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 June 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 June 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: 27,803,897 outstanding as of July 3, 2001.

This Form 10-Q contains 26 pages.

PART I - FINANCIAL INFORMATION

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

	June 30, 2001 (unaudited)	December 31, 2000
ASSETS		
Federal funds sold	$ 0	$ 10,000
Investment securities available-for-sale	1,120,769	1,070,074
Loans and lease finance receivables, net	1,046,931	1,032,341
Total earning assets	2,167,700	2,112,415
Cash and due from banks	96,398	130,315
Premises and equipment, net	27,921	27,206
Other real estate owned, net	0	359
Deferred taxes	1,878	4,148
Goodwill and intangibles	6,913	7,403
Cash value life insurance	7,506	7,434
Accrued interest receivable	15,040	14,625
Other assets	4,316	4,091
TOTAL ASSETS	$ 2,327,672	$ 2,307,996
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Noninterest-bearing	$ 652,661	$ 665,290
Interest-bearing	1,001,061	929,740
Total Deposits	1,653,722	1,595,030
Short-term borrowings	136,354	396,234
Long-term borrowings.	304,323	101,341
Accrued interest payable	7,797	6,742
Other liabilities	22,452	20,019
TOTAL LIABILITIES	2,124,648	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 27,802,827 (2001) and 27,659,452 (2000)	145,967	145,648
Retained earnings	46,857	36,179
Accumulated other comprehensive income	10,200	6,803
Total stockholders' equity	203,024	188,630
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,327,672	$ 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 June 30,		For the Six Months Ended June 30,	
	2001	2000	2001	2000

Interest Income:				
Loans, including fees	$ 22,876	$ 22,112	$ 46,052	$ 43,369
Investment securities:				
Taxable	12,246	12,379	25,187	24,180
Tax-advantaged	4,064	2,831	7,817	5,095
Total investment income	16,310	15,210	33,004	29,275
Federal funds sold	34	0	102	2
Total interest income	39,220	37,322	79,158	72,646
Interest Expense:				
Deposits	8,275	7,522	17,578	14,386
Borrowings	5,299	6,270	11,941	11,520
Total interest expense	13,574	13,792	29,519	25,906
Net interest income before provision for credit losses	25,646	23,530	49,639	46,740
Provision for credit losses	750	700	1,500	1,600
Net interest income after provision for credit losses	24,896	22,830	48,139	45,140
Other Operating Income:				
Service charges on deposit accounts	3,169	2,550	6,315	5,196
Gain(Loss) on sale of securities	519	(57)	(86)	(131)
Gain on sale of other real estate owned	126	0	126	224
Trust services	897	969	2,007	2,010
Other	1,062	971	3,081	1,848
Total other operating income	5,773	4,433	11,443	9,147
Other operating expenses:				
Salaries and employee benefits	7,893	7,339	15,826	14,853
Occupancy	1,393	1,292	2,780	2,667
Equipment	1,345	1,217	2,569	2,488
Professional services	1,072	739	2,327	1,860
Other	2,894	3,331	6,186	6,395
Total other operating expenses	14,597	13,918	29,688	28,263
Earnings before income taxes	16,072	13,345	29,894	26,024
Income taxes	6,428	4,898	11,441	9,721
Net earnings	$ 9,644	$ 8,447	$ 18,453	$ 16,303
Basic earnings per common share	$ 0.35	$ 0.31	$ 0.67	$ 0.59
Diluted earnings per common share	$ 0.34	$ 0.30	$ 0.65	$ 0.58
Cash dividends per common share	$ 0.14	$ 0.12	$ 0.28	$ 0.24

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	144	319			
Cash dividends			(7,775)		
Comprehensive income:					
Net earnings			18,453		$ 18,453
Other comprehensive income:					
Unrealized gains on securities available-for-sale, net				3,397	3,397
Comprehensive income					$ 21,850
Balance June 30, 2001	27,803	$ 145,967	$ 46,857	$ 10,200	

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 Six Months Ended June 30, 2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received	$ 67,210	$ 74,239
Service charges and other fees received	11,530	9,278
Interest paid	(28,465)	(24,040)
Cash paid to suppliers and employees	(26,379)	(20,374)
Income taxes (paid) refunded	7,250	(10,432)
Net cash provided by operating activities	31,146	28,671
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of securities available-for-sale	253,347	22,146
Proceeds from maturities of securities available-for-sale	45,041	60,785
Purchases of securities available-for-sale	(334,075)	(159,792)
Net decrease in loans	(14,114)	(39,008)
Proceeds from sales of premises and equipment	56	38

Proceeds from sale of other real estate owned	536	405
Purchase of premises and equipment	(3,058)	(1,998)
Other investing activities	(17,153)	(5,851)
Net cash provided by (used in) investing activities	(69,420)	(123,275)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase(decrease) in transaction deposits	18,707	(44,502)
Net increase in time deposits	39,986	21,213
Net increase (decrease) in borrowings	(56,880)	106,801
Cash dividends on common stock	(7,775)	(6,054)
Proceeds from exercise of stock options	319	2,166
Net cash (used in) provided by financing activities	(5,643)	79,624
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(43,917)	(14,980)
CASH AND CASH EQUIVALENTS, beginning of period	140,315	118,360
CASH AND CASH EQUIVALENTS, end of period	$ 96,398	$ 103,380

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 Six Months Ended June 30, 2001	2000
RECONCILIATION OF NET EARNINGS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net earnings	$ 18,453	$ 16,303
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Gain on sale of investment securities	(1,527)	(17)
Loss on sale of investment securities	1,613	148
Loss(gain) on sale of premises and equipment	56	0
Gain on sale of other real estate owned	(126)	(224)
Increase in cash value of life insurance	72	43
Amortization of premiums on investment securities	(9,237)	3,869
Provisions for credit and OREO losses	1,449	1,600
Depreciation and amortization	2,343	2,284
Change in accrued interest receivable	(414)	(2,276)
Change in accrued interest payable	1,054	1,866
Change in other assets and liabilities	17,410	5,075
Total adjustments	12,693	12,368
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 31,146	$ 28,671
Supplemental Schedule of Noncash Investing and Financing Activities		
Securities purchased and not settled	$ 0	$ 5,610

CVB FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 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 $14.6 million at June 30, 2001. These loans were supported by collateral with a fair market value, net of prior liens, of $13.2 million.

   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 June 30, 2001, the Company had entered into commitments with certain customers amounting to $375.8 million compared to $339.1 million at December 31, 2000. Letters of credit at June 30, 2001, and December 31, 2000, were $11.4 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 period ending June 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 June 30, 2001 was 27,802,827. 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, and 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 June 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	$ 9,644	27,783	$0.35	$ 8,447	27,577	$0.31
EFFECT OF DILUTIVE SECURITIES						
Incremental shares from assumed exercise of outstanding options		474	(0.01)		570	(0.01)
DILUTED EPS						
Income available to common stockholders	$ 9,644	28,257	$0.34	$ 8,447	28,147	$0.30

Earnings Per Share Reconciliation
For the Six Months
Ended June 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	$ 18,453	27,751	$0.67	$ 16,303	27,504	$0.59
EFFECT OF DILUTIVE SECURITIES						
Incremental shares from assumed exercise of outstanding options		489	(0.02)		638	(0.01)
DILUTED EPS						
Income available to common stockholders	$ 18,453	28,240	$0.65	$ 16,303	28,142	$0.58

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, economic conditions, 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 $18.5 million for the six months ended June 30, 2001. This represented an increase of $2.2 million, or 13.19%, over net earnings of $16.3 million for the six months ended June 30, 2000. Basic earnings per share for the six-month period increased to $0.67 per share for 2001, compared to $0.59 per share for 2000. Diluted earnings per share increased to $0.65 per share for the first six months of 2001, compared to $0.58 per share for the same six-month period last year. The annualized return on average assets was 1.63% for both six-month periods ending June 30, 2001 and 2000. The annualized return on average equity was 18.65% for the six months ended June 30, 2001, compared to a return of 21.85% for the six months ended June 30, 2000. The return on average equity was higher in 2000 due to the lower average equity in the first six months of 2000. This was due to changes in accumulated other comprehensive income which averaged for the six months ending June 30, 2001, $9.6 million compared to $(17.7) million for the same period in 2000. Accumulated other comprehensive income consists of unrealized gains and losses in investment securities. For the six months ended June 30, 2001, the Company has declared dividends in the amount of $0.28 per share. This represents an increase of $0.04 per share or 16.67%, compared to dividends declared through June 30, 2000.

For the quarter ended June 30, 2001, the Company generated net earnings of $9.6 million. This represented an increase of $1.2 million, or 14.17%, over the net earnings of $8.4 million for the second quarter of 2000. Basic earnings increased to $0.35 for the second quarter of 2001 compared to $0.31 per share for the second quarter of 2000. Diluted earnings per share increased to $0.34 per share compared to $0.30 per share for the second quarter of 2001 and 2000, respectively. The annualized return on average assets was 1.71% for the second quarter of 2001 compared to 1.67% for the same period last year. The annualized return on average equity was 19.12% for the second quarter of 2001 and 22.72% for the second quarter of 2000. For the second quarter ended June 30, 2001, the Company has declared dividends in the amount of $0.14 per share. This represents an increase of $0.02 per share or 16.67%, compared to dividends declared in the second quarter ended June 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 $31.4 million for the six months ended June 30, 2001. This represented an increase of $3.8 million, or 13.89 %, compared to operating earnings of $27.5 million for the first six months of 2000. For the second quarter of 2001, pre-tax operating earnings totaled $16.2 million. This represented an increase of $2.1 million, or 14.71%, from pre-tax operating earnings of $14.1 million for the second 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 six months ended June 30, 2001, net interest income before the provision for credit losses was $49.6 million. This represented an increase of $2.9 million, or 6.20%, over net interest income of $46.7 million for the six months ended June 30, 2000. The increase in net interest income for the first six 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 six months of 2001. This represented an increase of $271.3 million, or 14.71%, compared to net average earning assets of $1.8 billion for the first six months of 2000.

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 4.95% for the first six months ended June 30, 2001, compared to 5.23% for the same period of 2000. A lower yield on average earning assets, and a higher cost of average funding (deposits and borrowings), contributed to the decrease 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 six months of 2001 decreased from 51.23% to 49.21% compared to 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. Average borrowed funds as a percent of average funding (total deposits plus borrowing) increased from 20.56% as of December 31, 2000 to 21.61% as of June 30, 2001.

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 3.56% for the first six months of 2001 ending June 30, compared to 3.84% 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 29 basis points, and the cost of interest-bearing liabilities decreased 1 basis point for the first six months of 2001 compared to 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 8.84% for the six months ended June 30, 2001, from a yield of 9.12% for the first six months of 2000. The decrease in the yields on loans for 2001 was primarily the result of a decreasing interest rate environment. The tax effective (TE) yield on average investments decreased to 6.67% at June 30, 2001 compared to 6.86% at June 30, 2000. The decrease was due to the declining interest rate environment.

The cost of average interest-bearing liabilities decreased to 4.17% for the six months ended June 30, 2001, compared to a cost of 4.18% for the first six months of 2000. The decrease in the cost of interest-bearing liabilities was primarily the result of a change in the mix of interest-bearing liabilities and competitive market forces. As stated above, average borrowed funds as a percent of average funding (total deposits plus borrowing) increased from 20.56% to 21.61% between December 31, 2000 and June 31, 2001. Also, average time deposits as a percentage of interest-bearing deposits increased to 44.70% from 39.33%. The cost of average interest-bearing deposits was 3.60% for the first six months of 2001 as compared to 3.37% for the first six months of 2000. The cost of borrowed funds decreased to 5.44% for the six months ended June 30, 2001, compared to a cost of 5.96% for the six months ended June 30, 2000. The cost of time deposits increased to 5.21% for the six months ended June 30, 2001, compared to a cost of 4.96% for the six months ended June 30, 2000.

For the second quarter of 2001, net interest income before the provision for credit losses was $25.6 million. This represented an increase of $2.1 million, or 8.99%, over net interest income of $23.5 million for the second quarter of 2000. The increase in net interest income for the second quarter of 2001 compared to 2000 was primarily the result of greater average balances of earning assets, which was partially off set by a decrease in interest rates. Net earning assets averaged $2.1 billion for the second quarter of 2001. This represented an increase of $262.7 million, or 14.02%, compared to net average earning assets of $1.9 billion for the second quarter of 2000.

The Company's tax effected (TE) net interest margin was 5.09% for the second quarter of 2001, compared to 5.26% for the same period of 2000. A lower yield on average earning assets contributed to the decrease 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 second quarter of 2001 decreased from 50.92% to 49.06% compared to 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. Average borrowed funds as a percent of average funding (total deposits plus borrowing) increased from 20.56% as of December 31, 2000 to 20.81% for the second quarter of 2001.

The Company's net interest spread (TE) decreased to 3.79% for the second quarter of 2001, compared to 3.83% for the same period of 2000. The decrease in the net interest spread for the second quarter resulted from decreases in the yield on earning assets. The yield on earning assets decreased 57 basis points, and the cost of interest-bearing liabilities decreased 53 basis points for the second quarter of 2001 compared to 2000.

For the second quarter of 2001, the decrease in the yield on average earning assets resulted from decreased yields on average loans. The yield on average loans decreased to 8.77% for the second quarter of 2001, from a yield of 9.31% for the second quarter of 2000. The decrease in the yields on loans for the second quarter was primarily the result of a decreasing interest rate environment. The tax effective (TE) yield on average investments decreased to 6.55% for the second quarter of 2001 compared to 7.04% for the same period last year.

For the second quarter of 2001, the cost of average interest-bearing liabilities decreased to 3.85%, compared to a cost of 4.38% for the same period last year. The decrease in the cost of interest-bearing liabilities was primarily the result of a change in the mix of interest-bearing liabilities and competitive market forces. As stated above, average borrowed funds as a percent of average funding (total deposits plus borrowing) increased from 20.56% to 21.61% between June 30, 2001 and December 31, 2000. Also, average time deposits as a percentage of interest bearing deposits increased to 44.64% from 39.81%. The cost of average interest-bearing deposits was 3.32% for the second quarter of 2001, as compared to 3.50% for the second quarter of 2000. The cost of borrowed funds decreased to 4.94% for the second quarter of 2001, compared to a cost of 6.08% for the same period last year. The cost of time deposits decreased to 4.87% for the second quarter of 2001, compared to a cost of 5.27% for the second quarter of 2000.

The Company reported total interest income of $79.2 million for the six months ended June 30, 2001. This represented an increase of $6.5 million, or 8.96%, over total interest income of $72.6 million for the six months ended June 30, 2000. Total interest income of $39.2 million was reported for the second quarter of 2001. This represented an increase of $1.9 million, or 5.08%, over total interest income of $37.3 million for the second quarter of 2000.

Interest expense totaled $29.5 million for the six months ended June 30, 2001. This represented an increase of $3.6 million, or 13.94%, over total interest expense of $25.9 million for the six months ended June 30, 2000. Interest expense totaled $13.6 million for the second quarter of 2001. This represented a decrease of $219,000, or 1.59%, over total interest expense of $13.8 million for the second 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 six-month and three-month periods ended June 30, 2001, and 2000. Yields for tax-advantaged investments are shown on a taxable equivalent basis using a 35% tax rate.

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

	Six-month periods ended June 30,					
	2001			2000		
ASSETS	Average Balance	Interest	Rate	Average Balance	Interest	Rate
Investment Securities:						
Taxable	$ 786,822	$ 25,187	6.46%	$ 717,888	$ 24,180	6.75%
Tax-advantaged (TE) (1)	293,940	7,817	7.24%	190,139	5,095	7.25%
Federal Funds Sold Interest-bearing deposits with other financial institutions	3,917	102	5.25%	77	3	7.81%
Loans (2)	1,050,957	46,052	8.84%	953,788	43,369	9.12%
Total Earning Assets	2,135,636	$ 79,158	7.73%	1,861,892	$ 72,647	8.02%
Total Non-earning Assets	140,864			158,523		
Total Assets	$ 2,276,500			$ 2,020,415		

LIABILITIES AND STOCKHOLDERS' EQUITY						
Deposits:						
Non-interest bearing deposits	$ 622,047			$ 598,709		
Savings Deposits (3)	544,384	$ 6,212	2.30%	518,894	$ 6,074	2.35%
Time Deposits	440,103	11,366	5.21%	336,364	8,312	4.96%
Total Deposits	1,606,534	17,578	2.21%	1,453,967	14,386	1.98%
Borrowings	442,853	11,941	5.44%	387,917	11,520	5.96%
Total Interest-Bearing Liabilities	1,427,340	$ 29,519	4.17%	1,243,175	$ 25,906	4.18%
Other Liabilities	27,561			29,292		
Stockholders' Equity	199,552			149,239		
Total Liabilities and Stockholders' Equity	$ 2,276,500			$ 2,020,415		
Net interest spread			3.56%			3.84%
Net interest margin			4.95%			5.23%

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(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, $1,976; 2000, $1.879.
(3) Includes interest-bearing demand and money market accounts.

	Three-month periods ended June 30, 2001			2000		
ASSETS	Average Balance	Interest	Rate	Average Balance	Interest	Rate
Investment Securities						
Taxable	$ 787,924	12,246	6.30%	$ 717,800	12,379	6.99%
Tax-advantaged (TE) (1)	308,324	4,064	7.22%	210,973	2,831	7.35%
Federal Funds Sold Interest-bearing deposits with other financial institutions	2,852	34	4.83%	0	0	0.00%
Loans (2)	1,058,380	22,876	8.77%	963,509	22,112	9.31%
Total Earning Assets	2,157,480	39,220	7.64%	1,892,282	37,322	8.21%
Total Non-earning Assets	135,674			159,194		
Total Assets	$ 2,293,154			$ 2,051,476		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Non-interest bearing deposits	$ 634,249			$ 600,834		
Savings Deposits (3)	551,329	2,931	2.16%	517,149	3,080	2.42%
Time Deposits	444,626	5,344	4.87%	342,081	4,442	5.27%
Total Deposits	1,630,204	8,275	2.06%	1,460,064	7,522	2.09%
Other Borrowings	435,360	5,299	4.94%	418,518	6,270	6.08%
Total Interest-Bearing Liabilities	1,431,315	13,574	3.85%	1,277,748	13,792	4.38%
Other Liabilities	22,992			22,110		
Stockholders' Equity	204,598			150,784		
Total Liabilities and Stockholders' Equity	$ 2,293,154			$ 2,051,476		
Net interest spread			3.79%			3.83%
Net interest margin			5.09%			5.26%

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(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, $1,078; 2000, $962.
(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 six-month period ended June 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	$ 4,354	$ (2,836)	$ (511)	$ 1,007
Tax-advantaged securities	1,144	1,289	289	2,722
Fed funds sold interest-bearing deposits with other institutions	138	(1)	(37)	100
Loans	4,418	(1,575)	(160)	2,683
Total earning assets	10,054	(3,123)	(419)	6,512
Interest Expense:				
Savings deposits	298	(152)	(7)	139
Time deposits	2,563	375	115	3,053
Other borrowings	1,633	(1,062)	(150)	421
Total interest-bearing liabilities	4,494	(839)	(42)	3,613

Net Interest Income	$ 5,560	$ (2,284)	$ (377)	$ 2,899

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 June 30, 2001.

Simulated Rate Changes	**Estimated Net Interest Income Sensitivity**
+200 basis points	**(0.59%)**
-200 basis points	**0.16%**

The table indicates that net interest income would decrease by approximately 0.59% 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 increase approximately 0.16% 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's methodology includes two major elements, which are 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 and consists of two key elements. The first 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." In this first phase, individual loans are reviewed to identify loans, which are impaired. A loan is impaired when principal and interest are deemed uncollectable according to 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). The second phase is conducted in accordance with SFAS No. 5, "Accounting for Contingencies", where an estimated loss from a loss contingency should accrue when, based on information available prior to the issuance of the financial statements, it is probable that a loan has been impaired and the loss can be reasonably estimated. In this second phase, homogeneous portfolios of 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 element, in the Company's methodology for assessing the appropriateness of the allowance is also conducted in accordance with SFAS No. 5, "Accounting for Contingencies". In this element of the analysis, management considers all known relevant internal and external factors that may affect a loan's collectibility. This includes management's judgmental determination of the amounts necessary for concentrations, economic uncertainties, the volatility of the market value of collateral, and other subjective factors. Therefore, the relationship of each element of the allowance to the total allowance may fluctuate from period to period.

Central to 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 in excess of the amount determined by the application of the portfolio formula allowance. Management performs a detailed analysis of these loans, including, but not limited to, 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 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 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 in the first element of the analysis 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 element of the analysis. 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 $1.5 million for the six months ended June 30, 2001, as compared to $1.6 million for the same period of 2000, a decrease of $100,000, or 6.25%.

The allowance for credit losses at June 30, 2001 was $20.7 million. This represented an increase of $1.6 million or 8.26%, from the allowance for credit losses of $19.2 million at December 31, 2000. The allowance for credit losses was 1.97% of average gross loans for the first six months of 2001 and 1.91% of average gross loans for the first six months of 2000.

Non-performing loans, which include non-accrual loans, loans past due 90 or more days and still accruing, and restructured loans were $754,000 at June 30, 2001. This represented a decrease of $212,000, or 21.95%, 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) decreased to 754,000 at June 30, 2001, compared to $1.3 million at December 31, 2000. Table 6 presents non-performing assets as of June 30, 2001, and December 31, 2000. At June 30, 2001, the Company had loans classified as impaired totaling $14.6 million. This represents a decrease of $570,000, or 3.75% 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 June 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)

	Six-months ended June 30, 2001	2000
Amount of Total Loans at End of Period (1)	$ 1,067,666	$ 991,386
Average Total Loans Outstanding (1)	$ 1,050,957	$ 953,788
Allowance for Credit Losses at Beginning of Period	$ 19,152	$ 16,761
Loans Charged-Off:		
Real Estate Loans	87	186
Commercial and Industrial	0	73
Consumer Loans	8	4
Total Loans Charged-Off	95	263
Recoveries:		
Real Estate Loans	60	6
Commercial and Industrial	109	83
Consumer Loans	9	0
Total Loans Recovered	178	89
Net Loans Charged-Off	(83)	174
Provision Charged to Operating Expense	1,500	1,600
Allowance for Credit Losses at End of period	$ 20,735	$ 18,187

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(1) Net of deferred loan fees

	2001	2000
Net Loans Charged-Off to Average Total Loans*	-0.02%	0.04%
Net Loans Charged-Off to Total Loans at End of Period*	-0.02%	0.04%
Allowance for Credit Losses to Average Total Loans	1.97%	1.91%
Allowance for Credit Losses to Total Loans at End of Period	1.94%	1.83%
Net Loans Charged-Off to Allowance for Credit Losses*	-0.80%	1.91%
Net Loans Charged-Off to Provision for Credit Losses	-5.53%	10.88%

* Net Loan Charge-Off 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 $11.4 million for the six months ended June 30, 2001. This represented an increase of $2.3 million, or 25.11%, from other operating income of $9.1 million for the six months ended June 30, 2000. The increase was primarily the result of higher service charge income, other income, bankcard income, and rental income. For the second quarter of 2001, other operating income totaled $5.8 million. This represented an increase of $1.3 million or 30.23%, from other operating income of $4.4 million for the second quarter of 2000. As in the year to date numbers, the increase was primarily the result of higher service charge income, other income, bankcard income, and rental income.

Service charge income totaled $6.3 million for the first six months ended June 30, 2001. This represents an increase of $1.1 million, or 21.54%, over service charge income of $5.2 million for the six months ended June 30, 2000. For the second quarter of 2001, service charge income totaled $3.2 million. This represents an increase of $619,000, or 24.29%, over service charge income of $2.6 million for the second quarter of 2000.

Trust income totaled $2.0 million for the six months ended June 30, 2001, which is the same amount as for the six months ended June 30, 2000. For the second quarter of 2001, Trust income totaled $897,000. This represented a decrease of $72,000, or 7.38%, over trust income of $969,000 for the second 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 (which include investment services fees, business services fees, bankcard fees, international fees, and other fees) generated fees totaling $1.6 million for the six months ended June 30,

2001. This represented an increase of $181,000, or 12.53%, over fees of $1.4 million for the six months ended June 30, 2000. For the second quarter of 2001, other fee-oriented products generated fees totaling $850,000. This represented an increase of $92,000, or 12.08%, over fees of $758,000 for the second 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 $29.7 million for the six months ended June 30, 2001. This represented an increase of $1.4 million, or 5.04%, over other operating expenses of $28.3 million for the six months ended June 30, 2000. For the second quarter of 2001, other operating expenses totaled $14.6 million. This represented an increase of $679,000, or 4.88%, over other operating expenses of $13.9 million for the second 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 2.63% for the first six months of 2001, compared to a ratio of 2.81% 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 six months of 2001, the efficiency ratio was 48.60%, compared to a ratio of 50.57% 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 $15.8 million for the first six months of 2001. This represented an increase of $973,000, or 6.55%, from salaries and employee benefits of $14.9 million for the same period last year. Equipment expense totaled $2.6 million for the six months ended June 30, 2001. This represents an increase of $81,000, or 3.25%, over equipment expense of $2.5 million for the six months ended June 30, 2000. Occupancy expense totaled $2.8 million for the six months ended June 30, 2001. This represents an increase of $113,000, or 4.24%, over occupancy expense of $2.7 million for the same period last year. Professional expense, which includes legal and accounting expenses totaled $2.3 million for the first six months, ended June 30, 2001. This represents an increase of $468,000, or 25.14%, over professional expense of $1.9 million for the six months ended June 30, 2000. Other expense, which includes data processing, supplies, promotional, and other expenses, totaled $6.2 million for the six months ended June 30, 2001. This represents a decrease of $209,000, or 3.27%, over other expense of $6.4 million for the first six months of 2000.

For the second quarter of 2001, salaries and employee benefits totaled $7.9 million. This represented an increase of $554,000, or 7.55%, from salaries and employee benefits of $7.3 million for the same period last year. Equipment expense totaled $1.3 million for the second quarter of 2001. This represents an increase of $128,000, or 10.51%, over equipment expense of $1.2 million for the second quarter of 2000. Occupancy expense totaled $1.4 million for the second quarter of 2001. This represents an increase of $101,000, or 7.80%, over occupancy expense of $1.3 million for the same period last year. Professional expense, which includes legal and accounting expenses, totaled $1.1 million for the second quarter of 2001. This represents an increase of $334,000, or 45.17%, over professional expense of $739,000 for the same period last year. Other expense, which includes data processing, supplies, promotional, and miscellaneous expenses, totaled $2.9 million for the second quarter of 2001. This represents a decrease of $437,000, or 13.12%, over other expense of $3.3 million for the second quarter of 2000.

Miscellaneous expenses include the amortization of goodwill and intangibles. The amortization expense of goodwill and intangibles totaled $490,000 for the first six months of 2001 and $600,000 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 $214,000 for the second quarter of 2001 and $303,789 for the same period last year.

BALANCE SHEET ANALYSIS

The Company reported total assets of $2.33 billion at June 30, 2001. This represented a slight increase of $19.7 million, or 0.85%, over total assets of $2.31 billion at December 31, 2000. Gross loans, net of deferred loan fees, totaled $1.07 billion at June 30, 2001. This represented an increase of $16.0 million, or 1.54%, over gross loans of $1.05 billion at December 31, 2000. Total deposits increased $58.7 million, or 3.68%, to $1.65 billion at June 30, 2001, from $1.60 billion at December 31, 2000. Borrowings decreased $56.9 million, or 11.44%, to $440.7 million at June 30, 2001, from $497.6 million at December 31, 2000.

Investment Securities and Debt Securities Available-for-Sale

The Company reported total investment securities of $1.12 billion at June 30, 2001. This represented an increase of $50.7 million, or 4.74%, over total investment securities of $1.07 billion at December 31, 2000.

At June 30, 2001, the Company's net unrealized gain on securities available-for-sale totaled $17.8 million. Accumulated other comprehensive income totaled $10.2 million (net of deferred taxes of $7.6 million). At December 31, 2000, the Company reported a net 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 June 30, 2001 and December 31, 2000.

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

	June 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)	Yea Date (
Investment Securities Available-for-Sale:								
U.S. Treasury securities	$ 1,000	1,023	$ 23	5.78%	$ 999	$ 1,010	$ 11	
Mortgage-backed securities	378,591	380,858	2,267	6.47%	336,978	337,533	555	
CMO's / REMIC's	340,586	342,856	2,270	6.54%	391,634	391,045	(589)	
Other government agency securities	3,924	3,931	7	6.23%	18,765	18,711	(54)	
Tax-advantaged securities	295,353	307,508	12,155	7.28%	266,327	277,750	11,423	
Corporate bonds	60,660	61,524	864	6.69%	21,299	21,683	384	
Other securities	23,069	23,069	0	6.47%	22,342	22,342	0	
Total Investment Securities	$ 1,103,183	1,120,769	$ 17,586	6.72%	$ 1,058,344	$ 1,070,074	$ 11,730	

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

	June 30, 2001	December 31, 2000
Commercial and Industrial	$ 374,629	$ 425,130
Real Estate:		
Construction	76,901	58,373
Mortgage	477,080	401,408
Consumer	23,742	22,642
Municipal lease finance receivables	23,642	23,633
Agribusiness	95,165	123,614
Gross Loans	1,071,159	1,054,800
Less:		
Allowance for credit losses	(20,735)	(19,152)
Deferred net loan fees	(3,493)	(3,307)
Net Loans	$ 1,046,931	$ 1,032,341

As set forth in Table 6, non-performing assets, which include non-performing loans plus other real estate owned (foreclosed property) decreased to $754,000 at June 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 $754,000 at June 30, 2001. This represented a decrease of $212,000, or 21.95% from the level of non-performing loans at December 31, 2000. In addition, the Company had loans classified as impaired at June 30, 2001 totaling $14.6 million. This represents an increase of $11.9 million, or 446.82% compared to loans classified as impaired of $2.7 million at June 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)

	June 30, 2001	December 31, 2000
Non-accrual loans	$754	$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	$754	$1,325
Percentage of non-performing assets to total loans outstanding and OREO	0.07%	0.13%
Percentage of non-performing assets to total assets	0.03%	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 June 30, 2001, total deposits were $1.65 billion. This represented an increase of $58.7 million, or 3.68%, from total deposits of $1.60 billion at December 31, 2000. Average total deposits for the first six months of 2001 were $1.61 billion. This represented an increase of $152.6 million, or 10.49%, from average total deposits of $1.45 billion for the six months ended June 30, 2000. The comparison of average balances for the first six months of 2001 with the average balances of the first six 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 $652.7 million at June 30, 2001, representing a decrease of $12.6 million, or 1.90%, from total demand deposits of $665.3 million at December 31, 2000. The decrease in demand deposits from the year-end total reflects normal seasonal fluctuations relating to agricultural and other depositors. Average demand deposits for the first six months of 2001 were $622.0 million. This represented an increase of $23.3 million, or 3.90%, from average demand deposits of $598.7 million for the six months ended June 30, 2000. At June 30, 2001, demand deposits represented 39.47% of total deposits, compared to 41.71% at December 31, 2000.

Savings deposits, which includes savings, interest-bearing demand, and money market accounts, totaled $551.3 million at June 30, 2001, representing an increase of $31.3 million, or 6.03%, 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 $449.7 million at June 30, 2001. This represented an increase of $40.0 million, or 9.76%, 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 six months ended June 30, 2001 borrowed funds averaged $442.9 million. Short-term borrowed funds totaled $136.4 million at June 30, 2001. This represented a decrease of $259.9 million, or 65.59% over short-term borrowed funds of $396.2 million at December 31, 2000. Long-term borrowed funds totaled $304.3 million at June 30, 2001. This represented an increase of $203.0 million, or 200.30% over long-term borrowed funds of $101.3 million at December 31, 2000. Total borrowed funds at June 30, 2001 total $440.7 million. This represented a decrease of $56.9 million, or 11.44% over total borrowed funds of $497.6 million at December 31, 2000. The decrease in borrowed funds during the first six 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 $31.1 million for the first six months of 2001, compared to net cash provided by operating activities of $28.7 million for the same period last year. The increase was primarily the result of an income tax refund and an increase in service charges and other fees received, which was partially offset by a decrease in interest received, an increase in interest paid, and an increase in cash paid to suppliers and employees.

Net cash used in investing activities totaled $69.4 million for the first six months of 2001, compared to net cash used in investing activities of $123.3 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 $5.6 million for the six months ended June 30, 2001. This compares to $79.6 million in net cash provided for the six months ended June 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 $96.4 million for the period ending June 30, 2001 compared to $103.4 million for the same period ending June 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 six months of 2001, the Bank's net loan to deposit ratio averaged 65.42%, compared to an average ratio of 65.60% for the first six 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 June 30, 2001, approximately $67.3 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 June 30, 2001, neither the Bank nor CVB had any material commitments for capital expenditures.

Capital Resources

The Company's equity capital was $203.0 million at June 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 June 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 June 30, 2001, and December 31, 2000.

Table 7 - Regulatory Capital Ratios

Capital Ratios	Required Minimum Ratios	June 30, 2001		December 31, 2000	
		Company	Bank	Company	Bank
Risk-based capital ratios					
Tier I	4.00%	13.30%	13.35%	12.60%	12.33%
Total	8.00%	14.56%	14.61%	13.86%	13.59%
Leverage ratio	4.00%	8.19%	8.22%	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

The Annual Meeting of Shareholders was held May 16, 2001. At the meeting, the following individuals were elected to serve as the Company's Board of Directors until the 2002 Annual Meeting of Shareholders and until their successors are elected and have qualified:

	For	Against or Withheld	Abstained	Broker Non-Votes
George A. Borba	24,296,807	120,710	-0-	-0-
John A. Borba	24,296,807	120,710	-0-	-0-
Ronald O. Kruse	24,413,425	4,092	-0-	-0-
John J. LoPorto	24,413,403	4,114	-0-	-0-
James C. Seley	24,413,425	4,092	-0-	-0-
San Vaccaro	24,296,807	120,710	-0-	-0-
D. Linn Wiley	24,296,829	120,688	-0-	-0-

The appointment of Deloitte Touche, LLP as independent public accountants of the Company for the year ended December 31, 2001 was ratified at the 2001 Annual Meeting of Shareholders by the following:

For	Against or Withheld	Abstained	Broker Non-Votes
24,205,019	196,550	15,948	-0-

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: July 23 , 2001

/s/ Edward J. Biebrich Jr.
Edward J. Biebrich Jr.
Chief Financial Officer