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, 1998

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, 1998   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: 15,027,068 outstanding as of October 31, 1998.

This Form 10-Q contains 31 pages. Exhibit index on page 29.

PART I - FINANCIAL INFORMATION
CVB FINANCIAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
dollar amounts in thousands

	September 30, 1998 (unaudited)	December 31, 1997
ASSETS		
Investment securities held-to-maturity (market values of $59,021 and $59,658)	$ 56,779	$ 58,044
Investment securities available-for-sale	639,798	434,106
Loans and lease finance receivables, net	621,999	605,484
Total earning assets	1,318,576	1,097,634
Cash and due from banks	78,146	107,725
Premises and equipment, net	21,364	23,415
Other real estate owned, net	1,285	4,395
Goodwill and intangibles	9,931	10,818
Other assets	12,315	14,782
TOTAL	$1,441,617	$1,258,769
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Noninterest-bearing	$ 457,334	$ 469,841
Interest-bearing	666,481	605,854
	1,123,815	1,075,695
Demand note issued to U.S. Treasury	9,776	7,922
Federal Funds Purchased	40,000	4,000
Repurchase Agreement	135,000	45,000
Securities purchased not settled	1,625	10,300
Long-term capitalized lease	409	429
Other liabilities	16,390	13,339
	1,327,015	1,156,685
Stockholders' Equity:		
Preferred stock (authorized, 20,000,000 shares without par; none issued or outstanding)	0	0
Common stock (authorized, 50,000,000 shares without par; issued and outstanding 15,025,100 and 14,974,732)	62,302	62,255

Retained earnings	48,155	39,057
Accumulated other comprehensive income	4,145	772
	114,602	102,084
TOTAL	$1,441,617	$1,258,769

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, 1998	For the Three Months Ended September 30, 1997	For the Nine Months Ended September 30, 1998	For the Nine Months Ended September 30, 1997
Interest income:				
Loans, including fees	$15,109	$14,759	$45,288	$42,935
Investment securities:				
Taxable	8,354	6,160	22,621	17,146
Tax-advantaged	1,146	627	3,166	1,775
	9,500	6,787	25,787	18,921
Federal funds sold and interest bearing deposits with other financial institutions	214	126	462	219
	24,823	21,672	71,537	62,075
Interest expense:				
Deposits	6,260	5,427	17,976	15,139
Other borrowings	2,071	965	5,015	3,116
	8,331	6,392	22,991	18,255
Net interest income	16,492	15,280	48,546	43,820
Provision for credit losses	600	915	1,900	1,970
Net interest income after provision for credit losses	15,892	14,365	46,646	41,850
Other operating income:				
Service charges on deposit accounts	1,936	1,839	5,524	5,469
Gains on sale of securities	199	18	224	14
Gains on sale of other real estate owned	59	32	110	86
Gains on sale of premises and equipment	0	0	652	27
Trust services	831	782	2,603	2,349
Other	649	786	2,026	2,406
	3,674	3,457	11,139	10,351
Other operating expenses:				
Salaries and employee benefits	5,645	5,312	16,795	16,423
Deposit insurance premiums	33	28	94	85
Occupancy	883	884	2,855	2,570
Equipment	1,063	817	2,868	2,561
Provision for losses on other real estate owned	0	480	500	1,675
Other	3,593	3,140	10,669	9,733
	11,217	10,661	33,781	33,047
Earnings before income taxes	8,349	7,161	24,004	19,154
Provision for income taxes	3,067	2,376	8,880	7,269
Net earnings	$ 5,282	$ 4,785	$15,124	$11,885
Basic earnings per common share	$ 0.35	$ 0.32	$ 1.00	$ 0.79
Diluted earnings per common share	$ 0.34	$ 0.31	$ 0.96	$ 0.76
Cash dividends per common share	$ 0.10	$ 0.07	$ 0.30	$ 0.20

See accompanying notes to the consolidated financial statements.

CVB FINANCIAL CORP. AND SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY
(unaudited)
dollar amounts in thousands

	Total	Comprehensive Income	Retained Earnings	Accumulated Other Comprehensive Income	Common Stock
Beginning balance, January 1, 1997	$ 89,087		$27,341	($ 196)	$61,942
Comprehensive income					
Net Income	17,370	$17,370	17,370		
Other comprehensive income, net of tax					
Unrealized gains on securities, net of reclassification adjustment (see disclosure)	968	968		968	
Comprehensive income		$18,338			
Common Stock issued	904				904
Repurchase of Common Stock	(1,935)		(1,344)		(591)
Tax benefit from exercise of stock options	193		193		
Dividends declared on common stock	(4,503)		(4,503)		
Ending balance, December 31, 1997	$102,084		$39,057	$ 772	$62,255
Comprehensive income					
Net Income	15,124	$15,124	15,124		
Other comprehensive income, net of tax					
Unrealized gains on securities, net of reclassification adjustment (see disclosure)	3,373	3,373		3,373	
Comprehensive income		$18,497			
Common Stock issued	423				423
Repurchase of Common Stock	(1,884)		(1,508)		(376)
Dividends declared on common stock	(4,518)		(4,518)		
Ending balance, September 30, 1998	$114,602		$48,155	$ 4,145	$62,302

Disclosure of reclassification amount

Unrealized holding gains arising during period, net of tax effects of $711	$ 977
Less:	
Reclassification adjustment for gains included in net income, net of tax effects of $7	(9)
Net unrealized gain on securities, December 31, 1997	$ 968
Unrealized holding gains arising during period, net of tax effects of $2,476	$ 3,503
Less:	
Reclassification adjustment for gains included in net income, net of tax effects of $94	(130)
Net unrealized gains on securities, September 30, 1998	$ 3,373

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, 1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received	$ 70,392	$ 59,538
Service charges and other fees received	10,915	10,337
Interest paid	(21,339)	(18,066)
Cash paid to suppliers and employees	(29,852)	(28,846)
Income taxes paid	(8,555)	(6,985)
Net cash provided by operating activities	21,561	15,978
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of securities available for sale	52,243	24,462
Proceeds from maturities of securities available for sale	94,244	52,027
Proceeds from maturities of securities held to maturity	1,217	1,617
Purchases of securities available for sale	(354,243)	(134,768)
Purchases of securities held to maturity	(186)	(8,195)
Net increase in loans	(20,960)	(24,069)
Proceeds from sale of premises and equipment	2,181	55
Purchase of premises and equipment	(1,815)	(1,297)
Other investing activities	6,185	8,485
Net cash used in investing activities	(221,134)	(81,683)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in transaction deposits	24,492	(27,632)
Net increase in time deposits	23,628	55,573
Net increase (decrease) in short-term borrowings	127,854	(14,032)
Cash dividends on common stock	(4,519)	(3,007)
Stock repurchase	(1,884)	(1,935)
Proceeds from exercise of stock options	423	887
Net cash provided by financing activities	169,994	9,854
NET DECREASE IN CASH AND CASH EQUIVALENTS	(29,579)	(55,851)
CASH AND CASH EQUIVALENTS, beginning of period	107,725	142,502
CASH AND CASH EQUIVALENTS, end of period	$ 78,146	$ 86,651

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	
	1998	1997
RECONCILIATION OF NET EARNINGS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net earnings	$ 15,124	$ 11,885
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Accretion of discount on investment securities	(303)	(653)
Provisions for loan and OREO losses	2,400	3,645
Depreciation and amortization	2,336	2,249
Change in accrued interest receivable	(842)	(13)
Change in accrued interest payable	1,652	190
Change in other assets and liabilities	1,194	(1,325)
Total adjustments	6,437	4,093
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 21,561	$ 15,978

CVB FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 1998, and 1997

1. Summary of Significant Accounting Policies. See Note 1 of the Notes to Consolidated Financial Statements in CVB Financial Corp.'s 1997 Annual Report.

   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 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 $4.3 million at September 30, 1998. Of this total, $4.2 million, or 97.55%, represented loans that were supported by collateral with a fair market value, net of prior liens, of $8.5 million. At September 30, 1998, $106,000, or 2.45%, of total impaired loans represented loans for which repayment was projected to come from cash flows.

2. Certain reclassifications have been made in the 1997 financial information to conform to the presentation used in 1998.

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, 1998, the Company had entered into commitments with certain customers amounting to $209.6 million compared to $153.7 million at December 31, 1997. Letters of credit at September 30, 1998, and December 31, 1997, were $8.2 million and $7.9 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 September 30, 1998, 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, 1998, was 15,025,100. 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 1997 per share information in the financial statements and in Management's Discussion and Analysis has been restated to give retroactive effect to the 3-for-2 stock split which was effective January 2, 1998. The tables below present the reconciliation of earnings per share for the periods indicated.

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

	1998			1997		
	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	$ 5,282,244	15,043,788	$ 0.35	$ 4,785,482	14,962,445	$ 0.32
EFFECT OF DILUTIVE SECURITIES						
Incremental shares from assumed exercise of outstanding options		577,305	(0.01)		586,254	(0.01)
DILUTED EPS						
Income available to common stockholders	$ 5,282,244	15,621,093	$ 0.34	$ 4,785,482	15,548,699	$ 0.31

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

	1998			1997		
	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	$15,123,940	15,051,511	$ 1.00	$11,885,005	14,982,129	$ 0.79
EFFECT OF DILUTIVE SECURITIES						
Incremental shares from assumed exercise of outstanding options		622,842	(0.04)		581,844	(0.03)
DILUTED EPS						
Income available to common stockholders	$15,123,940	15,674,353	$ 0.96	$11,885,005	15,563,973	$ 0.76

6. Supplemental cash flow information. During the nine-month period ended September 30, 1998, loans amounting to $2.5 million were transferred to Other Real Estate Owned ("OREO") as a result of foreclosure on the real properties held as collateral.

7. In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," effective for fiscal years beginning after June 15, 1999. This Statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The Company does not believe that the adoption of SFAS No. 133 will have a material impact on its operations and financial position.

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. For a more complete understanding of CVB Financial Corp. and its operations, reference should be made to the financial statements included in this report and in the Company's 1997 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, 1997.

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.

RESULTS OF OPERATIONS

The Company reported net earnings of $15.1 million for the nine months ended September 30, 1998. This represented an increase of $3.2 million, or 27.25%, over net earnings of $11.9 million, for the nine months ended September 30, 1997. Basic earnings per share for the nine month period increased to $1.00 per share for 1998, compared to $0.79 per share for 1997. Diluted earnings per share increased to $0.96 per share for the first nine months of 1998, compared to $0.76 per share for the same nine month period last year. The annualized return on average assets was 1.52% for the first nine months of 1998 compared to a return on average assets of 1.39% for the nine months ended September 30, 1997. The annualized return on average equity was 18.50% for the nine months ended September 30, 1998, compared to a return of 16.98% for the nine months ended September 30, 1997.

For the third quarter of 1998, the Company generated net earnings of $5.3 million. This represented an increase of $497,000, or 10.38%, over earnings of $4.8 million, for the third quarter of 1997. Basic earnings per share increased to $0.35 per share for the most recent quarter, compared to $0.32 per share for the third quarter of last year. Diluted earnings per share increased to $0.34 per share for the third quarter of 1998, compared to $0.31 per share for the same three month period for 1997. The annualized return on average assets was 1.51% for the third quarter of 1998, compared to a return of 1.64% for the third quarter of 1997. The annualized return on average equity was 18.72%, for the third quarter of this year, compared to a return of 19.91%, for the same period last year.

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 $26.1 million for the nine months ended September 30, 1998. This represented an increase of $3.4 million, or 14.85%, compared to operating earnings of $22.7 million for the first nine months of 1997. For the third quarter of 1998, pre-tax operating earnings totaled $8.7 million. This represented an increase of $185,000, or 2.17%, over pre-tax operating earnings of $8.5 million for the third quarter of 1997.

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 other 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.

For the nine months ended September 30, 1998, net interest income was $48.5 million. This represented an increase of $4.7 million, or 10.79%, over net interest income of $43.8 million for the nine months ended September 30, 1997. Although net interest income increased, the net interest margin decreased to 5.47% for the nine months ended September 30, 1998, compared to 5.93% for the nine months ended September 30, 1997. In addition, the net interest spread decreased to 3.99% for the nine months ended September 30, 1998, compared to a spread of 4.61% for the nine months ended September 30, 1997.

The increase in net interest income for the most recent nine month period was the result of an increased volume of average earning assets. Earning assets averaged $1.2 billion for the first nine months of 1998. This represented an increase of $214.1 million, or 21.39%, compared to average earning assets of $1.0 billion for the first nine months of 1997. The decrease in the net interest margin for the nine months ended September 30, 1998 compared to the first nine months of 1997 was the result of a lower yield on average earning assets. The decrease in the net interest spread resulted as the yield on average earning assets decreased and the cost of interest bearing liabilities increased.

Similarly, net interest income increased for the third quarter of 1998, compared to the third quarter of 1997. For the third quarter of 1998, net interest income totaled $16.5 million. This represented an increase of $1.2 million, or 7.93%, over net interest income of $15.3 million for the third quarter of 1997. The increase in net interest income for the third quarter of this year also resulted from an increased volume in average earning assets. For the third quarter of 1998, earning assets, averaged $1.28 billion. This represented an increase of $247.2 million, or 23.82%, over average earning assets of $1.04 billion for the third quarter of 1997. The net interest margin decreased to 5.28% for the third quarter of 1998, compared to a net interest margin of 5.99% for the third quarter of 1997. Again, the decrease in the net interest margin was the result of a lower yield on average earning assets. The net interest spread decreased to 3.78% for the third quarter of 1998, compared to a spread of 4.58% for the third quarter of 1997.

The Company reported total interest income of $71.5 million for the nine months ended September 30, 1998. This represented an increase of $9.4 million, or 15.24%, over total interest income of $62.1 million for the nine months ended September 30, 1997. The increase reflected the greater volume of earning assets noted above. The yield on average total earning assets decreased to 7.99% for the nine months ended September 30, 1998, from a yield of 8.36% for the nine months ended September 30, 1997.

The decrease in the yield on average earning assets resulted from lower yields on average loans and a greater concentration of earning assets in investments as opposed to loans. The yield on average loans decreased to 9.64% for the nine months ended September 30, 1998, from a yield of 9.82% for the first nine months of 1997. The 18 basis point decrease in average loan yields primarily reflected increased price competition for loans. Loans typically generate higher yields than investments. Accordingly, the higher the loan portfolio is as a percentage of earning assets, the higher will be the yield on earning assets. For the nine months ended September 30, 1998, loans represented 51.52% of average earning assets, compared to 58.20% for the nine months ended September 30, 1997.

Similar trends were evident when comparing the third quarter of 1998 with the third quarter of 1997. Total interest income was $24.8 million for the third quarter of 1998. This represented an increase of $3.1 million, or 14.54% over total interest income of $21.7 million for the third quarter of 1997. The yield on average loans decreased to 9.53% for the third quarter of 1998, compared to a 10.00% yield for the third quarter of 1997. Average loans as a percent of average earning assets decreased to 49.35% for the three months ended September 30, 1998, compared to 56.84% for the same period last year.

The increase in total interest income was partially offset by an increase in interest expense for both the nine months and the quarter ended September 30, 1998 when compared to the same periods for 1997. Interest expense totaled $23.0 million for the nine months ended September 30, 1998. This represented an increase of $4.7 million, or 25.94%, over total interest expense of $18.3 million for the nine months ended September 30, 1997. For the three months ended September 30, 1998, interest expense totaled $8.3 million. This represented an increase of $1.9 million, or 30.35% compared to the same period last year.

The increase reflected an increase in both the average volume and cost of interest bearing liabilities. Average interest bearing liabilities were $766.6 million for the first nine months of 1998. This represented an increase of $117.3 million, or 18.06%, from average interest bearing liabilities of $649.3 million for the first nine months of 1997.

The cost of average interest bearing liabilities increased to 4.00% for the nine months ended September 30, 1998, compared to a cost of 3.75% for the first nine months of 1997. The increase in the cost of interest bearing liabilities was primarily the result of an increase in average time deposits and other borrowed funds. Average time deposits totaled $277.1 million for the nine months ended September 30, 1998. This represented an increase of $64.7 million, or 30.44%, over average time deposits of $212.4 million for the nine months ended September 30, 1997. The cost of average time deposits was 5.23% for the first nine months of 1998 and 1997.

Other borrowed funds averaged $121.1 million for the nine months ended September 30, 1998. This represented an increase of $46.9 million, or 63.21%, over average other borrowed funds of $74.2 million for the nine months ended September 30, 1997. The cost of other borrowed funds decreased to 5.52% for the nine months ended September 30, 1998, compared to a cost of 5.60% for the nine months ended September 30, 1997.

Table 1 shows the average balances of assets, liabilities, and stockholders' equity and the related interest income, expense, and rates for the nine month periods ended September 30, 1998, and 1997. Rates for tax-preferenced investments are shown on a taxable equivalent basis using a 35.0% 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, 1998			1997		
ASSETS	Average Balance	Interest	Rate	Average Balance	Interest	Rate
Investment Securities						
Taxable	$ 483,222	22,621	6.24%	$ 364,320	17,146	6.28%
Tax-advantaged (F1)	94,580	3,166	6.26%	48,793	1,775	6.81%
Federal Funds Sold & Interest-bearing deposits with other financial institutions	11,370	462	5.42%	5,436	219	5.37%
Loans (F2) (F3)	626,225	45,288	9.64%	582,699	42,935	9.82%
Total Earning Assets	1,215,397	71,537	7.99%	1,001,248	62,075	8.36%
Total Non-earning Assets	114,719			136,789		
Total Assets	$1,330,116			$1,138,037		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Non-interest bearing deposits	$ 431,994			$ 381,834		
Savings Deposits (4)	368,487	7,101	2.57%	362,742	6,800	2.50%
Time Deposits	277,066	10,875	5.23%	212,403	8,339	5.23%
Total Deposits	1,077,547	17,976	2.22%	956,979	15,139	2.11%
Other Borrowings	121,083	5,015	5.52%	74,188	3,116	5.60%
Total Interest-Bearing Liabilities	766,636	22,991	4.00%	649,333	18,255	3.75%
Other Liabilities	22,497			13,529		
Stockholders' Equity	108,989			93,341		
Total Liabilities and Stockholders' Equity	$1,330,116			$1,138,037		
Net interest spread			3.99%			4.61%
Net interest margin			5.47%			5.93%

(F1) Yields are calculated on a taxable equivalent basis.
(F2) Loan fees are included in total interest income as follows: 1998, $2,997; 1997, $2,554.
(F3) Nonperforming loans are included in net loans as follows: 1998, $4,315; 1997, $6,523.
(F4) 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 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, 1998 and 1997 Increase (decrease) in interest income or expense due to changes in	Volume	Rate	Rate/ Volume	Total
Interest Income:				
Taxable investment securities	$ 5,595	$ (90)	$ (30)	$ 5,475
Tax-advantaged investment securities	1,666	(142)	(133)	1,391
Federal funds sold and interest bearing deposits with other institutions	239	2	2	243
Loans	3,207	(795)	(59)	2,353
Total earning assets	10,707	(1,025)	(220)	9,462
Interest Expense:				
Savings deposits	108	190	3	301
Time deposits	2,538	(2)	(0)	2,536
Other borrowings	1,969	(43)	(27)	1,899
Total interest-bearing liabilities	4,615	145	(24)	4,736
Net Interest Income	$ 6,092	$(1,170)	$ (196)	$ 4,726

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 a downward sloping ladder of bond payments and maturities. 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 the Company's ability to reprice assets and liabilities as 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, 1998.

Simulated Rate Changes	Estimated Net Interest Income Sensitivity
+200 basis points	-2.34%
-200 basis points	1.34%

The table indicates that net interest income would decrease by approximately 2.34% over a 12 month period if there was a sustained, parallel and pro rata 200 basis point upward shift in interest rates. Net interest income would increase approximately 1.34% over a 12 month period if there was a sustained, parallel and pro rata 200 basis point downward shift in interest rates.

Credit Loss Experience

The Company maintains an allowance for potential 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 $1.9 million for the nine months ended September 30, 1998. This represented a decrease of $70,000, or 3.55% from the provision for credit losses of $2.0 million for the nine months ended September 30, 1997. For the third quarter of 1998, the provision for credit losses was $600,000. This represented a decrease of $315,000, or 34.43%, from the provision for credit losses of $915,000 for the third quarter of 1997.

The allowance for credit losses at September 30, 1998 was $13.4 million. This represented an increase of $2.8 million, or 25.66%, from the allowance for credit losses of $10.6 million at September 30, 1997. The allowance for credit losses increased to 2.13% of average gross loans for the first nine months of 1998, compared to 1.82% of average gross loans for the same period last year. For the nine months ended September 30, 1998, loans charged to the allowance for credit losses, net of recoveries ("net loan charge offs") totaled $60,000, compared to net loans charge offs of $3.6 million for the first nine months of 1997.

Nonperforming assets, which includes nonaccrual loans, loans past due 90 or more days and still accruing, restructured loans, and other real estate owned, decreased to $5.6 million at September 30, 1998. This represented a decrease of $5.3 million, or 48.46%, from nonperforming assets of $10.9 million at December 31, 1997. Nonperforming loans, which include nonaccrual loans, loans past due 90 or more days and still accruing, and restructured loans were $4.3 million at September 30, 1998. This represented a decrease of $2.2 million, or 33.35%, from the level of nonperforming loans at December 31, 1997. Table 6 presents nonperforming assets as of September 30 1998, and December 31, 1997. 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, 1998, 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, 1998	1997
Amount of Total Loans at End of Period	$ 635,361	$ 600,561
Average Total Loans Outstanding	$ 626,225	$ 582,699
Allowance for Credit Losses at Beginning of Period	$ 11,522	$ 12,239
Loans Charged-Off:		
Real Estate Loans	86	3,414
Commercial and Industrial	216	286
Consumer Loans	27	71
Total Loans Charged-Off	329	3,771
Recoveries:		
Real Estate Loans	155	22
Commercial and Industrial	101	167
Consumer Loans	13	7
Total Loans Recovered	269	196
Net Loans Charged-Off	60	3,575
Provision Charged to Operating Expense	1,900	1,970
Allowance for Credit Losses at End of period	$ 13,362	$ 10,634
Net Loans Charged-Off to Average Total Loans*	0.01%	0.82%
Net Loans Charged-Off to Total Loans at End of Period*	0.01%	0.79%
Allowance for Credit Losses to Average Total Loans	2.13%	1.82%
Allowance for Credit Lossess to Total Loans at End of Period	2.10%	1.77%
Net Loans Charged-Off to Allowance for Credit Losses*	0.60%	44.82%
Net Loans Charged-Off to Provision for Credit Losses	3.16%	181.47%

* 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 the Asset Management Division, other fee oriented products and services, gain (or loss) on sale of securities or other real estate owned and gross revenue from Community Trust Deed Services (the Company's nonbank subsidiary).

Other operating income totaled $11.1 million for the nine months ended September 30, 1998. This represented an increase of $788,000, or 7.61%, from other operating income of $10.4 million for the nine months ended September 30, 1997.

Trust income totaled $2.6 million for the nine months ended September 30, 1998. This represented an increase of $254,000, or 10.81%, over trust income of $2.3 million for the nine months ended September 30, 1997. In March of 1998, the Bank sold an office building used as its Brea office. The Bank realized a gain on the sale of approximately $450,000 which is included in the $652,000 gain on sale of premises and equipment for the first nine months of 1998. During the first nine months of 1997, gains on sale of premises and equipment totaled $27,000.

Other operating income totaled $3.7 million for the third quarter of 1998. This represented an increase of $217,000, or 6.27%, over other operating income of $3.5 million for the third quarter of 1997.

Other Operating Expenses

Other operating expenses totaled $33.8 million for the nine months ended September 30, 1998. This represented an increase of $734,000, or 2.22%, over other operating expenses of $33.0 million for the nine months ended September 30, 1997. For the third quarter of 1998, other operating expenses totaled $11.2 million, representing an increase of $556,000, or 5.21%, over operating expenses of $10.7 million for the third quarter of 1997.

The Company maintains an allowance for potential losses on other real estate owned. The allowance is increased by a provision for losses on other real estate owned, and reduced by losses on the sale of other real estate owned charged directly to the allowance. The allowance was established to provide for declining Southern California real estate values over the past several years. For the nine months ended September 30, 1998, the provision for other real estate owned was $500,000. This represented a decrease of $1.2 million, or 70.15%, from a provision of $1.7 million for the nine months ended September 30, 1997. This decrease reflects the improvement in the loan portfolio and the reduction of other real estate owned from $4.4 million at December 31, 1997 to $1.3 million at September 30, 1998.

As a percent of average assets, annualized other operating expenses decreased to 3.39% for the nine months ended September 30, 1998, compared to a ratio of 3.87% for the nine months ended September 30, 1997. The decrease in the ratio indicates that the Company is managing a greater level of assets with proportionately lower levels of operating expenses. The Company's efficiency ratio decreased to 56.60% for the nine months ended September 30, 1998, compared to a ratio of 61.01% for the nine months ended September 30, 1997. The decrease in the efficiency ratio indicates that the Company is allocating a lower percentage of net revenue to operating expenses.

BALANCE SHEET ANALYSIS

The Company reported total assets of $1.44 billion at September 30, 1998. This represented an increase of $182.8 million, or 14.53%, over total assets of $1.26 billion at December 31, 1997. Gross loans totaled $635.4 million at September 30, 1998. This represented an increase of $18.4 million, or 2.97%, over gross loans of $617.0 million at December 31, 1997. Total deposits increased $48.1 million, or 4.47%, to $1.12 billion at September 30, 1998, from $1.08 billion at December 31, 1997.

Investment Securities and Debt Securities Available-for-Sale

The Company reported total investment securities of $696.6 million at September 30, 1998. This represented an increase of $204.4 million, or 41.54%, over total investment securities of $492.2 million at December 31, 1997.

At September 30, 1998, the Company's net unrealized gain on securities available-for-sale totaled $7.2 million. The Company recorded an adjustment increasing accumulated other comprehensive income to $4.1 million, and an adjustment to increase deferred tax assets to $3.1 million. At December 31, 1997, the Company reported a net unrealized gain on investment securities available for sale of $1.3 million, with an adjustment to equity capital of $772,000 and deferred taxes of $567,000. Note 2 of the Notes to the Consolidated Financial Statements in the Company's 1997 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, 1998 and December 31, 1997.

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

	September 30, 1998				December 31, 1997			
	Amortized Cost	Market Value	Net Unrealized Gain(Loss)	Yield	Amortized Cost	Market Value	Net Unrealized Gain/(Loss)	Yield
U.S. Treasury securities								
Available for Sale	$ 3,010	$ 3,037	$ 27	6.02%	$ 51,238	$ 51,525	287	5.71%
FHLMC, FNMA CMO's, REMIC's and mortgage-backed pass-through securities								
Available for Sale	464,340	469,820	5,480	6.36%	279,835	280,920	1,085	6.41%
Held to Maturity	4,039	4,147	108	5.74%	4,969	5,068	99	6.49%
Other Government Agency Securities								
Available for Sale	24,746	24,868	122	6.59%	53,052	53,018	(34)	6.52%
GNMA mortgage-backed pass-through securities								
Available for Sale	66,016	66,593	577	6.64%	9,854	9,878	24	6.61%
Held to Maturity	759	823	64	9.42%	964	1,046	82	6.53%
Tax-exempt Municipal Securities								
Available for Sale	56,005	57,076	1,071	4.49%	25,364	25,509	145	4.56%
Held to Maturity	50,489	52,559	2,070	4.81%	50,789	52,222	1,433	4.52%
Other securities								
Available for Sale	18,404	18,404	0	0.00%	13,256	13,256	0	0.00%
Held to Maturity	1,492	1,492	0	6.89%	1,322	1,322	0	6.37%
	$ 689,300	$698,819	$ 9,519	5.96%	$ 490,643	$ 493,764	3,121	5.89%

Loan Composition and Nonperforming 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, 1998	December 31, 1997
Commercial and Industrial	$237,934	$258,987
Real Estate:		
Construction	25,631	19,819
Mortgage	273,783	229,926
Consumer	18,544	17,445
Lease finance receivables	22,030	24,008
Agribusiness	59,692	69,404
Gross Loans	$637,614	$619,589
Less:		
Allowance for credit losses	13,362	11,522
Deferred net loan fees	2,253	2,583
Net loans	$621,999	$605,484

As set forth in Table 6, nonperforming assets (nonaccrual loans, loans 90 days or more past due and still accruing interest, restructured loans, and other real estate owned) totaled $5.6 million at September 30, 1998. This represented a decrease of $5.3 million, or 48.46%, from nonperforming assets of $10.9 million at December 31, 1997. As a percent of total assets, nonperforming assets decreased to 0.39% at September 30, 1998, from 0.86% at December 31, 1997.

Although management believes that nonperforming 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 - Nonperforming Assets (dollar amounts in thousands)

	September 30, 1998	December 31, 1997
Nonaccrual loans	$4,315	$ 3,955
Loans past due 90 days or more and still accruing interest	0	424
Restructured loans	0	2,092
Other real estate owned (OREO), net	1,285	4,395
Total nonperforming assets	$5,600	$10,866
Percentage of nonperforming assets to total loans outstanding and OREO	0.88%	1.75%
Percentage of nonperforming assets to total assets	0.39%	0.86%

The decrease in nonperforming assets was the result of a decrease in other real estate owned and restructured loans. Other real estate owned totaled $1.3 million at September 30, 1998. This represented a decrease of $3.1 million, or 70.76%, from total real estate owned of $4.4 million at December 31, 1997. Restructured loans declined $2.1 million for the first nine months of 1998.

At September 30, 1998, the majority of nonaccrual loans were collateralized by real property. The estimated loan balances to the fair value of related collateral (loan-to-value ratio) for nonaccrual loans ranged from approximately 14% to 115%.

The Bank has allocated specific reserves to provide for any potential 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 Other Borrowings

At September 30, 1998, total deposits were $1.12 billion. This represented an increase of $48.1 million, or 4.47%, from total deposits of $1.08 billion at December 31, 1997. Demand deposits totaled $457.3 million at September 30, 1998, representing a decrease of $12.5 million, or 2.66%, from total demand deposits of $469.8 million at December 31, 1997. 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 third quarter of 1998 were $446.7 million. This represented an increase of $49.2 million, or 12.36%, from average demand deposits of $397.5 million for the third quarter of 1997. The comparison of average balances for the third quarters of 1998 and 1997, is more representative of the Company's growth in deposits as it excludes the seasonal peak in deposits at year end.

Time deposits totaled $288.0 million at September 30, 1998. This represented an increase of $23.6 million, or 8.94%, over total time deposits of $264.4 million at December 31, 1997. Time deposits are not affected by the Company's seasonal fluctuation in demand deposits.

Other borrowed funds totaled $175.0 million at September 30, 1998. This represented and increase of $126.0 million, or 257.14% over other borrowed funds of $49.0 million at December 31, 1997. The increase in other borrowed funds during the first nine months of 1998 was primarily the result of an increase in a secured short term loan from the Federal Home Loan Bank. The funds were used to purchase investment securities at a positive net interest spread.

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, other borrowed funds, and growth in deposits. Uses of funds include withdrawal of deposits, interest paid on deposits, increased loan balances, purchases, and other operating expenses.

Net cash provided by operating activities totaled $21.6 million for the first nine months of 1998, compared to net cash provided by operating activities of $16.0 million for the same period last year. The increase was primarily the result of increased interest received on loans and investment securities.

Net cash used for investing activities totaled $221.1 million for the first nine months of 1998, compared to net cash used for investing activities of $81.7 million for the same period last year. The increase in net cash used for investing activities was primarily from the purchase of additional investment securities. Financing activities provided net cash flows of $170.0 million for the nine months ended September 30, 1998. This compares to $9.9 million in net cash provided for the nine months ended September 30, 1997. A net increase in deposits of $48.1 million for the nine months ended September 30, 1998, compared to a net increase in deposits of $27.9 million for the same period last year contributed to the change. In addition, net cash flows provided by financing activities was impacted by an increase in short term borrowings of $127.9 million for the first nine months of 1998 compared to a decrease of $14.0 million for the first nine months of 1997. At September 30, 1998, cash and cash equivalents totaled $78.1 million. This represented a decrease of $8.6 million, or 9.82%, from a total of $86.7 million at September 30, 1997.

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 1998, the Bank's loan to deposit ratio averaged 58.12%, compared to an average ratio of 60.89% for the first nine months of 1997.

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, 1998, approximately $37.4 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. At September 30, 1998, CVB had no material commitments for capital expenditures. The Bank, as part of its year 2000 program, is anticipating the purchase of a new teller system in an approximate amount of $600,000.

Capital Resources

The Company's equity capital was $114.6 million at September 30, 1998. The primary source of capital for the Company continues to be the retention of net after tax earnings. The Company's 1997 annual report (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 the 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 3.0%. At September 30, 1998, 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, 1998, and December 31, 1997.

Table 7 - Regulatory Capital Ratios

Capital Ratios	Required Minimum Ratios	September 30, 1998 Company	September 30, 1998 Bank	December 31, 1997 Company	December 31, 1997 Bank
Risk-based captial ratios					
Tier 1	4.00%	12.71%	12.41%	12.08%	11.84%
Total	8.00%	13.98%	13.68%	13.35%	13.11%
Leverage ratio	4.00%	7.26%	7.08%	7.56%	7.40%

On August 19, 1998, the Board of Directors of the Company reauthorized and superseded the April 16, 1997 repurchase of shares of its common stock, from time to time, at the discretion of the Company, through open market purchases or in private transactions in an aggregate amount of up to $9.0 million, or 500,000 shares. As of December 31, 1997, the Company had purchased 142,772 shares for an average price of $13.56 per share. The Company repurchased 90,600 shares of common stock at an average price of $20.80 per share during the third quarter and first nine months of 1998.

Risk Management

The Company's management has adopted a Risk Management Policy to ensure the proper control and management of all risk factors inherent in the operation of the Company and the Bank. The policy is designed to address specific risk factors defined by federal bank regulators. These risk factors are not mutually exclusive. It is recognized that any product or service offered may expose the Bank to one or more of these risks. The Risk Management Policy identifies the significant risks as: credit risk, interest rate risk, liquidity risk, transaction risk, compliance risk, strategic risk, and price risk.

Year 2000

The financial institutions industry, as with other industries, is faced with year 2000 issues. These issues center around computer programs that do not recognize a year which begins with "20" instead of "19", or uses only 2 digits for the year. Certain statements in this section on the Year 2000 constitute forward-looking statements under the Private Securities Litigation Reform Act of 1995 which involve risk and uncertainties. The Company's actual results may differ significantly from the results discussed in these forward-looking statements. Such factors include but are not limited to the estimated costs of remediation, the preparedness of third party vendors, timetables for implementation of future remediation and testing, contingency plans, and estimated future costs due to business disruption caused by affected third parties.

The Company has been working on these issues for the last 21 months. A committee, known as Team 2000, was established to analyze the issues and determine compliance with the requirements for Year 2000. To facilitate a thorough and complete Year 2000 assessment and response to identified issues, a phased management procedural approach has been adopted as follows:

Awareness Phase - Team 2000 coordinators and supporting staff are appointed and empowered to receive external training as necessary, and immediately review all pertinent regulatory and industry issuance's regarding Year 2000 issues. The team 2000 coordinators will develop a process and overall strategy to cover in-house systems, service bureaus for systems that are outsourced, vendors, customers, and suppliers.

Assessment Phase - Team 2000 coordinators will prepare a report regarding the size of the problem and complexity of Year 2000 issues, as will as the level of work and resources necessary to address them. The report will include issues relating to hardware, software, networks, ATM's, processing platforms, and other equipment (copier, fax, phone exchange, etc.) customer systems, vendors, and environmental systems (security systems, elevators, vaults, etc.).

Renovation Phase - Team 2000 coordinators will supervise the project including enhancements, hardware and software upgrades, systems replacements and vendor certification as "Year 2000 Compliant". Work will be prioritized depending on the applications impact. Insights may also be provided from "critical assessments" performed as part of the disaster recovery business resumption assessment.

Validation Phase - After programming codes by outside venders have been modified or systems upgraded, each will be tested in incremental states to assess full correction of the Year 2000 issues. Team 2000 coordinators will establish time control check-off points to ensure timely completion of modifications or replacement activities.

Implementation Phase - Once modifications are completed, replacements or upgrades are in place, and/or other changes have occurred to address Year 2000 problematic areas, the Year 2000 plan will be in full compliance.

To date the Awareness Phase and the Assessment Phase have been completed. All core applications have been certified Year 2000 compliant. The Renovation Phase as it relates to "bank critical" systems/processes is 80% complete. The Validation Phase as it relates to "bank critical" system/processes is 78% complete. Both the Renovation and the Validation Phases are scheduled to be completed by March 31, 1999.

As of September 30, 1998, for approximately 20% of the systems/processes deemed "bank critical", the Bank has not been able to identify specific timelines to validate Year 2000 compliance due to dependencies on external parties (e.g., vendors, agencies, etc.,) who are not required by regulation to be Year 2000 compliant until a later date. Contingency and follow-up plans have been initiated to cover those 20%.

The third party vendor of the Bank's teller terminal system has indicated that their hardware is not compliant and will not be made compliant. It is of an older generation of technology. The Bank is in the process of replacing this system, which is anticipated to be completed by March 31, 1999.

The Bank has notified its customers by means of statement stuffers of Year 2000 issues. It is also in the process of contacting each of its major borrowing and depository customers to make them aware of the issues and to seek information regarding its customers' preparedness for the Year 2000.

The Boards of Directors of CVB and the Bank have approved a Year 2000 Policy and budget. The Board has approved a budget of $1.3 million for the anticipated costs of Year 2000 issues. The Board has allocated $500,000 of the Bank's allowance for loan and lease losses to cover potential losses from customers due to their Year 2000 problems. In addition, it is anticipated that the replacement of the teller system will cost $600,000. The remaining $200,000 is budgeted for miscellaneous and contingency items. To date, the Company has expended approximately $55,000 for the testing of software and hardware.

Of the $1.3 million, the $500,000 allocation from the allowance for loan and lease losses has already been provided through the income statement. The Company believes that costs to replace the teller system which could be as much as $600,000 will be capitalized as these costs relate to the purchase of new equipment and, therefore, will only impact the earnings of the Company as it is depreciated. The Company anticipates that the remaining $145,000 will be reflected in the income statement over the next three quarters. The source of funds to address Year 2000 issues will be operating cash funds.

In addition, the Boards of Directors of CVB and the Bank have engaged an outside CPA consulting firm to perform an internal audit related to the Bank's efforts associated with the Year 2000. The Bank received a "Satisfactory" rating for its Year 2000 plan and efforts in achieving the plan to date.

The Company has an existing Disaster Recovery Plan or Contingency Plan in the event a disaster should occur and affect the Company. This Plan encompasses the restoration of all or part of the Company's systems should that be necessary. This Plan is being augmented to cover contingencies arising from Year 2000. The Plan has been tested in the past and the augmented Plan will be tested in the fourth quarter of 1998.

Business Segments

On March 29, 1996, the Bank acquired Citizens Commercial Trust and Savings Bank of Pasadena ("Citizens"). At the time of the acquisition, Citizens had a trust division with managed assets of approximately $800.0 million. The acquired division, now called the Asset Management division, managed assets of $887.7 million at September 30, 1998.

The Asset Management division has served as a significant and growing source of noninterest income for the Company. The division offers a number of trust and asset management services to the Bank's branch operations that were not available prior to the acquisition. For purposes of business segmentation, table 8 provides a summary of the sources of revenue and expenses for the Asset Management division and the other divisions of the Company.

Table 8 - Business Segments

	Amounts in Thousands (Unaudited) For the Nine Months Ended September 30, 1998		
	Banking Operations	Asset Management	Company
Net interest income	$48,546	$	$48,546
Less: Provision for credit losses	1,900		1,900
Other operating income	8,536	2,603	11,139
Net revenue	$55,182	$ 2,603	$57,785
Other operating expenses			
Salaries and employee benefits	15,696	1,099	16,795
Occupancy and equipment	5,427	296	5,723
Other	10,811	452	11,263
	31,934	1,847	33,781
Earnings before taxes	$23,248	$ 756	$24,004

	Amounts in Thousands (Unaudited) For the Nine Months Ended September 30, 1998		
	Banking Operations	Asset Management	Company
Net interest income	$43,820	$	$43,820
Less: Provision for credit losses	1,970		1,970
Other operating income	8,002	2,349	10,351
Net revenue	$49,852	$ 2,349	$52,201
Other operating expenses			
Salaries and employee benefits	15,362	1,061	16,423
Occupancy and equipment	4,897	234	5,131
Other	10,942	551	11,493
	31,201	1,846	33,047
Earnings before taxes	$18,651	$ 503	$19,154

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

Exhibit 27 - Financial Data Schedule

(b) Reports on Form 8-K
On August 19, 1998, the Company filed a Report on Form 8-K, reporting under Item 5. The Company filed Exhibit 99.1, Press Release of August 19, 1998.

Exhibit Index

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: November 12, 1998

/s/ Edward J. Biebrich Jr.

Edward J. Biebrich Jr.
Chief Financial Officer

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE SEPTEMBER 30, 1998, CONSOLIDATED BALANCE SHEET, AND THE SEPTEMBER 30, 1998, CONSOLIDATED STATEMENT OF EARNINGS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

9-MOS
DEC-31-1998
SEP-30-1998
78,146
0
0
0
639,798
56,779
59,021
635,361
13,362
1,441,617
1,123,815
175,000
27,791
409
0
0
62,302
52,300
1,441,617
45,288
25,787
462
71,537
17,976
22,991
48,546
1,900
224
33,781
24,004
15,124
0
0
15,124
1.00
0.96
5.47
4,315
0
0
0
11,522
329
269
13,362
8,525
0
4,837