

FORM 8-K

Current Report Pursuant
to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 17, 2002

CVB Financial Corp.
(Exact name of registrant as specified in its charter)

California 95-3629339
(State or other jurisdiction of (I.R.S. employer
incorporation or organization) identification number)

Commission file number: 1-10394

701 North Haven Avenue
Ontario, California 91764
(Address of principal executive offices and zip code)

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

Not Applicable
(Former name or former address, if changed since last report)

- Item 1. Changes in Control of Registrant
Not Applicable
- Item 2. Acquisition or Disposition of Assets
Not Applicable
- Item 3. Bankruptcy or Receivership
Not Applicable
- Item 4. Changes in Registrant's Certifying Accountant
Not Applicable
- Item 5. Other Events

On January 17, 2002, Citizens Business Bank, a wholly-owned subsidiary of CVB Financial Corp., Western Security Bancorp, and Western Security Bank, National Association executed an Agreement and Plan of Reorganization which provides for the acquisition of Western Security Bancorp and its wholly owned subsidiary Western Security Bank, National Association. The acquisition is subject to (i) the receipt of regulatory approvals, (ii) the approval of the Western Security Bancorp shareholders, (iii) the receipt of all necessary third party consents, and (iv) the satisfaction or waiver of all other conditions specified in the Agreement and Plan of Reorganization.

Pursuant to the terms of the Agreement and Plan of Reorganization, at the effective time of the merger, each outstanding share of common stock of Western Security Bancorp, except dissenting shares, will be canceled and converted into the right to receive the per share price. The per share price shall be equal to the quotient obtained by dividing the aggregate purchase price by the number of shares of Western Security Bancorp stock outstanding immediately prior to the effective time of the merger. The aggregate purchase price will be equal to the product obtained by multiplying 1.2 times the adjusted Western Security Bancorp book value at the month end prior to closing, provided, however, if such amount would yield a per share price of less than \$8.50 per share, the per share price will be adjusted upward to \$8.50. There are currently 793,029 shares of Western Security Bancorp stock outstanding.

CVB Financial Corp. has attached to this Report on Form 8-K a copy of the executed Agreement and Plan of Reorganization Agreement as Exhibit 2.1.

On January 18, 2002, CVB Financial Corp. and Western Security Bancorp issued a press release announcing the merger, which is attached hereto as Exhibit 99.1, and incorporated herein by reference.

- Item 6. Resignations of Registrant's Directors
Not Applicable
- Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.
- (a) Financial Statements
Not Applicable
 - (b) Pro Forma Financial Information
Not Applicable
 - (c) Exhibits

2.1 Agreement and Plan of Reorganization by and among Citizens Business Bank, Western Security Bancorp, and Western Security Bank, National Association, dated as of January 17, 2002, as amended.

99.1 Press Release relating to the Agreement and Plan of Reorganization.

Item 8. Change in Fiscal Year

Not Applicable

Item 9. Regulation FD Disclosure

Not Applicable

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 hereunto duly authorized.

CVB Financial Corp.
(Registrant)

Date: January 25, 2002

By: /s/ D. Linn Wiley

D. Linn Wiley
President and Chief Executive Officer

Exhibit Index

2.1 Agreement and Plan of Reorganization by and among Citizens Business Bank, Western Security Bancorp, and Western Security Bank, National Association, dated as of January 17, 2002, as amended.

99.1 Press Release relating to the Agreement and Plan of Reorganization.

AGREEMENT AND PLAN OF REORGANIZATION

BY AND AMONG

CITIZENS BUSINESS BANK,

WESTERN SECURITY BANCORP and

WESTERN SECURITY BANK, NATIONAL ASSOCIATION

January 17, 2002

TABLE OF CONTENTS

(continued)

	Page
Article 1. DEFINITIONS.....	2
Article 2. TERMS OF MERGER, SECOND MERGER AND BANK MERGER.....	11
2.1 Effect of Merger and Surviving Corporation.....	11
2.2 Stock of Bancorp.....	11
2.3 Aggregate Purchase Price and Per Share Price.....	12
2.4 Exchange Procedures.....	14
2.5 Directors of Surviving Corporation.....	15
2.6 Executive Officers of Surviving Corporation.....	15
2.7 Cancellation of Bancorp Options and Warrants.....	15
2.8 Effect of Second Merger.....	15
2.9 Directors of CBB Following the Second Merger.....	15
2.10 Executive Officers of CBB Following the Second Merger.....	16
2.11 Effect of Bank Merger and Surviving Bank.....	16
2.12 Directors of Surviving Bank.....	16
2.13 Executive Officers of Surviving Bank.....	16
2.14 Name of Surviving Bank.....	16
Article 3. THE CLOSING.....	17
3.1 Closing.....	17
3.2 Execution of Agreements.....	17
3.3 Further Assurances.....	17
Article 4. REPRESENTATIONS AND WARRANTIES OF BANCORP AND WESTERN.....	17
4.1 Incorporation, Standing and Power.....	17
4.2 Capitalization.....	18
4.3 Subsidiaries.....	20
4.4 Financial Statements.....	20
4.5 Material Liabilities.....	20
4.6 Reports and Filings.....	20
4.7 Authority.....	21

4.8	Conflicts.....	21
4.9	Taxes.....	21
4.10	Contracts.....	24
4.11	Title to Property.....	26
4.12	Litigation.....	26
4.13	Certain Adverse Changes.....	27
4.14	Corporate Records.....	28
4.15	Accounting Records; Data Processing.....	28
4.16	Insurance.....	29
4.17	Employee Benefit Plans and Employment and Labor Contracts.....	29
4.18	Investments.....	32
4.19	Broker's or Finder's Fees.....	32
4.20	Compliance with Rules.....	32
4.21	Performance of Obligations.....	34
4.22	Employees.....	34
4.23	Certain Interests.....	34
4.24	Extensions of Credit.....	35
4.25	Operating Losses.....	35
4.26	Powers of Attorney.....	35
4.27	Offices and ATMs.....	35
4.28	Facts Affecting Regulatory Approvals.....	35
4.29	Accounting and Tax Matters.....	36
4.30	Indemnification.....	36
4.31	Community Reinvestment Act.....	36
4.32	Bank Secrecy Act.....	36
4.33	Derivative Transactions.....	36
4.34	Trust Administration.....	36
4.35	Intellectual Property.....	37
4.36	Disclosure Documents and Applications.....	37
4.37	Licenses and Permits.....	37
4.38	Insider Loans, Other Transactions.....	38
4.39	SBA Lending.....	38
4.40	Accuracy and Currentness of Information Furnished.....	38
4.41	Effective Date of Representations and Warranties.....	38
Article 5.	REPRESENTATIONS AND WARRANTIES OF CBB.....	38
5.1	Incorporation, Standing and Power.....	38
5.2	Financial Statements.....	39
5.3	Authority.....	39
5.4	No Conflicts; Defaults.....	39
5.5	Accuracy of Information Furnished.....	39
5.6	Authority of Security Acquisition.....	39
5.7	CRA Standing.....	40
5.8	Regulatory Approvals.....	40
5.9	Accuracy and Correctness of Information Furnished.....	40
5.10	Effective Date of Representations and Warranties.....	40
Article 6.	COVENANTS OF BANCORP AND WESTERN PENDING EFFECTIVE TIME OF THE MERGER.....	41
6.1	Limitation on Conduct Prior to Effective Time of the Merger.....	41
6.2	Affirmative Conduct Prior to Effective Time of the Merger.....	45
6.3	Access to Information.....	46
6.4	Filings.....	47

6.5	Notices; Reports.....	47
6.6	Bancorp Shareholders' Meeting.....	48
6.7	Certain Loans and Other Extensions of Credit.....	48
6.8	Applications.....	50
6.9	Cash Payment for Stock Options and Warrants; Termination of Bancorp Option Plans.....	50
6.10	Second Merger and Bank Merger.....	50
6.11	Any Bancorp Subsidiary.....	50
6.12	Disposition of Employee Benefit Plans.....	50
6.13	Pre-Closing Adjustments.....	51
6.14	Disposition of Assets.....	51
6.15	Prepayment of Notes.....	51
6.16	Salary Continuation Agreements.....	51
6.17	Employment Agreements.....	52
6.18	Lease for Branch.....	52
6.19	Insurance Coverage.....	52
6.20	Subordinated Notes.....	52
Article 7.	COVENANTS OF CBB PENDING EFFECTIVE TIME OF THE MERGER.....	53
7.1	Limitation on Conduct Prior to Effective Time of the Merger.....	53
7.2	Applications.....	53
7.3	Notices; Reports.....	53
7.4	Organization of Security Acquisition.....	53
7.5	Regulatory Proceedings Regarding CBB.....	53
Article 8.	ADDITIONAL COVENANTS.....	54
8.1	Best Efforts.....	54
8.2	Public Announcements.....	54
8.3	Environmental Assessment and Remediation.....	54
Article 9.	CONDITIONS PRECEDENT TO THE MERGER.....	55
9.1	Shareholder Approval.....	55
9.2	No Judgments or Orders.....	55
9.3	Regulatory Approvals.....	55
Article 10.	CONDITIONS PRECEDENT TO THE OBLIGATIONS OF BANCORP AND WESTERN.....	56
10.1	Legal Opinion.....	56
10.2	Representations and Warranties; Performance of Covenants.....	56
10.3	Authorization of Merger.....	56
10.4	Officers' Certificate.....	56
Article 11.	CONDITIONS PRECEDENT TO OBLIGATIONS OF CBB.....	57
11.1	Legal Opinion.....	57
11.2	Representations and Warranties; Performance of Covenants.....	57
11.3	Authorization of Mergers.....	57
11.4	Regulatory Approvals and Related Conditions.....	57
11.5	Third-Party Consents.....	58
11.6	Absence of Certain Changes.....	58
11.7	Shareholder's Agreements.....	58
11.8	Agreements Not to Compete.....	58
11.9	Employee Benefit Plans; Salary Continuation Agreements and Employment Agreements.....	58
11.11	Stock Options and Warrants.....	58
11.12	Dissenting Shares.....	59
11.13	Resignations.....	59
11.14	Disposition of Assets.....	59
11.15	Aggregate Purchase Price Certificate.....	59

11.16	Loan Loss Reserve.....	59
11.17	Deposits and Loans.....	59
11.18	Tax Opinion.....	59
11.19	Expense Report.....	59
11.20	Lease for Branch.....	60
11.21	Audited Financials.....	60
11.22	Tail Insurance Coverage.....	60
11.23	Notes.....	60
11.26	Officers' Certificate.....	61
Article 12.	EMPLOYEE BENEFITS.....	61
12.1	Employee Benefits.....	61
Article 13.	TERMINATION.....	61
13.1	Termination.....	61
13.2	Effect of Termination; Liquidated Damages; Expenses.....	62
13.3	Force Majeure.....	63
Article 14.	MISCELLANEOUS.....	63
14.1	Notices.....	63
14.2	Successors and Assigns.....	64
14.3	Counterparts.....	64
14.4	Effect of Representations and Warranties.....	64
14.5	Third Parties.....	65
14.6	Lists; Exhibits; Integration.....	65
14.7	Knowledge.....	65
14.8	Governing Law.....	65
14.9	Captions.....	65
14.10	Confidentiality.....	65
14.11	Severability.....	66
14.12	Waiver and Modification; Amendment.....	66
14.13	Attorneys' Fees.....	66

EXHIBIT 99.1

AGREEMENT AND PLAN OF REORGANIZATION

THIS AGREEMENT AND PLAN OF REORGANIZATION ("Agreement") is made and entered into as of the 17th day of January 2002, by and among CITIZENS BUSINESS BANK, a California banking corporation ("CBB"), on the one hand, and WESTERN SECURITY BANCORP, a California corporation ("BANCORP") and WESTERN SECURITY BANK, NATIONAL ASSOCIATION, a national banking association ("WESTERN"), on the other hand.

WHEREAS, the Parties deem it advisable and in the best interests of their respective shareholders to provide for the acquisition by CBB of Bancorp and Western subject to the terms and conditions specified herein as follows:

(a) CBB will establish Security Acquisition (as defined below) as a wholly-owned subsidiary;

(b) Security Acquisition and Bancorp will enter into an Agreement of Merger (as defined below), substantially in the form of Exhibit A attached hereto, providing for the merger of Security Acquisition with and into Bancorp;

(c) Immediately thereafter, the Surviving Corporation (as defined below) will merge with and into CBB pursuant to the Agreement of Second Merger (as defined below), substantially in the form of Exhibit B attached hereto.

(d) Immediately thereafter, Western will merge with and into CBB pursuant to the Agreement of Bank Merger (as defined below) substantially in the form of Exhibit C attached hereto.

WHEREAS, the merger of Security Acquisition with and into Bancorp is intended to constitute a qualified stock purchase within the meaning of Section 338 of the Internal Revenue Code of 1986, as amended (the "Code").

WHEREAS, the Merger, the Second Merger and the Bank Merger are each intended to qualify as a tax-free liquidations within the meaning of the provisions of Section 332 of the Code.

NOW, THEREFORE, on the basis of the foregoing recitals and in consideration of the mutual covenants, agreements, representations and warranties contained herein, the parties hereto do covenant and agree as follows:

ARTICLE 1.

DEFINITIONS

Except as otherwise expressly provided for in this Agreement, or unless the context otherwise requires, as used throughout this Agreement the following terms shall have the respective meanings specified below:

"Adjusted Bancorp Book Value" means the sum of the Adjusted Bancorp Shareholders' Equity and the Adjusted Bancorp Earnings (Losses).

"Adjusted Bancorp Earnings (Losses)" means the consolidated earnings or losses of Bancorp between the Determination Date and the Closing Date determined pursuant to Section 2.3 in accordance with generally accepted accounting principles on a basis consistent with those utilized in the preparation of the Financial Statements of Bancorp for the year ended December 31, 2000.

"Adjusted Bancorp Shareholders' Equity" shall mean the shareholders' equity of Bancorp as of the Determination Date (as defined below), determined in accordance with generally accepted accounting principles on a basis consistent with those utilized in the preparation of the Financial Statements of Bancorp for the year ended December 31, 2000 (except for any changes, if any, required by generally accepted accounting principles) with all accruals and reserves necessary to fairly present the shareholders' equity of Bancorp as of the Determination Date (including loan loss reserves), less the sum of, net of tax effect to Bancorp, amounts not previously expensed or accrued for payment (i) in respect of the cancellation and termination of the Bancorp Employee Plans, (ii) in respect of all Transaction Costs to be incurred prior to the Closing in connection with consummation of the transactions contemplated by this Agreement; (iii) for normal accruals on the Salary Continuation Agreements consistent with past practice; (iv) of the ALLL amount; (v) of the Prepayment Amount; (vi) of the Tail Insurance Coverage and (vii) of other one time expenses and fees which CBB reasonably believes Bancorp or Western will incur prior to the Closing Date, including, but not limited to, tax preparation fees for the year ended December 31, 2001 and fees incurred in connection with the audit of the December 31, 2001 financial statements. In addition, the Adjusted Bancorp Shareholders' Equity shall be (i) increased by the SBA Premium Amount and (ii) increased by the Asset Sale Amount, if such amount is a positive number, or decreased by the Asset Sale Amount, if such amount is a negative number. Notwithstanding the foregoing, for purposes of calculating Adjusted Bancorp Shareholders' Equity, no adjustments shall be made for any payments CBB will make following the Merger to the individuals identified in Section 6.16 pursuant to the Salary Continuation Agreements or for payments made pursuant to the cancellation of Bancorp Options and Warrants pursuant to Section 2.7.

"Affiliate" of, or a person "Affiliated" with, a specific person(s) is a person that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the person(s) specified.

"Affiliated Group" means, with respect to any entity, a group of entities required or permitted to file consolidated, combined or unitary Tax Returns (as defined herein).

"Aggregate Purchase Price" has the meaning set forth in Section 2.3.

"Aggregate Purchase Price Certificate" shall mean a certificate, executed by the President and Chief Financial Officer of Bancorp and dated as of the Closing Date, setting forth the Aggregate Purchase Price and the Per Share Price, including the Adjusted Bancorp Book Value, the Adjusted Bancorp Shareholders' Equity and the Adjusted Bancorp Earnings (Losses).

"Agreement of Merger" has the meaning set forth in the second recital of this Agreement.

"Agreement of Bank Merger" has the meaning set forth in the second recital of this Agreement.

"Agreement of Second Merger" has the meaning set forth in the second recital of this Agreement.

"ALLL Amount" has the meaning set forth in Section 2.3.

"Asset Sale Agreement" has the meaning set forth in Section 2.3.

"Asset Sale Amount" has the meaning specified in Section 2.3.

"Bancorp 401(k) and Stock Ownership Plan" means the Western Security Bancorp Employee Stock Ownership Plan.

"Bancorp Dissenting Shares" means any shares of Bancorp Stock held by "dissenting shareholders" within the meaning of Chapter 13 of the CGCL.

"Bancorp Perfected Dissenting Shares" means Bancorp Dissenting Shares which the holders thereof have not withdrawn or caused to lose their status as Bancorp Dissenting Shares.

"Bancorp Shareholders' Meeting" means the meeting of Bancorp's shareholders referred to in Section 6.6.

"Bancorp Schedule" means any schedule or list required to be furnished by Bancorp, Western and the Bancorp subsidiaries to CBB herewith.

"Bancorp Stock" means the common stock, no par value, of Bancorp.

"Bancorp Option" means any option issued pursuant to the Bancorp Stock Option Plans.

"Bancorp Stock Option Plan" means the Bancorp 1993 Stock Option Plan.

"Bancorp Subsidiaries" means WSAC, WSCDC, WSFC, WSMC and WSPI.

"Bancorp Supplied Information" has the meaning set forth in Section 4.36.

"Bancorp Warrants" has the meaning set forth in Section 4.2.

"Bank Merger" means the merger of Western with and into CBB.

"Benefit Arrangements" has the meaning set forth in Section 4.17.

"BHC Act" means the Bank Holding Company Act of 1956, as amended.

"Business Day" means any day other than a Saturday, Sunday or day on which a bank chartered under the laws of the State of California is closed.

"CBB" means Citizens Business Bank, a California banking corporation.

"CFC" means the California Financial Code.

"CGCL" means the California General Corporation Law.

"Certificates" has the meaning set forth in Section 2.4.2.

"Charter Documents" shall mean the articles of incorporation, articles of association and bylaws of the relevant entity.

"Classified Credits" has the meaning set forth in Section 6.7.

"Closing" means the consummation of the Merger, the Second Merger and the Bank Merger provided for in Article 2 of this Agreement on the Closing Date (as defined herein) at the offices of Manatt, Phelps Phillips, LLP, 11355 West Olympic Boulevard, Los Angeles, California 90064, or at such other place as the parties may agree upon.

"Closing Date" means the last Business Day of the month in which the last of the following events occur: (i) the approval of this Agreement and the transactions contemplated hereby by the shareholders of Bancorp, (ii) the receipt of all permits, authorizations, approvals and consents specified in Section 9.3 hereof, (iii) the expiration of the 30-day period following delivery of notice to Bancorp shareholders of approval by the Bancorp shareholders of the transactions contemplated hereby pursuant to Section 1304 of the CGCL and (iv) the expiration of all applicable notice and waiting periods under the law, or such other date agreed to by the Parties;

"Code" shall have the meaning set forth in the second recital of this Agreement.

"Commissioner" means the Commissioner of the Department of Financial Institutions of the State of California.

"Competing Transaction" has the meaning set forth in Section 6.1.14.

"Comptroller" means the Comptroller of the Currency.

"Confidential Information" shall mean all information heretofore or hereafter provided by Bancorp or Western to CBB or obtained from CBB by Bancorp or Western, which is information related to the business, financial condition or operations of Bancorp, Western or the Bancorp Subsidiaries (such information to include, by way of example only and not of limitation, client lists, pricing information, company manuals, internal memoranda, strategic plans, budgets, forecasts, projections, computer models and any information that (i) at the time of disclosure or thereafter is generally available to and known by the public (other than as a result of a disclosure directly or indirectly by CBB or any of its officers, directors, employees or other representatives), (ii) was available to CBB on a nonconfidential basis from a source other than Bancorp or Western, provided that to the knowledge of CBB such source learned the information independently and is not and was not bound by a confidentiality agreement with respect to the information, or (iii) has been independently acquired or developed by CBB without violating any obligations under this Agreement.

"Consents" shall mean every consent, approval, absence of disapproval, waiver or authorization from, or notice to, or registration or filing with, any Person.

"Covered Person" has the meaning set forth in Section 4.30.

"CRA" shall mean the Community Reinvestment Act.

"Current Executives" has the meaning set forth in Section 6.16

"CVB" means CVB Financial Corp., a California corporation and bank holding company for CBB.

"Deloitte Touche" means Deloitte Touche, LLP, CBB's independent accountants.

"Determination Date" shall mean the last day of the month immediately preceding the month of the Effective Time of the Merger, unless the Parties mutually agree to another day.

"DFI" means the Department of Financial Institutions of the State of California.

"Director Warrants" shall mean the warrants to purchase Bancorp Stock held by Messrs. John Bell, Joseph DeMieri, Jerome Farley, Saudor Illes, Edward Mylett, Mark Richardson and Ms. Carol Trussell, dated as of June 28, 2000 (and, in the case of Mr. Bell, also dated December 28, 1995 and December 27, 1997).

"Effective Time of the Merger" means the date upon which the Merger is consummated and the Agreement of Merger is filed with the California Secretary of State.

"Effective Time of the Bank Merger" means the date upon which the Bank Merger is consummated and the Agreement of Bank Merger, bearing the certification of the California Secretary of State, is filed with the Commissioner of Financial Institutions.

"Effective Time of the Second Merger" means the date upon which the Second Merger is consummated and the Agreement of Second Merger is filed with the California Secretary of State.

"Employee Benefit Plans" has the meaning set forth in Section 4.17.

"Employment Agreements" has the meaning set forth in Section 6.17.

"Encumbrance" shall mean any option, pledge, security interest, lien, charge, encumbrance or restriction (whether on voting or disposition or otherwise), whether imposed by agreement, understanding, law or otherwise.

"Environmental Regulations" has the meaning set forth in Section 4.20.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" has the meaning set forth in Section 4.17.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Agent" means U.S. Stock Transfer Corp. or such other agent(s) designated by CBB.

"Exchange Fund" has the meaning set forth in Section 2.4.1 hereof.

"Expenses" shall mean all reasonable out-of-pocket expenses (including all fees and expenses of attorneys, accountants, investment bankers, experts and consultants to the party and its affiliates) incurred by the Party or on its behalf in connection with consummation of the transactions contemplated by the Agreement.

"FDIC" means the Federal Deposit Insurance Corporation.

"Financial Statements of CBB" means (i) the unaudited consolidated financial statements of CBB consisting of the consolidated balance sheets as of December 31, 1998, 1999 and 2000, and the related consolidated statements of operations, shareholders' equity and cash flows for the years then ended and the related notes thereto and related opinions thereon for the years then ended, and (ii) the unaudited consolidated balance sheet as of September 30, 2001, and the related consolidated statements of operations, shareholders' equity and cash flows for the period then ended, and the related notes thereto.

"Financial Statements of Bancorp" means (i) the audited consolidated financial statements of Bancorp consisting of the consolidated statements of condition as of December 31, 1998, 1999, 2000 and the related statements of operations, stockholders' equity and cash flows for the years then ended and the related notes thereto and related opinions thereon for the periods then ended; (ii) the audited financial statements of Western and each of the Bancorp Subsidiaries as of December 31, 1998, 1999 and 2000 and the

related statements of operations, stockholders' equity and cash flows for the years then ended and the related notes thereto and related opinions thereon for the periods then ended; (iii) the unaudited consolidated balance sheet of Bancorp as of December 31, 2001, and the related consolidated statements of operations, shareholders' equity and cash flows for the nine month period then ended, and the related notes thereto; and (iv) the unaudited balance sheet of Western and each of the Bancorp Subsidiaries as of December 31, 2001, and the related statements of operations, shareholders' equity and cash flows for the nine month period then ended, and the related notes thereto.

"FRB" means the Board of Governors of the Federal Reserve System.

"Governmental Entity" shall mean any court or tribunal with jurisdiction over the relevant party, or any United States federal, state, municipal, domestic, foreign or other administrative agency, department, commission, board or other regulatory or governmental authority or instrumentality.

"Hazardous Materials" has the meaning set forth in Section 4.20.

"H B" means Hutchinson and Bloodgood, LLP, Bancorp's and Western's independent accountants.

"Immediate Family" means a person's spouse, parents, in-laws, children and siblings.

"Investment Security" means any equity security or debt security as defined in Statement of Financial Accounting Standards No. 115.

"IRS" means the Internal Revenue Service.

"Merger" means the merger of Security Acquisition with and into Bancorp.

"MOU" shall mean the Memorandum of Understanding between Western and the OCC, dated as of September 19, 2001.

"Named Executives" has the meaning set forth in Section 6.16.

"Note Agreements" shall mean the Note and Agency Agreement between Bancorp and PHS Mortgage, Inc., the Pledge Agreement between Bancorp and PHS Mortgage, Inc., both dated December 23, 1998, and the Placement Agency Agreement between Bancorp and Peacock, Hislop, Staley Given, Inc., dated as of December 8, 1998.

"Notes" means the \$5,000,000 of outstanding notes of Bancorp issued pursuant to the Note Agreements.

"OCC" means the Office of the Comptroller of the Currency.

"Operating Loss" has the meaning set forth in Section 4.25.

"Party" shall mean either of CBB, Bancorp or Western, as the context may dictate, and "Parties" shall mean all of CBB, Bancorp and Western.

"Permit" means any United States federal, foreign, state, local or other license, permit, franchise, certificate of authority, order or approval necessary or appropriate under any applicable Rule.

"Per Share Price" means the quotient obtained by dividing (x) the Aggregate Purchase Price by (y) the total number of shares of Bancorp Stock outstanding immediately prior to the Effective Time of the Merger (including Perfected Dissenting Shares).

"Person" means any individual, corporation, association, partnership, limited liability company, trust, joint venture, other entity, unincorporated body, government or governmental department or agency.

"Plans" has the meaning set forth in Section 4.17.

"Prepayment Amount" means the amount of any prepayment penalty CBB would have to pay upon satisfying all obligations of Bancorp on the Notes immediately after the Effective Time of the Merger.

"Proxy Statement" means the Proxy Statement or consent solicitation used to obtain the vote of Bancorp Shareholders to approve the Merger and the transactions contemplated hereby.

"Related Group of Persons" means Affiliates, members of an Immediate Family or Persons the obligations of whom would be attributed to another Person pursuant to the regulations promulgated by the SEC (as defined herein).

"Representatives" has the meaning set forth in Section 6.3.

"Rule" shall mean any statute or law or any judgment, decree, injunction, order, regulation or rule of any Governmental Entity, including, without limitation, those relating to disclosure, usury, equal credit opportunity, equal employment, fair credit reporting and anticompetitive activities.

"Salary Continuation Agreements" has the meaning set forth in Section 6.16.

"SBA Premium Amount" has the meaning set forth in Section 2.3(f).

"Schedule" means the schedules delivered pursuant to this Agreement.

"Scheduled Contracts" has the meaning set forth in Section 4.10.

"Second Merger" means the merger of the Surviving Corporation with and into CBB.

"Security Acquisition" shall mean Security Acquisition Corp., the California corporation to be organized by CBB for the purpose of effecting the Merger.

"Security Acquisition Stock" means the common stock, no par value, of Security Acquisition.

"Subordinated Notes" has the meaning set forth in Section 6.20.

"Surviving Bank" means the bank surviving the merger of the CBB and Western.

"Surviving Corporation" means the corporation surviving the Merger.

"Surviving Corporation Stock" means the common stock, no par value, of the Surviving Corporation.

"Tail Insurance Coverage" shall have the meaning specified in Section 6.19.

"Tanks" has the meaning set forth in Section 4.20.

"Tax Returns" means all returns, declarations, reports, estimates, information returns and statements required to be filed in respect of any Taxes.

"Taxes" means (i) all federal, state, local or foreign taxes, charges, fees, imposts, levies or other assessments,

including, without limitation, all net income, gross receipts, capital, sales, use, ad valorem, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, property, corporation and estimated taxes, custom duties, fees, assessments and charges of any kind whatsoever; (ii) all interest, penalties, fines, additions to tax or additional amounts imposed by any taxing authority in connection with any item described in clause (i); and (iii) any transferred liability in respect of any items described in clauses (i) and/or (ii).

"Transaction Costs" means all expenses, costs and fees paid or incurred by Bancorp, Western or the Bancorp Subsidiaries in connection with the transactions described herein, including, without limitation (a) legal, accounting, investment banker, advisory and other professional fees and costs; (b) in respect of the termination or cancellation of any agreements to which Bancorp, Western or the Bancorp Subsidiaries are a party, (c) in respect of any benefit, severance or retention payments to employees or directors of Bancorp, Western or the Bancorp Subsidiaries or any property transferred to such person(s), including, without limitation, any Western owned automobiles.

"Understanding" means any contract, agreement, understanding, commitment or offer, whether oral or written, which may become a binding obligation if accepted by another Person.

"Unretained Assets" has the meaning set forth in Section 6.14.

"WSAC" means Western Security Acceptance Corporation, a California corporation and subsidiary of Western.

"WSFC" means Western Security Finance Corporation, a California corporation and subsidiary of Western.

"WSMC" means Western Security Management Company, a California corporation and subsidiary of Bancorp.

"WSCDC" means Western Security Community Development Corporation, a California corporation and subsidiary of Western.

"WSPI" means Western S.P., Inc., a California corporation and subsidiary of Western.

"Western" means Western Security Bank, National Association, a national banking association.

Article 2

TERMS OF MERGER, SECOND MERGER AND BANK MERGER

2.1 Effect of Merger and Surviving Corporation. At the Effective Time of the Merger, Security Acquisition will be merged with and into Bancorp pursuant to the terms, conditions and provisions of the Agreement of Merger and in accordance with the applicable provisions of the CGCL. By virtue of the Merger, all the rights, privileges, powers and franchises and all property and assets of every kind and description of Security Acquisition and Bancorp shall be vested in and be held and enjoyed by the Surviving Corporation, without further act or deed, and all the interests of every kind of Security Acquisition and Bancorp, including all debts due to either of them on whatever account, shall be the property of the Surviving Corporation as they were of Security Acquisition and Bancorp, and the title to any interest in real property and any interest in personal property vested by deed or otherwise in either Security Acquisition or Bancorp shall not revert or be in any way impaired by reason of the Merger; and all rights of creditors and liens upon any property of Security Acquisition and Bancorp shall be preserved unimpaired and all debts, liabilities and duties of Security Acquisition and Bancorp shall be debts, liabilities and duties of the Surviving Corporation and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it.

2.2 Stock of Bancorp. Each share of Bancorp Stock issued and outstanding immediately prior to the Effective Time of the Merger shall, without any further action on the part of Bancorp or the holders of such shares, be treated on the basis set forth herein.

2.2.1 Conversion of Bancorp Stock. At the Effective Time of the Merger, pursuant to the Agreement of Merger, each outstanding share of Bancorp Stock excluding any Bancorp Perfected Dissenting Shares or shares of Bancorp Stock held by CBB (other than those held in a fiduciary capacity or as a result of debts previously contracted) shall, without any further action on the part of Bancorp or the holders of any such shares, be automatically cancelled and cease to be an issued and outstanding share of Bancorp Stock and be converted into the right to receive cash in the amount of the Per Share Price.

2.2.2 Bancorp Perfected Dissenting Shares. Bancorp Perfected Dissenting Shares shall not be converted into the right to receive the Per Share Price, but shall, after the Effective Time of the Merger, be entitled only to such rights as are granted them by Chapter 13 of the CGCL. Each dissenting shareholder who is entitled to payment for his shares of Bancorp Stock shall receive such payment in an amount as determined pursuant to Chapter 13 of the CGCL.

2.2.3 Shares Held by CBB. Shares of Bancorp Stock held by CVB or CBB, if any (other than those held in a fiduciary capacity or as a result of debts previously contracted), shall be canceled and no consideration shall be issued in exchange therefor.

2.2.4 Effect on Security Acquisition Stock. On the Effective Time of the Merger, each issued and outstanding share of Security Acquisition Stock, shall, on and at the Effective Time of the Merger, pursuant to the Agreement of Merger and without any further action on the part of Security Acquisition or the holder of Security Acquisition Stock be converted into and shall for all purposes be deemed to represent one share of Surviving Corporation Stock. Because the Merger is subject to, and will only occur if it is immediately followed by the Second Merger and the cancellation of the Surviving Corporation Stock, no certificates representing shares of Surviving Corporation Stock will be issued.

2.3 Aggregate Purchase Price and Per Share Price.

(a) Computation of the Aggregate Purchase Price and Per Share Price. The Aggregate Purchase Price shall be equal to the product obtained by multiplying (x) 1.2 and (y) the Adjusted Bancorp Book Value; provided, however, that if the product obtained in calculating the Aggregate Purchase Price would yield a Per Share Price of less than \$8.50, the Per Share Price shall be adjusted upward to \$8.50.

(b) Aggregate Purchase Price Certificate; Accountants Review. The Aggregate Purchase Price and Per Share Price, including the Adjusted Bancorp Shareholders' Equity, Adjusted Bancorp Earnings (Losses), Transaction Costs, the ALLL Amount, SBA Premium Amount and the Prepayment Amount shall be set forth in the Aggregate Purchase Price Certificate and delivered to CBB no later than seven (7) business days after the Determination Date. The procedures upon which the calculation of the Aggregate Purchase Price and the Per Share Price, including the Adjusted Bancorp Shareholders' Equity are based shall be reviewed and confirmed by Deloitte Touche, or such other independent accountants as CBB may designate.

(c) Computation of Adjusted Bancorp Earnings (Losses). The Adjusted Bancorp Earnings (Losses) shall be an amount equal to the quotient obtained by dividing (i) the consolidated earnings or losses of Bancorp for the three (3) months immediately preceding the

Determination Date (including the month in which the Determination Date occurs), net of Transaction Costs, by (ii) three (3).

(d) Computation of ALLL Amount. Within three (3) business days following the Determination Date and prior to delivery of the

Aggregate Purchase Price Certificate, CBB shall provide to Bancorp a statement of amount, if any, of additional allowance for loan and lease losses (the "ALLL Amount") which Bancorp shall deduct from the Adjusted Bancorp Shareholders' Equity. The ALLL Amount shall be based on an analysis of Bancorp's, Western's and the Bancorp Subsidiaries' loans and leases as of the Determination Date using the methodology CBB customarily uses for determining allowance for loan and lease losses for CBB's loan and lease losses. The ALLL Amount shall be reviewed and confirmed by H B or such other independent accountants, reasonably acceptable to CBB, as Bancorp may designate.

(e) Computation of Asset Sale Amount. The Asset Sale Amount shall be the amount equal to the difference between (i) the

amount a third party purchaser(s) has agreed to pay for the Unretained Assets pursuant to an Asset Sale Agreement(s) entered into pursuant to Section 6.14 and (ii) the book value of the Unretained Assets as reflected on the financial statements of Bancorp (or of the relevant Bancorp Subsidiary, if such amount is not on the financial statements of Bancorp) as of the last day of the month immediately preceding the date of such agreement(s) and determined in accordance with generally accepted accounting principles. In the event Bancorp and Western have not entered into Asset Sale Agreements for the sale of the Unretained Assets within thirty (30) Business Days prior to the Determination Date, CBB shall promptly appoint a third party appraiser(s) unaffiliated with CBB, who shall appraise all, or the applicable portion thereof, of the Unretained Assets not subject to an Asset Sale Agreement. Such third party appraisal of the Unretained Assets shall be in writing and shall be used to calculate the fair market value of the Unretained Assets for purposes of calculating the Asset Sale Amount. Such appraisal shall be delivered to Bancorp no later than the Determination Date for purposes of calculating the Aggregate Purchase Price, and shall be final and binding on the Parties. The fees of such appraiser shall be split equally between CBB, on the one hand, and Bancorp and Western on the other hand.

(f) Computation of SBA Premium Amount. The SBA Premium Amount shall be an amount, mutually agreed to by CBB and Bancorp, equal

to the difference between (i) the amount Bancorp and Western could realize if it sold, as of the Determination Date, its Small Business Administration loans outstanding on the Determination Date and (ii) the book value of such loans as of the Determination Date.

(g) Disagreements. In the event of a disagreement as to the computation of any of the foregoing matters, the parties shall

negotiate in good faith to resolve any such disputed matters, and upon the failure to resolve such matters, such dispute shall be resolved by Ernst Young, LLP. In the event Ernst Young, LLP declines to resolve such dispute, Bancorp, Western and CBB shall mutually agree on an accounting firm of national standing to resolve such matters. In the event Bancorp, Western and CBB are unable to agree on an accounting firm of national standing, CBB shall nominate, and Bancorp and Western shall jointly nominate, one nationally recognized independent accounting firm that does not regularly work for such party and is willing to accept such retention, and one of such two firms shall be selected as the arbiter by a flip of a coin, with the flip being made by a lawyer for Bancorp and Western in the presence of a lawyer for CBB, with CBB's lawyer designating which firm will be chosen if its choice of "heads" or "tails" results. The arbiter shall resolve the disputed items within ten (10) Business Days after such items are first referred to arbiter. The determinations of the arbiter, which shall be in writing, shall be final and binding upon the Parties. The fees of such arbiter shall be split equally between CBB, on the one hand, and Bancorp and Western, on the other hand.

2.4 Exchange Procedures.

2.4.1 As of the Effective Time of the Merger, CBB shall have deposited with the Exchange Agent for the benefit of the holders of shares of Bancorp Stock, an amount of cash equal to the Aggregate Purchase Price (the "Exchange Fund").

2.4.2 CBB shall use its best efforts to ensure that the Exchange Agent will mail, promptly after the Effective Time of the Merger, to each holder of record of a certificate or certificates which immediately prior to the Effective Time of the Merger represented outstanding shares of Bancorp Stock (the "Certificates") whose shares were converted into the right to receive the Per Share Price pursuant to Section 2.2 hereof, (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates to the Exchange Agent and shall be in such form and have such other provisions as CBB and Bancorp may reasonably specify), and (ii) instructions for use in effecting the surrender of the Certificates in exchange for the Per Share Price. Upon surrender of a Certificate for cancellation to the Exchange Agent, together with such letter of transmittal, duly executed, the holder of such Certificate shall be entitled to receive in exchange therefor cash in an amount equal to the product of the Per Share Price and the number of whole shares of Bancorp Stock represented by the Certificate(s) so surrendered. In the event a certificate is surrendered representing Bancorp Stock, the transfer of ownership of which is not registered in the transfer records of Bancorp, the applicable portion of the Aggregate Purchase Price may be issued to a transferee if the Certificate representing such Bancorp Stock is presented to the Exchange Agent, accompanied by all documents required to evidence and effect such transfer and by evidence that any applicable stock transfer taxes have been paid. Until surrendered as contemplated by this Section 2.4, each Certificate shall be deemed at any time after the Effective Time of the Merger to represent only the right to receive upon such surrender the applicable portion of the purchase price. Notwithstanding anything to the contrary set forth herein, if any holder of shares of Bancorp should be unable to surrender the Certificates for such shares, because they have been lost or destroyed, such holder may deliver in lieu thereof such bond in form and substance and with surety reasonably satisfactory to CBB and shall be entitled to receive the applicable portion of the purchase price in accordance with Sections 2.2 and 2.3 hereof.

2.4.3 All cash consideration issued upon the surrender for exchange of Bancorp Stock in accordance with the terms hereof shall be deemed to have been issued in full satisfaction of all rights pertaining to such shares of Bancorp Stock, and there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of the shares of Bancorp Stock which were outstanding immediately prior to the Effective Time of the Merger. If, after the Effective Time of the Merger, Certificates are presented to CBB for any reason, they shall be canceled and exchanged as provided in this Agreement.

2.4.4 Any portion of the Exchange Fund which remains undistributed to the shareholders of Bancorp following the passage of six months after the Effective Time of the Merger shall be delivered to CBB, upon demand, and any shareholders of Bancorp who have not theretofore complied with this Section 2.4 shall thereafter look only to CBB for payment of their claim for cash from the Exchange Fund.

2.4.5 Neither CBB nor Bancorp shall be liable to any holder of shares of Bancorp Stock for such cash from the Exchange Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

2.5 Directors of Surviving Corporation. Immediately after the Effective Time of the Merger, the Board of Directors of the

Surviving Corporation shall be comprised of the persons serving as directors of Security Acquisition immediately prior to the Effective Time of the Merger. Such persons shall serve until the earlier of their resignation or removal or until their respective successors are duly elected and qualified.

2.6 Executive Officers of Surviving Corporation. Immediately after the Effective Time of the Merger, the executive officers of

the Surviving Corporation shall be comprised of the persons serving as executive officers of Security Acquisition immediately prior to the Effective Time of the Merger. Such persons shall serve until the earlier of their resignation or termination.

2.7 Cancellation of Bancorp Options and Warrants. Immediately prior to the Effective Time of the Merger, Bancorp shall pay to

each holder of a Bancorp Option and Bancorp Warrant cancelled pursuant to a written cancellation agreement, an aggregate amount (subject to any applicable withholding tax) equal to the (i) number of shares of Bancorp Stock covered by such Bancorp Option or Bancorp Warrant multiplied by (ii) the Per Share Price minus the exercise price of such Bancorp Option or Bancorp Warrant.

2.8 Effect of Second Merger. At the Effective Time of the Second Merger, which shall occur immediately after the Merger,

Surviving Corporation will be merged with and into CBB pursuant to the terms, conditions and provisions of the Agreement of Second Merger and in accordance with the applicable provisions of the CGCL and the CFC. By virtue of the Second Merger, all the rights, privileges, powers and franchises and all property and assets of every kind and description of the Surviving Corporation and CBB shall be vested in and be held by CBB, without further act or deed, and all the interests of every kind of the Surviving Corporation and CBB, including all debts due to either of them on whatever account, shall be the property of CBB as they were of the Surviving Corporation and CBB and the title to any interest in real property and any interest in personal property vested by deed or otherwise in the Surviving Corporation and CBB shall not revert or be in any way impaired by reason of the Second Merger; and all rights of creditors and liens upon any property of the Surviving Corporation and CBB shall be preserved unimpaired and all debts, liabilities and duties of the Surviving Corporation and CBB shall be preserved unimpaired and all debts, liabilities and duties of the Surviving Corporation and CBB shall be debts, liabilities and duties of CBB and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it.

2.9 Directors of CBB Following the Second Merger. Immediately after the Effective Time of the Second Merger, the Board of

Directors of CBB shall be comprised of the persons serving as directors of CBB immediately prior to the Effective Time of the Second Merger. Such persons shall serve until the earlier of their expiration or removal or until their successors are duly elected and qualified.

2.10 Executive Officers of CBB Following the Second Merger. Immediately after the Effective Time of the Second Merger, the

executive officers of CBB shall be comprised of the persons serving as executive officers of CBB immediately prior to the Effective Time of the Second Merger. Such persons shall serve until the earlier of their resignation or termination.

2.11 Effect of Bank Merger and Surviving Bank. At the Effective Time of the Bank Merger, which shall occur immediately after the

Second Merger, Western will be merged with and into CBB pursuant to the terms, conditions and provisions of the Agreement of Bank Merger and in accordance with the applicable provisions of the CGCL, the CFC and the National Bank Act. By virtue of the Bank Merger, all the rights, privileges, powers and franchises and all property and assets of every kind and description of Western and CBB shall be vested in and be held by the Surviving Bank, without further act or deed, and all the interests of every kind of Western and CBB, including all debts due to either of them on whatever account, shall be the property of the Surviving Bank as they were of Western and CBB and the title to any interest in real property and any interest in personal property vested by deed or otherwise in Western and CBB shall not revert or be in any way impaired by reason of the Bank Merger; and all rights of creditors and liens upon any property of Western and CBB shall be preserved unimpaired and all debts, liabilities and duties of Western and CBB shall be preserved unimpaired and all debts, liabilities and duties of the Western and CBB shall be debts, liabilities and duties of the Surviving Bank and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it.

2.12 Directors of Surviving Bank. Immediately after the Effective Time of the Second Merger, the Board of Directors of the

Surviving Bank shall be comprised of the persons serving as directors of CBB immediately prior to the Effective Time of the Bank Merger. Such persons shall serve until the earlier of their expiration or removal or until their successors are duly elected and qualified.

2.13 Executive Officers of Surviving Bank. Immediately after the Effective Time of the Bank Merger, the executive officers of

the Surviving Bank shall be comprised of the persons serving as executive officers of CBB immediately prior to the Effective Time of the Bank Merger. Such persons shall serve until the earlier of their resignation or termination.

2.14 Name of Surviving Bank. The name of the Surviving Bank shall be "Citizens Business Bank."

Article 3

THE CLOSING

3.1 Closing. The Closing shall take place on the Closing Date.

3.2 Execution of Agreements. As soon as practicable after execution of this Agreement and after CBB organizes Security

Acquisition, the Agreement of Merger, the Agreement of Second Merger, and the Agreement of Bank Merger (as amended, if necessary, to conform to any requirements of any Governmental Entity having authority over such merger(s)) together with all other agreements necessary to consummate the transactions described herein, shall be executed by the parties thereto. On the Closing Date, the Agreement of Merger and the Agreement of Second Merger, together with all requisite certificates, shall be duly filed with the Secretary of State of the State of California in accordance with the CGCL. On the Closing Date, the Agreement of Bank Merger, together with all requisite certificates, shall be duly filed with the California Secretary of State and the Commissioner, in accordance with the CGCL and the CFC.

3.3 Further Assurances. At the Closing, the Parties hereto shall deliver, or cause to be delivered, such documents or

certificates as may be necessary in the reasonable opinion of counsel for any of the parties, to effectuate the transactions contemplated by this Agreement. If, at any time after the Effective Time of the Merger, or after the Effective Time of the Bank Merger, the Surviving Corporation or the Surviving Bank or a successor or assign shall determine that any further conveyance, assignment, or other documents or any further action is necessary or desirable to further effectuate the transactions set forth herein or contemplated hereby, the officers and directors of the Parties shall execute and deliver, or cause to be executed and delivered, all such documents as may be reasonably required to effectuate such transactions.

Article 4

REPRESENTATIONS AND WARRANTIES OF BANCORP AND WESTERN

Bancorp and Western, jointly and severally, represent and warrant to CBB as follows:

4.1 Incorporation, Standing and Power. Bancorp has been duly organized, is validly existing and in good standing as a

corporation under the laws of the State of California and is registered as a bank holding company under the BHC Act. Western is a national bank duly organized, validly existing and in good standing under the laws of the United States and is authorized by the OCC to conduct a national banking business. Each of the Bancorp Subsidiaries has been duly organized, is validly existing and in good standing as a corporation under the laws of the State of California. Western's deposits are insured by the FDIC in the manner and to the fullest extent provided by law. Each of Bancorp, Western and the Bancorp Subsidiaries has all requisite corporate power and authority to own, lease and operate its respective properties and assets and to carry on its business as presently conducted. Neither the scope of the business of Bancorp, Western or any Bancorp Subsidiary nor the location of any of their respective properties requires that either Bancorp, Western or any of the Bancorp Subsidiaries be licensed to do business in any jurisdiction other than the State of California where the failure to be so licensed would, individually or in the aggregate, have a material adverse effect on the business, financial condition, results of operations or prospects of Bancorp on a consolidated basis. Bancorp

has delivered to CBB true and correct copies of its, Western's and each of the Bancorp Subsidiaries' Articles of Incorporation, Articles of Association, and Bylaws, as in effect as of the date hereof.

4.2 Capitalization.

4.2.1 As of the date of this Agreement, the authorized capital stock of Bancorp consists of two million (2,000,000) shares of Bancorp Stock, of which seven hundred ninety three thousand twenty nine shares (793,029) shares are issued and outstanding. All of the outstanding shares of Bancorp Stock are duly authorized, validly issued, fully paid and nonassessable. Except for Bancorp Options covering two hundred thousand (200,000) shares of Bancorp Stock granted pursuant to the Bancorp Stock Option Plan and warrants to purchase three hundred thirty two thousand two hundred seventeen (332,217) shares of Bancorp Stock granted pursuant to the Director Warrants (the "Bancorp Warrants"), there are no outstanding options, warrants or other rights in or with respect to the unissued shares of Bancorp Stock nor any securities convertible into such stock, and Bancorp is not obligated to issue any additional shares of its stock or any additional options, warrants or other rights in or with respect to the unissued shares of such stock or any other securities convertible into such stock. Bancorp has set forth on Schedule 4.2 the name of each holder of a Bancorp Option

and Bancorp Warrant, the number of shares of Bancorp Stock covered by each such option, the vesting schedule of such option or warrant, the exercise price per share and the expiration date of each such option or warrant.

4.2.2 As of the date of this Agreement, the authorized capital stock of Western consists of forty thousand (40,000) shares of common stock, \$5.00 par value, of which forty thousand (40,000) shares are outstanding and all of which are owned of record and beneficially by Bancorp. All of the outstanding shares of such common stock are duly authorized, validly issued, fully paid, nonassessable and free and clear of all Encumbrances. There are no outstanding options, warrants or other rights in or with respect to the unissued shares of such common stock or any other securities convertible into such stock, and Western is not obligated to issue any additional shares of its common stock or any options, warrants or other rights in or with respect to the unissued shares of its common stock or any other securities convertible into such stock.

4.2.3 As of the date of this Agreement, the authorized capital stock of WSAC consists of one million (1,000,000) shares of common stock, of which five hundred thousand (500,000) shares are outstanding and all of which are owned of record and beneficially by Western. All of the outstanding shares of such common stock are duly authorized, validly issued, fully paid, nonassessable and free and clear of all Encumbrances. There are no outstanding options, warrants or other rights in or with respect to the unissued shares of such common stock or any other securities convertible into such stock, and is not obligated to issue any additional shares of its common stock or any options, warrants or other rights in or with respect to the unissued shares of its common stock or any other securities convertible into such stock.

4.2.4 As of the date of this Agreement, the authorized capital stock of WSFC consists of one hundred thousand (100,000) shares of common stock, of which fifty thousand (50,000) shares are outstanding and all of which are owned of record and beneficially by Western. All of the outstanding shares of such common stock are duly authorized, validly issued, fully paid, nonassessable and free and clear of all Encumbrances. There are no outstanding options, warrants or other rights in or with respect to the unissued shares of such common stock or any other securities convertible into such stock, and WSFC is not obligated to issue any additional shares of its common stock or any options, warrants or other rights in or with respect to the unissued shares of its common stock or any other securities convertible into such stock.

4.2.5 As of the date of this Agreement, the authorized capital stock of WSCDC consists of one million (1,000,000) shares of common stock, of which five hundred thousand (500,000) shares are outstanding and all of which are owned of record and beneficially by Bancorp. All of the outstanding shares of such common stock are duly authorized, validly issued, fully paid, nonassessable and free and clear of all Encumbrances. There are no outstanding options, warrants or other rights in or with respect to the unissued shares of such common stock or any other securities convertible into such stock, and WSCDC is not obligated to issue any additional shares of its common stock or any options, warrants or other rights in or with respect to the unissued shares of its common stock or any other securities convertible into such stock.

4.2.6 As of the date of this Agreement, the authorized capital stock of WSMC consists of one million (1,000,000) shares of common stock, of which five hundred thousand (500,000) shares are outstanding and all of which are owned of record and beneficially by Bancorp. All of the outstanding shares of such common stock are duly authorized, validly issued, fully paid, nonassessable and free and clear of all Encumbrances. There are no outstanding options, warrants or other rights in or with respect to the unissued shares of such common stock or any other securities convertible into such stock, and WSMC is not obligated to issue any additional shares of its common stock or any options, warrants or other rights in or with respect to the unissued shares of its common stock or any other securities convertible into such stock.

4.2.7 As of the date of this Agreement, the authorized capital stock of WSPI consists of one million shares (1,000,000) of common stock, of which five hundred thousand (500,000) shares are outstanding and all of which are owned of record and beneficially by Western. All of the outstanding shares of such common stock are duly authorized, validly issued, fully paid, nonassessable and free and clear of all Encumbrances. There are no outstanding options, warrants or other rights in or with respect to the unissued shares of such common stock or any other securities convertible into such stock, and WSPI is not obligated to issue any additional shares of its common stock or any options, warrants or other rights in or with respect to the unissued shares of its common stock or any other securities convertible into such stock.

4.3 Subsidiaries. Other than Western, WSAC, WSFC, WSCDC, WSMC and WSPI, Bancorp and Western do not own, directly or indirectly, the outstanding stock or equity or other voting interest in any Person.

4.4 Financial Statements. Bancorp has delivered to CBB a true and correct copy of the Financial Statements of Bancorp. Bancorp has also delivered to CBB true and correct copies of each management letter or other letter delivered to Bancorp or Western by H B in connection with the Financial Statements of Bancorp or relating to any review of the internal controls of Bancorp or Western by H B since January 1, 1998. The Financial Statements of Bancorp: (a) present fairly the consolidated financial condition of Bancorp as of the respective dates indicated and its consolidated results of operations and statements of cash flows, for the respective periods then ended, subject, in the case of the unaudited interim financial statements, to normal recurring adjustments; (b) have been prepared in accordance with generally accepted accounting principles and/or applicable regulatory accounting principles or banking regulations consistently applied (except as otherwise indicated therein); (c) set forth as of the respective dates indicated adequate reserves for loan losses and other contingencies and (d) are based upon the books and records of Bancorp.

4.5 Material Liabilities. Schedule 4.5 sets forth all material liabilities of Bancorp, Western and the Bancorp Subsidiaries, contingent or otherwise, that are not reflected or reserved against in the Financial Statements of Bancorp, dated as of December 31, 2000, except for liabilities incurred or accrued since December 31, 2000 in the ordinary course of business, none of which has had or may reasonably be expected to have a material adverse effect on the business, financial condition, results of operations or prospects of Bancorp on a consolidated basis. Except as set forth on Schedule 4.5, Bancorp and Western know of no basis for the asserting against either of them or any Bancorp Subsidiary of any liability, obligation or claim that may reasonably be expected to have a material adverse effect on the business, financial condition, results of operations or prospects of Bancorp or Western.

4.6 Reports and Filings. Except as set forth on Schedule 4.6, since January 1, 1998, each of Bancorp, Western and the Bancorp Subsidiaries has filed all reports, returns, registrations and statements (such reports and filings referred to as "Bancorp Filings"), together with any amendments required to be made with respect thereto, that were required to be filed with (a) the FDIC, (b) the OCC, (c) the FRB, and (d) any other applicable Governmental Entity, including taxing authorities, except where the failure to file such reports, returns, registrations or statements has not had and is not reasonably expected to have a material adverse effect on the business, financial condition, results of operations or prospects of Bancorp on a consolidated basis. No administrative actions have been taken or orders issued in connection with such Bancorp Filings. As of their respective dates, each of such Bancorp

Filings (y) complied in all material respects with all laws and regulations enforced or promulgated by the Governmental Entity with which it was filed (or was amended so as to be in compliance promptly following discovery of any such noncompliance); and (z) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Any financial statement contained in any of such Bancorp Filings fairly presented the financial position of Bancorp on a consolidated basis, Bancorp alone and Western alone, as the case may be, and was prepared in accordance with generally accepted accounting principles or banking regulations consistently applied, except as stated therein, during the periods involved, and except where any misstatement or omission would not make the statements therein, in light of the circumstances under which they were made, misleading. Bancorp has furnished CBB with true and correct copies of all Bancorp Filings filed by Bancorp since January 1, 1998.

4.7 Authority. The execution and delivery by Bancorp of this Agreement, the Agreement of Merger and the Agreement of Second

Merger, and by Western of the Agreement of Bank Merger, subject to the requisite approval of the shareholders of Bancorp of this Agreement and the transactions contemplated thereby, and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of Bancorp and Western. This Agreement is, and the Agreement of Merger, the Agreement of Second Merger and the Agreement of Bank Merger will be, upon due execution and delivery by the respective parties thereto, a valid and binding obligation of Bancorp and Western, as the case may be, enforceable in accordance with their respective terms, except as the enforceability thereof may be limited by bankruptcy, liquidation, receivership, conservatorship, insolvency, moratorium or other similar laws affecting the rights of creditors generally and by general equitable principles.

4.8 Conflicts. Except as set forth on Schedule 4.8, neither the execution and delivery by Bancorp of this Agreement, the

Agreement of Merger and the Agreement of Second Merger, nor by Western of the Agreement of Bank Merger, the consummation of the transactions contemplated herein or therein, nor compliance by Bancorp or Western with any of the provisions hereof or thereof, will: (a) conflict with or result in a breach of any provision of Bancorp's or Western's Articles of Incorporation, as amended, Articles of Association, as amended, or Bylaws, as amended; (b) constitute a breach of or result in a default or loss of any benefit under, (or give rise to any rights of termination, modification, cancellation or acceleration, or any right to acquire any securities or assets) under any of the terms, conditions or provisions of any note, bond, contract, mortgage, indenture, franchise, license, permit, agreement or other instrument or obligation to which Bancorp or Western is a party, or by which Bancorp or Western or any of their respective properties or assets are bound; (c) except for the prior approval of the FDIC, the Commissioner and the FRB, and the filing of the Agreement of Merger, Agreement of Second Merger and Agreement of Bank Merger with the California Secretary of State and the Commissioner require any Consents; (d) result in the creation or imposition of any Encumbrance on any of the properties or assets of Bancorp, Western or the Bancorp Subsidiaries; or (e) subject to obtaining the Consents referred to in subsection (c) of this Section and the expiration of any waiting period, violate any Rules applicable to Bancorp or Western or any of their respective properties or assets.

4.9 Taxes.

(a) Except as set forth in Schedule 4.9, (i) all material Tax Returns required to be filed by or on behalf of Bancorp, Western,

the Bancorp Subsidiaries or the Affiliated Group(s) of which any of them is or was a member have been duly and timely filed with the appropriate taxing authorities in all jurisdictions in which such Tax Returns are required to be filed (after giving effect to any valid extensions of time in which to make such filings), and all such Tax Returns were true, complete and correct in all material respects; (ii) all Taxes due and payable by or on behalf of Bancorp, Western and the Bancorp Subsidiaries, either directly, as part of an Affiliated Group Tax Return, or otherwise, have been fully and timely paid, except to the extent adequately reserved therefor in accordance with generally accepted accounting principles and/or applicable regulatory accounting principles or banking regulations consistently applied on the Bancorp, Western and Bancorp Subsidiaries balance sheet, and adequate reserves or accruals for Taxes have been provided in the Bancorp, Western and Bancorp Subsidiaries balance sheet with respect to any period through the date thereof for which Tax Returns have not yet been filed or for which Taxes are not yet due and owing; and (iii) no agreement, waiver or other document or arrangement extending or having the effect of extending the period for assessment or collection of Taxes (including, but not limited to, any applicable statute of limitation) has been executed or filed with any taxing authority by or on behalf of Bancorp, Western and Bancorp Subsidiaries or any of its subsidiaries, or any Affiliated Group(s) of which any of them is or was a member.

(b) Bancorp, Western and the Bancorp Subsidiaries have each complied in all material respects with all applicable laws, rules and regulations relating to the payment and withholding of Taxes and have duly and timely withheld from employee salaries, wages and other compensation and have paid over to the appropriate taxing authorities all amounts required to be so withheld and paid over for all periods under all applicable laws.

(c) CBB has received complete copies of (i) all material income or franchise Tax Returns of Bancorp, Western and the Bancorp Subsidiaries relating to the taxable periods since January 1, 1998 and (ii) any audit report issued within the last three years relating to any material Taxes due from or with respect to Bancorp, Western and the Bancorp Subsidiaries with respect to their respective income, assets or operations.

(d) Except as set forth in Schedule 4.9, no claim has been made by a taxing authority in a jurisdiction where Bancorp, Western

or any of the Bancorp Subsidiaries does not file an income or franchise Tax Return such that Bancorp, Western or any of the Bancorp Subsidiaries is or may be subject to taxation by that jurisdiction.

(e) Except as set forth in Schedule 4.9: (i) there are no deficiencies asserted or assessments made as a result of any

examinations by any taxing authority of the Tax Returns of or covering or including Bancorp, Western and the Bancorp Subsidiaries have been fully paid, and there are no other audits or investigations by any taxing authority in progress, nor has Bancorp, Western or any of the Bancorp Subsidiaries received any notice from any taxing authority that it intends to conduct such an audit or investigation; (ii) no requests for a ruling or a determination letter are pending with any taxing authority; and (iii) no issue has been raised in writing by any taxing authority in any current or prior examination which, by application of the same or similar principles, could reasonably be expected to result in a proposed deficiency against Bancorp, Western and Bancorp Subsidiaries for any subsequent taxable period that could be material.

(f) Except as set forth in Schedule 4.9, neither Bancorp, Western or any Bancorp Subsidiary nor any other Person on behalf of

Bancorp, Western or any of the Bancorp Subsidiaries has (i) filed a consent pursuant to Section 341(f) of the Code or agreed to have Section 341(f)(2) of the Code apply to any disposition of a subsection (f) asset (as such term is defined in Section 341(f)(4) of the Code) owned by Bancorp, Western or any Bancorp Subsidiary (ii) agreed to or is required to make any adjustments pursuant to Section 481(a) of the Code or any similar provision of state, local or foreign law by reason of a change in accounting method initiated by Bancorp, Western or any Bancorp Subsidiary or has any knowledge that the Internal Revenue Service has proposed any such adjustment or change in accounting method, or has any application pending with any taxing authority requesting permission for any changes in accounting methods that relate to the business or operations of Bancorp, Western or any Bancorp Subsidiary or (iii) executed or entered into a closing agreement pursuant to Section 7121 of the Code or any predecessor provision thereof or any similar provision of state, local or foreign law with respect to Bancorp, Western or any of the Bancorp Subsidiaries.

(g) Except as set forth in Schedule 4.9, no property owned by Bancorp, Western or any Bancorp Subsidiary is (i) property

required to be treated as being owned by another Person pursuant to provisions of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately prior to the enactment of the Tax Reform Act of 1986, (ii) constitutes "tax-exempt use property" within the meaning of Section 168(h)(1) of the Code or (iii) is "tax-exempt bond financed property" within the meaning of Section 168(g) of the Code.

(h) Neither Bancorp, Western or any Bancorp Subsidiary is a party to any tax sharing agreement or similar agreement or arrangement (whether written or not written) pursuant to which it will have any obligation to make any payments after the Closing other than to members of the Affiliated Group of which Bancorp is the common parent.

(i) Except as set forth in the Schedule 4.9, there is no contract, agreement, plan or arrangement covering any Person that, individually or collectively, could give rise to the payment of any amount that would not be deductible by Bancorp, Western or any Bancorp Subsidiary or their respective affiliates by reason of Section 280G of the Code, or would constitute compensation in excess of the limitation set forth in Section 162(m) of the Code.

(j) There are no liens as a result of any unpaid Taxes upon any of the assets of Bancorp, Western or the Bancorp Subsidiaries.

(k) Except as set forth in Schedule 4.9, neither Bancorp, Western or any Bancorp Subsidiary has any elections in effect for federal income tax purposes under Sections 108, 168, 338, 441, 472, 1017, 1033, or 4977 of the Code.

(l) Except as set forth in Schedule 4.9, none of the members of Bancorp, Western and Bancorp Subsidiaries' Affiliated Group has any net operating loss carryovers.

(m) None of Bancorp, Western or any Bancorp Subsidiary has been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period within the meaning of Section 897(c)(1)(A)(ii) of the Code.

4.10 Contracts. Except as set forth in Schedule 4.10 (all items listed or required to be listed in such schedule 4.10 being referred to as Scheduled Contracts) neither Bancorp, Western or any of the Bancorp Subsidiaries is a party or otherwise subject to:

4.10.1 any employment, deferred compensation, bonus or consulting contract that (i) has a remaining term, as of the date of this Agreement, of more than one year in length of obligation on the part of Bancorp, Western or any Bancorp Subsidiary and is not terminable by Bancorp or Western or any Bancorp Subsidiary within one year without penalty or (ii) requires payment by Bancorp or Western or any Bancorp Subsidiary of \$25,000 or more per annum;

4.10.2 any advertising, brokerage, licensing, dealership, representative or agency relationship or contract requiring payment by Bancorp, Western or any Bancorp Subsidiary of \$25,000 or more per annum;

4.10.3 any contract or agreement that restricts Bancorp, Western or any Bancorp Subsidiary (or would restrict any Affiliate of Bancorp or Western or the Surviving Corporation or the Surviving Bank (including CBB and its subsidiaries) after the Effective Time of the Merger and Effective Time of the Bank Merger from competing in any line of business with any Person or using or employing the services of any Person;

4.10.4 any lease of real or personal property providing for annual lease payments by or to Bancorp, Western or any Bancorp Subsidiary in excess of \$25,000 per annum other than (A) financing leases entered into in the ordinary course of business in which Bancorp, Western or any Bancorp Subsidiary is lessor and (B) leases of real property presently used by Western as banking offices;

4.10.5 any mortgage, pledge, conditional sales contract, security agreement, option, or any other similar agreement with respect to any interest of Bancorp, Western or any Bancorp Subsidiary (other than as mortgagor or pledgor in the ordinary course of its banking business or as mortgagee, secured party or deed of trust beneficiary in the ordinary course of its business) in personal property having a value of \$25,000 or more;

4.10.6 other than as described in the Bancorp Filings or as set forth in the Bancorp Employee Plan List, any stock purchase, stock option, stock bonus, stock ownership, profit sharing, group insurance, indemnification, bonus, deferred compensation, severance pay, pension, retirement, savings or other incentive, welfare or employment plan or material agreement providing benefits to any present or former employees, officers or directors of Bancorp, Western or any Bancorp Subsidiary;

4.10.7 any agreement to acquire equipment or any commitment to make capital expenditures of \$25,000 or more;

4.10.8 other than agreements entered into in the ordinary course of business, including sales of other real estate owned, any agreement for the sale of any property or assets in which Bancorp, Western or any Bancorp Subsidiary has an ownership interest or for the grant of any preferential right to purchase any such property or asset;

4.10.9 any agreement for the borrowing of any money (other than liabilities or interbank borrowings made in the ordinary course of its banking business and reflected in the financial records of Bancorp, Western or any Bancorp Subsidiary);

4.10.10 any restrictive covenant contained in any deed to or lease of real property owned or leased by Bancorp, Western or any Bancorp Subsidiary (as lessee) that materially restricts the use, transferability or value of such property;

4.10.11 any guarantee or indemnification which involves the sum of \$25,000 or more, other than letters of credit or loan commitments issued in the normal course of business;

4.10.12 any supply, maintenance or landscape contracts not terminable by Bancorp, Western or any Bancorp Subsidiary without penalty on 30 days' or less notice and which provides for payments in excess of \$25,000 per annum;

4.10.13 any material agreement which would be terminable other than by Bancorp, Western or any Bancorp Subsidiary as a result of the consummation of the transactions contemplated by this Agreement;

4.10.14 any contract of participation with any other bank in any loan in excess of \$25,000 or any sales of assets of Bancorp, Western or any Bancorp Subsidiary with recourse of any kind to Bancorp, Western or any Bancorp Subsidiary except the sale of mortgage loans, servicing rights, repurchase or reverse repurchase agreements, securities or other financial transactions in the ordinary course of business;

4.10.15 any agreement providing for the sale or servicing of any loan or other asset which constitutes a "recourse arrangement" under applicable regulation or policy promulgated by a Governmental Entity (except for agreements for the sale of guaranteed portions of loans guaranteed in part by the U. S. Small Business Administration and related servicing agreements);

4.10.16 any contract relating to the provision of data processing services to Bancorp, Western or any Bancorp Subsidiary; or

4.10.17 any other agreement of any other kind which involves future payments or receipts or performances of services or delivery of items requiring payment of \$25,000 or more to or by Bancorp, Western or any Bancorp Subsidiary other than payments made under or pursuant to loan agreements, participation agreements and other agreements for the extension of credit in the ordinary course of their business.

True copies of all Scheduled Contracts, including all amendments and supplements thereto, have been delivered to CBB.

4.11 Title to Property.

(a) Schedule 4.11 sets forth a description (including the character of the ownership interest of Bancorp, Western and the Subsidiaries) of all real property of Bancorp, Western and the Bancorp Subsidiaries, including fees, leaseholds and all other interests in real property (including real property that is debt previously contracted property) ("Real Property"). Except as set

forth on Schedule 4.11, (i) Bancorp, Western and the Bancorp Subsidiaries has each duly recorded, in the appropriate county, all recordable interests in Real Property, (ii) Bancorp, Western and the Bancorp Subsidiaries each has good and marketable title to all of its respective assets and properties, including, without limitation, all personal and intangible properties reflected on the balance sheet as of December 31, 2001 included in the Financial Statements of Bancorp, or acquired subsequent thereto, free and clear of all Encumbrances, except (A) Encumbrances that in the aggregate do not materially detract from the value, interfere with the use, or restrict the sale, transfer or disposition, of such properties and assets or otherwise materially affect Bancorp, Western and the Bancorp Subsidiaries; (B) any lien for taxes not yet due; (C) any Encumbrances arising under the document that created the interest in the Real Property (other than Encumbrances arising as a result of any breach or default by Bancorp, Western or any Bancorp Subsidiary); (D) assets and properties disposed of since December 31, 2001 in the ordinary course of business and consistent with past practice and (E) as noted in the Financial Statements of Bancorp. Bancorp has furnished CBB with true and correct copies of all leases included on Schedule 4.11 delivered as of the date of the Agreement, all title insurance policies relating to the Real Property and all documents evidencing recordation of all recordable interests in the Real Property.

(b) All tangible properties of Bancorp, Western and Bancorp Subsidiaries that are material to the business, financial condition, results of operations or prospects of Bancorp, Western and Bancorp Subsidiaries are in a good state of maintenance and repair, except for ordinary wear and tear, and are adequate for the conduct of the business of Bancorp, Western and the Bancorp Subsidiaries as presently conducted. Except as set forth in Schedule 4.11, (i) the execution of this Agreement, the performance of the obligations of Bancorp and Western hereunder and the consummation of the transactions contemplated herein, including the Merger, the Second Merger and the Bank Merger, do not conflict with and will not result in a breach or default under any lease, agreement or contract described in Schedule 4.11, or give any other party thereto a right to terminate or modify any term thereof; (ii) neither

Bancorp, Western nor any Bancorp Subsidiary has any obligation to improve any Real Property; (iii) each lease and agreement under which Bancorp, Western or a Bancorp Subsidiary is a lessor is in full force and effect and is a valid and legally binding obligation of Bancorp, Western and the Bancorp Subsidiary, as appropriate, and, to the best knowledge of Bancorp and Western, each other party thereto; and (iv) Bancorp, Western and the Bancorp Subsidiaries and, to the best knowledge of Bancorp and Western, each other party to any such lease or agreement have performed in all material respects all the obligations required to be performed by them to date under such lease or agreement and are not in default in any material respect under any such lease or agreement and there is no pending or, to the best knowledge of Bancorp or Western, any threatened proceeding, or proceeding which Bancorp or Western has reason to believe may be threatened, with respect to such property or any such lease.

4.12 Litigation.

(a) Schedule 4.12 sets forth a description of each legal, administrative, arbitration, investigatory or other proceeding (including, without limitation, any investigation, action, or proceeding with respect to Taxes) pending or, to the best knowledge of Bancorp or Western, that has been threatened, or which Bancorp or Western has reason to believe may be threatened, against or affecting Bancorp, Western or any of the Bancorp Subsidiaries or their respective assets or business, and has had or may have a material adverse effect on the assets, liabilities, business, financial condition, results of operations or prospects of Bancorp or the transactions contemplated hereby on a consolidated basis or involves or may involve a claim or claims asserting aggregate liability of \$10,000 or more. Schedule 4.12 includes with respect to each matter identified, if applicable, the case title, the court, the court file number, the date filed, the law firm representing Bancorp, Western or the Bancorp Subsidiary and such other information as may be reasonably requested by CBB. Except as set forth on Schedule 4.12, there is no (i) outstanding judgment,

order, writ, injunction or decree, stipulation or award of any Governmental Entity or by arbitration, against, or, to the knowledge of Bancorp or Western, affecting Bancorp, Western or any of the Bancorp Subsidiaries or their respective assets or business that (A) has had or may have a material adverse effect on the assets, liabilities, permits, business, financial condition, results of operations or prospects of Bancorp on a consolidated basis (B) requires any payment by, or excuses an obligation of a third party to make any payment to Bancorp, Western or any of the Bancorp Subsidiaries, of an amount exceeding \$10,000 or (C) has the effect of prohibiting any business practice of, or the acquisition, retention or disposition of property by, Bancorp, Western or any of the Bancorp Subsidiaries; or (ii) legal, administrative, arbitration, investigatory or other proceeding pending or, to the best knowledge of Bancorp or Western that has been threatened, or which Bancorp or Western has reason to believe may be threatened, against or affecting any director, officer, employee, agent or representative of Bancorp, Western or any of the Bancorp Subsidiaries, in connection with which any such Person has or may have rights to be indemnified by Bancorp, Western or any of the Bancorp Subsidiaries.

(b) Except as set forth in Schedule 4.12, neither Bancorp, Western or any of the Bancorp Subsidiaries is subject to any cease and desist order or directive or a party to any written agreement or memorandum of understanding with any Governmental Entity that restricts the conduct of its business, or in any manner relates to its capital adequacy, its credit or compliance policies or its management. Copies of any such orders, agreements or memoranda have been provided to CBB concurrently herewith.

4.13 Certain Adverse Changes. Except as specifically required, permitted or effected by this Agreement, since December 31, 2000 there has not been, occurred or arisen any of the following (whether or not in the ordinary course of business unless otherwise indicated):

(a) Any change in any of the assets, liabilities, Permits, methods of accounting or accounting practice, business, or manner of conducting business, of Bancorp, Western or the Bancorp Subsidiaries or any other event or development that has had or may reasonably be expected to have, individually or in the aggregate, a material adverse effect on the business, financial condition, results of operations or prospects of Bancorp on a consolidated basis;

(b) Any damage, destruction or other casualty loss (whether or not covered by insurance) that has had or may reasonably be expected to have a material adverse effect on the business, financial condition, results of operations or prospects of Bancorp on a consolidated basis or that may involve a loss of more than \$25,000 in excess of applicable insurance coverage; or

(c) Any amendment, modification or termination of any existing, or entry into any new, material contract or Permit that has had or may reasonably be expected to have, individually or in the aggregate, a material adverse effect on the business, financial condition, results of operations or prospects of Bancorp on a consolidated basis;

(d) Any disposition by Bancorp, Western or any Bancorp Subsidiary of an asset the lack of which has had or may reasonably be expected to have, individually or in the aggregate, a material adverse effect on the business, financial condition, results of operations or prospects of Bancorp, Western or the Bancorp Subsidiaries; or

(e) Any direct or indirect redemption, purchase or other acquisition by Bancorp, Western or any Bancorp Subsidiaries of any equity securities or any declaration, setting aside or payment of any dividend or other distribution on or in respect of Bancorp Stock whether consisting of money, other personal property, real property or other things of value.

4.14 Corporate Records. The minute books and corporate records of Bancorp, Western and the Bancorp Subsidiaries accurately reflect all material actions duly taken by their respective shareholders, boards of directors and committees and contain true and complete copies of their respective Charter Documents and all amendments thereto.

4.15 Accounting Records; Data Processing. Each of Bancorp, Western and the Bancorp Subsidiaries each has records that, in all material respects, fairly reflect its respective transactions, and accounting controls sufficient to ensure that such transactions are in all material respects (a) executed in accordance with management's general or specific authorization; and (b) recorded in

conformity with generally accepted accounting principles. Such records, to the extent they contain important information pertaining to Bancorp, Western and the Bancorp Subsidiaries have been duplicated and stored safely and securely. Schedule 4.15 sets forth each

and every data processing agreement, lease and license, all service and maintenance agreements, and all service bureau arrangements between Bancorp, Western or the Bancorp Subsidiaries and any provider of the foregoing services, and an itemization of all data processing equipment, related peripheral equipment and software used or intended to be used by Bancorp, Western or the Bancorp Subsidiaries in connection with data and item processing ("Bancorp, Western and Bancorp Subsidiaries Data Processing Assets"). To the best knowledge of Bancorp, Western and the Bancorp Subsidiaries, except as set forth in Schedule 4.15, the procedures and

equipment, including, without limitation, the data processing equipment, data transmission equipment, related peripheral equipment and software, used by Bancorp, Western and Bancorp Subsidiaries in the operation of its business (including any disaster recovery facility) to generate and retrieve such records are adequate in relation to the size and complexity of the business of Bancorp, Western and the Bancorp Subsidiaries.

4.16 Insurance. Schedule 4.16 sets forth all insurance policies and bonds maintained by Bancorp, Western and the Bancorp Subsidiaries. Except as set forth on Schedule 4.16, (a) each of Bancorp, Western and the Bancorp Subsidiaries is, and at all times

within five years hereof has been, insured with insurers and has insurance coverage adequate to insure against all risks normally insured against by companies in similar businesses and of comparable size; (b) neither Bancorp, Western nor any Bancorp Subsidiary is in default under any policy of insurance or bond such that it could be cancelled and all such insurance policies and bonds maintained by Bancorp, Western and the Bancorp Subsidiaries are in full force and effect and, except for expirations in the ordinary course, will remain so through and after the Effective Time of the Merger and the Bank Merger; and (c) each of Bancorp, Western and the Bancorp Subsidiaries has filed claims with, or given notice of claims to, its respective insurers with respect to all material matters and occurrences for which it believes it has coverage. Bancorp has furnished CBB with true and correct copies of all insurance policies and bonds identified on Schedule 4.16, including all amendments and supplements thereto.

4.17 Employee Benefit Plans and Employment and Labor Contracts.

(a) For purposes of this Agreement, the term "Plans" shall mean (i) all "Employee Benefit Plans" (as such term is defined in Section 3(3) of ERISA) of which Bancorp, Western or any of the Bancorp Subsidiaries or any member of the same controlled group of corporations, trades or businesses as Bancorp, Western and the Bancorp Subsidiaries within the meaning of Section 4001(a)(14) of ERISA, (for purposes of this Section, an "ERISA Affiliate") is a sponsor or participating employer or as to which Bancorp, Western or any of the Bancorp Subsidiaries or any of their ERISA Affiliates makes contributions or is required to make contributions and (ii) any employment, severance or other agreement, arrangement, policy or practice of Bancorp, Western or any of the Bancorp Subsidiaries or of any of their ERISA Affiliates (whether written or oral) providing for insurance coverage (including self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits, retirement benefits, or for profit sharing, deferred compensation, bonuses, stock options, stock appreciation or other forms of incentive compensation or post-retirement insurance, compensation or benefits to employees, directors or other service providers.

Except as is disclosed in Schedule 4.17, (i) neither Bancorp, Western nor any of the Bancorp Subsidiaries nor any of

their ERISA Affiliates maintains or sponsors, or makes or is required to make contributions to, any of the Plans, (ii) none of the Plans is a "multiemployer plan," as defined in Section 3(37) of ERISA, (iii) none of the Plans is a "defined benefit pension plan" within the meaning of Section 3(35) of ERISA, (iv) none of the Plans provides healthcare or any other welfare benefits to any former employees (or any dependents of any former employees), except as required by the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), and (v) each of the Plans is, and at all times since its inception has been, in compliance with all provisions of ERISA, the Code, COBRA, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and all other applicable laws. Notwithstanding any statement or indication in this Agreement to the contrary, there are no Plans as to which Bancorp, Western or any of the Bancorp Subsidiaries or any of their ERISA Affiliates will be required to make any contributions or to make any other payments, whether on behalf of any of the current employees of Bancorp, Western or any of the Bancorp Subsidiaries or any of their ERISA Affiliates or on behalf of any other person, after the Closing. At the Closing, there will be no unrecorded liabilities with respect to the establishment, implementation, operation, administration or termination of any of the Plans, or the termination of the participation in any of the Plans by Bancorp, Western or any of the Bancorp Subsidiaries or any of their ERISA Affiliates. Neither Bancorp, Western or any of the Bancorp Subsidiaries nor any ERISA Affiliates has any formal plan or commitment, whether legally binding or not, to create any additional Plan, or to modify or change any existing Plan that would affect any employee or terminated employee of Bancorp, Western or any of the Bancorp Subsidiaries or any of their ERISA Affiliates, except as disclosed on Schedule

4.17. Bancorp, Western and each of the Bancorp Subsidiaries has delivered to CBB true and complete copies of: (i) each of the Plans and any related funding and service agreements thereto (including trust and custodial agreements, insurance contracts, investment managing agreements, subscription and participation agreements and recordkeeping contracts) including all amendments, all of which are legally valid and binding and in full force and effect and there are no defaults thereunder, (ii) the currently effective summary plan description, summary of material modifications and all other material employee communications pertaining to each of the Plans, (iii) all enrollment, beneficiary designation, loan, distribution, contribution and benefit election and other material forms used by any of the Plans, (iv) the three most recent annual reports for each of the Plans (including all relevant schedules), (v) the most recently filed PBGC Form 1 (if applicable), and (vi) the most recent Internal Revenue Service determination letter for each Plan which is intended to constitute a qualified plan under Section 401 of the Code and each amendment to each of the foregoing documents and any requests for rulings, determinations, or opinions pending with the Internal Revenue Service or any other governmental agency.

(b) The present value of all accrued benefits and liabilities under each of the Plans that is subject to Title IV of ERISA shall not, as of the Closing Date, exceed the then fair market value or actuarial present value of the assets of each such Plan allocated to such accrued benefits and liabilities, based upon the applicable provisions of the Code and ERISA. With respect to each Plan that is subject to Title IV of ERISA (i) no amount is due or owing from Bancorp, Western or any of the Bancorp Subsidiaries or any of their ERISA Affiliates to the Pension Benefit Guaranty Corporation or to any "multiemployer plan" as defined in Section 3(37) of ERISA on account of any withdrawal therefrom and (ii) no such Plan has been terminated at a time when the Plan was not sufficiently funded and any such termination has been in accordance with ERISA. The transactions contemplated hereunder, including without limitation the termination of the Plans at or prior to the Closing, shall not result in any such withdrawal or other liability under any of the Plans or any applicable laws.

(c) None of the Plans, nor any trust created thereunder nor any trustee, fiduciary or administrator thereof, has engaged in any transaction that might subject any of the Plans, any such trust, or any trustee, fiduciary or administrator thereof, or any party dealing with the Plans or any such trust, to the tax or penalty on prohibited transactions imposed by Section 4975 of the Code or to any civil penalty imposed by Section 502 of ERISA. Since the effective date of ERISA, none of the Plans subject to Title IV of ERISA has been completely or partially terminated nor has there been any "reportable event," as such term is defined in Section 4043(b) of ERISA, with respect to any of the Plans since the effective date of ERISA nor has any notice of intent to terminate been filed or given with respect to any such Plan. There has been no (i) withdrawal by Bancorp, Western or any of the Bancorp Subsidiaries or any of their ERISA Affiliates that is a substantial employer from a single-employer plan which is a Plan and which has two or more contributing sponsors at least two of whom are not under common control, as referred to in Section 4063(b) of ERISA, or (ii) cessation by Bancorp, Western or any of the Bancorp Subsidiaries or any of their ERISA Affiliates of operations at a facility causing more than 20% of Plan participants to be separated from employment, as referred to in Section 4062(f) of ERISA. All government reports and filings required by law have been properly and timely filed, all information required to be distributed to participants or beneficiaries has been distributed with respect to each of the Plans, and Bancorp, Western and Bancorp Subsidiaries and its ERISA Affiliates have performed all of their obligations under all of the Plans in all material aspects.

(d) None of the Plans nor any trust created thereunder has ever incurred any "accumulated funding deficiency" as such term is defined in Section 412 of the Code, whether or not waived. Furthermore, neither Bancorp, Western or any of the Bancorp Subsidiaries nor any of its ERISA Affiliates has any unfunded liability under ERISA in respect of any of the Plans. Bancorp, Western or any of the Bancorp Subsidiaries has made all contributions and paid all amounts due and owing under all of the Plans. Each of the Plans

which is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination letter that it is so qualified from the Internal Revenue Service and Bancorp, Western and Bancorp Subsidiaries do not know of any fact which could adversely affect the qualified status of any such Plan. All amendments required to bring all of the Plans into conformity with all of the applicable provisions of ERISA, the Code, COBRA, HIPAA and all other applicable laws have been made. All of the Plans have been administered and maintained in compliance with ERISA, COBRA, HIPAA, the Code and all other applicable laws. All contributions required to be made to each of the Plans under the terms of the Plan, ERISA, the Code or any other applicable laws have been timely made. The Financial Statements of Bancorp properly reflect all amounts required to be accrued as liabilities to date under each of the Plans. There is no contract, agreement or benefit arrangement covering any employee of Bancorp, Western or any of the Bancorp Subsidiaries that, individually or collectively, could give rise to the payment of any amount that would constitute an "excess parachute payment" (as defined in Section 280G of the Code) with respect to the Merger, the Second Merger and the Bank Merger or any other transaction.

(e) There has not occurred and there does not exist (i) any pending litigation or controversy against any of the Plans or against Bancorp, Western or any of the Bancorp Subsidiaries or any of their ERISA Affiliates as the "Employer" or "Sponsor" under the Plans or against the trustee, fiduciaries or administrators of any of the Plans or (ii) any pending or threatened investigation, proceeding, lawsuit, dispute, action or controversies involving any of the Plans, the administrator or trustee of any of the Plans with any of the IRS, Department of Labor, Pension Benefit Guaranty Corporation, any participant in the Plans, any service provider to any of the Plans or any other person whatsoever. Without limiting the generality of the foregoing, there are no lawsuits or other claims, pending or threatened (other than routine claims for benefits under a Plan) against (i) any Plan, or (ii) any "Fiduciary" of such Plan (within the meaning of Section 3(21)(a) of ERISA) brought on behalf of any participant, beneficiary or Fiduciary thereunder, nor is there a reasonable basis for any such claim.

(f) Neither Bancorp, Western nor any of the Bancorp Subsidiaries nor any of their ERISA Affiliates, has used the services of (i) workers who have been provided by a third party contract labor supplier for more than six months or who may otherwise be eligible to participate in any of the Plans or to an extent that would reasonably be expected to result in the disqualification or loss of preferred tax status of any of the Plans or the imposition of penalties or excise taxes with respect to the IRS, Department of Labor, Pension Benefit Guaranty Corporation or any other governmental entity; (ii) temporary employees who have worked for more than six months or who may otherwise be eligible to participate in any of the Plans or to an extent that would reasonably be expected to result in the disqualification or loss of preferred tax status of any of the Plans or the imposition of penalties or excise taxes with respect to the IRS, Department of Labor, Pension Benefit Guaranty Corporation or any other governmental entity; (iii) individuals who have provided services to Bancorp, Western or any of the Bancorp Subsidiaries as independent contractors for more than six months or who may otherwise be eligible to participate in any of the Plans or to an extent that would reasonably be expected to result in the disqualification or loss of preferred tax status of any of the Plans or the imposition of penalties or excise taxes with respect to the IRS, Department of Labor, Pension Benefit Guaranty Corporation or any other governmental entity or (iv) leased employees, as that term is defined in section 414(n) of the Code.

4.18 Investments. Schedule 4.18 sets forth a description of each Investment Security held by Bancorp, Western and the Bancorp Subsidiaries on December 31, 2001. Schedule 4.18 sets forth with respect to each such Investment Security: (i) the issuer thereof; (ii) the outstanding balance or number of shares; (iii) the maturity, if applicable; (iv) the title of issue; and (v) the classification under SFAS No. 115. Except as set forth on Schedule 4.18, neither Bancorp, Western nor any of the Bancorp Subsidiaries has an Investment Security classified as trading.

4.19 Broker's or Finder's Fees. No agent, broker, investment or commercial banker, or other Person acting on behalf of Bancorp or Western, is or will be entitled to any broker's or finder's fee or any other commission or similar fee directly or indirectly in connection with any of the transactions contemplated in this Agreement, including the Merger, the Second Merger and the Bank Merger.

4.20 Compliance with Rules.

(a) Neither Bancorp, Western nor any of the Bancorp Subsidiaries has been in default under or in breach or violation of (i) any provision of their respective Charter Documents, or (ii) Rule, except, with respect to this clause (ii), for such defaults, breaches or violations as would not have, individually or in the aggregate, a material adverse effect on the business, financial condition, results of operations or prospects of Bancorp on a consolidated basis.

(b) Except as set forth on Schedule 4.20, (i) Bancorp, Western and the Bancorp Subsidiaries are in compliance with all Environmental Regulations; (ii) there are no Tanks on or about Bancorp, Western or any of the Bancorp Subsidiaries' Property; (iii) there are no Hazardous Materials on, below or above the surface of, or migrating to or from Bancorp, Western or any of the Bancorp Subsidiaries Property in concentrations above de minimis levels that would require remedial action; (iv) all outstanding Bancorp, Western and Bancorp Subsidiaries' loans secured by real property are in compliance with Environmental Regulations and no such loans have a leaking Tank or upon which there are Hazardous Materials on or migrating to or from Bancorp, Western or Bancorp Subsidiaries' Property, in concentrations above de minimis levels that would require remedial action; and (v) without limiting Section 4.12 or the foregoing representations and warranties contained in clauses (i) through (iv), there is no written claim, action, suit, or proceeding or notice thereof before any Governmental Entity pending against Bancorp, Western or any of the Bancorp Subsidiaries or concerning property securing Bancorp, Western or any of the Bancorp Subsidiaries' loans and there is no outstanding judgment, order, writ, injunction, decree, or award against or affecting Bancorp, Western, Bancorp Subsidiaries Property or property securing Bancorp, Western and Bancorp Subsidiaries' loans. For purposes of this Section 4.20(b), the term "Environmental Regulations" shall mean all applicable statutes, regulations, rules, and ordinances of all Governmental Entities and all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to the protection of human health or the environment, including, without limitation: all requirements, including, but not limited to those pertaining to reporting, licensing, permitting, investigation, and remediation of emissions, discharges, releases, or threatened releases of Hazardous Materials, into the air, surface water, groundwater, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of Hazardous Materials whether solid, liquid, or gaseous in nature and all requirements pertaining to the protection of the health and safety of employees or the public. "Bancorp, Western and Bancorp Subsidiaries Property" shall mean real estate currently owned, or leased, or in which Bancorp, Western and Bancorp Subsidiaries has an investment or security interest (by mortgage, deed of trust, sale or lease-back), including, without limitation, properties under foreclosure and properties held by Bancorp, Western and the Bancorp Subsidiaries in capacity as a trustee. "Tank" shall mean treatment or storage tanks, whether above ground or below ground, gas or oil wells and associated piping transportation devices. "Hazardous Materials" shall mean any substance which is defined as a hazardous waste, hazardous substance, hazardous material, used oil, pollutant or contaminant under any federal, state or local statute, regulation, rule or ordinance or amendments thereto including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601, et seq.); the Resource Conservation and Recovery Act (42 U.S.C. Section 6901, et seq.); the Clean Air Act, as amended (42 U.S.C. Section 7401, et seq.); the Federal Water Pollution Control Act, as amended (33 U.S.C. Section 1251, et seq.); the Toxic Substances Control Act, as amended (15 U.S.C. Section 9601, et seq.); the Occupational Safety and Health Act, as amended (29 U.S.C. Section 651; the Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. Section 11001, et seq.); the Safe Drinking Water Act (42 U.S.C. Section 300f, et seq.); and all comparable state and local laws, including without limitation, the Carpenter-Presley-Tanner Hazardous Substance Account Act (State Superfund), the Porter-Cologne Water Quality Control Act, Section 25140, 25501(j) and (k), 25501.1, 25281 and 25250.1 of the California Health and Safety Code and/or Article I of Title 22 of the California Code of Regulations, Division 4, Chapter 30; laws of other jurisdictions or orders and regulations; or the presence of which causes or threatens to cause a nuisance, trespass or other common law tort upon real property or adjacent properties or poses or threatens to pose a hazard to the health or safety of persons or including without limitation, gasoline, diesel fuel or other petroleum hydrocarbons; polychlorinated biphenyls (PCBs), asbestos, urea formaldehyde foam insulation, lead, lead containing paint and lead containing paint chips.

(c) Bancorp has provided to CBB phase I environmental assessments with respect to each interest in real property set forth on Schedule 4.11 as to which such a phase I environmental investigation has been prepared by or on behalf of Bancorp, Western or any of

the Bancorp Subsidiaries. The Schedule 4.11 list shall disclose each such property as to which such an assessment has not been prepared on behalf of Bancorp, Western or any of the Bancorp Subsidiaries.

4.21 Performance of Obligations. Each of Bancorp, Western and the Bancorp Subsidiaries has performed in all material respects all of the respective obligations required to be performed by them and is not in default under or in breach of any term or provision of any covenant, contract, lease, indenture or any other covenant to which it is a party, is subject or is otherwise bound, and no event has occurred that, with the giving of notice or the passage of time or both, would constitute such default or breach, where such default or breach would have, individually or in the aggregate, a material adverse effect on the business, financial condition, results of operations or prospects of Bancorp, Western or the Bancorp Subsidiaries. Except for loans and leases made by Bancorp, Western or any of the Bancorp Subsidiaries in the ordinary course of business, to Bancorp's and Western's knowledge, no party is in breach of a material agreement with Bancorp, Western or any of the Bancorp Subsidiaries which breach has had or reasonably should be expected to have, individually or in the aggregate, a material adverse effect on the business, financial condition, results of operations or prospects of Bancorp, Western or any of the Bancorp Subsidiaries.

4.22 Employees. There are no controversies pending or threatened between either Bancorp, Western or any of the Bancorp Subsidiaries, on the one hand, and any of their respective employees, on the other hand, that are likely to have, individually or in the aggregate, a material adverse effect on the business, financial condition, results of operations or prospects of Bancorp, Western or any of the Bancorp Subsidiaries. Neither Bancorp, Western or any of the Bancorp Subsidiaries is a party to any collective bargaining agreement with respect to any of its employees or any labor organization to which its employees or any of them belong. To the best of Bancorp's and Western's knowledge, there are no ongoing activities to organize the employees of Bancorp, Western or any of the Bancorp Subsidiaries or any threat thereof.

4.23 Certain Interests. Schedule 4.23 sets forth a description of each instance in which an officer or director of Bancorp, Western or any of the Bancorp Subsidiaries (a) has any material interest in any property, real or personal, tangible or intangible, used by or in connection with the business of Bancorp, Western and any of the Bancorp Subsidiaries; (b) is indebted to Bancorp, Western or any of the Bancorp Subsidiaries except for normal business expense advances; or (c) is a creditor (other than as a deposit holder) of Bancorp, Western or any of the Bancorp Subsidiaries except for amounts due under normal salary and related benefits or reimbursement of ordinary business expenses. Except as set forth in Schedule 4.23, all such arrangements are arm's length transactions pursuant to normal commercial terms and conditions and comply with all Rules.

4.24 Extensions of Credit. Schedule 4.24 sets forth a description (a) by type and classification, if any, of each loan, lease other extension of credit and commitment to extend credit by Bancorp, Western or any of the Bancorp Subsidiaries; (b) by type and classification of all loans, leases, other extensions of credit and commitments to extend credit that have been classified by its bank examiners or auditors (external or internal) as "Watch List," "Substandard," "Doubtful," "Loss" or any comparable classification; and (c) all consumer loans as to which any payment of principal, interest or other amount is 90 days or more past due.

4.25 Operating Losses. Schedule 4.25 sets forth any Operating Loss (as defined below) that has occurred at Bancorp, Western or any of the Bancorp Subsidiaries during the period after December 31, 2000 to the date of the Agreement. Except as set forth on Schedule 4.25, no event has occurred, and no action has been taken or omitted to be taken by any employee of Bancorp, Western or any of the Bancorp Subsidiaries that has resulted in the incurrence by Bancorp, Western or any of the Bancorp Subsidiaries of an Operating Loss or that might reasonably be expected to result in the incurrence by Bancorp, Western or any of the Bancorp Subsidiaries of an Operating Loss after the date hereof, which, net of any insurance proceeds payable in respect thereof, exceeds, or would exceed \$5,000 by itself or \$10,000 when aggregated with all other Operating Losses during such period. For purposes of this Agreement, "Operating Loss" means any individual loss in excess of \$500 resulting from cash shortages, lost or misposted items, disputed clerical and accounting errors, forged checks, payment of checks over stop payment orders, counterfeit money, wire transfers made in error, theft, robberies, defalcations, check kiting, fraudulent use of credit cards or electronic teller machines, civil money penalties, fines, litigation, claims, arbitration awards or other similar acts or occurrences.

4.26 Powers of Attorney. Except as set forth on Schedule 4.26, neither Bancorp, Western nor any of the Bancorp Subsidiaries has granted any Person a power of attorney or similar authorization that is presently in effect or outstanding.

4.27 Offices and ATMs. Schedule 4.27 sets forth the headquarters of Bancorp, Western and the Bancorp Subsidiaries (identified as such) and each of the offices and automated teller machines ("ATMs") maintained and operated by Bancorp, Western and the Bancorp Subsidiaries (including, without limitation, representatives and loan production offices and operations centers) and the location thereof. Except as set forth on Schedule 4.27, neither Bancorp, Western nor any of the Bancorp Subsidiaries maintains any other office or ATM and conducts business at any other location. Neither Bancorp, Western nor any of the Bancorp Subsidiaries has applied for or received permission to open any additional branch or operate at any other location.

4.28 Facts Affecting Regulatory Approvals. To the best knowledge of Bancorp and Western, there is no fact, event or condition applicable to Bancorp, Western or any of the Bancorp Subsidiaries which will, or reasonably could be expected to, adversely affect the likelihood of securing the requisite approvals or Consents of any Governmental Entity to the Merger, the Second Merger, the Bank Merger or any of the transactions contemplated by this Agreement.

4.29 Accounting and Tax Matters. Each of Bancorp, Western and the Bancorp Subsidiaries has through the date hereof not taken or agreed to take any action that would prevent the Merger from qualifying as a qualified stock purchase under the Code, or the Second Merger or the Bank Merger from each qualifying as a tax-free liquidation under the Code.

4.30 Indemnification. Other than pursuant to the provisions of their respective Charter Documents, neither Bancorp, Western nor any of the Bancorp Subsidiaries is a party to any indemnification agreement with any of their respective present or former officers, directors, employees, agents or other persons who serve or served in any other capacity with any other enterprise at the request of Bancorp, Western or the Bancorp Subsidiaries (a "Covered Person"), and to the best knowledge of Bancorp, Western and Bancorp Subsidiaries, there are no claims for which any Covered Person would be entitled to indemnification by Bancorp, Western or any of the Bancorp Subsidiaries if such provisions were deemed in effect, except as set forth in Schedule 4.30.

4.31 Community Reinvestment Act. Western has received a rating of "Satisfactory" in its most recent CRA examination. Western has not been advised of any supervisory concerns regarding its compliance with the CRA. To the best knowledge of Bancorp and Western, Western's compliance under the CRA should not constitute grounds for either the denial by any Governmental Entity of any application to consummate the transactions contemplated by this Agreement or the imposition of a materially burdensome condition in connection with the approval of any such application.

4.32 Bank Secrecy Act. Western has not been advised of any supervisory concerns regarding its compliance with the Bank Secrecy Act (31 U.S.C.ss.5322, et seq.) or related state or federal anti-money laundering laws, regulations and guidelines, including (i) those provisions of the United States Code providing penalties for the laundering of monetary instruments (18 U.S.C.ss.1956) or

engaging in monetary transactions in property derived from specified unlawful activity (18 U.S.C. ss. 1957) and (ii) any "Know Your Customer" regulations, guidelines or supervisory policies and examination requirements.

4.33 Derivative Transactions. Except as set forth in Schedule 4.33, neither Bancorp, Western or any of the Bancorp Subsidiaries is a party to or has agreed to enter into an exchange traded or over-the-counter equity, interest rate, foreign exchange or other swap, forward, future, option, cap, floor or collar or any other contract that is not included on the balance sheet and is a derivative contract (including various combinations thereof) or owns securities that are referred to generically as "structured notes," "high risk mortgage derivatives," "capped floating rate notes," or "capped floating rate mortgage derivatives."

4.34 Trust Administration. Neither Bancorp, Western or any of the Bancorp Subsidiaries exercises trust powers, including, but not limited to, trust administration, and neither they nor any predecessor has exercised such trust powers for a period of at least three years prior to the date hereof. The term "trusts" as used in this Section 4.34 includes (i) any and all common law or other trusts between an individual, corporation or other entities and Bancorp, Western or any of the Bancorp Subsidiaries or a predecessor, as trustee or co-trustee, including, without limitation, pension or other qualified or nonqualified employee benefit plans, compensation, testamentary, inter vivos, and charitable trust indentures; (ii) any and all decedents' estates where Bancorp, Western and Bancorp Subsidiaries or a predecessor is serving or has served as a co-executor or sole executor, personal representative or administrator, administrator de bonis non, administrator de bonis non with will annexed, or in any similar fiduciary capacity; (iii) any and all guardianships, conservatorships or similar positions where Bancorp, Western or any of the Bancorp Subsidiaries or a predecessor is serving or has served as a co-grantor or a sole grantor or a conservator or co-conservator of the estate, or any similar fiduciary capacity; and (iv) any and all agency and/or custodial accounts and/or similar arrangements, including plan administrator for employee benefit accounts, under which Bancorp, Western or any of the Bancorp Subsidiaries or a predecessor is serving or has served as an agent or custodian for the owner or other party establishing the account with or without investment authority.

4.35 Intellectual Property. Except as set forth Schedule 4.35, each of Bancorp, Western and the Bancorp Subsidiaries owns or possesses valid and binding licenses and other rights to use without payment all material patents, copyrights, trade secrets, trade names, service marks and trademarks used in its businesses; and neither Bancorp, Western nor any of the Bancorp Subsidiaries has received any notice with respect thereto that asserts the rights of others. Each of Bancorp, Western and the Bancorp Subsidiaries has in all material respects performed all the obligations required to be performed by it, and is not in default in any material respect under any license, contract, agreement, arrangement or commitment relating to any of the foregoing.

4.36 Disclosure Documents and Applications. None of the information supplied or to be supplied by or on behalf of Bancorp, Western and the Bancorp Subsidiaries ("Bancorp Supplied Information") for inclusion in (a) the proxy statement or other materials and documents ("Proxy Statement") to be mailed to the shareholders of Bancorp, Western and Bancorp Subsidiaries in connection with obtaining the approval of the shareholders of Bancorp, Western and Bancorp Subsidiaries of this Agreement, the Consolidation and the other transactions contemplated hereby, and (b) any other documents to be filed with the FRB, the Comptroller, the FDIC, the Commissioner or any other Governmental Entity in connection with the transactions contemplated in this Agreement will, at the respective times such documents are filed or become effective, or with respect to the Proxy Statement, when mailed, contain any untrue statement of a material fact, or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

4.37 Licenses and Permits. Each of Bancorp, Western and the Bancorp Subsidiaries has all material licenses and Permits that are necessary for the conduct of its respective business, and such licenses and Permits are in full force and effect, except for any failure to be in full force and effect that would not, individually or in the aggregate, have a material adverse effect on the business, financial condition, results of operations or prospects of Bancorp on a consolidated basis. The respective properties, assets, operations, and business of each of Bancorp, Western and the Bancorp Subsidiaries have been maintained and conducted in all material respects, in compliance with all applicable laws and regulations.

4.38 Insider Loans, Other Transactions. Bancorp has set forth on Schedule 4.38 with a listing, current as of the date hereof, of all extensions of credit made by Bancorp, Western and each of the Bancorp Subsidiaries to each of its respective executive officers and directors and their related interests (all as defined under Federal Reserve Board Regulation O), all of which have been made in compliance with Regulation O, and Section 23B under the Federal Reserve Act which listing is true, correct and complete in all material respects. Neither Bancorp, Western nor any Bancorp Subsidiary owes any amount to, or has any contract or lease with or commitment to, any of the present executive officers or directors of Bancorp, Western or Bancorp Subsidiaries (other than for compensation for current serving not yet done and payable, reimbursement of expenses arising in the ordinary course of business, options or awards available under the Bancorp Stock Option Plan or any amount due pursuant to any Employee Plans).

4.39 SBA Lending. Western is a certified preferred lender with respect to the Small Business Administration and maintains a program for lending with the Small Business Administration.

4.40 Accuracy and Currentness of Information Furnished. The representations and warranties made by Bancorp and Western hereby or in the lists or schedules hereto contain no statements of fact which are untrue or misleading, or omit to state any material fact which is necessary under the circumstances to prevent the statements contained herein or in such lists or schedules from being misleading. Bancorp and Western hereby covenant that they shall, not later than the 15th day of each calendar month between the date hereof and the Closing Date, amend or supplement the schedules prepared and delivered pursuant to this Article 4 to ensure that the information set forth in such schedules accurately reflects the then-current status of Bancorp and Western. Bancorp and Western shall further amend or supplement the schedules as of the Closing Date if necessary to reflect any additional changes in the status of Bancorp or Western.

4.41 Effective Date of Representations and Warranties. Each representation and warranty of Bancorp and Western set forth in this Agreement shall be deemed to be made on and as of the date hereof and as of the Effective Time of the Bank Merger.

Article 5

REPRESENTATIONS AND WARRANTIES OF CBB

CBB represents and warrants to Bancorp and Western as follows:

5.1 Incorporation, Standing and Power. CBB is a California state chartered bank duly organized, validly existing and in good standing under the laws of the State of California and is authorized by the DFI to conduct a general banking business. CBB's deposits are insured by the FDIC in the manner and to the fullest extent provided by law. CBB has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as presently conducted.

5.2 Financial Statements. CBB has previously furnished to Bancorp a copy of the Financial Statements of CBB. The Financial Statements of CBB: (a) present fairly the consolidated financial condition of CBB as of the respective dates indicated and its consolidated results of operations and statements of cash flows, as applicable, for the respective periods then ended, subject, in the case of the unaudited consolidated interim financial statements, to normal recurring adjustments; (b) have been prepared in accordance with generally accepted accounting principles and/or applicable regulatory accounting principles or banking regulations

consistently applied (except as otherwise indicated therein); and (c) are based upon the books and records of CBB and its subsidiaries.

5.3 Authority. The execution and delivery by CBB of this Agreement, the Agreement of Second Merger and the Agreement of Bank Merger have been duly and validly authorized by all necessary corporate action on the part of CBB. This Agreement is, and the Agreement of Second Merger and the Agreement of Bank Merger will be, upon due execution and delivery by the respective parties thereto, valid and binding obligations of CBB, enforceable in accordance with their respective terms, except as the enforceability thereof may be limited by bankruptcy, liquidation, receivership, conservatorship, insolvency, moratorium or other similar laws affecting the rights of creditors generally and by general equitable principles.

5.4 No Conflicts; Defaults. The execution, delivery and performance of this Agreement, the Agreement of second Merger and the Agreement of Bank Merger by CBB, the consummation of the transactions contemplated herein and compliance by CBB with any provision hereof will not (a) conflict with its Charter Documents; (b) except for the prior approval of the FRB, the Comptroller, the FDIC and the Commissioner, require any Consents of CBB; or (c) subject to obtaining the Consents referred to in subsection (b) of this Section 5.4 and the expiration of any required waiting period, violate any Rules to which CBB is subject.

5.5 Accuracy of Information Furnished. None of the information supplied or to be supplied by or on behalf of CBB ("CBB Supplied Information") for inclusion in (a) the Proxy Statement, and (b) any other documents to be filed with the FRB, the Comptroller, the FDIC, the Commissioner or any other Governmental Entity in connection with the transactions contemplated in this Agreement will, at the respective times such documents are filed or become effective, or with respect to the Proxy Statement when mailed, contain any untrue statement of a material fact, or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

5.6 Authority of Security Acquisition. The execution and delivery by Security Acquisition of the Agreement of Merger and, subject to the requisite approval of the shareholder of Security Acquisition, the consummation of the transactions completed thereby will be duly and validly authorized by all necessary corporate action on the part of Security Acquisition, and the Agreement of Merger will be upon execution by the parties thereto a valid and binding obligation of Security Acquisition, enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting the rights of creditors generally and by general equitable principles. Except as set forth in Schedule 5.6, neither the execution and delivery by Security Acquisition of the Agreement of Merger, nor the consummation of the transactions contemplated therein, nor compliance by Security Acquisition with any of the provisions thereof will (a) conflict with or result in a breach of any provision of its Charter Documents; (b) except for approval by the shareholder of Security Acquisition and the prior approval of the FRB, the Comptroller or the FDIC, require any Consents; (c) result in the creation or imposition of any Encumbrance on any of the properties or assets of Interim Bank; or (d) subject to obtaining the Consents referred to in subsection (b) of this Section 5.6, and the expiration of any waiting period, violate any Rules to which Interim Bank is subject.

5.7 CRA Standing. To the best knowledge of CBB, CBB's compliance under the CRA should not constitute grounds for either the denial by any Governmental Entity of any application to consummate the transactions contemplated by this Agreement or the imposition of a materially burdensome condition in connection with the approval of any such application.

5.8 Regulatory Approvals. To the best knowledge of CBB, CBB has no reason to believe that it would not receive all required approvals from any Governmental Entity of any application to consummate the transactions contemplated by this Agreement without the imposition of a materially burdensome condition in connection with the approval of any such application.

5.9 Accuracy and Correctness of Information Furnished. The representations and warranties made by CBB hereby contain no statements of fact which are untrue and misleading, or omit to state any intended fact which is necessary under the circumstances to prevent the statement contained herein from being misleading.

5.10 Effective Date of Representations and Warranties. Each representation and warranty of CBB set forth in this Agreement shall be deemed to be made on and as of the date hereof and as of the Effective Time of the Bank Merger.

Article 6

COVENANTS OF BANCORP AND WESTERN PENDING

EFFECTIVE TIME OF THE MERGER

Bancorp and Western covenant and agree with CBB as follows:

6.1 Limitation on Conduct Prior to Effective Time of the Merger. Between the date hereof and the Effective Time of the Merger, except as contemplated by this Agreement and subject to requirements of law and regulation, Bancorp and Western agree to conduct their respective businesses (and to cause each of the Bancorp Subsidiaries to conduct their respective businesses) in the ordinary course in substantially the manner heretofore conducted and in accordance with sound business and banking practices, and Bancorp or Western shall not (and shall cause each of the Bancorp Subsidiaries to not), without the prior written consent of CBB, which consent shall not be unreasonably withheld:

6.1.1 issue, sell or grant any Bancorp Stock (except pursuant to the exercise of Bancorp Options or Bancorp Warrants outstanding as of the date hereof), any other securities (including long-term debt) of Bancorp, Western or any Bancorp Subsidiary, or any rights, stock appreciation rights, options or securities to acquire any Bancorp Stock, or any other securities (including long-term debt) of Bancorp, Western or any of the Bancorp Subsidiaries;

6.1.2 declare, set aside or pay any dividend or make any other distribution upon or split, combine or reclassify any shares of capital stock or other securities of Bancorp, Western or any Bancorp Subsidiary;

6.1.3 except as required pursuant to Section 2.7, purchase, redeem or otherwise acquire any capital stock or other securities of Bancorp, Western or any Bancorp Subsidiary or any rights, options, or securities to acquire any capital stock or other securities of Bancorp, Western or any Bancorp Subsidiary;

6.1.4 except as may be required to effect the transactions contemplated herein, amend their respective Charter Documents;

6.1.5 grant any general or uniform increase in the rate of pay of employees or employee benefits, except in the ordinary course of business consistent with past practice;

6.1.6 grant any increase in salary, incentive compensation or employee benefits or pay any bonus to any Person except in the ordinary course of business consistent with past practice, and pursuant to any written contractual obligations as of the date hereof, or voluntarily accelerate the vesting of any employee benefits, and except as provided in Article 12 of this Agreement;

6.1.7 make any capital expenditure or commitments with respect thereto in excess of \$25,000 in the aggregate, except for ordinary repairs, renewals and replacements;

6.1.8 compromise or otherwise settle or adjust any assertion or claim of a deficiency in taxes (or interest thereon or penalties in connection therewith), extend the statute of limitations with any tax authority or file any pleading in court in any tax litigation or any appeal from an asserted deficiency, or file or amend any federal, foreign, state or local tax return, or make any tax election;

6.1.9 grant, renew or commit to grant or renew any extension of credit, or purchase or commit to purchase any participation in any extension of credit, if such extension of credit, together with all other credit then outstanding to the same Person and all Affiliated Persons, would exceed the greater of \$100,000 (consent shall be deemed granted if within three business days of written notice delivered to CBB's Chief Lending Officer, notice of objection is not received by Bancorp);

6.1.10 change its tax or accounting policies and procedures or any method or period of accounting unless required by generally accepted accounting principles or a Governmental Entity;

6.1.11 grant or commit to grant any extension of credit or amend the terms of any such credit outstanding on the date hereof to any executive officer, director or holder of 10% or more of the outstanding Bancorp Stock, or any Affiliate of such Person, if such credit would exceed \$100,000 (consent shall be deemed granted if within three business days of written notice delivered to CBB's Chief Lending Officer, notice of objection is not received by Bancorp);

6.1.12 close any offices at which business is conducted or open any new offices;

6.1.13 adopt or enter into any new employment agreement or other employee benefit plan or arrangement or amend or modify any employment agreement or employee benefit plan or arrangement of any such type except for such amendments as are required by law;

6.1.14 initiate, solicit or encourage (including by way of furnishing information or assistance), or take any other action intended to facilitate, any inquiries or the making of any proposal which constitutes, or may reasonably be expected to lead to, any Competing Transaction (as such term is defined below), or negotiate with any person in furtherance of such inquiries or to obtain a Competing Transaction, or agree to or endorse any Competing Transaction, or authorize or permit any of Bancorp's or Western's officers, directors or employees or any investment banker, financial advisor, attorney, accountant or any other representative retained by either of them or any of its Affiliates to take any such action, and Bancorp shall promptly notify CBB (orally and in writing) of all of the relevant details relating to all inquiries and proposals which it may receive relating to any of such matters. For purposes of this Agreement, "Competing Transaction" shall mean any of the following involving Bancorp or Western: any merger, consolidation, share exchange or other business combination; a sale, lease, exchange, mortgage, pledge, transfer or other disposition of assets of Bancorp or Western representing 10% or more of the consolidated assets of Bancorp or Western; a sale of shares of capital stock (or securities convertible or exchangeable into or otherwise evidencing, or any agreement or instrument evidencing, the right to acquire capital stock), representing 10% or more of the voting power of Bancorp or Western; a tender offer or exchange offer for at least 10% of the outstanding shares of Bancorp; a solicitation of proxies in opposition to approval of the Merger by Bancorp's shareholders; or a public announcement of an unsolicited bona fide proposal, plan, or intention to do any of the foregoing. Bancorp and Western will immediately cease and cause to be terminated any existing activities, discussions or negotiations with any party (other than CBB) conducted heretofore with respect to the foregoing. Bancorp agrees that it shall notify CBB immediately if any such inquiries, proposals or offers are received by, any such information is requested from, or any such negotiations or discussions are sought to be initiated or continued with Bancorp and Western. Bancorp also agrees that it shall promptly request each other person, other than CBB, that has heretofore executed a confidentiality agreement in connection with its consideration of acquiring Bancorp or Western, to return all confidential information heretofore furnished to such person by or on behalf of Bancorp or Western and enforce any such confidentiality agreements. Notwithstanding any other provision in this Section 6.1.14 or elsewhere in this Agreement, nothing herein shall prevent Bancorp or Western from (i) engaging in any discussions or negotiations with, or providing any information to, any Person in response to an unsolicited bona fide written proposal concerning a Competing Transaction by any such Person or (ii) recommending such an unsolicited bona fide written proposal concerning a Competing Transaction to the holders of Bancorp Stock if, and only if, prior to participating in any of the foregoing, (A) the Board of Directors of Bancorp and Western concludes in good faith that the Competing Transaction, if consummated, would result in a transaction more favorable to the holders of Bancorp Stock than the transaction contemplated by this Agreement (any such more favorable transaction being referred to herein as a "Superior Proposal"); (B) the Board of Directors of Bancorp and Western determine in good faith based upon the advice of outside counsel that participating in any such action is necessary to act in a manner not inconsistent with their fiduciary duties under applicable law; and (C) at least forty-eight hours prior to providing any information or data to any Person or entering into discussions or negotiations with any Person, the Board of Directors of Bancorp and Western notifies CBB of such inquiries, proposals or offers received by, any such information requested from, or any such discussions or negotiations sought to be initiated or continued with Bancorp or Western.

6.1.15 make any material change in any basic policies and practices with respect to pricing of loans, deposits and services, liquidity management and cash flow planning, marketing, deposit origination, lending, budgeting, profit and tax planning, personnel practices or any other material aspect of Bancorp's, Western's or any of the Bancorp Subsidiaries' business or operations;

6.1.16 grant any Person a power of attorney or similar authority;

6.1.17 make any investment by purchase of stock or securities (including an Investment Security), contributions to capital, property transfers or otherwise in any other Person, except for federal funds or obligations of the United States Treasury or an agency of the United States Government the obligations of which are entitled to or implied to have the full faith and credit of the United States government and which have an original maturity not in excess of one year, or bank qualified investment grade municipal bonds, in any case, in the ordinary course of business consistent with past practices and which are not designated as trading;

6.1.18 amend or modify any Scheduled Contract or enter into any agreement or contract that would be a Scheduled Contract under Section 4.10;

6.1.19 sell, transfer, mortgage, encumber or otherwise dispose of any assets or release or waive any claim, except in the ordinary course of business and consistent with past practices, provided, however, Western may transfer any Western owned automobiles to its employees or directors, so long as Western accrues, as of the date of such transfer(s), for the book value of such automobile(s) as a Transaction Cost;

6.1.20 take any action which would or is reasonably likely to (i) adversely affect the ability of CBB, Bancorp or Western to obtain any necessary approval of any Governmental Entity required for the transactions contemplated hereby; (ii) adversely affect Bancorp's ability to perform its covenants and agreements under this Agreement; or (iii) result in any of the conditions to the performance of CBB's or Bancorp's obligations hereunder, as set forth in Articles 9 or 10 herein not being satisfied;

6.1.21 make any special or extraordinary payments to any Person in an aggregate amount to that Person;

6.1.22 reclassify any Investment Security from hold-to-maturity or available for sale to trading;

6.1.23 sell any security other than in the ordinary course of business, or engage in gains trading;

6.1.24 take title to any real property without conducting prior thereto an environmental investigation, which investigation shall disclose the absence of any suspected environmental contamination;

6.1.25 take or cause to be taken any action which would disqualify either the Merger as a qualified stock purchase within the meaning of Section 338 of the Code, the Second Merger or the Bank Merger as a tax free liquidation within the meaning of Section 332 of the Code;

6.1.26 settle any claim, action or proceeding involving any material liability for monetary damages or enter into any settlement agreement containing material obligations;

6.1.27 make, acquire a participation in, or reacquire an interest in a participation sold of, any loan that is not in compliance with its normal credit underwriting standards, policies and procedures as in effect on December 31, 2001; or renew, extend the maturity of, or alter any of the material terms of any such loan for a period of greater than six months;

6.1.28 incur any indebtedness for borrowed money or assume, guaranty, endorse or otherwise as an accommodation become responsible for the obligations of any other person, except for (i) in connection with banking transactions with banking customers in the ordinary course of business, or (ii) short-term borrowings made at prevailing market rates and terms; or

6.1.29 agree or make any commitment to take any actions prohibited by this Section 6.1.

6.2 Affirmative Conduct Prior to Effective Time of the Merger. Between the date hereof and the Effective Time of the Merger, -----
Bancorp and Western shall (and shall cause each of the Bancorp Subsidiaries to):

6.2.1 use their commercially reasonable efforts consistent with this Agreement to maintain and preserve intact its present business organization and to maintain and preserve its relationships and goodwill with account holders, borrowers, employees and others having business relationships with Bancorp, Western and each of the Bancorp Subsidiaries;

6.2.2 use their commercially reasonable efforts to keep in full force and effect all of the existing material permits and licenses of Bancorp, Western and each of the Bancorp Subsidiaries;

6.2.3 use their commercially reasonable efforts to maintain insurance coverage at least equal to that now in effect on all properties for which it is responsible and on its business operations;

6.2.4 perform their contractual obligations and not become in default on any such obligations;

6.2.5 duly observe and conform in all respects to all lawful requirements applicable to their business;

6.2.6 maintain their assets and properties in good condition and repair, normal wear and tear excepted;

6.2.7 promptly upon learning of such information, advise CBB in writing of any event or any other transaction within its knowledge whereby any Person or Related Group of Persons acquires, directly or indirectly, record or beneficial ownership or control (as defined in Rule 13d-3 promulgated by the SEC under the Exchange Act) of 5% or more of the outstanding Bancorp Stock prior to the record date fixed for the Bancorp Shareholders' Meeting or any adjourned meeting thereof to approve this Agreement and the transactions contemplated herein;

6.2.8 promptly notify CBB regarding receipt from any tax authority of any notification of the commencement of an audit, any request to extend the statute of limitations, any statutory notice of deficiency, any revenue agent's report, any notice of proposed assessment, or any other similar notification of potential adjustments to the tax liabilities of Bancorp, Western or any of the Bancorp Subsidiaries on a consolidated basis, or any actual or threatened collection enforcement activity by any tax authority with respect to tax liabilities of Bancorp, Western or any of the Bancorp Subsidiaries on a consolidated basis;

6.2.9 make available to CBB monthly unaudited balance sheets and income statements of Bancorp within 25 days after the close of each calendar month;

6.2.10 use commercially reasonable efforts to obtain the Consent of any third-party with respect to any contract, agreement, lease, license, arrangement, permit or release that is material to the business of Bancorp, Western or any of the Bancorp Subsidiaries or that is contemplated in this Agreement as required in connection with the Merger, the Second Merger or the Bank Merger;

6.2.11 maintain an allowance for loan and lease losses consistent with practices and methodology as in effect on the date of the execution of this Agreement;

6.2.12 use their respective commercially reasonable efforts to take all actions or cause to be done, all things necessary, proper or advisable under applicable Rules to consummate the transactions contemplated by this Agreement as promptly as practicable including cooperation in the preparation of all applications identified in Section 7.2.

6.2.13 not later than the 10th day of each calendar month, amend or supplement the Bancorp Schedules prepared and delivered pursuant to Article 4 to ensure that the information set forth in the Bancorp Schedules accurately reflects the then-current status of Bancorp, Western and the Bancorp subsidiaries. Bancorp shall further amend or supplement the Bancorp Schedules as of the Closing Date if necessary to reflect any additional information that needs to be included in the Bancorp Schedules.

6.3 Access to Information.

6.3.1 Bancorp and Western will afford, upon reasonable request, to CBB and its representatives, counsel, accountants, agents and employees (collectively, the "Representatives") access during normal business hours to all of their business, operations, properties, books, files and records and will do everything reasonably necessary to enable CBB and its Representatives, counsel, accountants, agents and employees to make a complete examination of the financial statements, business, assets and properties of Bancorp, Western and each of the Bancorp Subsidiaries and the condition thereof and to update such examination at such intervals as CBB shall deem appropriate. Without limiting the foregoing, CBB and its Representatives shall have the right (i) to review all of Bancorp's, Western's and the Bancorp Subsidiaries' properties, books, records, loans and leases, operating reports, audit reports, operation instructions and procedures, tax returns, tax settlement letters, contracts and documents, and all other information with respect to their respective business affairs, financial condition, assets and liabilities, (ii) to make copies of such books, records and other documents and (iii) to discuss its business affairs, condition (financial and otherwise), assets and liabilities with Bancorp's, Western's and each of the Bancorp Subsidiaries' directors, officers, accountants and counsel, as CBB considers necessary or appropriate for the purposes of familiarizing itself with the business and operations of Bancorp and Western, conducting an evaluation of the assets and liabilities of Bancorp and Western, determining whether to proceed with the transactions contemplated by this Agreement, determining the accuracy of the representations and warranties set forth in Article 4, obtaining any necessary orders, consents or approvals of the transactions contemplated by this Agreement by any Governmental Entity. Any such review shall be conducted in cooperation with the officers of Bancorp and Western and in such a manner to minimize any disruption of, or interference with, the normal business operations of Bancorp and Western. In addition, Bancorp and Western will cause H B to make available to CBB and its Representatives such personnel, work papers and other documentation of H B, relating to its work papers and its audits and examinations of the books and records of Bancorp, Western and each of the Bancorp Subsidiaries, or the tax returns of Bancorp as may be requested by CBB in connection with its review of the foregoing matters.

6.3.2 A representative of CBB, selected by CBB in its sole discretion, shall be authorized and permitted to review each loan, lease, or other credit funded or renewed by Bancorp, Western or any Bancorp Subsidiary after the date hereof, and all information associated with such loan, lease or other credit within three Business Days of such funding or renewal, such review to take place, if possible, on Bancorp's premises.

6.3.3 A representative of CBB, selected by CBB in its sole discretion, shall be permitted by Bancorp and Western to attend all regular and special Board of Directors' and committee meetings of Bancorp, Western and each of the Bancorp Subsidiaries from the date hereof until the Effective Time of the Merger; provided, however, that the attendance of such representative shall not be permitted at any meeting, or portion thereof, for the purpose of discussing the transactions contemplated or affected by this Agreement or the obligations of Bancorp and Western under this Agreement.

6.4 Filings. Bancorp and Western agree that through the Effective Time of the Merger, each of Bancorp's, Western's and the -----
Bancorp Subsidiaries' reports, registrations, statements and other filings required to be filed with any applicable Governmental Entity will comply in all material respects with all the applicable statutes, rules and regulations enforced or promulgated by the

Governmental Entity with which it will be filed and none will contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Any financial statement contained in any such report, registration, statement or other filing that is intended to present the financial position of the entity to which it relates will fairly present the financial position of such entity and will be prepared in accordance with generally accepted accounting principles or applicable banking regulations consistently applied during the periods involved, except where any misstatement or omission would not make the statements therein, in light of the circumstances under which they were made, misleading.

6.5 Notices; Reports. Bancorp and Western will promptly notify CBB of any event of which either of them obtains knowledge which

has had or may reasonably be expected to have a material adverse effect on the business, financial condition, results of operations, or prospects of Bancorp, Western or any of the Bancorp Subsidiaries, or in the event that Bancorp or Western determines that it is unable to fulfill any of the conditions to the performance of CBB's obligations hereunder, as set forth in Articles 9 or 11 herein. Bancorp and Western will promptly notify CBB of any notice by any Governmental Entity of the initiation of any enforcement action or civil money penalty against Bancorp, Western or any Bancorp Subsidiary or any adverse change in the CRA rating of Western that materially and adversely affects the ability of Bancorp or Western to consummate the transactions contemplated herein. Bancorp will furnish CBB (i) as soon as available, and in any event within one Business Day after it is mailed or delivered to the Board of Directors of Bancorp, Western or the Bancorp Subsidiaries or committees thereof, any report by Bancorp or Western for submission to the Board of Directors of Bancorp, Western or the Bancorp Subsidiaries or committees thereof, provided, however, that Bancorp need not furnish to CBB communications of Bancorp's legal counsel regarding Bancorp's rights and obligations under this Agreement or the transactions contemplated hereby, or books, records and documents covered by confidentiality agreements or the attorney-client privilege, or which are attorneys' work product, (ii) as soon as available, all proxy statements, information statements, financial statements, reports, letters and communications sent by Bancorp to its shareholders or other security holders, and all reports filed by Bancorp, Western or any of the Bancorp Subsidiaries with the FRB, the FDIC, the OCC, the DFI or any Governmental Entity, and (iii) such other existing reports as CBB may reasonably request relating to Bancorp, Western or the Bancorp Subsidiaries. Each of the financial statements delivered pursuant to subsection (ii) of this Section 6.5 shall (i) be prepared in accordance with generally accepted accounting principles on a basis consistent with that of the audited Financial Statements of Bancorp; (ii) set forth adequate reserves for loan losses and other contingencies; and (iii) be accompanied by a certificate of the Chief Financial Officer of Bancorp to the effect that such financial statements fairly present the financial condition and results of operations of Bancorp for the periods covered, and reflect all adjustments (which consist only of normal recurring adjustments) necessary for a fair presentation thereof. Bancorp and Western agree that through the Effective Time of the Merger, each of its respective filings and the filings of each of the Subsidiaries; (i) will comply in all material respects with all of the Rules enforced or promulgated by the Governmental Entity with which it will be filed; and (ii) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading. Any financial statement contained in any of such filings that is intended to present the financial position of the entity to which it relates will fairly present the financial position of such entity and will be prepared in accordance with generally accepted accounting principles or banking regulations consistently applied during the period involved.

6.6 Bancorp Shareholders' Meeting. Promptly after the execution of this Agreement, Bancorp will take action necessary in

accordance with applicable law and its Articles of Incorporation and Bylaws to convene a meeting of its shareholders to consider and vote upon this Agreement and the transactions contemplated hereby so as to permit the consummation of the transactions contemplated hereby. The Board of Directors of Bancorp shall, subject to its fiduciary duties, recommend that its shareholders approve this Agreement and the transactions contemplated hereby, and the Board of Directors of Bancorp shall, subject to its fiduciary duties, use its best efforts to obtain the affirmative vote of the holders of the largest possible percentage of the outstanding Bancorp Stock to approve this Agreement and the transactions contemplated hereby.

6.7 Certain Loans and Other Extensions of Credit. Bancorp will promptly inform CBB of the amounts and categories of any loans,

leases or other extensions of credit that have been classified by any Governmental Entity or by any unit of Bancorp, Western or any of the Bancorp Subsidiaries or by any other Person as "Criticized," "Specially Mentioned," "Substandard," "Doubtful," "Loss" or any comparable classification ("Classified Credits"). Bancorp will furnish CBB, as soon as practicable, and in any event within 5 Business Days after the end of each calendar month, schedules including the following:

- (a) classified credits, showing with respect to each such credit the classification category, credit type and office;
- (b) nonaccrual credits, showing with respect to each such credit the credit type and office;
- (c) accrual exception credits that are delinquent 90 or more days and have not been placed on nonaccrual status, showing with respect to each such credit the credit type and office;
- (d) delinquent credits, showing with respect to each such credit the credit type, office and an aging schedule broken down into 30-59, 60-89, 90-119 and 120+ day categories;
- (e) loan and lease participations, stating, with respect to each, whether it was purchased or sold, and the loan or lease type;
- (f) loans or leases (including any commitments) by Bancorp, Western or any Bancorp Subsidiary to any director, officer, or employee of Bancorp, Western or any Bancorp Subsidiary, or any shareholder holding 5% or more of the Bancorp Stock, including with respect to each such loan or lease, the identity and, to the best knowledge of Bancorp and Western, the relation of the borrower to one of the foregoing entities, the loan or lease type and the outstanding and undrawn amounts;
- (g) letters of credit, showing with respect to each letter of credit the credit type and office;
- (h) loans or leases charged off during the previous month, showing with respect to each such loan or lease, the credit type and office;
- (i) loans or leases written down during the previous month, including with respect to each such loan or lease, the credit type and office;
- (j) other real estate or assets owned, stating with respect to each its credit type;
- (k) a reconciliation of the allowance for loan and lease losses, identifying specifically the amount and sources of all additions and reductions to the allowance (which may be by reference to specific portions of another schedule furnished pursuant to this Section 6.7 and, in the case of unallocated adjustments, shall disclose the methodology and calculations through which the amount of such adjustment was determined);
- (l) extensions of credit originated on or after the date of the schedule previously provided to CBB (or, if it is the first such schedule, the date of this Agreement) and before the date of the schedule in which reported, showing with respect to each, the credit type and the office; and
- (m) renewals or extensions of maturity of outstanding extensions of credit, showing with respect to each, the credit type and the office.

6.8 Applications. Subject to Section 7.2, Bancorp will promptly prepare or cause to be prepared the Proxy Statement and any

other applications CBB deems necessary to consummate the transactions contemplated hereby, and further agrees to provide any information requested by CBB for the preparation of any applications necessary to consummate the transactions contemplated hereby. Bancorp shall afford CBB a reasonable opportunity to review the portions of the Proxy Statement pertaining to CBB and all such applications and all amendments and supplements thereto before the filing thereof. Bancorp and Western covenant and agree that, with respect to the information relating to Bancorp or Western, the Proxy Statement will comply in all material respects with the

provisions of applicable law, and will not contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading. Bancorp and Western will use their commercially reasonable efforts to obtain all regulatory approvals or consents necessary to effect the Merger, the Second Merger and the Bank Merger and the transactions contemplated herein.

6.9 Cash Payment for Stock Options and Warrants; Termination of Bancorp Option Plans. Prior to the Effective Time of the Merger, Bancorp shall (a) use its best efforts to cause each holder of Bancorp Options and Bancorp Warrants to enter into an agreement providing for the cancellation of such options and warrants immediately prior to the Effective Time of the Merger and (b) take all actions necessary to terminate the Bancorp Option Plans, the Bancorp Options and the Bancorp Warrants, such termination to be effective at the Effective Time of the Merger. Each holder of such canceled Option or Warrant shall acknowledge that upon payment of such amount, no further liability shall accrue to Bancorp or any successor thereto.

6.10 Second Merger and Bank Merger. Bancorp and Western shall, at the request of CBB, (i) take all necessary corporate and other action, to adopt and approve the Second Merger and the Bank Merger, (ii) execute, deliver, and, where appropriate, file any and all documents necessary or desirable to permit the Second Merger and the Bank Merger immediately following the Merger, and (iii) take and cause to be taken any other action to permit the consummation of transactions contemplated in connection with the Second Merger and the Bank Merger. Neither Bancorp nor Western shall take, or cause any of the Bancorp Subsidiaries to take, any action that would prevent such performance.

6.11 Any Bancorp Subsidiary. At the request of CBB, Bancorp shall promptly take any other action necessary to merge any Bancorp Subsidiary into Western or Bancorp, dissolve any Bancorp Subsidiary as a corporation or spin-off of such Bancorp Subsidiary to the shareholders of Bancorp, on terms satisfactory to CBB.

6.12 Disposition of Employee Benefit Plans. Except as otherwise contemplated by this Agreement, Bancorp and Western shall take all actions necessary to cause, on or before the Closing Date and on terms reasonably acceptable to CBB, (i) the termination of all of its Plans, including, but not limited to, the Bancorp 401(k) and Employee Stock Ownership Plan and (ii) payment of all benefits payable under such Plans..

6.13 Pre-Closing Adjustments. In addition to the adjustments otherwise required by this Agreement, at or before the Effective Time of the Merger, Bancorp and Western shall make such additional accounting entries or adjustments, including charge-offs of loans, as CBB shall direct in order to implement its plans following the closing or to reflect expenses and costs related to the Merger and the Bank Merger; provided, however, (a) Bancorp and Western shall not be required to take such additional actions more than one business day prior to the Merger or prior to the time CBB agrees in writing that all of the conditions to its obligations to close as set forth in Article 11 have been satisfied or waived and (b) based upon consultation with counsel and accountants for Bancorp and Western, no such additional adjustment shall (i) require any filing with any Governmental Entity or (ii) violate any Rule applicable to Bancorp or Western. The recording of any such additional adjustment shall not be deemed to imply any misstatement of previously furnished financial statements or information.

6.14 Disposition of Assets. At least thirty (30) Business Days prior to the Determination Date, Bancorp and Western shall have used their respective best efforts to have entered into (or to cause WSMC, WSCDC and SP to have entered into), in good faith, agreements (the "Asset Sale Agreements") for the sale of the assets and liabilities of WSMC, WSCDC and SP (the "Unretained Assets") whether by asset purchase, merger, consolidation or stock sale, such that all of the assets and liabilities of such companies shall be sold to a third party(ies) prior to the Effective Time of the Merger. Such agreements shall be in form and substance reasonably acceptable to CBB.

6.15 Prepayment of Notes. Prior to the Effective Time of the Merger, Bancorp shall use its best efforts to satisfy all of Bancorp's obligations under the Notes and to terminate the Note Agreements and any and all Encumbrances securing Bancorp's obligations under the Notes, including, but not limited to, Encumbrances on the capital stock of Western. In the event Bancorp is unable to satisfy its obligations under the Notes, Bancorp shall use its best efforts to do all things necessary and proper so that CBB can satisfy all of Bancorp's obligations under the Notes upon the Effective Time of the Merger, including, but not limited to, providing all requisite notices under the terms of the Note Agreements, arranging for the release of all Encumbrances on the assets of Bancorp securing the Notes upon satisfaction of Bancorp's obligations under the Notes and preparation of all requisite certificates and documents under the Note Agreements to terminate such agreements on the Closing Date.

6.16 Salary Continuation Agreements. Prior to the Effective Time of the Merger, Western shall use its best efforts to amend the Salary Continuation Agreements (the "Salary Continuation Agreements") between Western and each of Joseph Demieri, Jerome E. Farley, John Bell, Edward Mylett (collectively, the "Current Executives") and William J. Brosnan (Brosnan, with the Current Executives, the "Named Executives"), a list of which is set forth on Schedule 6.16 hereto, to provide that upon consummation of the transactions contemplated hereby, each of the Named Executives (or their spouses or estates, in the event of death of the Named Executive) shall be entitled to receive the following respective amounts payable on the last day of every month for a period of one hundred eighty (180) months following the Effective Time of the Merger: Messrs. Bell, \$10,000; Farley, \$14,000; Mylett, \$11,500; Demieri, \$10,000 and Brosnan, \$6,666.67 in lieu of all other payments and benefits otherwise contemplated by the Salary Continuation Agreements; provided, however, that the amendment to the Salary Continuation Agreement for Mr. Mylett shall provide that the payments Mr. Mylett is entitled to pursuant to this Section shall not commence until Mr. Mylett reaches the age of 55. The amendments shall be in such form as is reasonably acceptable to CBB.

6.17 Employment Agreements. Prior to the Effective Time of the Merger, Western shall use its best efforts to amend the employment agreements (the "Employment Agreements") between Western and each of the Current Executives, a list of which is set forth on Schedule 6.17 hereto to provide that upon consummation of the Merger, each of the Current Executives' shall be entitled to receive the onetime severance benefit contemplated by the Letter Agreement referred to in Article XII hereof, in lieu of all other payments and benefits otherwise contemplated by the Employment Agreements. The amendments shall be in such form as is reasonably acceptable to CBB.

6.18 Lease for Branch. Prior to the Effective Time of the Merger, Bancorp and Western shall use their respective best efforts to have the Person who shall become the owner of the building located at 4100 West Alameda Avenue, Burbank, California 91505 upon the sale of SP, enter into a lease with CBB for such location, effective as of the Effective Time of the Bank Merger, for a term of no less than ten (10) years with two options to renew said lease for an additional five (5) years each, and on such other terms and conditions as are satisfactory to CBB in its sole discretion.

6.19 Insurance Coverage. Prior to the Effective Time of the Bank Merger, Bancorp and Western shall use its best efforts to obtain directors' and officers' liability insurance policies (the "Tail Insurance Coverage") covering, for a period of five (5) years following the Effective Time of the Bank Merger, the Covered Persons and any persons who become Covered Persons between the date hereof and the Effective Time of the Bank Merger. Such policy(ies) shall cover acts or omissions occurring prior to the Effective Time of the Bank Merger, and shall be no less protective in terms of coverage or limitations than that now possessed by Bancorp, Bank and the Bancorp Subsidiaries. Such coverage shall include, but not be limited to, acts relating to this Agreement.

6.20 Subordinated Notes. At or prior to the Effective Time of the Merger, Bancorp shall use its best efforts to amend the notes identified on Schedule 4.23 (the "Subordinated Notes") to provide that such notes can be prepaid by Bancorp, or any successor thereto, without penalty or additional expense at any time at or following the Effective Time of the Merger.

Article 7

COVENANTS OF CBB PENDING EFFECTIVE TIME OF THE MERGER

CBB covenants and agrees with Bancorp and Western as follows:

7.1 Limitation on Conduct Prior to Effective Time of the Merger. Between the date hereof and the Effective Time of the Merger, except as contemplated by this Agreement and subject to requirements of law and regulation generally applicable to California state banks, CBB shall not, without the prior written consent of Bancorp and Western, which consent shall not be unreasonably withheld, take any action which would or is reasonably likely to (i) adversely affect the ability of CBB to obtain any necessary approvals of any Governmental Entity required for the transactions contemplated hereby; (ii) adversely affect CBB's ability to perform its covenants and agreements under this Agreement; or (iii) result in any of the conditions to the performance of CBB's obligations hereunder, as set forth in Articles 9 or 11 herein not being satisfied.

7.2 Applications. CBB will promptly prepare and file or cause to be prepared and filed (i) an application for approval of the Merger with the FDIC, FRB and the DFI; (ii) an application for approval of the Second Merger with the FDIC, the FRB and the DFI; (iii) an application for approval of the Bank Merger with the FDIC and the DFI; and (iv) any other applications necessary to consummate the transactions contemplated hereby. CBB will use its commercially reasonable efforts to obtain all Consents necessary to effect the Merger, the Second Merger and the Bank Merger.

7.3 Notices; Reports. CBB will promptly notify Bancorp of any event of which CBB obtains knowledge which may materially and adversely affect the ability of CBB to consummate the transactions contemplated herein.

7.4 Organization of Security Acquisition. CBB will promptly organize Security Acquisition as a California corporation pursuant to the CGCL, appoint its directors and officers thereof and cause it to enter into the Agreement of Merger.

7.5 Regulatory Proceedings Regarding CBB. CBB will promptly notify Bancorp and Western of any notice by any Governmental Entity or the initiation of any enforcement action or civil money penalty action against CBB or any adverse change in the CRA rating of CBB that materially and adversely affects the ability of CBB to consummate the transactions contemplated herein.

Article 8

ADDITIONAL COVENANTS

The parties hereto hereby mutually covenant and agree with each other as follows:

8.1 Best Efforts. Subject to the terms and conditions of this Agreement, each party will use its best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate the transactions contemplated by this Agreement as promptly as practical, including cooperation in preparation of the Applications identified in Section 6.8 and 7.2 of this Agreement. Each party will use its best efforts to resolve and correct all typographical or other administrative errors which may arise in or relating to this Agreement or in the other documents prepared or executed in connection herewith.

8.2 Public Announcements. No press release or other public disclosure of matters related to this Agreement or any of the transactions contemplated hereby shall be made by CBB, Bancorp, Western or any of their Affiliates, unless the other Parties shall have provided their prior consent to the form and substance thereof; provided, however, that nothing herein shall be deemed to prohibit any Party hereto, following notice to the other Party, from making any disclosure which its counsel deems necessary or advisable in order to fulfill such Party's disclosure obligations imposed by law.

8.3 Environmental Assessment and Remediation. CBB may cause to be prepared at CBB's sole cost and expense within 60 days of the date of this Agreement one or more phase I environmental investigations with respect to the Real Property set forth on Schedule

4.11. In the event any such phase I environmental investigation report, or any such report which Bancorp or Western has already obtained on any of the Real Property set forth on Schedule 4.11, discloses facts which, in the sole discretion of CBB, warrant further investigation, CBB shall provide written notice to Bancorp, and Bancorp shall be required to cause to be completed within 30 days of such written notice, at the sole cost and expense of CBB, a phase II environmental investigation and report with respect to such property. The consultant engaged by Bancorp to conduct such investigation and provide such report shall be acceptable to CBB. CBB shall have 10 days from the receipt of such investigation report to object thereto, which objection shall be by written notice. In the event of any such objection, CBB shall engage an environmental consultant satisfactory to Bancorp who shall provide an estimate of the cost of taking any remedial action recommended or suggested in such phase II environmental investigation report, or which is required by law, or which is determined to be prudent by CBB, in its sole discretion, and, unless the estimated cost of such Remediation for which an independent third-party consultant, jointly selected by Bancorp and CBB, would determine Bancorp or Western would be responsible for paying is in excess of \$100,000 (and written notice thereof provided by Bancorp to CBB) Bancorp shall immediately commence such Remediation, all at the sole cost and expense of Bancorp. In the event such environmental consultant determines that the estimated cost of such remediation for which an independent third party consultant, jointly selected by Bancorp and CBB would determine Bancorp or Western would be responsible for paying is in excess of \$100,000, CBB shall have the right to terminate the Agreement pursuant to Section 13.1.11 hereof before the expiration of 20 days from the date of such written notice.

CBB agrees to keep confidential and not to disclose any nonpublic information obtained in the course of such environmental investigation relating to environmental contamination or suspected contamination of any property on Schedule 4.11, except as required by law.

Article 9

CONDITIONS PRECEDENT TO THE MERGER

The obligations of each of the Parties hereto to consummate the transactions contemplated herein are subject to the satisfaction, on or before the Closing Date, of the following conditions:

9.1 Shareholder Approval. The Agreement and the transactions contemplated hereby shall have received all requisite approvals of

the shareholders of Bancorp, Western and Security Acquisition.

9.2 No Judgments or Orders. No Rule shall be outstanding or threatened by any Governmental Entity which prohibits or restricts the effectuation of, or threatens to invalidate or set aside, the Merger, the Second Merger or the Bank Merger substantially in the form contemplated by this Agreement, unless counsel to the party against whom such action or proceeding was instituted or threatened renders to the other parties hereto an opinion that such Rule is without merit.

9.3 Regulatory Approvals. To the extent required by applicable law or regulation, all approvals or consents of any Governmental Entity, including, without limitation, those of the FRB, the OCC, the FDIC and the DFI shall have been obtained or granted for the Merger, the Second Merger and the Bank Merger and the transactions contemplated hereby and the applicable waiting period under all Rules shall have expired. All other statutory or regulatory requirements for the valid completion of the transactions contemplated hereby shall have been satisfied.

Article 10

CONDITIONS PRECEDENT TO THE OBLIGATIONS OF BANCORP AND WESTERN

All of the obligations of Bancorp to effect the transactions contemplated hereby shall be subject to the satisfaction, on or before the Closing Date, of the following conditions, any of which may be waived in writing by Bancorp and Western:

10.1 Legal Opinion. Bancorp and Western shall have received the opinion of Manatt, Phelps Phillips, LLP, dated as of the Closing Date, substantially in the Form of Exhibit F.

10.2 Representations and Warranties; Performance of Covenants. All the covenants, terms and conditions of this Agreement to be complied with and performed by CBB on or before the Closing Date shall have been complied with and performed in all material respects. Each of the representations and warranties of CBB contained in Article 5 hereof shall have been true and correct in all material respects (except that where any statement in a representation or warranty expressly includes a standard of materiality, such statement shall be true and correct in all respects) on and as of the date of this Agreement and (except to the extent such representations and warranties speak as of an earlier date or for changes expressly contemplated by this Agreement) on and as of the Closing Date, with the same effect as though such representations and warranties had been made on and as of the Closing Date.

10.3 Authorization of Merger. All actions necessary to authorize the execution, delivery and performance of this Agreement and the Agreement of Merger by CBB and Security Acquisition and the consummation of the transactions contemplated hereby and thereby shall have been duly and validly taken by the Board of Directors of CBB and Security Acquisition, as required by applicable law, and Security Acquisition shall have full power and right to merge pursuant to the Agreement of Merger.

10.4 Officers' Certificate. There shall have been delivered to Bancorp on the Closing Date a certificate executed by the Chief Executive Officer and the Chief Financial Officer of CBB certifying, to the best of their knowledge, compliance with all of the provisions of Sections 10.2 and 10.3.

Article 11

CONDITIONS PRECEDENT TO OBLIGATIONS OF CBB

All of the obligations of CBB to effect the transactions contemplated hereby shall be subject to the satisfaction, on or before the Closing Date, of the following conditions, any of which may be waived in writing by CBB:

11.1 Legal Opinion. CBB shall have received the opinion of Horgan, Rosen, Beckham Cohen, attorneys for Bancorp and Western, or such other counsel reasonably acceptable to CBB, dated as of the Closing Date, substantially in the form of Exhibit G.

11.2 Representations and Warranties; Performance of Covenants. All the covenants, terms and conditions of this Agreement to be complied with and performed by Bancorp and Western at or before the Closing Date shall have been complied with and performed in all material respects. Each of the representations and warranties of Bancorp and Western contained in Article 4 hereof shall have been true and correct in all material respects (except that where any statement in a representation or warranty expressly includes a standard of materiality, such statement shall be true and correct in all respects) on and as of the date of this Agreement and (except to the extent such representations and warranties speak as of an earlier date or for changes expressly contemplated by this Agreement) on and as of the Closing Date, with the same effect as though such representations and warranties had been made on and as of the Closing Date. It is understood and acknowledged that the representations being made on and as of the Closing Date shall be made without giving effect to any update with respect to the Bancorp Schedules in accordance with Section 6.2.13.

11.3 Authorization of Mergers. All actions necessary to authorize the execution, delivery and performance of this Agreement, the Agreement of Merger and the Agreement of Second Merger by Bancorp and of the Agreement of Bank Merger by Western, and the consummation of the transactions contemplated hereby and thereby shall have been duly and validly taken by the Board of Directors and shareholders of Bancorp and Western, as appropriate, and Bancorp and Western shall have full power and right to merge pursuant to the Agreement of Merger, the Agreement of Second Merger and the Agreement of Bank Merger, respectively.

11.4 Regulatory Approvals and Related Conditions. Any and all Consents of any Governmental Entity which are necessary to consummate the Merger, the Second Merger, the Bank Merger or any other transactions contemplated hereby shall have been granted without the imposition of any condition which CBB deems, in its sole and absolute opinion, to materially adversely affect it or be materially burdensome.

11.5 Third-Party Consents. Bancorp, Western and each Bancorp Subsidiary shall have obtained all Consents of other parties to their respective mortgages, notes, leases, franchises, agreements, licenses and permits as may be necessary to permit the Merger, the Second Merger and the Bank Merger and the transactions contemplated herein to be consummated without a default, acceleration, breach or loss of rights or benefits thereunder.

11.6 Absence of Certain Changes. Between the date of this Agreement and the Effective Time of the Merger, there shall not have occurred any event that has had or could reasonably be expected to have, individually, or in the aggregate, a material adverse effect on the business, financial condition, results of operations or prospects of Bancorp or Western whether or not such event, change or effect is reflected in the Bancorp Lists as amended or supplemented after the date of this Agreement.

11.7 Shareholder's Agreements. Concurrently with the execution of this Agreement, each director of Bancorp and Western shall

have executed and delivered to CBB agreements substantially in the form of Exhibit E hereto.

11.8 Agreements Not to Compete. Concurrently with the execution of this Agreement, each director of Bancorp and Western shall have executed and delivered to CBB agreements substantially in the form of Exhibit D hereto; provided, however, Edward Mylett shall have executed and delivered to CBB an agreement substantially in the form of Exhibit E-1.

11.9 Employee Benefit Plans; Salary Continuation Agreements and Employment Agreements. CBB shall have received satisfactory evidence that Bancorp has cooperated with CBB with respect to the Plans and has terminated such Plans that CBB has requested be terminated, including, but not limited to, the Bancorp 401(k) and Employee Stock Ownership Plan.

11.10 Salary Continuation Agreements and Employment Agreements. CBB shall have received satisfactory evidence that effective immediately prior to the Effective Time of the Merger, the Salary Continuation Agreements between Western and the Current Executives shall have been amended in accordance with Section 6.16 to provide that upon consummation of the transactions contemplated hereby, each of the Current Executives (or their spouses or estates) shall be entitled to receive, each month for a period of one hundred eighty (180) months following the Merger the amounts specified in Section 6.16. In addition, CBB shall have received satisfactory evidence that each of the Employment Agreements between Western and the Current Executives has been amended to provide that each of the Current Executives shall be entitled to receive the onetime severance benefit provided for in the Letter Agreement referred to in Article XII hereof, in lieu of all other payments and benefits otherwise contemplated by the Employment Agreements.

11.11 Stock Options and Warrants. CBB shall have received satisfactory evidence that all Bancorp Warrants, Bancorp Options and the Bancorp Stock Option Plans have been cancelled and terminated on terms and conditions satisfactory to CBB.

11.12 Dissenting Shares. The number of shares of Bancorp Stock for which demand is made to be Bancorp Perfected Dissenting Shares shall not exceed five percent (5%) of the outstanding Bancorp Stock as of the record date for the Bancorp shareholder meeting or record date of any consent solicitation for purposes of obtaining the approval of the Bancorp shareholders for the Merger.

11.13 Resignations. CBB shall have received evidence satisfactory to it that all directors and officers of Bancorp and Western and all directors and officers of each Bancorp Subsidiary have tendered their resignations to be effective at the Effective Time of the Merger.

11.14 Disposition of Assets. CBB shall have received evidence satisfactory to it that the assets and liabilities of WSMC, WSCDC and SP have been sold pursuant to the agreements identified Section 6.14.

11.15 Aggregate Purchase Price Certificate. CBB shall have received the Aggregate Purchase Price Certificate as provided in Section 2.4, and the matters contained therein shall have been agreed to by CBB.

11.16 Loan Loss Reserve. Bancorp shall have in effect on the Determination Date an allowance for loan and lease losses in an amount not less than the greater of the amount determined by the method customarily used by Bancorp and 2.5% of total outstanding loans of Bancorp on a consolidated basis.

11.17 Deposits and Loans. On the Determination Date, total average deposits of Bancorp on a consolidated basis for the three months preceding the Determination Date and the total average loans of Bancorp on a consolidated basis for the three months preceding the Determination Date, shall not be less than \$115 million and \$85.0 million, respectively.

11.18 Tax Opinion. CBB shall have received an opinion from Manatt, Phelps Phillips, LLP to the effect that (i) the Merger constitutes a qualified stock purchase under Section 338 of the Code, (ii) the Second Merger qualifies as a tax free subsidiary liquidation under Section 332 of the Code; (iii) the Bank Merger qualifies as a tax free subsidiary liquidation under the Code; and (iv) the Merger, the Second Merger and the Bank Merger will not result in the recognition of gain or loss for federal income tax purposes by CBB, Bancorp or Western.

11.19 Expense Report. At least five Business Days prior to the Determination Date, all attorneys, accountants, investment bankers and other advisors and agents for Bancorp and Western shall have submitted to Bancorp and Western (with a copy to CBB) estimates of their fees and expenses for all services rendered in any respect in connections with the transactions contemplated hereby and their reasonable estimates of the amounts of their fees and expenses they expect to incur prior to the Closing Date. Bancorp shall use such estimates in its determination of the Transaction Costs. Prior to the Closing Date (i) such advisors shall have submitted their final bills for such fees and expenses to Bancorp and Western for services rendered with a copy to be delivered to CBB, and based on such summary, Bancorp and Western shall have prepared and submitted a final calculation of such fees and expenses and (ii) Bancorp, Western or the Bancorp Subsidiaries, as applicable, shall have accrued and paid the amount of such fees and expenses as calculated above after CBB has been given an opportunity to review all such bills and the calculation of such fees and expenses, and (iii) such advisors shall have released Bancorp, Western or the Bancorp Subsidiaries, as appropriate, and the Surviving Bank from liability, or shall have advised them in writing that, upon payment in full of such amounts, they shall have no liability for any fees or expenses to such advisors.

11.20 Lease for Branch. Effective as of the Closing, CBB shall have entered into a lease for the branch located at 4100 West Alameda Avenue, Burbank, California 91505 with the owner of such branch for a term of no less than ten (10) years with two CBB options to renew said lease for an additional five (5) years each, and on such other terms and conditions as are satisfactory to CBB in its sole discretion.

11.21 Audited Financials. H B shall have audited the consolidated financial statements of Bancorp for the year ended December 31, 2001, and shall have delivered a copy of such audited financial statements to CBB immediately upon completion of their audit and audit procedures, but in no event less than five (5) Business Days prior to the Closing Date.

11.22 Tail Insurance Coverage. Bancorp and Western shall have obtained the Tail-Insurance Coverage, as provided in Section 6.19, on terms reasonably satisfactory to CBB.

11.23 Notes. Each of the holders of the Notes shall have submitted their respective Note(s) for redemption pursuant to the terms of the Note Agreements, so that upon payment of the Notes pursuant to Section 6.15 and effective as of the Closing: (i) all of Bancorp's obligations pursuant to the Note Agreements shall have been satisfied; (ii) all Encumbrances on any of the assets of Bancorp pursuant to the terms of the Note Agreements shall have been terminated and the certificates evidencing the capital stock of Western shall have been returned to Bancorp, free and clear of all Encumbrances; and (iii) the Note Agreements shall have been terminated.

11.24 Subordinated Notes. The Subordinated Notes shall have been amended to provide that such notes can be prepaid by Bancorp and

any successor thereto, including CBB, without penalty or additional expense at any time at or following the Effective Time of the Merger. At or immediately prior to the Effective Time of the Merger, all of the obligations under the Subordinated Note payable to John Bell shall have been satisfied.

11.25 MOU. As of the Effective Time of the Merger, the Comptroller of the Currency shall have terminated or set aside the MOU with Western, and shall have acknowledged that CBB and the Surviving Bank shall not have any successor liability under such MOU resulting from or concerning the regulatory problems or violations of Western or Bancorp set forth therein.

11.26 Officers' Certificate. There shall have been delivered to CBB on the Closing Date a certificate executed by the Chief Executive Officer and the Chief Financial Officer of Bancorp certifying, to the best of their knowledge, compliance with all of the provisions of Sections 11.2, 11.3, 11.4, 11.5, 11.15, 11.16, 11.21, 11.22, 11.23, 11.24 and 11.25.

Article 12

EMPLOYEE BENEFITS

12.1 Employee Benefits.

Except as otherwise provided in this Agreement or pursuant to the terms of such Plans, all Plans of Bancorp and Western will be discontinued, and employees of Bancorp and Western who become employees of CBB shall become eligible for the employee benefit plans of CBB on the same terms as such plans and benefits are generally offered from time to time to employees of CBB and its subsidiaries in comparable positions with CBB or its subsidiaries. For purposes of determining such employment eligibility and vesting under the employee benefit plans of CBB (other than for the CVB 401(k) and Profit Sharing Plan), CBB shall recognize such employees' years of service with Bancorp or Western beginning on the date such employees commenced employment with Bancorp or Western through the Effective Time of the Merger.

CBB also agrees to honor all commitments of Bancorp and Western under the Salary Continuation Agreements, subject to compliance with Section 11.10 herein. The parties hereto further agree that certain other matters respecting employee benefits shall be dealt with in a letter, dated the date hereof, between the parties and hereby incorporated by reference and made a part hereof.

Article 13

TERMINATION

13.1 Termination. This Agreement may be terminated at any time prior to the Effective Time of the Merger, whether before or after approval by the shareholders of Bancorp and Security Acquisition as follows and in no other manner:

13.1.1 By mutual agreement of the Parties, in writing;

13.1.2 By CBB immediately upon the failure of the shareholders of Bancorp to give the requisite approval of this Agreement;

13.1.3 By Bancorp and Western, if CBB should materially default in the observance or in the due and timely performance of any of its covenants and agreements herein contained and such default shall not have been fully cured within 10 Business Days after written notice specifying the alleged default;

13.1.4 By CBB, if Bancorp or Western should materially default in the observance or in the due and timely performance of any of its covenants and agreements herein contained and such default shall not have been fully cured within 10 Business Days after written notice specifying the alleged default;

13.1.5 By CBB if the FRB shall have not granted a waiver of the application requirements of the BHC Act or if the FDIC, the Comptroller or the Commissioner shall have finally declined to approve the Merger, the Second Merger or the Bank Merger or if the Consent of any other Governmental Entity necessary to contemplate the transactions contemplated hereby has not been obtained;

13.1.6 By Bancorp, Western or CBB if any conditions set forth in Article 9 shall not have been met by June 30, 2002; provided, however, that this Agreement shall not be terminated pursuant to this Section 13.1.6 if the relevant condition shall have failed to occur as a result of any act or omission of the party seeking to terminate.

13.1.7 By Bancorp and Western if any of the conditions set forth in Article 10 shall not have been met, or by CBB if any of the conditions set forth in Article 11 shall not have been met, by June 30, 2002, or such earlier time as it becomes apparent that such condition shall not be met, provided, however, that this Agreement shall not be terminated pursuant to this Section 13.1.7 if the relevant condition shall have failed to occur as a result of any act or omission of the party seeking to terminate;

13.1.8 By CBB, at any time, if Bancorp or Western violates the covenants set forth in Section 6.1.14;

13.1.9 By CBB, at any time, if Bancorp or Western has received an unsolicited offer from a Person other than CBB to effect a Competing Transaction and takes any action referred to in the last sentence of Section 6.1.14, and within 10 days after receipt of such unsolicited offer, Bancorp or Western has not advised CBB in writing that no further action will be taken with respect to such offer;

13.1.10 By CBB, at any time, if the Board of Directors of Bancorp withdraws its recommendation pursuant to Section 6.6;

13.1.11 By CBB under the circumstances set forth in Section 8.3.

13.2 Effect of Termination; Liquidated Damages; Expenses.

(a) No termination of this Agreement under this Article 13 for any reason or in any manner shall release, or be construed as so releasing, any Party from its obligations under subsection (b) or (c) of this Section 13.2, or Sections 8.2, 14.1 and 14.10 or from any liability or damage to any other Party hereto arising out of, in connection with or otherwise relating to, directly or indirectly, said Party's willful and material breach, default or failure in performance of any of its covenants, agreements, duties or obligations arising hereunder; provided, however, that if such termination shall result from an election to terminate by CBB pursuant to subsections 13.1.2, 13.1.9 or 13.1.10, Western and Bancorp shall wire transfer to CBB as reasonable and full liquidated damages and reasonable compensation for the loss sustained as a result of the transactions contemplated hereby not being consummated, and not as a penalty or forfeiture, the aggregate sum of \$325,000, within two Business Days following notice of such election, plus CBB's Expenses.

(b) Bancorp and Western agree that if this Agreement is terminated by CBB pursuant to Section 13.1.4 or 13.1.11, Bancorp and Western shall promptly and in any event within 10 days after such termination, pay CBB all Expenses of CBB, but not to exceed \$200,000. CBB agrees that if this Agreement is terminated by Western or Bancorp pursuant to Section 13.1.3, CBB shall promptly and in any event within 10 days after such termination, pay all Expenses of Western and Bancorp, but not to exceed \$100,000.

(c) Except as otherwise provided in this Section 13.2 or elsewhere in this Agreement, all Expenses incurred by Bancorp, Western

and CBB in connection with or related to the authorization, preparation and execution of this Agreement, the solicitation of shareholder approval and all other matters related to the closing of the transactions contemplated hereby, including, without limitation of the generality of the foregoing, all fees and expenses of agents, representatives, counsel and accountants employed by such Party or its Affiliates, shall be borne solely and entirely by the Party which has incurred the same. Notwithstanding the foregoing, CBB shall pay all filing fees in connection with securing approval or waiver of approval of the transactions contemplated by this Agreement by the FRB, the FDIC, the Comptroller and the Commissioner, and Bancorp shall pay all Expenses so incurred in obtaining approval of the Bancorp shareholders of the transactions contemplated by this Agreement.

13.3 Force Majeure. Bancorp, Western and CBB agree that, notwithstanding anything to the contrary in this Agreement, in the event this Agreement is terminated as a result of a failure of a condition, which failure is due to a natural disaster or other act of God, or an act of war, or an act of terrorism, and provided neither party has materially failed to observe the obligations of such party under this Agreement, neither party shall be obligated to pay to the other party to this Agreement any Expenses or otherwise be liable hereunder.

Article 14

MISCELLANEOUS

14.1 Notices. Any notice, request, instruction or other document to be given hereunder by any party hereto to another shall be in writing and delivered personally or by confirmed facsimile transmission or sent by registered or certified mail, postage prepaid, with return receipt requested, addressed as follows:

To CBB: Citizens Business Bank
..... 701 North Haven Avenue
..... Ontario, California 91764
..... Attention: D. Linn Wiley
..... Facsimile Number: (909) 481-2130

With a copy to: Manatt, Phelps Phillips, LLP
..... 11355 West Olympic Boulevard
..... Los Angeles, California 90064
..... Attention: William T. Quicksilver, Esq.
..... Craig D. Miller, Esq.
..... Facsimile Number: (310) 312-4224

To Bancorp or Western: Western Security Bancorp
..... Western Security Bank, N.A.
..... 4100 West Alameda Avenue
..... Burbank, California 91505
..... Attention: Jerome E. Farley
..... Facsimile Number: (818) 843-7870

With a copy to: Horgan, Rosen, Beckham and Corer
..... 23975 Park Sorrento, Suite 200
..... Calabasas, California 91302
..... Attention: Gary Horgan, Esq.
..... Facsimile (818) 591-3838

Any such notice, request, instruction or other document shall be deemed received (i) on the date delivered personally or delivered by confirmed facsimile transmission, (ii) on the next Business Day after it was sent by overnight courier, postage prepaid; or (iii) on the third Business Day after it was sent by registered or certified mail, postage prepaid. Any of the persons shown above may change its address for purposes of this section by giving notice in accordance herewith.

14.2 Successors and Assigns. This Agreement and all rights, privileges, duties and obligations of the parties hereto may not be assigned or delegated by any party hereto and any such attempted assignment or delegation shall be null and void. Subject to the foregoing, all of the terms and provisions hereof shall be binding upon, and inure to the benefit of, the successors and assigns of the Parties hereto.

14.3 Counterparts. This Agreement and any exhibit hereto may be executed in one or more counterparts, all of which, taken together, shall constitute one original document and shall become effective when one or more counterparts have been signed by the appropriate parties and delivered to each party hereto.

14.4 Effect of Representations and Warranties. The representations and warranties contained in this Agreement or in any List or Schedule shall terminate immediately after the Effective Time of the Bank Merger.

14.5 Third Parties. Each party hereto intends that this Agreement shall not benefit or create any right or cause of action to any person other than parties hereto. As used in this Agreement the term "Parties" shall refer only to CBB, Bancorp and Western as the context may require.

14.6 Lists; Exhibits; Integration. Each Schedule, list, exhibit and letter delivered pursuant to this Agreement shall be in writing and shall constitute a part of the Agreement, although Schedules, lists and letters need not be attached to each copy of this Agreement. This Agreement, together with such Schedules, lists, exhibits and letters, constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements and understandings of the parties in connection therewith.

14.7 Knowledge. Whenever any statement herein or in any list, certificate or other document delivered to any party pursuant to this Agreement is made "to the knowledge" or "to the best knowledge" of any party or another Person, such party or other Person shall make such statement only after conducting an investigation reasonable under the circumstances of the subject matter thereof, and each such statement shall constitute a representation that such investigation has been conducted.

14.8 Governing Law. This Agreement is made and entered into in the State of California, except to the extent that the provisions of federal law are mandatorily applicable, and the laws of the State of California shall govern the validity and interpretation hereof and the performance of the parties hereto of their respective duties and obligations hereunder, except that the provisions of the Agreement with respect to the Bank Merger shall also be governed by United States law.

14.9 Captions. The captions contained in this Agreement are for convenience of reference only and do not form a part of this Agreement and shall not affect the interpretation hereof.

14.10 Confidentiality. All Confidential Information disclosed heretofore or hereafter by any Party to this Agreement to any other

Party to this Agreement shall be kept confidential by such other Party and shall not be used by such other Party otherwise than as herein contemplated, except to the extent that (a) it is necessary or appropriate to disclose to the FRB, the Comptroller, the Commissioner, the FDIC or any other Governmental Entity having jurisdiction over CBB, Bancorp or Western or as may otherwise be required by Rule (any disclosure of Confidential Information to a Governmental Entity shall be accompanied by a request that such Governmental Entity preserve the confidentiality of such Confidential Information); or (b) to the extent such duty as to confidentiality is waived by the other Party. Such obligation as to confidentiality and non-use shall survive the termination of this Agreement pursuant to Article 13. In the event of such termination and on request of another Party, each Party shall use all reasonable efforts to (y) return to the other Parties all documents (and reproductions thereof) received from such other Parties that contain Confidential Information (and, in the case of reproductions, all such reproductions made by the receiving Party); and (z) destroy the originals and all copies of any analyses, computations, studies or other documents prepared for the internal use of such Party that include Confidential Information.

14.11 Severability. If any portion of this Agreement shall be deemed by a court of competent jurisdiction to be unenforceable, -----
the remaining portions shall be valid and enforceable only if, after excluding the portion deemed to be unenforceable, the remaining terms hereof shall provide for the consummation of the transactions contemplated herein in substantially the same manner as originally set forth at the date this Agreement was executed.

14.12 Waiver and Modification; Amendment. No waiver of any term, provision or condition of this Agreement and the Agreement of -----
Bank Merger, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, provision or condition of this Agreement. Except as otherwise required by law, this Agreement or the Agreement of Merger, the Agreement of Second Merger and the Agreement of Bank Merger, when executed and delivered, may be modified or amended by action of the Boards of Directors of CBB and Bancorp, and by CBB and Western, respectively, without action by their respective shareholders. This Agreement may be modified or amended only by an instrument of equal formality signed by the parties or their duly authorized agents.

14.13 Attorneys' Fees. If any legal action or any arbitration upon mutual agreement is brought for the enforcement of this -----
Agreement or because of an alleged dispute, controversy, breach, or default in connection with this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and other costs and expenses incurred in that action or proceeding, in addition to any other relief to which it may be entitled.

IN WITNESS WHEREOF, the parties to this Agreement have duly executed this Agreement as of the day and year first above written.

ATTEST:

/s/ Edward Biebrich

Chief Financial Officer

CITIZENS BUSINESS BANK

By: /s/ D. Linn Wiley

D. Linn Wiley
President and Chief Executive Officer

ATTEST:

/s/ Joseph L. DeMieri

Secretary

WESTERN SECURITY BANCORP

By: /s/ Jerome E. Farley

Jerome E. Farley
President and Chief Executive Officer

ATTEST:

/s/ Joseph L. DeMieri

Secretary

WESTERN SECURITY BANK, NATIONAL ASSOCIATION

By: /s/ Jerome E. Farley

Jerome E. Farley
President and Chief Executive Officer

EXHIBIT LIST

- A AGREEMENT OF MERGER
- B AGREEMENT OF BANK MERGER
- C AGREEMENT OF SECOND MERGER
- D FORM OF NONCOMPETITION AGREEMENT
- D-1 FORM OF NONCOMPETITION AGREEMENT WITH EDWARD MYLETT
- E FORM OF SHAREHOLDER'S AGREEMENT
- F FORM OF OPINION TO COUNSEL FOR CBB
- G FORM OF OPINION TO COUNSEL OR BANCORP AND WESTERN

FIRST AMENDMENT TO AGREEMENT AND PLAN OF REORGANIZATION

This First Amendment to Agreement and Plan of Reorganization (this "Amendment"), dated as of this 25th day of January, 2002, is made with reference to that certain Agreement and Plan of Reorganization ("the Reorganization Agreement"), dated January 17, 2002, by and among Citizens Business Bank, a California banking corporation ("CBB"), on the one hand, and Western Security Bancorp, a California corporation ("Bancorp") and Western Security Bank, National Association, a national banking association ("Western"), on the other hand. All capitalized terms not defined herein have the meaning ascribed to them in the Reorganization Agreement.

WHEREAS, the Reorganization Agreement provides for the acquisition by CBB of Bancorp and Western under the terms and conditions contained therein;

WHEREAS, Section 6.16 of the Reorganization Agreement ("Section 6.16") requires Western to use its best efforts to amend the Salary Continuation Agreements between the Named Executives to provide that, upon consummation of the transactions contemplated by the Reorganization Agreement, each of the Named Executives would receive a certain sum payable monthly for 180 months, and pursuant to Section 6.16, monthly payments to Edward Mylett would not commence until he reached the age of 55; and

WHEREAS, the parties hereto desire to amend the text of Section 6.16, as set forth below, in order to modify the terms upon which such monthly payments will commence.

NOW THEREFORE, in consideration of the mutual conditions and agreements set forth in the Reorganization Agreement and this Amendment, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Text Modification. The phrase immediately prior to the last sentence of Section 6.16 which currently reads:

"provided, however, that the amendment to the Salary Continuation Agreement for Mr. Mylett shall provide that the payments Mr. Mylett is entitled to pursuant to this Section shall not commence until Mr. Mylett reaches the age of 55."

is hereby amended to read:

"provided, however, that the amendment to the Salary Continuation Agreement for Mr. Mylett shall provide that the payments Mr. Mylett is entitled to pursuant to this Section shall not commence until the later of the date (i) Mr. Mylett reaches the age of 55, or (ii) Mr. Mylett's employment with the Surviving Bank shall cease."

2. Survival. Except as modified hereby, all of the provisions of the Reorganization Agreement remain in full force and effect.

3. References. Any reference to the Reorganization Agreement contained in any document, instrument or agreement executed in connection with the Reorganization Agreement, shall be deemed to be a reference to the Reorganization Agreement as modified by this Amendment.

4. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall constitute an original, but all of which taken together shall be one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Reorganization Agreement to be executed in counterparts by their duly authorized officers, all as of the day and year first above written.

ATTEST: CITIZENS BUSINESS BANK

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

By: /s/ D. Linn Wiley
D. Linn Wiley
President and Chief Executive Officer

ATTEST: WESTERN SECURITY BANCORP

/s/ Joseph L. DeMieri
Secretary

By: /s/ Jerome E. Farley
Jerome E. Farley
President and Chief Executive Officer

ATTEST: WESTERN SECURITY BANK, NATIONAL ASSOCIATION

/s/ Joseph L. DeMieri
Secretary

By: /s/ Jerome E. Farley
Jerome E. Farley
President and Chief Executive Officer

Contact: D. Linn Wiley
President and
Chief Executive Officer
(909) 980-4030

Jerome E. Farley
President and
Chief Executive Officer
(818) 557-5616

For Immediate Release

CVB Financial Corp. and Western Security Bancorp Jointly Announce Merger

Ontario, California, January 18, 2002. (NASDAQ:CVBF) D. Linn Wiley, President and Chief Executive Officer of CVB Financial Corp. and its principal subsidiary, Citizens Business Bank, and Jerome E. Farley, President and Chief Executive Officer of Western Security Bancorp and its principal subsidiary, Western Security Bank, NA, jointly announced that the two financial institutions have executed a definitive agreement and plan for reorganization. This agreement provides for Western Security Bancorp to merge with and into Citizens Business Bank and for Western Security Bank, NA, to merge with and into Citizens Business Bank. Citizens Business Bank will represent the continuing operation.

The definitive agreement provides that each share of Western Security Bancorp will be converted into a prorata portion of 1.2 times Western Security Bancorp adjusted book value or \$8.50 per share, whichever is greater. The transaction will be handled under purchase accounting. The transaction is subject to shareholder and regulatory approval. It is expected to be completed in the second quarter of 2002.

"We are delighted to have this opportunity to associate with Western Security Bank, and to expand our presence into the San Fernando Valley. The Bank is a complement to our existing franchise and our business and professional banking strategy," stated D. Linn Wiley.

Western Security Bank was established in 1984. They have one office in Burbank, California. The Bank had total assets of \$141.0 million, total deposits of \$120.7 million and total loans of \$96.2 million as of December 31, 2001.

Citizens Business Bank has 31 offices located throughout San Bernardino, Riverside, Los Angeles, Orange and Kern Counties. CVB Financial Corp had total assets of \$2.5 billion, total deposits of \$1.9 billion and total loans of \$1.2 billion as of December 31, 2001.

"Our Board of Directors is pleased to join with Citizens Business Bank. They are a premier performing bank with an exceptional record for serving their customers. Citizens Business Bank will be an outstanding addition to our business community," commented Jerome Farley.

Citizens Business Bank is one of the largest community banks in Southern California. They specialize in providing the full scope of financial services to business and professional clientele. CVB Financial Corp. is traded on the NASDAQ under the ticker symbol CVBF.

This press release contains statements which constitute forward looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Actual results may differ materially from the results discussed in these forward looking statements. Factors that might cause such a difference include, but are not limited to, when and if the proposed merger is consummated, expected cost savings from the merger not being fully realized, revenues following the merger being lower than expected and costs of difficulties related to the integration of CVB Financial Corp. and Western Security Bancorp being greater than expected. In addition, other risks are detailed in the CVB Financial Corp. reports filed with the Securities and Exchange Commission, including their Annual Report on form 10K for the year ended December 31, 2000.