FORM 10-Q
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2001

or

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

For the transition period from _____ to _____

For Quarter Ended September 30, 2001 Commission File Number: 1-10394

CVB FINANCIAL CORP.
(Exact name of registrant as specified in its charter)

California	95-3629339
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
701 North Haven Ave, Suite 350, Ontario, California	91764
(Address of Principal Executive Offices)	(Zip Code)
(Registrant's telephone number, including area code)	(909) 980-4030

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 X NO

Number of shares of common stock of the registrant: 27,821,337 outstanding as of October 22, 2001.

This Form 10-Q contains 27 pages.

PART I - FINANCIAL INFORMATION

CVB FINANCIAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
dollar amounts in thousands

	September 30, 2001 (unaudited)	December 31, 2000
ASSETS		
Federal funds sold	$ 33,000	$ 10,000
Investment securities available-for-sale	1,105,269	1,070,074
Loans and lease finance receivables, net	1,055,211	1,032,341
Total earning assets	2,193,480	2,112,415
Cash and due from banks	112,483	130,315
Premises and equipment, net	29,330	27,206
Other real estate owned, net	0	359
Deferred taxes	0	4,148
Goodwill and intangibles	6,698	7,403
Cash value life insurance	7,542	7,434
Accrued interest receivable	15,266	14,625
Other assets	2,591	4,091
TOTAL ASSETS	$ 2,367,390	$ 2,307,996
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Noninterest-bearing	$ 698,456	$ 665,290
Interest-bearing	1,054,832	929,740
Total Deposits	1,753,288	1,595,030
Short-term borrowings	132,858	396,234
Long-term borrowings	205,314	101,341
Deferred taxes	6,527	0
Accrued interest payable	4,637	6,742
Other liabilities	43,493	20,019
TOTAL LIABILITIES	2,146,117	2,119,366
Stockholders' Equity:		
Preferred stock (authorized, 20,000,000 shares without par; none issued or outstanding)		
Common stock -authorized, 50,000,000 shares without par; issued and outstanding 27,820,160 (2001) and 27,659,452 (2000)	146,064	145,648
Retained earnings	53,461	36,179
Accumulated other comprehensive income	21,748	6,803
Total stockholders' equity	221,273	188,630
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,367,390	$ 2,307,996

See accompanying notes to the consolidated financial statements.

CVB FINANCIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(unaudited)
dollar amounts in thousands, except per share

	For the Three Months Ended September 30, 2001	For the Three Months Ended September 30, 2000	For the Nine Months Ended September 30, 2001	For the Nine Months Ended September 30, 2000
Interest Income:				
Loans, including fees	$ 22,576	$ 23,098	$ 68,627	$ 66,467
Investment securities:				
Taxable	12,000	12,484	37,187	36,665
Tax-advantaged	4,069	3,112	11,886	8,207
Total investment income	16,069	15,596	49,073	44,872
Federal funds sold	139	53	242	55
Total interest income	38,784	38,747	117,942	111,394
Interest Expense:				
Deposits	7,624	8,630	25,202	23,016
Borrowings	4,662	6,567	16,603	18,087
Total interest expense	12,286	15,197	41,805	41,103
Net interest income before provision for credit losses	26,498	23,550	76,137	70,291
Provision for credit losses	250	700	1,750	2,300
Net interest income after provision for credit losses	26,248	22,850	74,387	67,991
Other Operating Income:				
Service charges on deposit accounts	3,088	2,644	9,404	7,840
Gain(Loss) on sale of securities	146	(106)	60	(237)
Gain on sale of other real estate owned	0	0	126	223
Trust services	905	1,001	2,911	3,011
Other	1,098	1,062	4,179	2,911
Total other operating income	5,237	4,601	16,680	13,748
Other operating expenses:				
Salaries and employee benefits	8,318	7,512	24,143	22,365
Occupancy	1,501	1,325	4,281	3,992
Equipment	1,331	1,260	3,900	3,748
Professional services	697	437	3,024	2,297
Other	2,937	2,827	9,124	9,222
Total other operating expenses	14,784	13,361	44,472	41,624
Earnings before income taxes	16,701	14,090	46,595	40,115
Income taxes	5,910	4,952	17,351	14,674
Net earnings	$ 10,791	$ 9,138	$ 29,244	$ 25,441
Basic earnings per common share	$ 0.38	$ 0.34	$ 1.05	$ 0.93
Diluted earnings per common share	$ 0.38	$ 0.33	$ 1.03	$ 0.90
Cash dividends per common share	$ 0.15	$ 0.12	$ 0.43	$ 0.36

See accompanying notes to the consolidated financial statements.

CVB FINANCIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(unaudited)
(Dollars and shares in thousands)

	Common Shares Outstanding	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income Net of Tax	Comprehensive Income
Balance January 1, 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	161	416			
Cash dividends			(11,962)		
Comprehensive income:					
Net earnings			29,244		$ 29,244
Other comprehensive income:					
Unrealized gains on securities available-for-sale, net				14,945	14,945
Comprehensive income					$ 44,189
Balance September 30, 2001	27,820	$ 146,064	$ 53,461	$ 21,748	

See accompanying notes to the consolidated financial statements.

CVB FINANCIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
dollar amounts in thousands

	For the Nine Months Ended September 30, 2001	For the Nine Months Ended September 30, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received	$ 103,706	$ 112,503
Service charges and other fees received	16,620	13,985
Interest paid	(43,910)	(39,186)
Cash paid to suppliers and employees	(31,818)	(37,388)
Income taxes (paid)refunded	12,325	(16,582)
Net cash provided by operating activities	56,923	33,332

CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of securities available-for-sale	288,051	43,736
Proceeds from maturities of securities available-for-sale	76,226	86,813
Purchases of securities available-for-sale	(343,522)	(297,349)
Net decrease in loans	(21,440)	(52,427)
Proceeds from sales of premises and equipment	100	38
Proceeds from sale of other real estate owned	536	405
Purchase of premises and equipment	(5,726)	(3,249)
Other investing activities	(33,291)	(392)
Net cash provided by (used in) investing activities	(39,066)	(222,425)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in transaction deposits	116,110	95,951
Net increase in time deposits	42,148	61,213
Net increase (decrease) in borrowings	(159,401)	24,633
Cash dividends on common stock	(11,962)	(9,070)
Proceeds from exercise of stock options	416	2,204
Net cash (used in) provided by financing activities	(12,689)	174,931
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	5,168	(14,162)
CASH AND CASH EQUIVALENTS, beginning of period	140,315	118,360
CASH AND CASH EQUIVALENTS, end of period	$ 145,483	$ 104,198

See accompanying notes to the consolidated financial statements.

CVB FINANCIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
dollar amounts in thousands

	For the Nine Months Ended September 30,	
	2001	**2000**
RECONCILIATION OF NET EARNINGS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net earnings	$ 29,244	$ 25,441
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Gain on sale of investment securities	(1,680)	0
Loss on sale of investment securities	1,620	237
Loss(gain) on sale of premises and equipment	57	0
Gain on sale of other real estate owned	(126)	0
Increase in cash value of life insurance	108	64
Amortization of premiums on investment securities	(10,123)	4,086
Provisions for credit and OREO losses	1,750	2,300
Depreciation and amortization	3,559	3,473
Change in accrued interest receivable	(640)	(2,978)
Change in accrued interest payable	(2,106)	1,918
Change in other assets and liabilities	35,260	(1,209)
Total adjustments	27,679	7,891
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 56,923	$ 33,332
Supplemental Schedule of Noncash Investing and Financing Activities		
Securities purchased and not settled	$ 20,000	$ 740

CVB FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2001 and 2000

1. Summary of Significant Accounting Policies. See Note 1 of the Notes to Consolidated Financial Statements in CVB Financial Corp.'s 2000 Annual Report on Form 10-K.

   Goodwill resulting from purchase accounting treatment of acquired banks is amortized on a straight-line basis over 15 years.

   The Bank accounts for impaired loans in accordance with Statement of Financial Accounting Standards ("SFAS") No. 114, "Accounting by Creditors for Impairment of a Loan," as amended by SFAS No. 118, "Accounting by Creditors for Impairment of a Loan -- Income Recognition and Disclosures." Impaired loans totaled $16.2 million at September 30, 2001.

   In June 2001, the Financial Accounting Standards Board ("FASB") issued a Statement of Financial Accounting Standards ("SFAS") No. 142, "Accounting for Goodwill and Other Intangible Assets," effective starting with fiscal years beginning after December 15, 2001. This standard establishes new accounting standards for goodwill and continues to require the recognition of goodwill as an asset but does not permit amortization of goodwill as previously required by the Accounting Principles Board Opinion ("APB") Opinion No. 17. The standard also establishes a new method of testing goodwill for impairment. It requires goodwill to be separately tested for impairment at a reporting unit level. The amount of goodwill determined to be impaired would be expensed to current operations. Management believes that the adoption of the statement will not have a material effect on the Company's financial statements.

2. Certain reclassifications have been made in the 2000 financial information to conform to the presentation used in 2001.

3. In the ordinary course of business, the Company enters into commitments to extend credit to its customers. These commitments are not reflected in the accompanying consolidated financial statements. As of September 30, 2001, the Company had entered into commitments with certain customers amounting to $374.4 million compared to $339.1 million at December 31, 2000. Letters of credit at September 30, 2001, and December 31, 2000, were $13.7 million and $10.9 million, respectively.

4. The interim consolidated financial statements are unaudited and reflect all adjustments and reclassifications which, in the opinion of management, are necessary for a fair statement of the results of operations and financial condition for the interim period. All adjustments and reclassifications are of a normal and recurring nature. Results for the three-month and nine-month periods ended September 30, 2001 are not necessarily indicative of results which may be expected for any other interim period or for the year as a whole.

5. The actual number of shares outstanding at September 30, 2001 was 27,820,160. Basic earnings per share are calculated on the basis of the weighted average number of shares outstanding during the period. Diluted earnings per share are calculated on the basis of the weighted average number of shares outstanding during the period plus shares issuable upon the assumed exercise of outstanding common stock options. All 2000 per share information in the financial statements and in Management's Discussion and Analysis has been restated to give retroactive effect to the 10% stock dividend declared December 20,

2000, which was paid on January 26, 2001. The table below presents the reconciliation of earnings per share for the periods indicated.

Earnings Per Share Reconciliation
(Dollars and shares in thousands, except per share amounts)
For the Three Months
Ended September 30,

	2001			2000		
	Income (Numerator)	Weighted Average Shares (Denominator)	Per Share Amount	Income (Numerator)	Weighted Average Shares (Denominator)	Per Share Amount
BASIC EPS						
Income available to common stockholders	$ 10,791	27,808	$0.38	$ 9,138	27,193	$0.34
EFFECT OF DILUTIVE SECURITIES						
Incremental shares from assumed exercise of outstanding options		549	0.00		510	(0.01)
DILUTED EPS						
Income available to common stockholders	$ 10,791	28,357	$0.38	$ 9,138	27,704	$0.33

Earnings Per Share Reconciliation
For the Nine Months
Ended September 30,

	2001			2000		
	Income (Numerator)	Weighted Average Shares (Denominator)	Per Share Amount	Income (Numerator)	Weighted Average Shares (Denominator)	Per Share Amount
BASIC EPS						
Income available to common stockholders	$ 29,244	27,775	$1.05	$ 25,441	27,559	$0.93
EFFECT OF DILUTIVE SECURITIES						
Incremental shares from assumed exercise of outstanding options		513	(0.02)		595	(0.03)
DILUTED EPS						
Income available to common stockholders	$ 29,244	28,288	$1.03	$ 25,441	28,155	$0.90

CVB FINANCIAL CORP. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis is written to provide greater insight into the results of operations and the financial condition of CVB Financial Corp. and its subsidiaries. Throughout this discussion, "Company" refers to CVB Financial Corp. and its subsidiaries as a consolidated entity. "CVB" refers to CVB Financial Corp. as the unconsolidated parent company and "Bank" refers to Citizens Business Bank. For a more complete understanding of the Company and its operations, reference should be made to the financial statements included in this report and in the Company's 2000 Annual Report on Form 10-K. Certain statements in this Report on Form 10-Q constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995 which involve risks 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, global, political, and economic change related to the terrorist attacks on September 11, 2001 and their aftermath, competition in the geographic and business areas in which the Company conducts operations, fluctuations in interest rates, credit quality, and government regulations. For additional information concerning these factors, see "Item 1. Business - Factors That May Affect Results" contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

RESULTS OF OPERATIONS

The Company reported net earnings of $29.2 million for the nine months ended September 30, 2001. This represented an increase of $3.8 million, or 14.95%, over net earnings of $25.4 million for the nine months ended September 30, 2000. Basic earnings per share for the nine-month period increased to $1.05 per share for 2001, compared to $0.93 per share for 2000. Diluted earnings per share increased to $1.03 per share for the first nine months of 2001, compared to $0.90 per share for the same nine-month period last year. The annualized return on average assets was 1.71% for the nine months ended September 30, 2001, compared to 1.66% for the nine months ended September 30, 2000. The annualized return on average equity was 19.27% for the nine months ended September 30, 2001, compared to a return of 22.22% for the nine months ended September 30, 2000. The return on average equity was higher in 2000 due to the lower average equity in the first nine months of 2000. This was due in part to changes in accumulated other comprehensive income which averaged for the nine months ending September 30, 2001, $9.9 million compared to $(17.2) million for the same period in 2000. Accumulated other comprehensive income consists of unrealized gains and losses in investment securities. For the nine months ended September 30, 2001, the Company has declared dividends in the amount of $0.43 per share. This represents an increase of $0.07 per share, or 19.44%, compared to dividends declared through September 30, 2000.

For the quarter ended September 30, 2001, the Company generated net earnings of $10.8 million. This represented an increase of $1.7 million, or 18.09%, over the net earnings of $9.1 million for the third quarter of 2000. Basic earnings per share increased to $0.38 for the third quarter of 2001 compared to $0.34 per share for the third quarter of 2000. Diluted earnings per share increased to $0.38 per share compared to $0.33 per share for the third quarter of 2001 and 2000, respectively. The annualized return on average assets was 1.89% for the third quarter of 2001 compared to 1.76% for the same period last year. The annualized return on average equity was 20.90% for the third quarter of 2001 and 23.28% for the third quarter of 2000. For the third quarter ended September 30, 2001, the Company has declared dividends in the amount of $0.15 per share. This represents an increase of $0.03 per share or 25.00%, compared to dividends declared in the third quarter ended September 30, 2000.

Pre-tax operating earnings, which exclude the impact of gains or losses on sale of securities and OREO, and the provisions for credit and OREO losses, totaled $48.2 million for the nine months ended September 30, 2001. This represented an increase of $5.7 million, or 13.51 %, compared to operating earnings of $42.4 million for the first nine months of 2000. For the third quarter of 2001, pre-tax operating earnings totaled $16.8 million. This represented an increase of $1.9 million, or 12.80%, from pre-tax operating earnings of $14.9 million for the third quarter of 2000.

Net Interest Income/Net Interest Margin

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 and the interest paid on deposits and borrowed funds. 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 average cost of interest-bearing deposits and borrowed funds. 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.

For the nine months ended September 30, 2001, net interest income before the provision for credit losses was $76.1 million. This represented an increase of $5.8 million, or 8.32%, over net interest income of $70.3 million for the nine months ended September 30, 2000. The increase in net interest income for the first nine months of 2001 compared to 2000 was primarily the result of greater average balances of earning assets, which was partially offset by a decrease in interest rates. Net earning assets averaged $2.1 billion for the first nine months of 2001. This represented an increase of $256.3 million, or 13.69%, compared to net average earning assets of $1.9 billion for the first nine months of 2000. Average net earning assets as a percent of total average assets increased to 92.94% during the nine months ending September 30, 2001 compared to 91.41% for the same period last year

The net interest margin measures net interest income as a percentage of average earning assets. The net interest margin can be affected by changes in the yield on earning assets and the cost of interest-bearing liabilities, as well as changes in the level of interest-bearing liabilities in proportion to earning assets. The net interest margin can also be affected by changes in the mix of earning assets as well as the mix of interest-bearing liabilities. The Company's tax effected (TE) net interest margin was 5.05% for the first nine months ended September 30, 2001, compared to 5.20% for the same period of 2000. A lower yield on average earning assets contributed to the decrease in the net interest margin. For the nine months ending September 30, 2001 the yield on earning assets (TE) decreased 45 basis points to 7.65% from 8.10% for the same period in 2000, while the cost of funds (including demand deposits) decreased 21 basis points to 2.72% from 2.93% for the same period in 2000, resulting in a compression in the net interest margin. A change in the mix of earning assets was another contributor to the decrease in the net interest margin. Average gross loans as a percentage of average gross earning assets for the first nine months of 2001 decreased to 49.18% from 51.19% for the same period last year. Loans typically generate higher yields than investments. Also, a change in the mix of average interest-bearing liabilities toward higher costing funds was another element contributing to the decrease in the net interest margin. For the nine months ending September 30, 2001, average time deposits as a percent of average interest-bearing deposits increased to 44.06% from 40.04% for the same period last year.

The net interest spread is the difference between the yield on average earning assets less the cost of average interest-bearing liabilities. The Company's net interest spread (TE) decreased to 3.72% for the nine months ending September 30, 2001 compared to 3.76% for the same period of 2000. The decrease in the net interest spread for 2001 resulted from decreases in the yield on earning assets. The yield on earning assets decreased 45 basis points, and the cost of interest-bearing liabilities decreased 41 basis point for the first nine months of 2001 compared to the same period of 2000.

The decrease in the yield on average earning assets resulted from decreased yields on average loans and average investments. The yield on average loans decreased to 8.69% for the nine months ended September 30, 2001, from a yield of 9.15% for the first nine months of 2000. The decrease in the yields on loans for 2001 was primarily the result of a decreasing interest rate environment. The (TE) year-to-date yield on average investments decreased to 6.67% for the nine months ending September 30, 2001 compared to 6.99% for the nine months ending September 30, 2000. The decrease was due to the declining interest rate environment.

The cost of average interest-bearing liabilities decreased to 3.93% for the nine months ended September 30, 2001, compared to a cost of 4.34% for the first nine months of 2000. The decrease in the cost of interest-bearing liabilities was primarily the result of a declining interest rate environment, a change in the mix of interest-bearing liabilities, and competitive market forces. Borrowed funds for the first nine months of 2001 as a percent of funding (total deposits plus borrowing) averaged 20.36%. This represents a decrease from borrowed funds for the first nine months of 2000 as a percent of funding, which averaged 21.15%. Also, average time deposits as a percentage of interest-bearing deposits increased to 44.06% for the nine months ending September 30, 2001 from 40.04% for the nine months ending September 30, 2000. The cost of average interest-bearing deposits was 3.36% for the first nine months of 2001 as compared to 3.53% for the first nine months of 2000. The cost of borrowed funds decreased to 5.30% for the nine months ended September 30, 2001, compared to a cost of 6.10% for the nine months ended September 30, 2000. The cost of time deposits decreased to 4.87% for the nine months ended September 30, 2001, compared to a cost of 5.20% for the nine months ended September 30, 2000.

For the third quarter of 2001, net interest income before the provision for credit losses was $26.5 million. This represented an increase of $2.9 million, or 12.52%, over net interest income of $23.6 million for the third quarter of 2000. The increase in net interest income for the third quarter of 2001 compared to 2000 was primarily the result of greater average balances of earning assets, which was partially offset by a decrease in interest rates. Net earning assets averaged $2.2 billion for the third quarter of 2001. This represented an increase of $226.3 million, or 11.75%, compared to net average earning assets of $1.9 billion for the third quarter of 2000.

The Company's (TE) net interest margin was 5.26% for the third quarter of 2001, compared to 5.18% for the same period of 2000. For the third quarter of 2001 the yield on earning assets (TE) decreased 78 basis points to 7.56% from 8.34% for the third quarter of 2000, while the cost of funds (including demand deposits) decreased 82 basis points to 2.40% from 3.22% for the third quarter of 2000, resulting in an increase in the net interest margin. During the third quarter of 2001 the Company aggressively managed the lowering of rates paid on interest-bearing liabilities. This may not be sustainable in future quarters if the interest rate environment continues to decline at the same pace. A change in the mix of average interest-bearing liabilities toward lower costing funds was another element contributing to the increase in the net interest margin. Borrowed funds for the quarter ending September 30, 2001 as a percent of funding (total deposits plus borrowing) averaged 17.94%. This represents a decrease from borrowed funds for the quarter ending September 30, 2000 as a percent of funding, which averaged 21.32%.

The Company's net interest spread (TE) increased to 4.02% for the third quarter of 2001, compared to 3.60% for the same period of 2000. The yield on earning assets decreased 78 basis points, and the cost of interest-bearing liabilities decreased 121 basis points for the third quarter of 2001 compared to 2000.

For the third quarter of 2001, the decrease in the yield on average earning assets resulted from decreased yields on average loans and investments. The yield on average loans decreased to 8.58% for the third quarter of 2001, from a yield of 9.42% for the third quarter of 2000. The decrease in the yields on loans for the third quarter was primarily the result of a decreasing interest rate environment. The (TE) yield on average investments decreased to 6.63% for the third quarter of 2001 compared to 7.24% for the same period last year.

For the third quarter of 2001, the cost of average interest-bearing liabilities decreased to 3.53%, compared to a cost of 4.74% for the same period last year. The decrease in the cost of interest-bearing liabilities was primarily the result of the decreasing interest rate environment and competitive market forces. The cost of borrowed funds decreased to 5.08% for the third quarter of 2001, compared to a cost of 6.53% for the same period last year.

The Company reported total interest income of $117.9 million for the nine months ended September 30, 2001. This represented an increase of $6.5 million, or 5.88%, over total interest income of $111.4 million for the nine months ended September 30, 2000. Total interest income of $38.8 million was reported for the third quarter of 2001. This represented an increase of $36,000, or 0.09%, over total interest income of $38.8 million for the third quarter of 2000.

Interest expense totaled $41.8 million for the nine months ended September 30, 2001. This represented an increase of $701,000, or 1.71%, over total interest expense of $41.1 million for the nine months ended September 30, 2000. Interest expense totaled $12.3 million for the third quarter of 2001. This represented a decrease of $2.9 million, or 19.16%, over total interest expense of $15.2 million for the third quarter of 2000.

Table 1 shows the average balances of assets, liabilities, and stockholders' equity and the related interest income, expense, and rates for the nine-month and three-month periods ended September 30, 2001, and 2000. Yields for tax-advantaged investments are shown on a taxable equivalent basis using a 42% tax rate.

TABLE 1 - Distribution of Average Assets, Liabilities, and Stockholders' Equity; Interest Rates and Interest Differentials
(dollars in thousands)

	Nine-month periods ended September 30,					
	2001			**2000**		
ASSETS	Average Balance	Interest	Rate	Average Balance	Interest	Rate

	Average Balance 2001	Interest 2001	Rate 2001	Average Balance 2000	Interest 2000	Rate 2000
Investment Securities:						
Taxable	$ 784,971	$ 37,187	6.33%	$ 715,357	$ 36,665	6.83%
Tax-advantaged (TE) (1)	298,290	11,886	7.57%	205,817	8,207	7.54%
Federal Funds Sold Interest-bearing deposits with other financial institutions	8,510	242	3.80%	1,051	55	6.97%
Loans (2)	1,056,464	68,627	8.69%	967,297	66,467	9.15%
Total Earning Assets	2,148,235	$ 117,942	7.65%	1,889,522	$ 111,394	8.10%
Total Non-earning Assets	141,320			157,960		
Total Assets	$ 2,289,555			$ 2,047,482		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Deposits:						
Non-interest bearing deposits	$ 637,106			$ 603,984		
Savings Deposits (3)	560,658	$ 9,123	2.18%	520,134	$ 9,452	2.42%
Time Deposits	441,549	16,079	4.87%	347,344	13,564	5.20%
Total Deposits	1,639,313	25,202	2.06%	1,471,462	23,016	2.08%
Borrowings	419,141	16,603	5.30%	394,661	18,087	6.10%
Total Interest-Bearing Liabilities	1,421,348	$ 41,805	3.93%	1,262,139	$ 41,103	4.34%
Other Liabilities	28,218			28,845		
Stockholders' Equity	202,883			152,514		
Total Liabilities and Stockholders' Equity	$ 2,289,555			$ 2,047,482		
Net interest spread			3.72%			3.76%
Net interest margin			5.05%			5.20%

(1) Includes tax-exempt municipal securities, preferred stock, and qualified zone academy bonds.
(2) Loan fees are included in total interest income as follows: 2001, $3,180; 2000, $2,727.
(3) Includes interest-bearing demand and money market accounts.

Three-month periods ended September 30,

ASSETS	2001 Average Balance	2001 Interest	2001 Rate	2000 Average Balance	2000 Interest	2000 Rate
Investment Securities						
Taxable	$ 781,332	12,000	6.23%	$ 710,353	12,484	7.13%
Tax-advantaged (TE) (1)	306,847	4,069	7.64%	236,831	3,112	7.57%
Federal Funds Sold Interest-bearing deposits with other financial institutions	17,547	139	3.21%	2,978	53	0.00%
Loans (2)	1,067,296	22,576	8.58%	994,021	23,098	9.42%
Total Earning Assets	2,173,022	38,784	7.56%	1,944,183	38,747	8.34%
Total Non-earning Assets	142,208			157,088		
Total Assets	$ 2,315,230			$ 2,101,271		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Non-interest bearing deposits	$ 666,734			$ 614,548		
Savings Deposits (3)	592,675	2,911	1.99%	522,534	3,378	2.62%
Time Deposits	444,394	4,713	4.30%	369,065	5,252	5.77%
Total Deposits	1,703,803	7,624	1.81%	1,506,147	8,630	2.32%
Other Borrowings	372,490	4,662	5.08%	408,003	6,567	6.53%
Total Interest-Bearing Liabilities	1,409,559	12,286	3.53%	1,299,602	15,197	4.74%
Other Liabilities	29,505			27,941		
Stockholders' Equity	209,432			159,180		
Total Liabilities and Stockholders' Equity	$ 2,315,230			$ 2,101,271		
Net interest spread			4.02%			3.60%
Net interest margin			5.26%			5.18%

(1) Includes tax-exempt municipal securities, preferred stock, and qualified zone academy bonds.
(2) Loan fees are included in total interest income as follows: 2001, $1,201; 2000, $848.
(3) Includes interest-bearing demand and money market accounts.

Table 2 summarizes the changes in interest income and interest expense based on changes in average asset and liability balances (volume) and changes in average rates (rate). For each category of interest-earning assets and interest-bearing liabilities, information is provided with respect to changes attributable to (1) changes in volume (change in volume multiplied by initial rate), (2) changes in rate (change in rate multiplied by initial volume) and (3) changes in rate/volume (change in rate multiplied by change in volume).

TABLE 2 - Rate and Volume Analysis for Changes in Interest Income, Interest Expense and Net Interest Income
(amounts in thousands)

Comparison of nine-month period ended September 30, 2001 and 2000
Increase (decrease) in interest income or expense due to changes in:

	Volume	Rate	Rate/ Volume	Total
Interest Income:				
Taxable investment securities	$ 7,066	$ (5,486)	$ (1,057)	$ 523
Tax-advantaged securities	1,019	2,365	294	3,678
Fed funds sold interest-bearing deposits with other institutions	391	(26)	(179)	186
Loans	6,127	(3,632)	(335)	2,160

Total earning assets	14,603	(6,779)	(1,277)	6,547
Interest Expense:				
Savings deposits	734	(971)	(76)	(313)
Time deposits	3,687	(934)	(254)	2,499
Other borrowings	1,122	(2,455)	(152)	(1,485)
Total interest-bearing liabilities	5,543	(4,360)	(482)	701
Net Interest Income	$ 9,060	$ (2,419)	$ (795)	$ 5,846

During periods of changing interest rates, the ability to reprice interest-earning assets and interest-bearing liabilities can influence net interest income, 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 repricing risk is minimized by controlling the level of floating rate loans and maintaining bond payments and maturities which are scheduled in approximately equal increments over time. Basis risk is managed by the timing and magnitude of changes to interest-bearing deposits 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.

Both the net interest spread and the net interest margin are largely affected by interest rate changes in the market place and the Company's ability to reprice assets and liabilities as these interest rates change. The Company's management utilizes the results of a dynamic simulation model to quantify the estimated exposure of net interest income to sustained changes in interest rates. 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 net interest income from all interest-earning assets and interest expense paid on all interest-bearing liabilities reflected on the Company's balance sheet. The sensitivity analysis is compared to policy limits which specify a maximum tolerance level for net interest income exposure over a one year time horizon assuming no balance sheet growth, given both a 200 basis point upward and downward shift in interest rates. A parallel and pro rata shift in interest rates over a 12-month period is assumed. The following reflects the Company's net interest income sensitivity over a one year horizon as of September 30, 2001.

Simulated Rate Changes	Estimated Net **Interest Income Sensitivity**
+200 basis points	**(1.06%)**
-200 basis points	**(0.26%)**

The table indicates that net interest income would decrease by approximately 1.06% over a 12-month period if there were a sustained, parallel and pro rata 200 basis point upward shift in interest rates. Net interest income would decrease approximately 0.26% over a 12-month period if there were a sustained, parallel and pro rata 200 basis point downward shift in interest rates.

Credit Loss Experience

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 limitted 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 provision for credit losses was $1.75 million for the nine months ended September 30, 2001, as compared to $2.30 million for the same period of 2000, a decrease of $550,000, or 23.91%. For the third quarter ending September 30, 2001 the provision for credit losses was $250,000, as compared to $700,000 for the third quarter ending September 30, 2000, a decrease of $450,000, or 64.29%.

The allowance for credit losses at September 30, 2001 was $21.3 million. This represented an increase of $2.1 million, or 11.15%, from the allowance for credit losses of $19.2 million at December 31, 2000. The allowance for credit losses was 1.98% and 1.82% of loans at September 30, 2001 and December 31, 2000, respectively.

Non-performing loans, which include non-accrual loans, loans past due 90 or more days and still accruing, and restructured loans were $1.7 million at September 30, 2001. This represented an increase of $738,000, or 76.40%, from the level of non-performing loans at December 31, 2000. Non-performing assets, which include non-performing loans plus other real estate owned (foreclosed property) increased to $1.7 million at September 30, 2001, compared to $1.3 million at December 31, 2000. Table 6 presents non-performing assets as of September 30, 2001, and December 31, 2000. At September 30, 2001, the Company had loans classified as impaired totaling $16.2 million. This represents an increase of $1.0 million, or 6.73% compared to loans classified as impaired of $15.2 million at December 31, 2000. The Company applies the methods prescribed by Statement of Financial Accounting Standards No. 114 for determining the fair value of specific loans for which the eventual collection of all principal and interest is considered impaired.

While management believes that the allowance at September 30, 2001, 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 3 shows comparative information on net credit losses, provisions for credit losses, and the allowance for credit losses for the periods indicated.

TABLE 3 - Summary of Credit Loss Experience
(amounts in thousands)

	Nine-months ended September 30, 2001	2000
Amount of Total Loans at End of Period (1)	$ 1,076,499	$ 1,005,012
Average Total Loans Outstanding (1)	$ 1,056,464	$ 967,297
Allowance for Credit Losses at Beginning of Period	$ 19,152	$ 16,761
Loans Charged-Off:		
Real Estate Loans	0	186
Commercial and Industrial	87	79
Consumer Loans	18	9
Total Loans Charged-Off	105	274
Recoveries:		
Real Estate Loans	362	139
Commercial and Industrial	118	166
Consumer Loans	11	1
Total Loans Recovered	491	306
Net Loans Charged-Off (Recovered)	(386)	(32)
Provision Charged to Operating Expense	1,750	2,300
Allowance for Credit Losses at End of period	$ 21,288	$ 19,093

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(1) Net of deferred loan fees

Net Loans Charged-Off (Recovered) to Average Total Loans*	-0.05%	-0.00%
Net Loans Charged-Off (Recovered) to Total Loans at End of Period*	-0.05%	-0.00%
Allowance for Credit Losses to Average Total Loans	2.02%	1.97%
Allowance for Credit Losses to Total Loans at End of Period	1.98%	1.90%
Net Loans Charged-Off (Recovered) to Allowance for Credit Losses*	-2.42%	-0.22%
Net Loans Charged-Off (Recovered) to Provision for Credit Losses	-22.06%	-1.39%

* Net Loan Charge-Off (Recovered) amounts are annualized.

Other Operating Income

Other operating income includes revenues earned from sources other than interest income. These sources include: service charges and fees on deposit accounts, fee income from trust services, other fee oriented products and services, other income, gain or loss on sale of securities or other real estate owned, rental income, and gross revenue from Community Trust Deed Services and CVB Ventures (the Company's nonbank subsidiaries).

Other operating income totaled $16.7 million for the nine months ended September 30, 2001. This represented an increase of $2.9 million, or 21.33%, from other operating income of $13.7 million for the nine months ended September 30, 2000. The increase was primarily the result of higher service charge income, other income, and bankcard income. For the third quarter of 2001, other operating income totaled $5.2 million. This represented an increase of $636,000, or 13.82%, from other operating income of $4.6 million for the third quarter of 2000. As in the year to date numbers, the increase was primarily the result of higher service charge income, other income, and bankcard income.

Service charge income totaled $9.4 million for the first nine months ended September 30, 2001. This represents an increase of $1.6 million, or 19.94%, over service charge income of $7.8 million for the nine months ended September 30, 2000. For the third quarter of 2001, service charge income totaled $3.1 million. This represents an increase of $444,000, or 16.81%, over service charge income of $2.6 million for the third quarter of 2000.

Trust income totaled $2.9 million for the nine months ended September 30, 2001. This represents a decrease of $100,000, or 3.31%, over Trust income of $3.0 million for the nine months ended September 30, 2000. For the third quarter of 2001, Trust income totaled $905,000. This represented a decrease of $96,000, or 9.61%, over Trust income of $1.0 million for the third quarter of 2000. This decrease was due to the decline in the stock market resulting in a decline in the value of the trust assets. This caused a decline in the fees for trust services.

Other fee-oriented products and services (which include investment services fees, business services fees, bankcard fees, international fees, and other fees) generated fees totaling $2.4 million for the nine months ended September 30, 2001. This represented an increase of $343,000, or 17.06%, over fees of $2.0 million for the nine months ended September 30, 2000. For the third quarter of 2001, other fee-oriented products and services generated fees totaling $841,000. This represented an increase of $168,000, or 24.95%, over fees of $673,000 for the third quarter of 2000.

Other income, which includes gain or loss on sale of securities, other assets, and other real estate owned, rental income, miscellaneous income, and gross revenue from Community Trust Deed Services and CVB Ventures (the Company's nonbank subsidiaries) totaled $3.6 million for the nine months ended September 30, 2001. This represents an increase of $1.3 million, or 54.28%, over other income of $2.3 million for the nine months ended September 30, 2000. For the third quarter of 2001, other income totaled $1.1 million. This represented an increase of $398,000, or 57.54%, over other income of $692,000 for the third quarter of 2000.

Other Operating Expenses

Other operating expenses for the Company includes expenses for salaries and benefits, occupancy, equipment, professional services, promotion and other expenses (data processing, stationary and supplies, deposit insurance, promotional, other real estate owned, and misc. expenses). Other operating expenses totaled $44.5 million for the nine months ended September 30, 2001. This represented an increase of $2.8 million, or 6.84%, over other operating expenses of $41.6 million for the nine months ended September 30, 2000. For the third quarter of 2001, other operating expenses totaled $14.8 million. This represented an increase of $1.4 million, or 10.65%, over other operating expenses of $13.4 million for the third quarter of 2000.

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 2.60% for the first nine months of 2001, compared to a ratio of 2.71% for the same period last year. 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) can be measured in terms of other operating expenses as a percentage of net revenue. This is known as the efficiency ratio and indicates the percentage of revenue that is used to cover expenses. For the first nine months of 2001, the efficiency ratio was 47.91%, compared to a ratio of 49.53% for the same period last year. 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 employee benefits totaled $24.1 million for the first nine months of 2001. This represented an increase of $1.8 million, or 7.95%, from salaries and employee benefits of $22.4 million for the same period last year. Equipment expense totaled $3.9 million for the nine months ended September 30, 2001. This represents an increase of $152,000, or 4.05%, over equipment expense of $3.7 million for the nine months ended September 30, 2000. Occupancy expense totaled $4.3 million for the nine months ended September 30, 2001. This represents an increase of $289,000, or 7.23%, over occupancy expense of $4.0 million for the same period last year. Professional expense, which includes legal and accounting expenses totaled $3.0 million for the first nine months, ended September 30, 2001. This represents an increase of $728,000, or 31.68%, over professional expense of $2.3 million for the nine months ended September 30, 2000. Other expense, which includes data processing, supplies, promotional, and other expenses, totaled $9.1 million for the nine months ended September 30, 2001. This represents a decrease of $98,000, or 1.06%, over other expense of $9.2 million for the first nine months of 2000.

For the third quarter of 2001, salaries and employee benefits totaled $8.3 million. This represented an increase of $806,000, or 10.73%, from salaries and employee benefits of $7.5 million for the same period last year. Equipment expense totaled $1.3 million for the third quarter of 2001. This represents an increase of $71,000, or 5.63%, over equipment expense of $1.3 million for the third quarter of 2000. Occupancy expense totaled $1.5 million for the third quarter of 2001. This represents an increase of $175,000, or 13.23%, over occupancy expense of $1.3 million for the same period last year. Professional expense, which includes legal and accounting expenses, totaled $697,000 for the third quarter of 2001. This represents an increase of $260,000, or 59.55%, over professional expense of $437,000 for the same period last year. Other expense, which includes data processing, supplies, promotional, and miscellaneous expenses, totaled $2.9 million for the third quarter of 2001. This represents an increase of $111,000, or 3.94%, over other expense of $2.8 million for the third quarter of 2000.

Miscellaneous expenses include the amortization of goodwill and intangibles. The amortization expense of goodwill and intangibles totaled $705,000 for the first nine months of 2001 and $903,000 for the same period last year. The decrease was due to the completion of the amortization of core deposit intangibles in the first quarter of 2001. Amortization expense of goodwill and intangibles totaled $215,000 for the third quarter of 2001 and $304,000 for the same period last year.

BALANCE SHEET ANALYSIS

The Company reported total assets of $2.37 billion at September 30, 2001. This represented an increase of $59.4 million, or 2.57%, over total assets of $2.31 billion at December 31, 2000. Total assets increased $150.5 million, or 6.79% over total assets of $2.22 billion as of September 30, 2000. For the third quarter ending September 30, 2001 average total assets were $2.32 billion. This represents an increase of $214.0 million, or 10.18%, over average total assets of $2.10 million for the same period last year. At the end of September 2000 the Company experienced a $110.0 million deposit transaction from a single customer which remained on deposit for several weeks.

Gross loans, net of deferred loan fees, totaled $1.08 billion at September 30, 2001. This represented an increase of $25.0 million, or 2.38%, over gross loans of $1.05 billion at December 31, 2000. Gross loans increased $71.5 million, or 7.11% over gross loans of $1.01 billion as of September 30, 2000. Investments totaled $1.11 billion at September 30, 2001. This represented an increase of $35.2 million, or 3.29%, over investments of $1.07 billion at December 31, 2000. Investments increased $148.3 million, or 15.50%, over investments of $956.9 million as of September 30, 2000.

Total deposits increased $158.3 million, or 9.92%, to $1.75 billion at September 30, 2001, from $1.60 billion at December 31, 2000. Total deposits increased $95.1 million, or 5.73%, over total deposits of $1.66 billion as of September 30, 2000. For the third quarter ending September 30, 2001 average total deposits were $1.70 billion. This represents an increase of $197.7 million, or 13.12%, over average total deposits of $1.51 million for the same period last year. Borrowings decreased $159.4 million, or 32.04%, to $338.2 million at September 30, 2001, from $497.6 million at December 31, 2000. Borrowings decreased $26.8 million, or 7.33%, from borrowings of $364.9 million at September 30, 2000.

Investment Securities and Debt Securities Available-for-Sale

The Company reported total investment securities of $1.11 billion at September 30, 2001. This represented an increase of $35.2 million, or 3.29%, over total investment securities of $1.07 billion at December

31, 2000.

At September 30, 2001, the Company's unrealized gain on securities available-for-sale totaled $37.5 million. Accumulated other comprehensive income totaled $21.7 million (net of deferred taxes of $15.8 million). At December 31, 2000, the Company reported an unrealized gain on investment securities available-for-sale of $11.7 million. Accumulated other comprehensive income totaled $6.8 million (net of deferred taxes of $4.9 million). Note 2 of the Notes to the Consolidated Financial Statements in the Company's 2000 Annual Report on Form 10-K discusses its current accounting policy as it pertains to recognition of market values for investment securities held as available-for-sale.

Table 4 sets forth investment securities held-to-maturity and available-for-sale, at September 30, 2001 and December 31, 2000.

Table 4 - Composition of Investment Securities
(dollars in thousands)

	September 30, 2001				December 31, 2000			
	Amortized Cost	Market Value	Net Unrealized Gain/(Loss)	Year-to-Date Yield (TE)	Amortized Cost	Market Value	Net Unrealized Gain/(Loss)	Year-to-Date Yield (TE)
Investment Securities Available-for-Sale:								
U.S. Treasury securities	$ 1,000	$ 1,034	$ 34	5.77%	$ 999	$ 1,010	$ 11	5.95%
Mortgage-backed securities	357,157	368,337	11,180	6.29%	336,978	337,533	555	6.82%
CMO's / REMIC's	315,863	324,925	9,062	6.43%	391,634	391,045	(589)	6.78%
Other government agency securities	1,045	1,045	0	6.19%	18,765	18,711	(54)	6.12%
Tax-advantaged securities	293,446	307,988	14,542	7.57%	266,327	277,750	11,423	7.86%
Corporate bonds	75,867	78,543	2,676	6.37%	21,299	21,683	384	7.23%
Other securities	23,395	23,397	2	5.97%	22,342	22,342	0	7.11%
Total Investment Securities	$ 1,067,773	$ 1,105,269	$ 37,496	6.67%	$ 1,058,344	$ 1,070,074	$ 11,730	7.04%

Loan Composition and Non-performing Assets

Table 5 sets forth the distribution of the loan portfolio by type as of the dates indicated (dollar amounts in thousands):

Table 5 - Distribution of Loan Portfolio by Type

	September 30, 2001	December 31, 2000
Commercial and Industrial	$ 415,238	$ 425,130
Real Estate:		
Construction	67,184	58,373
Mortgage	456,058	401,408
Consumer	23,143	22,642
Municipal lease finance receivables	22,582	23,633
Agribusiness	95,571	123,614
Gross Loans	1,079,776	1,054,800
Less:		
Allowance for credit losses	(21,288)	(19,152)
Deferred net loan fees	(3,277)	(3,307)
Net Loans	$ 1,055,211	$ 1,032,341

As set forth in Table 6, non-performing assets, which include non-performing loans plus other real estate owned (foreclosed property) increased to $1.7 million at September 30, 2001 from $1.3 million at December 31, 2000. Non-performing loans, which include non-accrual loans, loans past due 90 or more days and still accruing, and restructured loans were $1.7 million at September 30, 2001. This represented an increase of $738,000, or 76.40% from the level of non-performing loans at December 31, 2000. In addition, the Company had loans classified as impaired at September 30, 2001 totaling $16.2 million. This represents an increase of $13.0 million, or 400.69% compared to loans classified as impaired of $3.2 million at September 30, 2000.

Although management believes that non-performing assets are generally well secured and that potential losses are reflected in the allowance for credit losses, there can be no assurance that a general deterioration of economic conditions or collateral values would not result in future credit losses.

TABLE 6 - Non-performing Assets (dollar amount in thousands)

	September 30, 2001	**December 31, 2000**
Non-accrual loans	$1,704	$966
Loans past due 90 days or more and still accruing interest	0	0
Restructured loans	0	0
Other real estate owned (OREO), net	0	359
Total non-performing assets	$1,704	$1,325
Percentage of non-performing assets to total loans outstanding and OREO	0.16%	0.13%
Percentage of non-performing assets to total assets	0.07%	0.06%

The Bank has allocated specific reserves to provide for any inherent loss on non-performing loans. Management cannot, however, predict the extent to which the current economic environment may persist or worsen or the full impact such environment may have on the Company's loan portfolio.

Deposits and Borrowings

At September 30, 2001, total deposits were $1.75 billion. This represented an increase of $158.3 million, or 9.92%, from total deposits of $1.60 billion at December 31, 2000. Average total deposits for the first nine months of 2001 were $1.64 billion. This represented an increase of $167.9 million, or 11.41%, from average total deposits of $1.47 billion for the nine months ended September 30, 2000. The comparison of average balances for the first nine months of 2001 with the average balances of the first nine months of 2000 is more representative of the Company's growth in deposits as it excludes the seasonal peak in deposits at year-end.

Demand deposits totaled $698.5 million at September 30, 2001, representing an increase of $33.2 million, or 4.99%, from total demand deposits of $665.3 million at December 31, 2000. Average demand deposits for the first nine months of 2001 were $637.1 million. This represented an increase of $33.1 million, or 5.48%, from average demand deposits of $604.0 million for the nine months ended September 30, 2000. At September 30, 2001, demand deposits represented 39.84% of total deposits, compared to 41.71% at December 31, 2000.

Savings deposits, which includes savings, interest-bearing demand, and money market accounts, totaled $602.9 million at September 30, 2001, representing an increase of $82.9 million, or 15.95%, from savings deposits of $520.0 million at December 31, 2000. Savings deposits are less affected by the Company's seasonal fluctuation in demand deposits.

Time deposits totaled $451.9 million at September 30, 2001. This represented an increase of $42.2 million, or 10.29%, over total time deposits of $409.7 million at December 31, 2000. Time deposits are not affected by the Company's seasonal fluctuation in demand deposits.

Borrowed funds include both short and long-term funds. Short-term borrowed funds include demand notes to the U.S. Treasury, federal funds purchased from other financial institutions, and borrowings from the Federal Reserve Bank and the Federal Home Loan Bank. Long-term funds include borrowings from the Federal Home Loan Bank. For the nine months ended September 30, 2001 borrowed funds averaged $419.1 million. Short-term borrowed funds totaled $132.9 million at September 30, 2001. This represented a decrease of $263.4 million, or 66.47% over short-term borrowed funds of $396.2 million at December 31, 2000. Long-term borrowed funds totaled $205.3 million at September 30, 2001. This represented an increase of $104.0 million, or 102.60% over long-term borrowed funds of $101.3 million at December 31, 2000. Total borrowed funds at September 30, 2001 total $338.2 million. This represented a decrease of $159.4 million, or 32.04% over total borrowed funds of $497.6 million at December 31, 2000. The decrease in borrowed funds during the first nine months of 2001 was primarily the result of a decrease in Federal Home Loan Bank borrowing. While total borrowing decreased, there was a shift out of short-term borrowing into long-term borrowing in order to capture a lower interest rate environment.

Liquidity

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 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, 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 $56.9 million for the first nine months of 2001, compared to net cash provided by operating activities of $33.3 million for the same period last year. The increase was primarily the result of an income tax refund, an increase in service charges and other fees received, and a decrease in cash paid to suppliers and employees, which was partially offset by a decrease in interest received, an increase in interest paid.

Net cash used in investing activities totaled $39.1 million for the first nine months of 2001, compared to net cash used in investing activities of $222.4 million for the same period last year. The decrease in net cash used in investing activities was primarily the result of an increase in the proceeds from the sale of securities, which was partially offset by the increase in the purchase of securities.

Financing activities used net cash flows of $12.7 million for the nine months ended September 30, 2001. This compares to $174.9 million in net cash provided for the nine months ended September 30, 2000. The increase in net cash used by financing activities was primarily the result of a decrease in borrowings.

Cash and cash equivalents totaled $145.5 million for the period ending September 30, 2001 compared to $104.2 million for the same period ending September 30, 2000.

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 loan to deposit ratio the less liquid are the Bank's assets. For the first nine months of 2001, the Bank's average net loan to deposit ratio was 63.21%, compared to a ratio of 64.52% for the first nine months of 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. There are statutory and regulatory provisions that could limit the ability of the Bank to pay dividends to CVB. At September 30, 2001, approximately $71.0 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 September 30, 2001, neither the Bank nor CVB had any material commitments for capital expenditures.

Capital Resources

The Company's equity capital was $221.3 million at September 30, 2001. The primary source of capital for the Company continues to be the retention of net after tax earnings. The Company's 2000 Annual Report on Form 10-K (Management's Discussion and Analysis and Note 15 of the accompanying financial statements) describes the regulatory capital requirements of the Company and the Bank.

The Bank and the Company are required to meet risk-based capital standards set by their respective regulatory authorities. The risk-based capital standards require the achievement of a minimum ratio of total capital to risk-weighted assets of 8.0% (of which at least 4.0% must be Tier 1 capital). In addition, the regulatory authorities require the highest rated institutions to maintain a minimum leverage ratio of 4.0%. At September 30, 2001, the Bank and the Company exceeded the minimum risk-based capital ratio and leverage ratio required to be considered "Well Capitalized".

Table 7 below presents the Company's and the Bank's risk-based and leverage capital ratios as of September 30, 2001, and December 31, 2000.

Table 7 - Regulatory Capital Ratios

Required		**September 30, 2001**		**December 31, 2000**	
Capital Ratios	**Minimum Ratios**	**Company**	**Bank**	**Company**	**Bank**
Risk-based capital ratios					
Tier I	4.00%	13.98%	13.96%	12.60%	12.33%
Total	8.00%	15.24%	15.22%	13.86%	13.59%
Leverage ratio	4.00%	8.45%	8.48%	7.73%	7.56%

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.

PART II - OTHER INFORMATION

Item 1 - Legal Proceedings
Not Applicable

Item 2 - Changes in Securities
Not Applicable

Item 3 - Defaults upon Senior Securities
Not Applicable

Item 4 - Submission of Matters to a Vote of Security Holders
Not Applicable

Item 5 - Other Information
Not Applicable

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements 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.

CVB FINANCIAL CORP.

(Registrant)

Date: October 25, 2001

/s/ Edward J. Biebrich Jr.

Edward J. Biebrich Jr.
Chief Financial Officer