowledged by the Executive that this provision shall not be applicable to any person who is, as of the date of this agreement, a Director of the Company or the Bank;

(ii) a majority of the members of the Company's or the Bank's Board of Directors is replaced during any 12 month period by directors whose appointment or election is not endorsed by a majority of the members of the Company's or the Bank's board prior to the date of the appointment or election;

(iii) a merger or consolidation where the holders of the Bank's or the Company's voting stock immediately prior to the effective date of such merger or consolidation own less than 50% of the voting stock of the entity surviving such merger or consolidation.

(iv) any one person, or more than one person acting as a group, acquires (or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or persons) assets from the Bank that have a total fair market value greater than 50% of the total fair market value of all of the Bank's assets immediately before the acquisition or acquisitions; provided, however, transfer of assets which otherwise would satisfy the requirements of this subsection (iv) will not be treated as a change in the ownership of such assets if the assets are transferred to;

(A) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly by the Company or the Bank prior to the acquisition;

(B) a person, or more than one person acting as a group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company or the Bank prior to the acquisition; or

(C) an entity, at least 50% of the total value or voting power is owned, directly or indirectly by a person who owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Bank prior to the acquisition.

Not withstanding the foregoing, a Change in Control shall not be deemed to occur as a result of any transaction whose primary purpose is to change the jurisdiction of incorporation of the Company or the Bank.

(b) Cause. For purposes of this Agreement, the Bank, or any successor thereto, shall have "Cause" to terminate the Executive's employment and shall not be obligated to make any payments hereunder or otherwise in the event the Executive has: (i) committed a significant act of dishonesty, deceit or breach of fiduciary duty in the performance of Executive's duties as an employee of the Bank; (ii) grossly neglected or willfully failed in any way to perform substantially the duties of such employment; or (iii) acted or failed to act in any other way that reflects materially and adversely on the Bank. In the event of a termination of Executive's employment by the Bank for Cause, the Bank shall deliver to Executive at the time the Executive is notified of the termination of his/her employment a written statement setting forth in reasonable detail the facts and circumstances claimed by the Bank to provide a basis for the termination of the Executive's employment for Cause.

(c) Good Reason. For purposes of this Agreement, "Good Reason" means (i) the Executive's then current level of annual base salary is reduced; (ii) there is any reduction in the

employee benefit coverage provided to the Executive (including pension, profit sharing, deferred compensation, life insurance and health insurance, but not including incentive bonuses) from the coverage levels in effect immediately prior to the Change in Control, unless that company or the Bank, or any successor thereto, provide substantially equivalent employee benefits to the Executive; (iii) the Executive suffers a material diminution in Executive's title, authority, position, reporting relationship, responsibilities or offices; (iv) there is a relocation of the Executive's principal business office by more than fifty (50) miles from its existing location; or (v) the Company or the Bank fail to obtain assumption of any employment relating to Executive by any successor or assign of the Bank; provided, however, that termination by the Executive for Good Reason must be made by the Executive in good faith.

3. Term

This Agreement shall terminate, except to the extent that any obligation of the Bank hereunder remains unpaid as of such time, upon the earliest of (i) the termination of the Executive's employment from the Bank for any reason if a Change in Control has not occurred prior to the date of such termination; (ii) the termination of Executive's employment from the Bank for Cause within 1 year after a Change in Control, (iii) 1 year after a Change in Control if Executive is still employed with the Bank or its successor or (iv) after a Change in Control of the Company or the Bank upon satisfaction of all of the Company's or the Bank's obligations hereunder.

4. No Obligation to Mitigate Damages; No Effect on Other Contractual Rights

(a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by the Executive as the result of employment by another employer after the effective date of Termination, or otherwise, by his/her engagement as a consultant or his/her conduct of any other business activities.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any employment agreement or other plan, arrangement or deferred compensation agreement, except as otherwise agreed to in writing by the Bank and the Executive.

5. Successor to the Bank

(a) The Bank will require any successor or assign (whether direct or indirect, by purchase or otherwise) to all or substantially all of the business and/or assets of the Bank, by written agreement with the Executive, to assume and agree to perform this Agreement in full. As used in this Agreement, "Bank" shall mean the Bank as herein before defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this section 5 or which otherwise becomes bound by all the terms and provisions if this Agreement by operations of law. Notwithstanding the assumption of this Agreement by a successor assign of the Bank, if a Change in Control (as defined in Section 2 (a) above) has

occurred, the Executive shall have and be entitled from such successor to all rights under Section 1 of this Agreement.

(b) If the Executive should die while any amounts are still payable to him/her hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate. This Agreement shall, therefore, insure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

6. Confidentiality

The Executive shall retain in confidence any and all confidential information known to the Executive concerning the Company and the Bank and its business so long as such information is not otherwise publicly disclosed.

7. Legal Fees and Expenses

The Bank shall pay all legal fees and expenses which the Executive may incur as a result of the Bank's contesting the validity, enforceability or the Executive's interpretation of, or determinations, under, this Agreement if the Executive prevails in any such contest or proceeding.

8. Limitation on Payments

This agreement is made expressly subject to the provisions of law codified at 12 U.S.C. 1828 (k) and 12 C.F.R. Part 359 which regulate and prohibit certain forms of benefits to Executive. Executive acknowledges that he understands these sections of law and that the Bank's obligations to make payments hereunder are expressly relieved if such payments violate these sections of law or any successors thereto.

9. Notice

For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid as follows:

If the Bank: Citizens Business Bank
701 N. Haven Avenue, Suite 350
Ontario, California 91764
Attention: D. Linn Wiley, President and CEO

If to the Executive: At the address below his/her signature or such other address as either party may have been furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

10. Validity

The invalidity or unenforceability of any provisions of this agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

11. Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

12. Miscellaneous

No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Bank. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or any prior to subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above,

CITIZENS BUSINESS BANK

By: /s/ D. Linn Wiley

Name: D. Linn Wiley

Title: President

EXECUTIVE: /s/ Edward J. Biebrich, Jr.

Address:

City and State:

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EXHIBIT 21

CVB FINANCIAL CORP. & SUBSIDIARIES

CVB FINANCIAL CORP.
(Formed 4-27-81)
Chairman of the Board - George Borba
Directors - John Borba, Ron Kruse**, John LoPorto, Jim Seley, San Vaccaro & Linn Wiley
President - Linn Wiley
Chief Financial Officer - Edward Biebrich***
Corporate Secretary - Donna Marchesi
Board of Directors Meetings - Monthly

CITIZENS BUSINESS BANK
(Formed 12-26-73
Changed from Chino Valley Bank 4-1-96)
Chairman of the Board - G. Borba
Directors - J.Borba, Kruse**, LoPorto, Seley, Vaccaro & Wiley
President - Linn Wiley
Chief Financial Officer - Edward Biebrich***
Corporate Secretary - Donna Marchesi
Board of Directors Meetings - Monthly

GOLDEN WEST ENTERPRISES, INC.
(Formed 2-23-81)
Chgd. from Golden West Enterprises, Inc. 7-1-02)
Chairman of the Board - G. Borba
Directors - J.Borba, Kruse**, LoPorto, Seley, Vaccaro & Wiley
President - Mike Mayfield
Chief Financial Officer - Edward Biebrich***
Corporate Secretary - Donna Marchesi
Board of Directors Meetings - Quarterly

COMMUNITY TRUST DEED SERVICES
(Formed 3-25-83)
Chairman of the Board - George Borba
Directors - J. Borba, R. Kruse**, J. LoPorto, J. Seley, S. Vaccaro & L. Wiley
President - Linn Wiley
Chief Financial Officer - Edward Biebrich***
Corporate Secretary - Donna Marchesi
Board of Directors Meetings - January, April, May, July & October

CHINO VALLEY BANCORP*
(Formed 6-22-84)
(Originally Appraisal Concepts, Inc. - 12-18-91 chgd. To Premier Results, Inc. - 3-20-96 chgd. To Chino Valley Bancorp)
Chairman of the Board - George Borba
Directors - J. Borba, R. Kruse**, J. LoPorto, J. Seley, S. Vaccaro & L. Wiley
President - Linn Wiley
Chief Financial Officer - Edward Biebrich***
Corporate Secretary - Donna Marchesi
Board of Directors Meetings - February & May
*shell company to protect the name

CVB VENTURES, INC.
(Formed 3-16-99)
Chairman of the Board - George Borba
Directors - J. Borba, R. Kruse**, J. LoPorto, J. Seley, S. Vaccaro & L. Wiley
President - Linn Wiley
Chief Financial Officer - Edward Biebrich***
Corporate Secretary - Donna Marchesi
Board of Directors Meetings - January, April, May, July and October

ORANGE NATIONAL BANCORP*
(Acq. 10-4-99 with Orange Nat'l. Bank - 2-7-00 chgd. from ONB Mortgage Corp.)
Chairman of the Board - George Borba
Directors - J. Borba, R. Kruse**, J. LoPorto, J. Seley, S. Vaccaro & L. Wiley
President - Linn Wiley
Chief Financial Officer - Edward Biebrich***
Corporate Secretary - Donna Marchesi
Board of Directors Meetings - February & May
*shell company to protect the name

**Vice Chariman ***Assistant Corp. Secretary

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in the CVB Financial Corp. 1999 Orange National Bancorp 1999 Continuation Stock Option Plan and the CVB Financial Corp. 1999 Orange National Bancorp 1993 Continuation Stock Option Plan Registration Statement No. 333-88519 on Form S-8, the 1991 Stock Option Plan Registration Statement No. 33-41318 on Form S-8, the Key Employee Stock Grant Plan Registration Statement No. 33-50442 on Form S-8, and the 2000 Stock Option Plan Registration Statement No. 333-41198 on Form S-8, of our report, dated January 31, 2003, on the consolidated balance sheets of CVB Financial Corp. and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2002, appearing in the Annual Report on Form 10-K of CVB Financial Corp. for the year ended December 31, 2002.

/s/ Deloitte & Touche LLP
March 19, 2003
Los Angeles, California

Exhibit 99.1

CERTIFICATION

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of CVB Financial Corp. (the “Company”) on Form 10-K for the fiscal year ended December 31, 2002, 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 2002, 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 19, 2003

/s/ D. Linn Wiley

D. Linn Wiley
Chief Executive Officer

Exhibit 99.2

CERTIFICATION

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of CVB Financial Corp. (the “Company”) on Form 10-K for the fiscal year ended December 31, 2002, 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 2002, to the best of my knowledge that:

(3) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(4) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 19, 2003

/s/ Edward J. Biebrich Jr.

Edward J. Biebrich Jr.
Chief Financial Officer