UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**
For the fiscal year ended December 31, 2006

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**
For the transition period from N/A to N/A

Commission file number 1-10140

CVB FINANCIAL CORP.

(Exact name of registrant as specified in its charter)

California	**95-3629339**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
701 N. Haven Avenue, Suite 350 Ontario, California	**91764**
(Address of Principal Executive Offices)	*(Zip Code)*

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Class	Name of Each Exchange on Which Registered
Common Stock, no par value	NASDAQ Stock Market, LLC
Preferred Stock Purchase Rights	NASDAQ Stock Market, LLC

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ Accelerated Filer o Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No ☑

As of June 30, 2006, the aggregate market value of the common stock held by non-affiliates of the registrant was approximately $899,009,320.

Number of shares of common stock of the registrant outstanding as of February 22, 2007: 84,283,333.

Documents Incorporated By Reference	Part of
Definitive Proxy Statement for the Annual Meeting of Stockholders which will be filed within 120 days of the fiscal year ended December 31, 2006	Part III of Form 10-K

CVB FINANCIAL CORP.

2006 ANNUAL REPORT ON FORM 10-K

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INTRODUCTION

Certain statements in this report constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended, or Exchange Act, and as such involve risk and uncertainties. These forward-looking statements relate to, among other things, expectations of the environment in which we operate, projections of future performance, perceived opportunities in the market and strategies regarding our mission and vision. Our actual results may differ significantly from the results discussed in such forward-looking statements. Factors that might cause such a difference include but are not limited to economic conditions, competition in the geographic and business areas in which we conduct our operations, fluctuations in interest rates, credit quality and government regulation, and failure to obtain appropriate governmental or shareholder approval for the merger with First Coastal Bancshares or failure of any other condition of consummation of the merger. For additional information concerning these factors, see "Item 1A. Risk Factors" And any additional information as set forth in our periodic reports filed pursuant to the Securities Exchange Act of 1934, as amended. We do not undertake any obligation to update our forward-looking statements to reflect occurrences or unanticipated events or circumstances arising after the date of such statement except as required by laws.

PART I

Item 1. *Business*

CVB Financial Corp.

CVB Financial Corp. (referred to herein on an unconsolidated basis as "CVB" and on a consolidated basis as "we" or the "Company") is a bank holding company incorporated in California on April 27, 1981 and registered under the Bank Holding Company Act of 1956, as amended (the "Bank Holding Company Act"). The Company commenced business on December 30, 1981 when, pursuant to a reorganization, it acquired all of the voting stock of Chino Valley Bank. On March 29, 1996, Chino Valley Bank changed its name to Citizens Business Bank (the "Bank"). The Bank is our principal asset. The Company has three other inactive subsidiaries: CVB Ventures, Inc.; Chino Valley Bancorp; and ONB Bancorp. In March 2006, we merged two of our operating subsidiaries, Community Trust Deed Services and Golden West Enterprises, Inc. into the Bank to increase the lending limit of Golden West's leasing operations and to improve efficiency. The Company is also the common stockholder of CVB Statutory Trust I, CVB Statutory Trust II and CVB Statutory Trust III. CVB Statutory Trusts I and II were created in December 2003 and CVB Statutory Trust III was created in January 2006 to issue trust preferred securities in order to raise capital for the Company.

CVB's principal business is to serve as a holding company for the Bank and for other banking or banking related subsidiaries, which the Company may establish or acquire. We have not engaged in any other activities to date. As a legal entity separate and distinct from its subsidiaries, CVB's principal source of funds is, and will continue to be, dividends paid by and other funds advanced from the Bank. Legal limitations are imposed on the amount of dividends that may be paid and loans that may be made by the Bank to CVB. See "Item 1. Business — Supervision and Regulation — Dividends and Other Transfers of Funds." At December 31, 2006, the Company had $6.09 billion in total consolidated assets, $3.07 billion in net loans and $3.41 billion in deposits.

The principal executive offices of CVB and the Bank are located at 701 North Haven Avenue, Suite 350, Ontario, California. Our phone number is (909) 980-4030.

Citizens Business Bank

The Bank commenced operations as a California state chartered bank on August 9, 1974. The Bank's deposit accounts are insured under the Federal Deposit Insurance Act up to applicable limits. The Bank is not a member of the Federal Reserve System. At December 31, 2006, the Bank had $6.09 billion in assets, $3.07 billion in net loans and $3.44 billion in deposits.

As of December 31, 2006, we had 39 Business Financial Centers located in the Inland Empire, San Gabriel Valley, Orange County, Los Angeles County, Madera County, Fresno County, Tulare County, and Kern County

areas of California. Of the 39 offices, we opened twelve as de novo branches and acquired the other twenty-seven in acquisition transactions. We added five offices in 2003 and an additional three offices in 2005. During the second quarter of 2006, we consolidated two of our business financial centers in Arcadia and moved into a new location within the city.

Through our network of banking offices, we emphasize personalized service combined with a full range of banking and trust services for businesses, professionals and individuals located in the service areas of our offices. Although we focus the marketing of our services to small-and medium-sized businesses, a full range of retail banking services are made available to the local consumer market.

We offer a wide range of deposit instruments. These include checking, savings, money market and time certificates of deposit for both business and personal accounts. We also serve as a federal tax depository for our business customers.

We provide a full complement of lending products, including commercial, agribusiness, consumer, real estate loans and equipment and vehicle leasing. Commercial products include lines of credit and other working capital financing, accounts receivable lending and letters of credit. Agribusiness products are loans to finance the operating needs of wholesale dairy farm operations, cattle feeders, livestock raisers, and farmers. We provide lease financing for municipal governments. Financing products for consumers include automobile leasing and financing, lines of credit, and home improvement and home equity lines of credit. Real estate loans include mortgage and construction loans.

We also offer a wide range of specialized services designed for the needs of our commercial accounts. These services include cash management systems for monitoring cash flow, a credit card program for merchants, courier pick-up and delivery, payroll services, electronic funds transfers by way of domestic and international wires and automated clearinghouse, and on-line account access. We make available investment products to customers, including mutual funds, a full array of fixed income vehicles and a program to diversify our customers’ funds in federally insured time certificates of deposit of other institutions.

We offer a wide range of financial services and trust services through our Financial Advisory Services Group (formerly known as Wealth Management Division). These services include fiduciary services, mutual funds, annuities, 401K plans and individual investment accounts.

Business Segments

We are a community bank with Business Financial Centers (branches) being the focal points for customer sales and services. As such, these Business Financial Centers comprise the biggest segment of the Company. The next largest business unit is the Treasury Department. This department manages all of the investments for the Company. As a result, we have two reportable operating segments consisting of Business Financial Centers and the Treasury Department. All administrative and other smaller operating departments are combined into “Other” category. See the sections captioned “Results of Segment Operations” in Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and Note 19 — Business Segments in the notes to consolidated financial statements.

Competition

The banking and financial services business is highly competitive. The increasingly competitive environment faced by banks is a result primarily of changes in laws and regulation, changes in technology and product delivery systems, and the accelerating pace of consolidation among financial services providers. We compete for loans, deposits, and customers with other commercial banks, savings and loan associations, savings banks, securities and brokerage companies, mortgage companies, insurance companies, finance companies, money market funds, credit unions, and other nonbank financial service providers. Many competitors are much larger in total assets and capitalization, have greater access to capital markets, including foreign-ownership, and/or offer a broader range of financial services.

Economic Conditions, Government Policies, Legislation, and Regulation

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

Our business is also influenced by the monetary and fiscal policies of the federal government and the policies of regulatory agencies, particularly the Board of Governors of the Federal Reserve System (the "FRB"). The FRB implements national monetary policies (with objectives such as curbing inflation and combating recession) through its open-market operations in U.S. Government securities by adjusting the required level of reserves for depository institutions subject to its reserve requirements, and by varying the target federal funds and discount rates applicable to borrowings by depository institutions. The actions of the FRB in these areas influence the growth of bank loans, investments, and deposits and also affect interest earned on interest-earning assets and interest paid on interest-bearing liabilities. The nature and impact on us of any future changes in monetary and fiscal policies cannot be predicted.

From time to time, federal and state legislation is enacted which may have the effect of materially increasing the cost of doing business, limiting or expanding permissible activities, or affecting the competitive balance between banks and other financial services providers. We cannot predict whether or when potential legislation will be enacted, and if enacted, the effect that it, or any implementing regulations, would have on our financial condition or results of operations. In addition, the outcome of any investigations initiated by state authorities or litigation raising issues such as whether state laws are preempted by federal law may result in necessary changes in our operations, additional regulation and increased compliance costs.

Supervision and Regulation

General

We and our subsidiaries are extensively regulated under both federal and certain state laws. This regulation and supervision by the federal and state banking agencies is intended primarily for the protection of depositors and the deposit insurance fund and not for the benefit of stockholders. Set forth below is a summary description of key laws and regulations which relate to our operations. These descriptions are qualified in their entirety by reference to the applicable laws and regulations.

The Company

As a bank holding company, we are subject to regulation and examination by the FRB under the Bank Holding Company Act of 1956, as amended (the "BHCA"). We are required to file with the FRB periodic reports and such additional information as the FRB may require.

The FRB may require us to terminate an activity or terminate control of or liquidate or divest certain subsidiaries, affiliates or investments if the FRB believes the activity or the control of the subsidiary or affiliate constitutes a significant risk to the financial safety, soundness or stability of any bank subsidiary. The FRB also has the authority to regulate provisions of certain bank holding company debt, including the authority to impose interest ceilings and reserve requirements on such debt. Under certain circumstances, we must file written notice and obtain FRB approval prior to purchasing or redeeming our equity securities. Further, we are required by the FRB to maintain certain levels of capital. See "Capital Standards."

We are required to obtain prior FRB approval for the acquisition of more than 5% of the outstanding shares of any class of voting securities or substantially all of the assets of any bank or bank holding company. Prior FRB approval is also required for the merger or consolidation of a bank holding company with another bank holding company. Similar state banking agency approvals may also be required. Certain competitive, management, financial and other factors are considered by the bank regulatory agencies in granting these approvals.

With certain exceptions, bank holding companies are prohibited from acquiring direct or indirect ownership or control of more than 5% of the outstanding voting shares of any company that is not a bank or bank holding company and from engaging directly or indirectly in activities other than those of banking, managing or controlling banks, or furnishing services to subsidiaries. However, subject to prior notice or FRB approval, bank holding companies may engage in any, or acquire shares of companies engaged in, those nonbanking activities determined by the FRB to be so closely related to banking or managing or controlling banks as to be a proper incident thereto.

It is the policy of the FRB that each bank holding company serve as a source of financial and managerial strength to its subsidiary bank or banks. A bank holding company's failure to meet its obligations to serve as a source of strength to its subsidiary banks will generally be considered by the FRB to be an unsafe and unsound banking practice or a violation of FRB regulations or both. The FRB's bank holding company rating system emphasizes risk management and evaluation of the potential impact of nondepository entities on safety and soundness.

We are also a bank holding company within the meaning of the California Financial Code. As such, the Company and its subsidiaries are subject to examination by, and may be required to file reports with, the California Department of Financial Institutions ("DFI").

The Bank

As a California chartered bank, the Bank is subject to primary supervision, periodic examination, and regulation by the DFI and the Federal Deposit Insurance Corporation ("FDIC"), as well as certain regulations promulgated by the FRB. If, as a result of an examination, the FDIC determines that the financial condition, capital resources, asset quality, earnings prospects, management, liquidity, or other aspects of our banking operations are unsatisfactory or that we are violating or have violated any law or regulation, various remedies are available to the FDIC, including the power to enjoin "unsafe or unsound" practices; require affirmative action to correct any conditions resulting from any violation or practice; issue an administrative order that can be judicially enforced, to direct an increase in capital, to restrict our growth; assess civil monetary penalties; remove officers and directors; and ultimately to terminate deposit insurance, which would result in a revocation of the Bank's charter. See "Safety and Soundness Standards."

The DFI also possesses broad powers to take corrective and other supervisory actions to resolve the problems of California state-chartered banks. These enforcement powers include cease and desist orders, the imposition of fines, the ability to take possession of the Bank and the ability to close and liquidate the Bank.

Changes such as the following in federal or state banking laws or the regulations, policies or guidance of the federal or state banking agencies could have an adverse cost or competitive impact on our bank operations:

(i) In December, 2006, the federal banking agencies issued final guidance to reinforce sound risk management practices for bank holding companies and banks in commercial real estate (CRE) loans which establishes CRE concentration thresholds as criteria for examiners to identify CRE concentration that may warrant further analysis. The implementation of these guidelines could result in increased reserves and capital costs for banks with "CRE concentration." The Bank's CRE portfolio as of December 31, 2006 would meet the definition of CRE concentration as set forth in the guidelines. The Bank analyzes this concentration on a quarterly basis and monitors same through various reports it prepares. The Bank believes that it complies with the analytical and monitoring expectations as set forth in the aforementioned guidance. Furthermore, this concentration is considered in the methodology for the Allowance for Credit Losses.

(ii) In September, 2006, the federal banking agencies issued final guidance on alternative residential mortgage products that allow borrowers to defer repayment of principal and sometimes interest, including "interest-only" mortgage loans, and "payment option" adjustable rate mortgages where a borrower has flexible payment options, including payments that have the potential for negative amortization. While acknowledging that innovations in mortgage lending can benefit some consumers, the final guidance states that management should (1) assess a borrower's ability to repay the loan, including any principal balances added through negative amortization, at the fully indexed rate that would apply after the introductory period, (2) recognize that certain nontraditional mortgages are untested in a stressed environment and warrant strong risk

management standards as well as appropriate capital and loan loss reserves, and (3) ensure that borrowers have sufficient information to clearly understand loan terms and associated risks prior to making a product or payment choice. The Bank believes its products and disclosures are in conformance with the requirements of the guidance.

(iii) Pursuant to the Financial Services Regulatory Relief Act of 2006, the Securities and Exchange Commission ("SEC") and the FRB have released, as Regulation R, joint proposed rules expected to be finalized by midyear to implement exceptions provided for in the Gramm-Leach-Bliley Act ("GLBA") for bank securities activities which banks may conduct without registering with the SEC as securities brokers or moving such activities to a broker-dealer affiliate. The proposed Regulation R "push out" rules exceptions would allow a bank, subject to certain conditions, to continue to conduct securities transactions for customers as part of the Bank's trust and fiduciary, custodial and deposit "sweep" functions, and to refer customers to a securities broker-dealer pursuant to a networking arrangement with the broker-dealer. The proposed rules, if adopted, are not expected to have a material effect on the current securities activities which the Bank now conducts for customers.

Because California permits commercial banks chartered by the state to engage in any activity permissible for national banks, the Bank can form subsidiaries to engage in the many so-called "closely related to banking" or "nonbanking" activities commonly conducted by national banks in operating subsidiaries, but also expanded financial activities to the same extent as a national bank, subject to the state or FDIC requirements. However, in order to form a financial subsidiary, the Bank must be "well-capitalized"; "well-managed" and in satisfactory compliance with the Community Reinvestment Act. Further, the Bank must exclude from its assets and equity all equity investments, including retained earnings, in a financial subsidiary. The assets of the subsidiary may not be consolidated with the Bank's assets. The Bank must also have policies and procedures to assess financial subsidiary risk and protect the Bank from such risks and potential liabilities and would be subject to the same capital deduction, risk management and affiliate transaction rules as applicable to national banks. Generally, a financial subsidiary is permitted to engage in activities that are "financial in nature" or incidental thereto, even though they are not permissible for the national bank to conduct directly within the Bank. The definition of "financial in nature" includes, among other items, underwriting, dealing in or making a market in securities, including, for example, distributing shares of mutual funds. The subsidiary may not, however, under present law engage as principal in underwriting insurance (other than credit life insurance), issue annuities or engage in real estate development or investment or merchant banking.

Interstate Banking and Branching

Subject to certain size limitations under the Riegle-Neal Interstate Banking Act, bank holding companies and banks have the ability to acquire and merge with banks in other states; and, subject to certain state restrictions, banks may also acquire or establish new branches outside their home states. Interstate branches are subject to certain laws of the states in which they are located.

The Sarbanes-Oxley Act

The Sarbanes-Oxley Act of 2002 addressed accounting oversight and corporate governance matters and, among other things,

- required executive certification of financial presentations;
- increased requirements for board audit committees and their members;
- enhanced disclosure of controls and procedures and internal control over financial reporting;
- enhanced controls on, and reporting of, insider trading; and
- increased penalties for financial crimes and forfeiture of executive bonuses in certain circumstances.

The legislation and its implementing regulations have resulted in increased costs of compliance, including certain outside professional costs. To date these costs have not had a material impact on our operations.

Dividends and Other Transfers of Funds

Dividends from the Bank constitute the principal source of income to the Company. An FRB policy statement provides that a bank holding company should pay cash dividends only to the extent that the holding company's net income for the past year is sufficient to cover both the cash dividends and a rate of earnings retention that is consistent with the holding company's capital needs, asset quality and overall financial condition. The policy statement also provides that it would be inappropriate for a company experiencing serious financial problems to borrow funds to pay dividends. Furthermore, under the federal prompt corrective action regulations, the FRB may prohibit a bank holding company from paying any dividends if the holding company's bank subsidiary is classified as "undercapitalized." See "Prompt Corrective Action and Other Enforcement Mechanisms" below.

The Bank is subject to various statutory and regulatory restrictions on its ability to pay dividends. Under such restrictions, the amount available for payment of dividends to the Company by the Bank totaled $128.5 million at December 31, 2006. In addition, the banking agencies have the authority to prohibit the Bank from paying dividends, depending upon the Bank's financial condition, if such payment is deemed to constitute an unsafe or unsound practice.

Capital Standards

The federal banking agencies have adopted risk-based minimum capital guidelines for bank holding companies and banks which are intended to provide a measure of capital that reflects the degree of risk associated with a banking organization's operations for both transactions reported on the balance sheet as assets and transactions which are recorded as off balance sheet items. The risk-based capital ratio is determined by classifying assets and certain off-balance sheet financial instruments into weighted categories, with higher levels of capital being required for those categories perceived as representing greater risk. Under the capital guidelines, a banking organization's total capital is divided into tiers. "Tier I capital" consists of (1) common equity, (2) qualifying noncumulative perpetual preferred stock, (3) a limited amount of qualifying cumulative perpetual preferred stock and (4) minority interests in the equity accounts of consolidated subsidiaries (including trust-preferred securities), less goodwill and certain other intangible assets. Qualifying Tier I capital may consist of trust-preferred securities, subject to certain criteria and quantitative limits for inclusion of restricted core capital elements in Tier I capital. "Tier II capital" consists of hybrid capital instruments, perpetual debt, mandatory convertible debt securities, a limited amount of subordinated debt, preferred stock and trust-preferred securities that do not qualify as Tier I capital, a limited amount of the allowance for loan and lease losses and a limited amount of unrealized holding gains on equity securities. "Tier III capital" consists of qualifying unsecured subordinated debt. The sum of Tier II and Tier III capital may not exceed the amount of Tier I capital.

The risk-based capital guidelines require a minimum ratio of qualifying total capital to risk-adjusted assets of 8% and a minimum ratio of Tier 1 capital to risk-adjusted assets of 4%. In addition to the risk-based guidelines, the federal bank regulatory agencies require banking organizations to maintain a minimum amount of Tier 1 capital to total assets, referred to as the leverage ratio. For a banking organization rated in the highest of the five categories used by regulators to rate banking organizations, the minimum leverage ratio of Tier 1 capital to total assets must be 3%.

The federal banking agencies possess broad power under the Federal Deposit Insurance Act, or FDI Act, to take "prompt corrective action" to resolve the problems of insured depository institutions, including but not limited to those institutions that fall within any undercapitalized category. Each federal banking agency has promulgated regulations defining the following five categories in which an insured depository institution will be placed, based on its capital ratios:

- "well capitalized";
- "adequately capitalized";
- "undercapitalized";
- "significantly undercapitalized"; and
- "critically undercapitalized."

The regulations use an institution's risk-based capital, leverage capital and tangible capital ratios to determine the institution's capital classification. An institution is treated as well capitalized if its total capital to risk-weighted assets ratio is 10.00% or more; its core capital to risk-weighted assets ratio is 6.00% or more; and its core capital to adjusted total assets ratio is 5.00% or more. The regulatory capital guidelines as well as our actual capitalization on a consolidated basis and for the Bank as of December 31, 2006 are set forth below and confirm that both the Bank and the Company capital ratios exceed the minimum percentage of the federal bank regulatory agencies for being deemed "well capitalized."

The following table presents the amounts of regulatory capital and the capital ratios for the Company, compared to its minimum regulatory capital requirements as of December 31, 2006:

	As of December 31, 2006					
	Actual		Required		Excess	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Amounts in thousands)					
Leverage ratio	$ 469,960	7.8%	$ 240,389	4.0%	$ 229,571	3.8%
Tier 1 risk-based ratio	$ 469,960	12.3%	$ 153,081	4.0%	$ 316,879	8.3%
Total risk-based ratio	$ 499,430	13.1%	$ 306,164	8.0%	$ 193,266	5.1%

The following table presents the amounts of regulatory capital and the capital ratios for the Bank, compared to its minimum regulatory capital requirements as of December 31, 2006:

	As of December 31, 2006					
	Actual		Required		Excess	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Amounts in thousands)					
Leverage ratio	$ 422,946	7.1%	$ 239,969	4.0%	$ 182,977	3.1%
Tier 1 risk-based ratio	$ 422,946	11.1%	$ 152,826	4.0%	$ 270,120	7.1%
Total risk-based ratio	$ 452,416	11.8%	$ 305,686	8.0%	$ 146,730	3.8%

The current risk-based capital guidelines are based upon the 1988 capital accord of the International Basel Committee on Banking Supervision. A new international accord, referred to as Basel II, which emphasizes internal assessment of credit, market and operational risk; supervisory assessment and market discipline in determining minimum capital requirements, currently becomes mandatory outside the U.S. in 2008. In October 2006, the U.S. federal banking agencies issued a notice of proposed rulemaking for comment to implement Basel II for U.S. banks with certain differences from the international Basel II framework and which would not be fully in effect for U.S. banks until 2012. Further, the U.S. banking agencies propose to retain the minimum leverage requirement and prompt corrective action regulatory standards. Additionally, in December 2006, the federal banking agencies issued another notice of proposed rulemaking for comment, referred to as Basel IA, which proposed alternative capital requirements for smaller U.S. banks which may be negatively impacted competitively by certain provisions of Basel II. At this time the impact that proposed changes in capital requirements may have on the cost and availability of different types of credit and the compliance cost of implementing Basel II or Basel IA, as applicable, are uncertain.

Safety and Soundness Standards

In addition to measures taken under the banking agencies' prompt corrective action authority and other capital guidelines, commercial banking organizations may be subject to potential enforcement actions by the federal and/or state banking agencies for unsafe or unsound practices in conducting their businesses or for violations of any law, rule, regulation, or any condition imposed in writing by the agency or any written agreement with the agency. The federal banking agencies have adopted guidelines designed to assist examiners in identifying and addressing potential safety and soundness concerns before capital becomes impaired. The guidelines set forth operational and managerial standards relating to: (i) internal controls, information systems and internal audit systems, (ii) loan documentation, (iii) credit underwriting, (iv) asset quality and growth, (v) earnings, and (vi) compensation, fees and benefits.

Premiums for Deposit Insurance

Through the Bank Insurance Fund (BIF), the FDIC insures our customer deposits up to prescribed limits for each depositor. The amount of FDIC assessments paid by each BIF member institution is based on its relative risk of default as measured by regulatory capital ratios and other supervisory factors. The assessment rate currently ranges from zero to 27 cents per $100 of domestic deposits. The FDIC may increase or decrease the assessment rate schedule on a semi-annual basis. Due principally to continued growth in deposits, the BIF is nearing its minimum ratio of 1.25% of insured deposits as mandated by law. The enactment in February 2005 of the Federal Deposit Insurance Reform Act of 2006, or FDIRA, provided, among other things, for changes in the formula and factors to be considered by the FDIC in calculating the FDIC reserve ratio, assessments and dividends, and a one-time aggregate assessment credit for depository institutions in existence on December 31, 1996 (or their successors) which paid assessments to recapitalize the insurance funds after the banking crises of the late 1980s and early 1990s. The FDIC issued final regulations, effective January 1, 2007, implementing the provisions of FDIRA. The Bank expects to receive a one-time assessment credit that is expected to exceed any increase in assessments by the FDIC in 2007.

The FDIC is authorized to terminate a depository institution’s deposit insurance upon a finding by the FDIC that the institution’s financial condition is unsafe or unsound or that the institution has engaged in unsafe or unsound practices or has violated any applicable rule, regulation, order or condition enacted or imposed by the institution’s regulatory agency. The termination of deposit insurance for a subsidiary bank would generally have a material adverse effect on the earnings of the Bank’s holding company.

All FDIC-insured depository institutions must also pay an annual assessment to provide funds for the payment of interest on bonds issued by the Financing Corporation, a federal corporation chartered under the authority of the Federal Housing Finance Board. The bonds, commonly referred to as FICO bonds, were issued to capitalize the Federal Savings and Loan Insurance Corporation. The FICO assessment rate for the fourth quarter of fiscal 2006 was 1.24 basis points for each $100 of assessable deposits. The FICO assessments are adjusted quarterly to reflect changes in the assessment bases of the FDIC’s insurance funds and do not vary depending on a depository institution’s capitalization or supervisory evaluations.

Loans-to-One Borrower Limitations

With certain limited exceptions, the maximum amount of obligations, secured and unsecured, that any borrower (including certain related entities) may owe to a California state bank at any one time may not exceed 25% of the sum of the shareholders equity, allowance for loan losses, capital notes and debentures of the Bank. Unsecured obligations may not exceed 15% of the sum of the shareholders equity, allowance for loan losses, capital notes and debentures of the Bank. At December 31, 2006, the Bank’s largest single lending relationship had an outstanding balance of $27.0 million, and consisted of a loan partially secured by first trust deeds on single family residences and commercial buildings in the Bank’s lending area which was performing in accordance with its terms.

Extensions of Credit to Insiders and Transactions with Affiliates

The Federal Reserve Act and FRB Regulation O place limitations and conditions on loans or extensions of credit to:

- a bank’s or bank holding company’s executive officers, directors and principal shareholders (i.e., in most cases, those persons who own, control or have power to vote more than 10% of any class of voting securities);
- any company controlled by any such executive officer, director or shareholder; or
- any political or campaign committee controlled by such executive officer, director or principal shareholder.

Loans and leases extended to any of the above persons must comply with the loan-to-one-borrower limits, require prior full board approval when aggregate extensions of credit to the person exceed specified amounts, must be made on substantially the same terms (including interest rates and collateral) as, and follow credit-underwriting procedures that are not less stringent than, those prevailing at the time for comparable transactions with non-insiders, and must not involve more than the normal risk of repayment or present other unfavorable features. In addition, Regulation O provides that the aggregate limit on extensions of credit to all insiders of a bank as a group

cannot exceed the Bank's unimpaired capital and unimpaired surplus. Regulation O also prohibits a bank from paying an overdraft on an account of an executive officer or director, except pursuant to a written pre-authorized interest-bearing extension of credit plan that specifies a method of repayment or a written pre-authorized transfer of funds from another account of the officer or director at the Bank.

The Bank also is subject to certain restrictions imposed by Federal Reserve Act Sections 23A and 23B and FRB Regulation W on any extensions of credit to, or the issuance of a guarantee or letter of credit on behalf of, any affiliates, the purchase of, or investments in, stock or other securities thereof, the taking of such securities as collateral for loans, and the purchase of assets of any affiliates. Such restrictions prevent any affiliates from borrowing from the Bank unless the loans are secured by marketable obligations of designated amounts. Further, such secured loans and investments to or in any affiliate are limited, individually, to 10.0% of the Bank's capital and surplus (as defined by federal regulations), and such secured loans and investments are limited, in the aggregate, to 20.0% of capital and surplus. Some of the entities included in the definition of an affiliate are parent companies, sister banks, sponsored and advised companies, investment companies whereby the Bank's affiliate serves as investment advisor, and financial subsidiaries. Additional restrictions on transactions with affiliates may be imposed under the FDI Act prompt corrective action provisions and the supervisory authority of the federal and state banking agencies. See "Capital Standards" and "Safety and Soundness Standards."

USA Patriot Act

The USA PATRIOT Act of 2001 and its implementing regulations significantly expanded the anti-money laundering and financial transparency laws. Under the USA PATRIOT Act, financial institutions are required to establish and maintain anti-money laundering programs which include:

- the establishment of a customer identification program;
- the development of internal policies, procedures, and controls;
- the designation of a compliance officer;
- an ongoing employee training program; and
- an independent audit function to test the programs.

We have adopted comprehensive policies and procedures to address the requirements of the USA PATRIOT Act. Material deficiencies in anti-money laundering compliance can result in public enforcement actions by the banking agencies, including the imposition of civil money penalties and supervisory restrictions on growth and expansion. Such enforcement actions could also have serious reputation consequences for the Company and the Bank.

Consumer Protection Laws and Regulations

Examination and enforcement by the state and federal banking agencies for non-compliance with consumer protection laws and their implementing regulations have become more intense. The Bank is subject to many federal consumer protection statutes and regulations, some of which are discussed below.

The Home Ownership and Equal Protection Act of 1994, or HOEPA, requires extra disclosures and consumer protections to borrowers for certain lending practices. The term "predatory lending," much like the terms "safety and soundness" and "unfair and deceptive practices," is far-reaching and covers a potentially broad range of behavior. As such, it does not lend itself to a concise or a comprehensive definition. Typically predatory lending involves at least one, and perhaps all three, of the following elements:

- making unaffordable loans based on the assets of the borrower rather than on the borrower's ability to repay an obligation ("asset-based lending");
- inducing a borrower to refinance a loan repeatedly in order to charge high points and fees each time the loan is refinanced ("loan flipping"); and/or
- engaging in fraud or deception to conceal the true nature of the loan obligation from an unsuspecting or unsophisticated borrower.

Federal Reserve regulations and OCC guidelines aimed at curbing predatory lending significantly widen the pool of high cost home secured loans covered by HOEPA. In addition, the regulations bar certain refinances within a year with another loan subject to HOEPA by the same lender or loan servicer. Lenders also will be presumed to have violated the law — which says loans should not be made to people unable to repay them — unless they document that the borrower has the ability to repay. Lenders that violate the rules face cancellation of loans and penalties equal to the finance charges paid. We do not expect these rules and potential state action in this area to have a material impact on our financial condition or results of operation.

Privacy policies are required by federal banking regulations which limit the ability of banks and other financial institutions to disclose non-public information about consumers to nonaffiliated third parties. Pursuant to those rules, financial institutions must provide:

- initial notices to customers about their privacy policies, describing the conditions under which they may disclose nonpublic personal information to nonaffiliated third parties and affiliates;
- annual notices of their privacy policies to current customers; and
- a reasonable method for customers to “opt out” of disclosures to nonaffiliated third parties.

These privacy protections affect how consumer information is transmitted through diversified financial companies and conveyed to outside vendors. In addition, state laws may impose more restrictive limitations on the ability of financial institution to disclose such information. California has adopted such a privacy law that among other things generally provides that customers must “opt in” before information may be disclosed to certain nonaffiliated third parties.

The Fair Credit Reporting Act, as amended by the Fair and Accurate Credit Transactions Act, or FACT Act, requires financial firms to help deter identity theft, including developing appropriate fraud response programs, and gives consumers more control of their credit data. It also reauthorizes a federal ban on state laws that interfere with corporate credit granting and marketing practices. In connection with FACT Act, the federal financial institution regulatory agencies proposed rules that would prohibit an institution from using certain information about a consumer it received from an affiliate to make a solicitation to the consumer, unless the consumer has been notified and given a chance to opt out of such solicitations. A consumer’s election to opt out would be applicable for at least five years. The agencies have also proposed guidelines required by the FACT Act for financial institutions and creditors which require financial institutions to identify patterns, practices and specific forms of activity, known as “Red Flags,” that indicate the possible existence of identity theft and require financial institutions to establish reasonable policies and procedures for implementing these guidelines.

The Check Clearing for the 21st Century Act, or Check 21, facilitates check truncation and electronic check exchange by authorizing a new negotiable instrument called a “substitute check,” which is the legal equivalent of an original check. Check 21 does not require banks to create substitute checks or accept checks electronically; however, it does require banks to accept a legally equivalent substitute check in place of an original. In addition to its issuance of regulations governing substitute checks, the Federal Reserve has issued final rules governing the treatment of remotely created checks (sometimes referred to as “demand drafts”) and electronic check conversion transactions (involving checks that are converted to electronic transactions by merchants and other payees).

The Equal Credit Opportunity Act, or ECOA, generally prohibits discrimination in any credit transaction, whether for consumer or business purposes, on the basis of race, color, religion, national origin, sex, marital status, age (except in limited circumstances), receipt of income from public assistance programs, or good faith exercise of any rights under the Consumer Credit Protection Act.

The Truth in Lending Act, or TILA, is designed to ensure that credit terms are disclosed in a meaningful way so that consumers may compare credit terms more readily and knowledgeably. As a result of TILA, all creditors must use the same credit terminology to express rates and payments, including the annual percentage rate, the finance charge, the amount financed, the total of payments and the payment schedule, among other things.

The Fair Housing Act, or FH Act, regulates many practices, including making it unlawful for any lender to discriminate in its housing-related lending activities against any person because of race, color, religion, national

origin, sex, handicap or familial status. A number of lending practices have been found by the courts to be, or may be considered, illegal under the FH Act, including some that are not specifically mentioned in the FH Act itself.

The Community Reinvestment Act, or CRA, is intended to encourage insured depository institutions, while operating safely and soundly, to help meet the credit needs of their communities. The CRA specifically directs the federal regulatory agencies, in examining insured depository institutions, to assess a bank's record of helping meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound banking practices. The CRA further requires the agencies to take a financial institution's record of meeting its community credit needs into account when evaluating applications for, among other things, domestic branches, mergers or acquisitions, or holding company formations. The agencies use the CRA assessment factors in order to provide a rating to the financial institution. The ratings range from a high of "outstanding" to a low of "substantial noncompliance." In its last examination for CRA compliance, as of February 2005, the Bank was rated "satisfactory."

The Home Mortgage Disclosure Act, or HMDA, grew out of public concern over credit shortages in certain urban neighborhoods and provides public information that will help show whether financial institutions are serving the housing credit needs of the neighborhoods and communities in which they are located. The HMDA also includes a "fair lending" aspect that requires the collection and disclosure of data about applicant and borrower characteristics as a way of identifying possible discriminatory lending patterns and enforcing anti-discrimination statutes. The Federal Reserve Board amended regulations issued under HMDA to require the reporting of certain pricing data with respect to higher priced mortgage loans for review by the federal banking agencies from a fair lending perspective. We do not expect that the HMDA data reported by the Bank will raise material issues regarding the Bank's compliance with the fair lending laws.

The Real Estate Settlement Procedures Act, or RESPA, requires lenders to provide borrowers with disclosures regarding the nature and cost of real estate settlements. Also, RESPA prohibits certain abusive practices, such as kickbacks, and places limitations on the amount of escrow accounts. Penalties under the above laws may include fines, reimbursements and other penalties.

The National Flood Insurance Act, or NFIA, requires homes in flood-prone areas with mortgages from a federally regulated lender to have flood insurance. Hurricane Katrina focused awareness on this requirement. Lenders are required to provide notice to borrowers of special flood hazard areas and require such coverage before making, increasing, extending or renewing such loans. Financial institutions which demonstrate a pattern and practice of lax compliance are subject to the issuance of cease and desist orders and the imposition of per loan civil money penalties, up to a maximum fine which currently is $125,000. Fine payments are remitted to the Federal Emergency Management Agency for deposit into the National Flood Mitigation Fund.

Due to heightened regulatory concern related to compliance with HOEPA, FACT, ECOA, TILA, FH Act, CRA, HMDA, RESPA and NFIA generally, the Bank may incur additional compliance costs or be required to expend additional funds for investments in its local community.

Federal Home Loan Bank ("FHLB") System

The Bank is a member of the Federal Home Loan Bank of San Francisco. Among other benefits, each FHLB serves as a reserve or central bank for its members within its assigned region. Each FHLB is financed primarily from the sale of consolidated obligations of the FHLB system. Each FHLB makes available loans or advances to its members in compliance with the policies and procedures established by the Board of Directors of the individual FHLB. FHLB members are required to own a certain amount of capital stock in the FHLB.

Federal Reserve System

The Federal Reserve Board requires all depository institutions to maintain non-interest bearing reserves at specified levels against their transaction accounts (primarily checking, NOW, and Super NOW checking accounts) and non-personal time deposits. At December 31, 2006, we were in compliance with these requirements.

Non-bank Subsidiaries

The Company's non-bank subsidiaries also are subject to regulation by the FRB and other applicable federal and state agencies. Other non-bank subsidiaries of the Company are subject to the laws and regulations of both the federal government and the various states in which they conduct business.

Employees

At December 31, 2006, we employed 752 persons, 522 on a full-time and 230 on a part-time basis. We believe that our employee relations are satisfactory.

Available Information

Reports filed with the Securities and Exchange Commission (the "Commission") include our proxy statements, annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. These reports and other information on file can be inspected and copied at the public reference facilities of the Commission on file at 450 Fifth Street, N.W., Washington D.C., 20549. The public may obtain information on the operation of the public reference loans by calling the SEC at 1-800-SEC-0330. The Commission maintains a Web Site that contains the reports, proxy and information statements and other information we file with them. The address of the site is http://www.sec.gov. The Company also maintains an Internet website at http://www.cbbank.com. We make available, free of charge through our website, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and current Report on Form 8-K, and any amendment there to, as soon as reasonably practicable after we file such reports with the SEC. None of the information contained in or hyperlinked from our website is incorporated into this Form 10-K.

Executive Officers

The following tables set forth certain information regarding our Executive Officers as of February 28, 2007:

Executive Officers:

Name	Position	Age
Christopher D. Myers	President and Chief Executive Officer of the Company and the Bank	44
Edward J. Biebrich Jr.	Chief Financial Officer of the Company and Executive Vice President and Chief Financial Officer of the Bank	63
Jay W. Coleman	Executive Vice President/Sales and Service Division of the Bank	64
Edward J. Mylett, Jr.	Executive Vice President/Credit Management Division of the Bank	58
Anthony Q. Evans	Executive Vice President/Service Division of the Bank	56

Mr. Myers assumed the position of President and Chief Executive Officer of the Company and the Bank on August 1, 2006. Prior to that, Mr. Myers served as Chairman of the Board and Chief Executive Officer of Mellon First Business Bank from 2004 to 2006. From 1996 to 2003, Mr. Myers held several management positions with Mellon First Business Bank, including Executive Vice President, Regional Vice President, and Vice President/Group Manager.

Mr. Biebrich assumed the position of Chief Financial Officer of the Company and Executive Vice President/Chief Financial Officer of the Bank on February 2, 1998. From 1983 to 1990, he served as Chief Financial Officer for Central Pacific Corporation and Executive Vice President, Chief Financial Officer and Manager of the Finance and Operations Division for American National Bank. From 1990 to 1992, he was Vice President of Operations for Systematics Financial Services Inc. From 1992 to 1998, he served as Senior Vice President, Chief Financial Officer of ARB, Inc.

Mr. Coleman assumed the position of Executive Vice President of the Bank on December 5, 1988. Prior to that, he served as President and Chief Executive Officer of Southland Bank, N.A. from March 1983 to April 1988.

Mr. Mylett assumed the position of Executive Vice President and Senior Loan Officer of the Bank on March 1, 2006. Prior to that, he served as Senior Vice President Regional Manager of the Bank from July 2003 to March 2006 and the Burbank Business Financial Center Manager from June 2002 to July 2003. Prior to that, Mr. Mylett served

as Executive Vice President, Chief Operating Officer and Senior Credit Officer for Western Security Bank from 1992 to June 2002.

Mr. Evans assumed the position of Executive Vice President and Service Division Manager of the Bank on December 29, 2006. Prior to that, he served as Executive Vice President and Chief Operations Officer for Mellon First Business Bank from 2005 to 2006. From 1998 to 2005, Mr. Evans served as Senior Vice President and Director of Operations for Community Bank of Pasadena.

Item 1A. *Risk Factors*

Risk Factors That May Affect Future Results — In addition to the other information contained in this annual report, the following risks may affect us. If any of these risks occurs, our business, financial condition, operating results and prospects could be adversely affected.

Our Southern and Central California business focus and economic conditions in Southern and Central California could adversely affect our operations — Our operations are concentrated in Southern and Central California, and in particular in San Bernardino County, Riverside County, Orange County, Madera County, Fresno County, Tulare County, Kern County, and the eastern portion of Los Angeles County in Southern California. As a result of this geographic concentration, our business is directly affected by factors such as economic, political and market conditions, broad trends in industry and finance, legislative and regulatory changes, changes in government monetary and fiscal policies and inflation, all of which are beyond our control. Deterioration in economic conditions could result in the following consequences, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects:

- problem assets and foreclosures may increase,
- demand for our products and services may decline,
- low cost or non-interest bearing deposits may decrease, and
- collateral for loans made by us, especially real estate, may decline in value, in turn reducing customers' borrowing power, and reducing the value of assets and collateral associated with our existing loans.

In view of the concentration of our operations and the collateral securing our loan portfolio in Southern and Central California, we may be particularly susceptible to the adverse effects of any of these consequences, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are dependent on key personnel and the loss of one or more of those key personnel may materially and adversely affect our prospects — Competition for qualified employees and personnel in the banking industry is intense and there are a limited number of qualified persons with knowledge of, and experience in, the California community banking industry. The process of recruiting personnel with the combination of skills and attributes required to carry out our strategies is often lengthy. Our success depends to a significant degree upon our ability to attract and retain qualified management, credit quality, loan origination, finance, administrative, marketing and technical personnel and upon the continued contributions of our management and personnel. In particular, our success has been and continues to be highly dependent upon the abilities of our executive officers. The loss of the services of any one of our key executives or other executives or our inability to find suitable replacements could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our business is subject to interest rate risk and variations in interest rates may negatively affect our financial performance — Our earnings are impacted by changing interest rates. Changes in interest rates impact the level of loans, deposits and investments, the credit profile of existing loans and the rates received on loans and securities and the rates paid on deposits and borrowings. Significant fluctuations in interest rates may have a material adverse affect on our financial condition and results of operations.

A substantial portion of our income is derived from the differential or "spread" between the interest earned on loans, securities and other interest-earning assets, and interest paid on deposits, borrowings and other interest-bearing liabilities. Because of the differences in the maturities and repricing characteristics of our interest-earning assets and interest-bearing liabilities, changes in interest rates do not produce equivalent changes in interest income

earned on interest-earning assets and interest paid on interest-bearing liabilities. At December 31, 2006 our balance sheet was liability sensitive and, as a result, our net interest margin tends to decline in a rising interest rate environment and expand in a declining interest rate environment. Accordingly, fluctuations in interest rates could adversely affect our interest rate spread and, in turn, our profitability. In addition, loan origination volumes are affected by market interest rates. Rising interest rates, generally, are associated with a lower volume of loan originations while lower interest rates are usually associated with higher loan originations. Conversely, in rising interest rate environments, loan repayment rates may decline and in falling interest rate environments, loan repayment rates may increase. In addition, in a rising interest rate environment, we may need to accelerate the pace of rate increases on our deposit accounts as compared to the pace of future increases in short-term market rates. Accordingly, changes in levels of market interest rates could materially and adversely affect our net interest spread, asset quality, loan origination volume, business, financial condition, results of operations and prospects.

The types of loans in our portfolio have a higher degree of risk and a downturn in our real estate markets could hurt our business — A downturn in our real estate markets could hurt our business because many of our loans are secured by real estate. Real estate values and real estate markets are generally affected by changes in national, regional or local economic conditions, fluctuations in interest rates and the availability of loans to potential purchasers, changes in tax laws and other governmental statutes, regulations and policies and acts of nature. If real estate prices decline, particularly in California, the value of real estate collateral securing our loans could be reduced. Our ability to recover on defaulted loans by foreclosing and selling the real estate collateral would then be diminished and we would be more likely to suffer losses on defaulted loans. As of December 31, 2006, approximately 42.75% of the book value of our loan portfolio consisted of loans collateralized or secured by various types of real estate. Substantially all of our real estate collateral is located in California. If there is a significant decline in real estate values, especially in California, the collateral for our loans will provide less security. Real estate values could also be affected by, among other things, earthquakes and national disasters particular to California. Any such downturn could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are subject to extensive government regulation. These regulations may hamper our ability to increase our assets and earnings — Our operations and those of the Bank are subject to extensive regulation by federal, state and local governmental authorities and are subject to various laws and judicial and administrative decisions imposing requirements and restrictions on part or all of our operations. Because our business is highly regulated, the laws, rules and regulations applicable to us are subject to regular modification and change. We cannot assure you that these proposed laws, rules and regulations or any other laws, rules or regulations will not be adopted in the future, which could make compliance much more difficult or expensive, restrict our ability to originate, broker or sell loans, further limit or restrict the amount of commissions, interest or other charges earned on loans originated or sold by us or otherwise adversely affect our business, financial condition, results of operations or cash flows.

We are exposed to risk of environmental liabilities with respect to properties to which we take title — In the course of our business, we may foreclose and take title to real estate, and could be subject to environmental liabilities with respect to these properties. We may be held liable to a governmental entity or to third parties for property damage, personal injury, investigation and clean-up costs incurred by these parties in connection with environmental contamination, or may be required to investigate or clean-up hazardous or toxic substances, or chemical releases at a property. The costs associated with investigation or remediation activities could be substantial. In addition, if we are the owner or former owner of a contaminated site, we may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the property. If we become subject to significant environmental liabilities, our business, financial condition, results of operations and prospects could be adversely affected.

If we cannot attract deposits, our growth may be inhibited — Our ability to increase our asset base depends in large part on our ability to attract additional deposits at favorable rates. We intend to seek additional deposits by offering deposit products that are competitive with those offered by other financial institutions in our markets and by establishing personal relationships with our customers. We cannot assure you that these efforts will be successful. Our inability to attract additional deposits at competitive rates could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our allowance for credit losses may not be adequate to cover actual losses — A significant source of risk arises from the possibility that we could sustain losses because borrowers, guarantors, and related parties may fail to perform in accordance with the terms of their loans and leases. The underwriting and credit monitoring policies and procedures that we have adopted to address this risk may not prevent unexpected losses that could have a material adverse effect on our business, financial condition, results of operations and cash flows. Unexpected losses may arise from a wide variety of specific or systemic factors, many of which are beyond our ability to predict, influence, or control.

Like all financial institutions, we maintain an allowance for credit losses to provide for loan and lease defaults and non-performance — Our allowance for credit losses may not be adequate to cover actual loan and lease losses, and future provisions for credit losses could materially and adversely affect our business, financial condition, results of operations and cash flows. The allowance for credit losses reflects our estimate of the probable losses in our loan and lease portfolio at the relevant balance sheet date. Our allowance for credit losses is based on prior experience, as well as an evaluation of the known risks in the current portfolio, composition and growth of the loan and lease portfolio and economic factors. The determination of an appropriate level of the allowance for credit losses is an inherently difficult process and is based on numerous assumptions. The amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates, that may be beyond our control and these losses may exceed current estimates. Federal and state regulatory agencies, as an integral part of their examination process, review our loans and leases and allowance for credit losses. While we believe that our allowance for credit losses is adequate to cover current losses, we cannot assure you that we will not increase the allowance for credit losses further or that regulators will not require us to increase this allowance. Either of these occurrences could have a material adverse affect on our business, financial condition, results of operations and prospects.

We rely on communications, information, operating and financial control systems technology from third-party service providers, and we may suffer an interruption in those systems that may result in lost business and we may not be able to obtain substitute providers on terms that are as favorable if our relationships with our existing service providers are interrupted — We rely on third-party service providers for much of our communications, information, operating and financial control systems technology. Any failure or interruption or breach in security of these systems could result in failures or interruptions in our customer relationship management, general ledger, deposit, servicing and/or loan origination systems. We cannot assure you that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed by us or the third parties on which we rely. The occurrence of any failures or interruptions could have a material adverse effect on our business, financial condition, results of operations and cash flows. If any of our third-party service providers experience financial, operational or technological difficulties, or if there is any other disruption in our relationships with them, we may be required to locate alternative sources of such services, and we cannot assure you that we could negotiate terms that are as favorable to us, or could obtain services with similar functionality as found in our existing systems without the need to expend substantial resources, if at all. Any of these circumstances could have a material adverse effect on our business, financial condition, results of operations, and prospects.

We face strong competition from financial services companies and other companies that offer banking services which could hurt our business — We conduct our operations exclusively in California. Increased competition in our markets may result in reduced loans and deposits. Ultimately, we may not be able to compete successfully against current and future competitors. Many competitors offer the banking services that we offer in our service areas. These competitors include national banks, regional banks and other community banks. We also face competition from many other types of financial institutions, including savings and loan associations, finance companies, brokerage firms, insurance companies, credit unions, mortgage banks and other financial intermediaries. In particular, our competitors include major financial companies whose greater resources may afford them a marketplace advantage by enabling them to maintain numerous locations and mount extensive promotional and advertising campaigns. Additionally, banks and other financial institutions with larger capitalization and financial intermediaries not subject to bank regulatory restrictions may have larger lending limits which would allow them to serve the credit needs of larger customers. Areas of competition include interest rates for loans and deposits, efforts to obtain loan and deposit customers and a range in quality of products and services provided, including new technology-driven products and services. Technological innovation continues to contribute to greater competition

in domestic and international financial services markets as technological advances enable more companies to provide financial services. We also face competition from out-of-state financial intermediaries that have opened loan production offices or that solicit deposits in our market areas. If we are unable to attract and retain banking customers, we may be unable to continue our loan growth and level of deposits and our business, financial condition, results of operations and prospects may be adversely affected.

Anti-takeover provisions and federal law may limit the ability of another party to acquire us, which could cause our stock price to decline — Various provisions of our articles of incorporation and by-laws could delay or prevent a third-party from acquiring us, even if doing so might be beneficial to our shareholders. These provisions provide for, among other things, a shareholder rights plan and the authorization to issue "blank check" preferred stock by action of the board of directors acting alone, thus without obtaining shareholder approval. The Bank Holding Company Act of 1956, as amended, and the Change in Bank Control Act of 1978, as amended, together with federal regulations, require that, depending on the particular circumstances, either Federal Reserve approval must be obtained or notice must be furnished to the Federal Reserve and not disapproved prior to any person or entity acquiring "control" of a state member bank, such as the Bank. These provisions may prevent a merger or acquisition that would be attractive to shareholders and could limit the price investors would be willing to pay in the future for our common stock.

We may face other risks. From time to time, we detail other risks with respect to our business and/or financial results in our filings with the Commission.

For further discussion on additional areas of risk, see "Item 7. Management's Discussion and Analysis of Financial Condition and the Results of Operations — Risk Management."

Item 1B. *Unresolved Staff Comments*

None

Item 2. *Properties*

The principal executive offices of the Company and the Bank are located at 701 North Haven Avenue, Suite 350, Ontario, California, which is owned by the Company.

At December 31, 2006, the Bank occupied the premises for thirty-three of its offices under leases expiring at various dates from 2007 through 2020, at which time we can exercise options that could extend certain leases through 2026. We own the premises for eleven of our offices, including our data center, located in Ontario, California.

Item 3. *Legal Proceedings*

From time to time the Company and the Bank are parties to claims and legal proceedings arising in the ordinary course of business. After taking into consideration information furnished by counsel, we believe that the ultimate aggregate liability represented thereby, if any, will not have a material adverse effect on our consolidated financial position or results of operations.

Item 4. *Submission of Matters to a Vote of Security Holders*

No matters were submitted to shareholders during the fourth quarter of 2006.

PART II

Item 5. ***Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.***

Our common stock is traded on the Nasdaq National Market under the symbol "CVBF." The following table presents the high and low closing sales prices and dividend information for our common stock during each quarter for the past two years. The share prices for all periods have been restated to give retroactive effect, as applicable, to the ten percent stock dividend declared in December 2006 and paid January 19, 2007, the 5-for-4 stock split declared in December 2005, which became effective January 10, 2006, and the 5-for-4 stock split declared in December 2004, which became effective December 29, 2004. Cash dividends per share are not adjusted for these stock dividends and splits. The Company had approximately 1,944 shareholders of record as of January 5, 2007.

Two Year Summary of Common Stock Prices

Quarter Ended	High	Low	Dividends
3/31/2005	$ 15.49	$ 12.80	$0.11 Cash Dividend
6/30/2005	$ 14.63	$ 12.36	$0.11 Cash Dividend
9/30/2005	$ 15.93	$ 13.12	$0.11 Cash Dividend
12/31/2005	$ 15.20	$ 12.63	$0.09 Cash Dividend
			5-for-4 Stock Split
3/31/2006	$ 15.60	$ 14.71	$0.09 Cash Dividend
6/30/2006	$ 15.59	$ 13.25	$0.09 Cash Dividend
9/30/2006	$ 14.24	$ 12.83	$0.09 Cash Dividend
12/31/2006	$ 14.13	$ 12.83	$0.085 Cash Dividend
			10% Stock Dividend

For information on the ability of the Bank to pay dividends and make loans to the Company, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity Risk".

Issuer Purchases of Equity Securities

In October 2001, the Company's Board of Directors authorized the repurchase of up to 2.0 million shares (without adjustment for stock dividends and splits) of our common stock. There were no repurchases made in 2006. During 2005 and 2004, we repurchased 676,033 shares and 99,504 shares of common stock under this repurchase plan, for the total price of $12.3 million and $2.0 million, respectively. As of December 31, 2006, 875,163 shares are available to be repurchased in the future under this repurchase plan.

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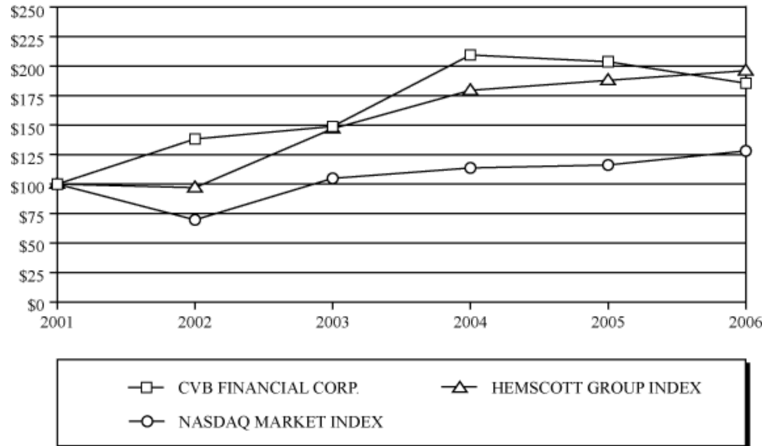
Performance Graph

The following Performance Graph and related information shall not be deemed "soliciting material" or to be "filed" with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that the Company specifically incorporates it by reference into such filing.

The following graph compares the yearly percentage change in CVB Financial Corp.'s cumulative total shareholder return (stock price appreciation plus reinvested dividends) on common stock (i) the cumulative total return of the Nasdaq National Market; and (ii) a published index comprised by Hemscott, Inc. of banks and bank holding companies in the Pacific region (the industry group line depicted below).

The graph assumes an initial investment of $100 on January 1, 2002, and reinvestment of dividends through December 31, 2006. Points on the graph represent the performance as of the last business day of each of the years indicated. The graph is not necessarily indicative of future price performance. On June 11, 2001, CVB Financial Corp's common stock ceased trading on the American Stock Exchange and began trading on the Nasdaq National Market System on the following business day.

COMPARE 5-YEAR CUMULATIVE TOTAL RETURN
AMONG CVB FINANCIAL CORP.,
NASDAQ MARKET INDEX AND HEMSCOTT GROUP INDEX



ASSUMES $100 INVESTED ON JAN. 01, 2002
ASSUMES DIVIDEND REINVESTED
FISCAL YEAR ENDING DEC. 31, 2006

	2001	2002	2003	2004	2005	2006
CVB FINANCIAL CORP.	100.00	138.20	148.84	209.33	203.64	185.42
HEMSCOTT GROUP INDEX	100.00	97.03	146.95	179.40	187.88	196.02
NASDAQ MARKET INDEX	100.00	69.75	104.88	113.70	116.19	128.12

Item 6. ***Selected Financial Data.***

The following table reflects selected financial information at and for the five years ended December 31. Throughout the past five years, the Company has acquired other banks. This may affect the comparability of the data.

	At December 31,				
	2006	2005	2004	2003	2002
	(Amounts and numbers in thousands except per share amounts)				
Interest Income	$ 316,660	$ 246,948	$ 197,702	$ 166,346	$ 154,323
Interest Expense	147,464	77,436	46,517	37,053	40,439
Net Interest Income	169,196	169,512	151,185	129,293	113,884
Provision for Credit Losses	3,000	—	—	—	—
Other Operating Income	33,258	27,505	27,907	29,989	29,018
Other Operating Expenses	95,824	90,053	89,722	77,794	66,056
Earnings Before Income Taxes	103,630	106,964	89,370	81,488	76,846
Income Taxes	31,724	36,346	27,884	28,656	27,101
NET EARNINGS	$ 71,906	$ 70,618	$ 61,486	$ 52,832	$ 49,745
Basic Earnings Per Common Share(1)	$ 0.85	$ 0.84	$ 0.74	$ 0.64	$ 0.60
Diluted Earnings Per Common Share(1)	$ 0.85	$ 0.83	$ 0.73	$ 0.63	$ 0.59
Cash Dividends Declared Per Common Share	$ 0.355	$ 0.420	$ 0.480	$ 0.480	$ 0.540
Cash Dividends paid	27,876	27,963	23,821	21,638	20,800
Dividend Pay-Out Ratio(3)	38.77%	39.60%	38.74%	40.96%	41.81%
Weighted Average Common Shares(1):					
Basic	84,154,216	84,139,254	83,221,496	82,813,541	82,475,422
Diluted	84,813,875	84,911,893	84,258,933	84,408,373	84,280,226
Common Stock Data:					
Common shares outstanding at year end(1)	84,281,722	84,073,227	83,416,193	82,997,315	82,304,822
Book Value Per Share(1)	$ 4.62	$ 4.08	$ 3.81	$ 3.45	$ 3.16
Financial Position:					
Assets	$ 6,094,262	$ 5,422,971	$ 4,511,011	$ 3,854,349	$ 3,123,411
Investment Securities available-for-sale	2,582,902	2,369,892	2,085,014	1,865,782	1,430,599
Net Loans	3,042,459	2,640,659	2,117,580	1,738,659	1,424,343
Deposits	3,406,808	3,424,046	2,875,039	2,660,510	2,309,964
Borrowings	1,189,250	1,496,000	1,186,000	786,500	468,000
Junior Subordinated debentures	16,156	82,476	82,746	82,476	—
Stockholders' Equity	36,477	342,877	317,483	286,721	259,821
Equity-to-Assets Ratio(2)	0.59%	6.32%	7.04%	7.44%	8.32%
Financial Performance:					
Return on:					
Beginning Equity	20.97%	22.24%	21.44%	20.33%	22.53%
Average Equity	19.75%	20.87%	20.33%	19.17%	20.45%
Average Assets	1.25%	1.45%	1.47%	1.54%	1.83%
Net Interest Margin (TE)	3.31%	3.86%	3.99%	4.18%	4.66%
Efficiency Ratio	48.04%	45.71%	50.10%	48.84%	46.22%

	At December 31,				
	2006	2005	2004	2003	2002
	(Amounts and numbers in thousands except per share amounts)				
Credit Quality:					
Allowance for Credit Losses	$ 27,737	$ 23,204	$ 22,494	$ 21,282	$ 21,666
Allowance/Total Loans	0.90%	0.87%	1.05%	1.21%	1.50%
Total Non Performing Loans	$ —	$ —	$ 2	$ 548	$ 824
Non Performing Loans/Total Loans	0.00%	0.00%	0.00%	0.03%	0.06%
Allowance/Non Performing Loans	—	—	1,124,698%	3,884%	2,629%
Net (Recoveries)/Charge-offs	$ (1,533)	$ 46	$ (1,212)	$ 1,418	$ 1,128
Net (Recoveries)/Charge-Offs/Average Loans	-0.05%	0.00%	−0.06%	0.09%	0.09%
Regulatory Capital Ratios					
For the Company:					
Leverage Ratio	7.8%	7.7%	8.3%	8.6%	7.6%
Tier 1 Capital	12.3%	11.3%	12.6%	13.2%	10.2%
Total Capital	13.1%	12.0%	13.4%	14.5%	11.2%
For the Bank:					
Leverage Ratio	7.1%	7.3%	7.8%	8.6%	7.6%
Tier 1 Capital	11.1%	10.8%	11.9%	13.2%	10.2%
Total Capital	11.8%	11.5%	12.7%	14.2%	11.3%

(1) All earnings per share information has been retroactively adjusted to reflect the 10% stock dividend declared December 20, 2006 and paid January 19, 2007, the 5-for-4 stock split declared on December 21, 2005, which became effective January 10, 2006, the 5-for-4 stock split declared December 15, 2004, which became effective December 29, 2004, the 10% stock dividend declared December 17, 2003 and paid January 2, 2004, and the 5-for-4 stock split declared December 18, 2002, which became effective January 3, 2003. Cash dividends declared per share are not restated in accordance with generally accepted accounting principles.

(2) Stockholders' equity divided by total assets.

(3) Cash dividends divided by net earnings.

Item 7. ***Management's Discussion and Analysis of Financial Condition and the Results of Operations.***

GENERAL

Management's discussion and analysis is written to provide greater detail of the results of operations and the financial condition of CVB Financial Corp. and its subsidiaries. This analysis should be read in conjunction with the audited financial statements contained within this report including the notes thereto.

OVERVIEW

We are a bank holding company with one bank subsidiary, Citizens Business Bank. We have three other inactive subsidiaries: CVB Ventures, Inc.; Chino Valley Bancorp and ONB Bancorp. In March 2006, we merged two of our operating subsidiaries, Community Trust Deed Services and Golden West Enterprises, Inc. into the Bank to increase the lending limit of Golden West's leasing operations and to improve efficiency. We are also the common stockholder of CVB Statutory Trust I, CVB Statutory Trust II and CVB Statutory Trust III. CVB Statutory Trust I and II were created in December 2003 and CVB Statutory Trust III was created in January 2006 to issue $84.0 million and $25.0 million, respectively, in trust preferred securities in order to increase the capital of the Company. We are based in Ontario, California in what is known as the "Inland Empire". Our geographical market area encompasses the City of Madera (the middle of the Central Valley) in the center of California to the City of Laguna Beach (in Orange County) in the southern portion of California. Our mission is to offer the finest financial products and services to professionals and businesses in our market area. As opportunities present themselves, we

will continue to pursue acquisition opportunities and other opportunities for growth which will enable us to meet our business objectives and enhance shareholder value.

Our primary source of income is from the interest earned on our loans and investments and our primary area of expense is the interest paid on deposits, borrowings, salaries and benefits. As such our net income is subject to fluctuations in interest rates and their impact on our income statement. The flat interest rate environment has compressed our net interest margin. We are also subject to competition from other financial institutions, which may affect our pricing of products and services, and the fees and interest rates we can charge on them.

Economic conditions in our California service area impact our business. We have seen housing slow down and this has had an impact on us by means of the slower growth in construction loans and the decrease in deposit balances from escrow companies. Unemployment remains low, but job growth is slowing.

Over the past few years, we have been active in acquisitions and we will continue to pursue acquisition targets which will enable us to meet our business objectives and enhance shareholder value. Since 2000, we have acquired four banks and a leasing company, and we have opened four de novo branches; Glendale, Bakersfield, Fresno and Madera. While we have been active in acquisitions, our desire is also to grow organically.

Our growth in loans and investments during 2006 compared with 2005 has allowed our interest income to grow. The Bank has always had an excellent base of interest free deposits primarily due to our specialization in businesses and professionals as customers. This has allowed us to have a low cost of deposits, currently 1.91% for the year ended December 31, 2006. However, the rise in interest expense resulting primarily from an increase in average interest-bearing liabilities and an increase in the cost of these liabilities has caused our net interest margin to decline to 3.14% for 2006, compared to 3.73% for 2005.

Our total occupancy expense, exclusive of furniture and equipment expense, for the year ended December 31, 2006, was $8.6 million. We believe that our existing facilities are adequate for our present purposes. The Company believes that if necessary, it could secure suitable alternative facilities on similar terms without adversely affecting operations. For additional information concerning properties, see Notes 6 and 11 of the Notes to the Consolidated Financial Statements included in this report. See “Item 8. Financial Statements and Supplemental Data.”

Our net income increased to $71.9 million in 2006 compared with $70.6 million in 2005, an increase of $1.3 million or 1.83%. Diluted earnings per share, when restated for the ten percent stock dividend declared in December 2006, increased $0.02, from $0.83 in 2005 to $0.85 in 2006.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties, and could potentially result in materially different results under different assumptions and conditions. We believe that our most critical accounting policies upon which our financial condition depends, and which involve the most complex or subjective decisions or assessment, are as follows:

Allowance for Credit Losses: Arriving at an appropriate level of allowance for credit losses involve a high degree of judgment. Our allowance for credit losses provides for probable losses based upon evaluations of known and inherent risks in the loan and lease portfolio. The determination of the balance in the allowance for credit losses is based on an analysis of the loan and lease finance receivables portfolio using a systematic methodology and reflects an amount that, in our judgment, is adequate to provide for probable credit losses inherent in the portfolio, after giving consideration to the character of the loan portfolio, current economic conditions, past credit loss experience, and such other factors as deserve current recognition in estimating inherent credit losses. The provision for credit losses is charged to expense. For a full discussion of our methodology of assessing the adequacy of the allowance for loan losses, see “Risk Management” in Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operation.

Investment Portfolio: The investment portfolio is an integral part of our financial performance. We invest primarily in fixed income securities. Accounting estimates are used in the presentation of the investment portfolio and these estimates do impact the presentation of our financial condition and results of operations. Many of the securities included in the investment portfolio are purchased at a premium or discount. The premiums or discounts

are amortized or accreted over the life of the security. For mortgage-backed securities ("MBS"), the amortization or accretion is based on estimated average lives of the securities. The lives of these securities can fluctuate based on the amount of prepayments received on the underlying collateral of the securities. The amount of prepayments varies from time to time based on the interest rate environment (i.e., lower interest rates increase the likelihood of refinances) and the rate of turn over of the mortgages (i.e., how often the underlying properties are sold and mortgages are paid-off). We use estimates for the average lives of these mortgage backed securities based on information received from third parties whose business it is to compile mortgage related data and develop a consensus of that data. We adjust the rate of amortization or accretion regularly to reflect changes in the estimated average lives of these securities.

We classify securities as held-to-maturity those debt securities that we have the positive intent and ability to hold to maturity. Securities classified as trading are those securities that are bought and held principally for the purpose of selling them in the near term. All other debt and equity securities are classified as available-for-sale. Securities held-to-maturity are accounted for at cost and adjusted for amortization of premiums and accretion of discounts. Trading securities are accounted for at fair value with the unrealized holding gains and losses being included in current earnings. Securities available-for-sale are accounted for at fair value, with the net unrealized gains and losses, net of income tax effects, presented as a separate component of stockholders' equity. At each reporting date, available-for-sale securities are assessed to determine whether there is an other-than-temporary impairment. Such impairment, if any, is required to be recognized in current earnings rather than as a separate component of stockholders' equity. Realized gains and losses on sales of securities are recognized in earnings at the time of sale and are determined on a specific-identification basis. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Our investment in Federal Home Loan Bank ("FHLB") stock is carried at cost.

Income Taxes: We account for income taxes by deferring income taxes based on estimated future tax effects of temporary differences between the tax and book basis of assets and liabilities considering the provisions of enacted tax laws. These differences result in deferred tax assets and liabilities, which are included on our balance sheets. We must also assess the likelihood that any deferred tax assets will be recovered from future taxable income and establish a valuation allowance for those assets determined to not likely be recoverable. Our judgment is required in determining the amount and timing of recognition of the resulting deferred tax assets and liabilities, including projections of future taxable income. Although we have determined a valuation allowance is not required for all deferred tax assets, there is no guarantee that these assets are recoverable.

Goodwill and Intangible Assets: We have acquired entire banks and branches of banks. Those acquisitions accounted for under the purchase method of accounting have given rise to goodwill and intangible assets. We record the assets acquired and liabilities assumed at their fair value. These fair values are arrived at by use of internal and external valuation techniques. The excess purchase price is allocated to assets and liabilities respectively, resulting in identified intangibles. The identified intangibles are amortized over the estimated lives of the assets or liabilities. Any excess purchase price after this allocation results in goodwill. Goodwill is tested on an annual basis for impairment.

ANALYSIS OF THE RESULTS OF OPERATIONS

The following table summarizes net earnings, earnings per common share, and key financial ratios for the periods indicated.

	For the Years Ended December 31,		
	2006	2005	2004
	(Dollars in thousands, except per share amounts)		
Net earnings	$ 71,906	$ 70,618	$ 61,486
Earnings per common share:			
Basic(1)	$ 0.85	$ 0.84	$ 0.74
Diluted(1)	$ 0.85	$ 0.83	$ 0.73
Return on average assets	1.25%	1.45%	1.47%
Return on average shareholders' equity	19.75%	20.87%	20.33%

(1) All earnings per share information has been retroactively adjusted to reflect the 10% stock dividend declared December 20, 2006 and paid January 19, 2007, the 5-for-4 stock split declared on December 21, 2005, which became effective January 10, 2006, and the 5-for-4 stock split declared December 15, 2004, which became effective December 29, 2004.

Earnings

We reported net earnings of $71.9 million for the year ended December 31, 2006. This represented an increase of $1.3 million, or 1.83%, over net earnings of $70.6 million for the year ended December 31, 2005. Net earnings for 2005 increased $9.1 million to $70.6 million, or 14.85%, over net earnings of $61.5 million for the year ended December 31, 2004. Diluted earnings per share were $0.85 in 2006, as compared to $0.83 in 2005, and $0.73 in 2004. Basic earnings per share were $0.85 in 2006, as compared to $0.84 in 2005, and $0.74 in 2004. Diluted and basic earnings per share have been adjusted for the effects of a ten percent dividend declared December 20, 2006 and paid on January 19, 2007, a 5-for-4 stock split declared December 21, 2005, which became effective January 10, 2006, and a 5-for-4 stock split declared December 15, 2004, which became effective December 29, 2004.

The increase in net earnings for 2006 compared to 2005 was primarily the result of an increase in other operating income, offset by a decrease in net interest margin and increase in other operating expenses. Our financial results and operations have been affected by competition which has manifested itself with increased pricing pressures for loans and deposits, thus compressing our net interest margin. Because of the pressure on the net interest margin, other operating income has become a more important element in the total revenue of the Company. The increase in net earnings for 2005 compared to 2004 was also the result of an increase in net interest income offset by an increase in other operating expenses and a decrease in other operating income.

For 2006, our return on average assets was 1.25%, compared to 1.45% for 2005, and 1.47% for 2004. Our return on average stockholders' equity was 19.75% for 2006, compared to a return of 20.87% for 2005, and 20.33% for 2004.

Net Interest Income

The principal component of our earnings is net interest income, which is the difference between the interest and fees earned on loans and investments (earning assets) and the interest paid on deposits and borrowed funds (interest-bearing liabilities). Net interest margin is the taxable-equivalent of net interest income as a percentage of average earning assets for the period. The level of interest rates and the volume and mix of earning assets and interest-bearing liabilities impact net interest income and net interest margin. The net interest spread is the yield on average earning assets minus the cost of average interest-bearing liabilities. Our net interest income, interest spread, and net interest margin are sensitive to general business and economic conditions. These conditions include short-term and long-term interest rates, inflation, monetary supply, and the strength of the economy, in general, and the local economies in which we conduct business. Our ability to manage the net interest income during changing interest rate environments will have a significant impact on its overall performance. Our balance sheet is currently

liability-sensitive; meaning interest-bearing liabilities will generally reprice more quickly than earning assets. Therefore, our net interest margin is likely to decrease in sustained periods of rising interest rates and increase in sustained periods of declining interest rates. We manage net interest income through affecting changes in the mix of earning assets as well as the mix of interest-bearing liabilities, changes in the level of interest-bearing liabilities in proportion to earning assets, and in the growth of earning assets.

Our net interest income, after provision for credit losses totaled $166.2 million for 2006. This represented a decrease of $3.3 million, or 1.96%, from net interest income of $169.5 million for 2005. Net interest income for 2005 increased $18.3 million, or 12.12%, over net interest income of $151.2 million for 2004. The decrease in net interest income of $3.3 million for 2006 resulted from an increase of $69.7 million in interest income offset by an increase of $70.0 million in interest expense and $3.0 million increase in provision for credit losses. The increase in interest income of $69.7 million resulted from the $847.5 million increase in average earning assets and the increase in yield on earning assets to 6.05% in 2006 from 5.56% in 2005. The increase of $70.0 million in interest expense resulted from the increase in the average rate paid on interest-bearing liabilities to 3.70% in 2006 from 2.48% in 2005, and an increase of $877.8 million in average interest-bearing liabilities.

The major reason for the decrease in net interest income was the flattening of the yield curve and its affect on our liabilities. Our interest-bearing liabilities are comprised of customer deposits and borrowings from primarily the FHLB or other correspondent banks. The borrowings are at market rates and have reset upwards as rates have risen. Our rates on customer deposits have risen also, but slower than rates on borrowings. These increases in rates have continued even though the Federal Reserve Bank has not raised the Fed Funds Target Rate since June 2006. Our deposit rates have continued to rise due to increased competition.

The increase in net interest income of $18.3 million for 2005 as compared to 2004 resulted from an increase of $49.2 million in interest income offset by a $30.9 million increase in interest expense. This increase in interest income of $49.2 million resulted from the $628.3 million increase in average earning assets and the increase in yield on earning assets to 5.56% in 2005 from 5.17% in 2004. The increase of $30.9 million in interest expense was the result of an increase in the average rate paid on interest-bearing liabilities to 2.48% in 2005 from 1.76% in 2004, and an increase of $474.7 million in average interest-bearing liabilities.

Interest income totaled $316.7 million for 2006. This represented an increase of $69.7 million, or 28.23%, compared to total interest income of $246.9 million for 2005. For 2005, total interest income increased $49.2 million, or 24.91%, from total interest income of $197.7 million for 2004. The increase in total interest income was primarily due to an increase in volume of interest earning assets and increase in interest rates in 2006, 2005, and 2004.

Interest expense totaled $147.5 million for 2006. This represented an increase of $70.0 million, or 90.43%, over total interest expense of $77.4 million for 2005. For 2005, total interest expense increased $30.9 million, or 66.47%, over total interest expense of $46.5 million for 2004.

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Table 1 represents the composition of average interest-earning assets and average interest-bearing liabilities by category for the periods indicated, including the changes in average balance, composition, and yield/rate between these respective periods:

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

	Years Ended December 31,								
	2006			2005			2004		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
					(Amounts in thousands)				
ASSETS									
Investment Securities Taxable(1)	$ 1,907,713	$ 91,029	4.80%	$ 1,774,842	$ 76,573	4.32%	$ 1,631,431	$ 66,109	4.07%
Tax preferenced(2)	604,222	26,545	5.90%	425,877	19,078	5.99%	339,452	15,087	5.87%
Investment in FHLB stock	74,368	4,290	5.77%	64,144	2,623	4.09%	46,443	1,960	4.22%
Federal Funds Sold & Interest Bearing Deposits with other institutions	1,843	92	4.99%	8,908	253	2.84%	311	3	0.96%
Loans(3)(4)	2,811,782	194,704	6.92%	2,277,304	148,421	6.52%	1,905,145	114,543	6.01%
Total Earning Assets	5,399,928	316,660	6.05%	4,551,075	246,948	5.56%	3,922,782	197,702	5.17%
Total Non Earning Assets	365,017			318,077			269,760		
Total Assets	$ 5,764,945			$ 4,869,152			$ 4,192,542		
LIABILITIES AND STOCKHOLDERS' EQUITY									
Savings Deposits(5)	$ 1,220,441	$ 26,637	2.18%	$ 1,140,703	$ 13,907	1.22%	$ 1,042,447	$ 7,708	0.74%
Time Deposits	940,634	40,543	4.31%	539,433	15,001	2.78%	505,102	7,800	1.54%
Total Deposits	2,161,075	67,180	3.11%	1,680,136	28,908	1.72%	1,547,549	15,508	1.00%
Other Borrowings	1,826,532	80,284	4.40%	1,429,632	48,528	3.39%	1,087,534	31,009	2.85%
Interest Bearing Liabilities	3,987,607	147,464	3.70%	3,109,768	77,436	2.48%	2,635,083	46,517	1.76%
Non-interest bearing deposits	1,354,014			1,382,968			1,213,884		
Other Liabilities	59,296			38,057			41,201		
Stockholders' Equity	364,028			338,359			302,374		
Total Liabilities and Stockholders' Equity	$ 5,764,945			$ 4,869,152			$ 4,192,542		
Net interest income		$ 169,196			$ 169,512			$ 151,185	
Net interest spread — tax equivalent			2.35%			3.08%			3.41%
Net interest margin			3.14%			3.73%			3.86%
Net interest margin — tax equivalent			3.31%			3.86%			3.99%
Net interest margin excluding loan fees			3.04%			3.52%			3.67%
Net interest margin excluding loan fees — tax equivalent			3.20%			3.65%			3.80%

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

(2) Non tax equivalent rate for 2006 was 4.44%, 2005 was 4.54%, and 2004 was 4.51%

(3) Loan fees are included in total interest income as follows, (000)s omitted: 2006, $5,818, 2005, $8,003, and 2004, $7,353.

(4) Non performing loans are included in net loans as follows, (000)s omitted: 2006, $0; 2005, $0; and 2004, $2.

(5) Includes interest bearing demand and money market accounts

As stated above, the net interest margin measures net interest income as a percentage of average earning assets. Our tax effected (TE) net interest margin was 3.31% for 2006, compared to 3.86% for 2005, and 3.99% for 2004. The decreases in the net interest margin over the last three years are the result of the increasing interest rate environment, which impacted interest earned and interest paid as a percent of earning assets. Although the yield on earning assets increased, this was offset by higher interest paid on interest-bearing liabilities.

It is difficult to attribute the net interest margin changes to any one factor. However, the banking and financial services businesses in our market areas are highly competitive. This competition has an influence on the strategies we employ. In addition, the general increase in interest rates had an impact on interest earned and interest paid as a percent of earning assets. Although the yield on earning assets increased, this was offset by higher interest paid on interest-bearing liabilities.

We did not grow our non-interest-bearing deposits in 2006 as we have in the past. This was due primarily to the competition for these types of deposits. As a result, we needed to borrow more funds, increasing our costs and decreasing our net interest income.

The decline in net interest margin is due to the cost of interest-bearing liabilities rising faster than the increase in yields on earning assets. This decline in net interest margin has been mitigated by the strong growth in the balance sheet. Average earning assets increased from $3.9 billion in 2004, to 4.6 billion in 2005, and to $5.4 billion in 2006. This represents an 18.65% increase in 2006 from 2005 and a 16.02% increase in 2005 from 2004. In addition, the Company has approximately $1.36 billion, or 40.02%, of its deposits in interest free demand deposits.

The net interest spread is the difference between the yield on average earning assets less the cost of average interest-bearing liabilities. The net interest spread is an indication of our ability to manage interest rates received on loans and investments and paid on deposits and borrowings in a competitive and changing interest rate environment. Our net interest spread (TE) was 2.35% for 2006, 3.08% for 2005, and 3.41% for 2004. The decrease in the net interest spread for 2006 as compared to 2005 resulted from a 49 basis point increase in the yield on earning assets offset by a 122 basis point increase in the cost of interest-bearing liabilities, thus generating a 73 basis point decrease in the net interest spread. The decrease in the net interest spread for 2005 resulted from a 39 basis point increase in the yield on earning assets and a 72 basis point increase in the cost of interest-bearing liabilities, thus generating a 33 basis point decrease in the net interest spread.

The yield (TE) on earning assets increased to 6.05% for 2006, from 5.56% for 2005, and reflects an increasing interest rate environment and a change in the mix of earning assets. Investments as a percent of earning assets decreased to 46.52% in 2006 from 48.36% in 2005. The yield on loans for 2006 increased to 6.92% as compared to 6.52% for 2005 primarily as a result of the increasing interest rate environment. The yield on investments for 2006 increased to 5.06% as compared to 4.64% in 2005. The yield on loans for 2005 increased to 6.52% as compared to 6.01% for 2004. The yield on investments increased to 4.64% in 2005 as compared to 4.38% in 2004. The increase in the yield on earning assets for 2006 and 2005 was the result of higher yields on loans and investments.

The cost of average interest-bearing liabilities increased to 3.70% for 2006 as compared to 2.48% for 2005, and increased to 2.48% for 2004 as compared to 1.76% for 2004. These variations reflected a change in the mix of interest-bearing liabilities and an increasing interest rate environment in 2006 and 2005. Borrowings as a percent of interest-bearing liabilities increased to 45.81% for 2006 as compared to 45.97% for 2005 and 41.27% for 2004. Borrowings typically have a higher cost than interest-bearing deposits. The cost of interest-bearing deposits for 2006 increased to 3.11% as compared to 1.72% for 2005 and 1.00% for 2004, reflecting an increasing interest rate environment in 2005 and 2006. The cost of borrowings for 2006 increased to 4.40% as compared to 3.39% for 2005, and 2.85% for 2004, also reflecting the same increasing interest rate environment. The FDIC has approved the payment of interest on certain demand deposit accounts. This could have a negative impact on our net interest margin, net interest spread, and net earnings, should this be implemented fully. Currently, the only deposits for which we pay interest on are NOW, Money Market and TCD Accounts.

Table 2 presents a comparison of interest income and interest expense resulting from changes in the volumes and rates on average earning assets and average interest-bearing liabilities for the years indicated. Changes in interest income or expense attributable to volume changes are calculated by multiplying the change in volume by the initial average interest rate. The change in interest income or expense attributable to changes in interest rates is

calculated by multiplying the change in interest rate by the initial volume. The changes attributable to interest rate and volume changes are calculated by multiplying the change in rate times the change in volume.

TABLE 2 — Rate and Volume Analysis for Changes in Interest Income, Interest Expense and Net Interest Income

	Comparison of Years Ended December 31,							
	2006 Compared to 2005 Increase (Decrease) Due to				2005 Compared to 2004 Increase (Decrease) Due to			
	Volume	Rate	Rate/ Volume	Total	Volume	Rate	Rate/ Volume	Total
	(Amounts in thousands)							
Interest Income:								
Taxable investment securities	$ 6,211	$ 8,467	$ (222)	$ 14,456	$ 6,109	$ 4,062	$ 293	$ 10,464
Tax-advantaged securities	10,299	(383)	(2,449)	7,467	5,383	407	(1,799)	3,991
Fed funds sold & interest-bearing deposits with other institutions	(201)	192	(152)	(161)	83	6	161	250
Investment in FHLB stock	418	1,078	171	1,667	747	(60)	(24)	663
Loans	34,848	9,109	2,326	46,283	22,367	9,716	1,795	33,878
Total interest on earning assets	51,575	18,463	(326)	69,712	34,689	14,131	426	49,246
Interest Expense:								
Savings deposits	973	10,951	821	12,745	727	5,004	468	6,199
Time deposits	11,153	8,253	6,121	25,527	529	6,263	409	7,201
Other borrowings	13,642	14,640	3,474	31,756	9,885	5,954	1,680	17,519
Total interest on interest-bearing liabilities	25,768	33,844	10,416	70,028	11,141	17,221	2,557	30,919
Net Interest Income	$ 25,807	$ (15,381)	$ (10,742)	$ (316)	$ 23,548	$ (3,090)	$ (2,131)	$ 18,327

Interest and Fees on Loans

Our major source of revenue is interest and fees on loans, which totaled $194.7 million for 2006. This represented an increase of $46.3 million, or 31.18%, over interest and fees on loans of $148.4 million for 2005. For 2005, interest and fees on loans increased $33.9 million, or 29.58%, over interest and fees on loans of $114.5 million for 2004. The increase in interest and fees on loans for 2006 and 2005 reflects increases in the average balance of loans and increases in interest rates. The yield on loans increased to 6.92% for 2006, compared to 6.52% for 2005 and 6.01% 2004. Deferred loan origination fees, net of costs, totaled $10.6 million at December 31, 2006. This represented a decrease of $863,000 million, or 7.51%, from deferred loan origination fees, net of costs, of $11.5 million at December 31, 2005.

In general, we stop accruing interest on a loan after its principal or interest becomes 90 days or more past due. When a loan is placed on non-accrual, all interest previously accrued but not collected is charged against earnings. There was no interest income that was accrued and not reversed on non-performing loans at December 31, 2006, 2005, and 2004. For 2006 and 2005 we had no non-performing loans. For 2004, our non-performing loans were less than $2,000. As a result, the interest which would have been collected was de minimus.

Fees collected on loans are an integral part of the loan pricing decision. Loan fees and the direct costs associated with the origination of loans are deferred and deducted from total loans on our balance sheet. Deferred net loan fees are

recognized in interest income over the term of the loan in a manner that approximates the level-yield method. We recognized loan fee income of $5.8 million for 2006, $8.0 million for 2005 and $7.4 million for 2004.

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

	2006	2005	2004
		(Amounts in thousands)	
Fees Collected	$ 5,261	$ 10,634	$ 14,513
Fees and costs deferred	(2,376)	(7,342)	(11,224)
Accretion of deferred fees and costs	2,933	4,711	4,064
Total fee income reported	$ 5,818	$ 8,003	$ 7,353
Deferred net loan origination fees at end of year	$ 10,624	$ 10,766	$ 9,266

Interest on Investments

The second most important component of interest income is interest on investments, which totaled $117.6 million for 2006. This represented an increase of $21.9 million, or 22.92%, over interest on investments of $95.7 million for 2005. For 2005, interest on investments increased $14.5 million, or 17.80%, over interest on investments of $81.2 million for 2004. The increase in interest on investments for 2006 and 2005 reflected increases in the average balance of investments and an increase in interest rates. The interest rate environment and the investment strategies we employ directly affect the yield on the investment portfolio. We continually adjust our investment strategies in response to the changing interest rate environments in order to maximize the rate of total return consistent within prudent risk parameters, and to minimize the overall interest rate risk of the Company. The weighted-average yield on investments was 5.06% for 2006, compared to 4.64% for 2005 and 4.38% for 2004.

Provision for Credit Losses

We maintain an allowance for inherent credit losses that is increased by a provision for credit losses charged against operating results. Provision for credit losses is determined by management as the amount to be added to the allowance for probable credit losses after net charge-offs have been deduced to bring the allowance to an adequate level which, in management’s best estimate, is necessary to absorb probable credit losses within the existing loan portfolio. As such, we made a provision for credit losses of $3.0 million in 2006. We did not make a provision for credit losses during 2005 and 2004. We believe the allowance is appropriate. The ratio of the allowance for credit losses to total loans as of December 31, 2006 and 2005 was 0.90% and 0.87%, respectively. No assurance can be given that economic conditions which adversely affect the Company’s service areas or other circumstances will not be reflected in increased provisions for credit losses in the future. The nature of this process requires considerable judgment. The net recoveries totaled $1.5 million in 2006, net charge-offs totaled $46,000 in 2005, and net recoveries totaled $1.2 million in 2004. See “Risk Management — Credit Risk” herein.

Other Operating Income

The components of other operating income were as follows:

	For the Years Ended December 31,		
	2006	2005	2004
	(Dollars in thousands, except per share amounts)		
Service charges on deposit accounts	$ 13,080	$ 13,251	$ 13,663
Financial Advisory services	7,385	6,652	6,054
Bankcard services	2,486	2,453	1,781
BOLI Income	3,051	2,797	2,432
Other	6,199	4,668	5,058
Gain/(Loss) on sale of securities, net	1,057	(46)	5,219
Impairment charge on investment securities	—	(2,270)	(6,300)
Total other operating income	$ 33,258	$ 27,505	$ 27,907

Other operating income, including realized gains on the sales of investment securities, totaled $33.3 million for 2006. This represents an increase of $5.8 million, or 20.91%, over other operating income, including loss on the sales of investment securities, of $27.5 million for 2005. During 2005, other operating income, including realized losses on the sales of investment securities, decreased $402,000 or 1.44%, from other operating income, including realized gains on the sales of investment securities and real estate, of $27.9 million for 2004.

Other operating income as a percent of net revenues (net interest income before loan loss provision plus other operating income) was 16.67% for 2006, as compared to 13.96% for 2005 and 15.58% for 2004.

Service charges on deposit accounts totaled $13.1 million in 2006. This represented a decrease of $171,000 or 1.29% from service charges on deposit accounts of $13.3 million in 2005. Service charges for demand deposit (checking) accounts for business customers are generally charged based on an analysis of their activity and include an earnings allowance based on their average balances. Contributing to the decrease in service charges on deposit accounts in 2006 was the higher average demand deposit balances that resulted in a higher account earnings allowance, which offsets services charges and the implementation of a revised service charge schedule. Service charges on deposit accounts in 2005 decreased $412,000, or 3.02% from service charges on deposit accounts of $13.7 million in 2004. Service charges on deposit accounts represented 39.33% of other operating income in 2006, as compared to 48.18% in 2005 and 48.96% in 2004.

Financial Advisory Services Group consists of Trust Services and Investment Services. Trust Services provides a variety of services, which include asset management services (both full management services and custodial services), estate planning, retirement planning, private and corporate trustee services, and probate services. Investment Services provides mutual funds, certificates of deposit, and other non-insured investment products. Financial Advisory Services Group generated fees of $7.4 million in 2006. This represents an increase of $733,000, or 11.02% over fees generated of $6.7 million in 2005. The increase is primarily due to an increase in assets under administration of $3.1 billion. Fees generated by Financial Advisory Services Group represented 22.20% of other operating income in 2006, as compared to 24.19% in 2005 and 21.69% in 2004.

Bankcard Services, which provides merchant bankcard services, generated fees totaling $2.5 million in 2006. This represented an increase of $33,000, or 1.34% over fees generated of $2.5 million in 2005. Bankcard fees in 2005 increased by $672,000, or 37.73% over fees generated of $1.8 million in 2004. The increases are primarily due to growth of the transaction volumes with our customer base and the controlling of costs in processing these transactions. Fees generated by Bankcard represented 7.48% of other operating income in 2006, as compared to 8.92% in 2005 and 6.38% in 2004.

Bank Owned Life Insurance (“BOLI”) income totaled $3.1 million in 2006. This represents an increase of $254,000, or 9.08%, over BOLI income generated of $2.8 million for 2005. BOLI income in 2005 increased $365,000, or 14.99% over BOLI income generated of $2.4 million for 2004. The increase in BOLI income in 2006 compared with 2005 was due to the purchase of $25.0 million in BOLI in September 2006.

Other fees and income, which includes wire fees, other business services, international banking fees, check sale, ATM fees, miscellaneous income, etc, generated fees totaling $6.2 million in 2006. This represented an increase of $1.5 million, or 32.80% over other fees and income generated of $4.7 million in 2005. The increase in 2006 is primarily due to the gain on sale of the Arcadia and former Data Center buildings of $726,000 and a legal settlement of $750,000. Other fees and income in 2005 decreased by $390,000, or 7.72% from fees generated of $5.1 million in 2004. This decrease is primarily due to decrease of volume in other banking service fees.

The impairment charge on investment securities was $2.3 million in 2005 and $6.3 million in 2004. These charges were due to two issues of Federal Home Loan Mortgage Corporation (“Freddie Mac”) preferred stock which were determined to be other-than-temporarily impaired. These securities pay dividends based on LIBOR and perform like a bond. Since there was a loss of value that was deemed to be other-than-temporary, we charged $6.3 million against the earnings in the first quarter of 2004 to adjust for the impairment of the two issues of preferred stock.

We wrote these same securities down by an additional $2.3 million at December 31, 2005. Although these securities reset with LIBOR (one issue resets to the 3-month LIBOR rate every three months and the other resets to the 12-month LIBOR every twelve months), the market value of the Freddie Mac preferred stock has not recovered accordingly.

During the third quarter of 2006, we sold all of our shares of Freddie Mac Preferred Stock at a net gain of $1.1 million based on our book values after write downs of $8.6 million in prior periods.

The sales of securities generated a realized gain of $1.1 million in 2006 and a realized loss of $46,000 in 2005 and a realized gain of $5.2 million in 2004. The gains/losses on sales of securities in prior years were primarily due to repositioning of the investment portfolio to take advantage of the current interest rate cycle.

Other Operating Expenses

The components of other operating expenses were as follows:

	For the Years Ended December 31,		
	2006	2005	2004
	(Dollars in thousands, except per share amounts)		
Salaries and employee benefits	$ 50,509	$ 51,535	$ 47,292
Occupancy	8,572	8,327	7,891
Equipment	7,025	7,578	8,003
Stationery and supplies	6,492	5,569	4,987
Professional services	5,896	4,268	4,776
Promotion	6,251	5,835	5,148
Amortization of Intangibles	2,353	2,061	1,185
Other	8,726	4,880	10,440
Total other operating expenses	$ 95,824	$ 90,053	$ 89,722

Other operating expenses totaled $95.8 million for 2006. This represents an increase of $5.8 million, or 6.41%, over other operating expenses of $90.1 million for 2005. During 2005, other operating expenses increased $330,000, or 0.37%, over other operating expenses of $89.7 million for 2004.

For the most part, other operating expenses reflect the direct expenses and related administrative expenses associated with staffing, maintaining, promoting, and operating branch facilities. Our ability to control other operating expenses in relation to asset growth can be measured in terms of other operating expenses as a percentage of average assets. Operating expenses measured as a percentage of average assets decreased to 1.66% for 2006, compared to 1.85% for 2005, and 2.14% for 2004. The decrease in the ratio indicates that management is controlling greater levels of assets with proportionately smaller operating expenses, an indication of operating efficiency.

Our ability to control other operating expenses in relation to the level of net revenue (net interest income plus other operating income) is measured by the efficiency ratio and indicates the percentage of net revenue that is used to cover expenses. For 2006, the efficiency ratio was 48.04%, compared to 45.71% for 2005 and 50.10% for 2004.

Salaries and related expenses comprise the greatest portion of other operating expenses. Salaries and related expenses totaled $50.5 million for 2006. This represented a decrease of $1.0 million, or 1.99%, from salaries and related expenses of $51.5 million for 2005. Salary and related expenses increased $4.2 million, or 8.97%, over salaries and related expenses of $47.3 million for 2004. At December 31, 2006, we employed 752 persons, 522 on a full-time and 230 on a part-time basis, this compares to 719 persons, 493 on a full-time and 226 on a part-time basis at December 31, 2005, and 674 persons, 472 on a full-time and 202 on a part-time basis at December 31, 2004. The increases primarily resulted from increased staffing levels as a result the overall growth of the Company. Salaries and related expenses as a percent of average assets decreased to 0.88% for 2006, compared to 1.23% for 2005, and 1.13% for 2004. The decrease in 2006 was primarily due to higher deferred loan origination costs. The Company adopted the provisions of SFAS 123R on January 1, 2006. For further information, see Notes 1 and 15 of the Notes to the Consolidated Financial Statements included in this report.

Stationery and supplies expense totaled $6.5 million for 2006, compared to $5.6 million in 2005 and $5.0 million in 2004. The increase was primarily due to the overall internal growth of the business.

Professional services totaled $5.8 million for 2006. This represented an increase of $1.6 million or 38.13%, over expense of $4.3 million for 2005. The increase was primarily due to professional expenses incurred for recruitment of new associates and legal fees due to outstanding litigation. For 2005, professional services decreased $507,000, or 10.62%, from expense of $4.8 million for 2004.

Promotion expense totaled $6.3 million for 2006. This represented an increase of $416,000, or 7.14%, over expense of $5.8 million for 2005. Promotion expense increased in 2005 by $687,000, or 13.34%, over expense of $5.1 million for 2004. The increase in promotional expenses was primarily associated with increases in advertising expense as we expand our market area.

Other operating expenses totaled $8.7 million for 2006. This represented an increase of $3.8 million, or 78.81%, over expense of $4.9 million for 2005. The increase in 2006 was primarily due to the reversal of our prior accrual for the settlement of a robbery loss of $2.6 in first quarter of 2005 and increases in third-party data processing and loan expenses during 2006. Other operating expenses decreased for 2005 by $5.6 million, or 53.26%, from an expense of $10.4 million for 2004. The decrease in 2005 was primarily due to the estimated robbery loss of $2.3 million in 2004 and the income from the settlement of robbery loss of $2.6 in first quarter of 2005.

Results of Segment Operations

The following table summarizes consolidated pre-tax income by segment:

	For the Years Ended December 31,		
	2006	2005	2004
	(Dollars in thousands, except per share amounts)		
Business Financial Centers	$ 135,072	$ 105,434	$ 73,565
Treasury	6,103	19,306	41,690
Other	(37,545)	(17,776)	(25,885)
Consolidated Pre-tax Income	$ 103,630	$ 106,964	$ 89,370

Business Financial Centers

The Business Financial Centers reported pre-tax income of $135.1 million for the year ended December 31, 2006. This represented an increase of 29.6 million, or 28.11%, over pre-tax income of $105.4 million for the year ended December 31, 2005. Pre-tax income for 2005 increased $28.9 million to $105.4 million, or 37.71%, over pre-tax income of $76.6 million for 2004.

Treasury

The Treasury department reported pre-tax income of $6.1 million for the year ended December 31, 2006. This represented a decrease $13.2 million, or 68.4%, from pre-tax income of $19.3 million for the year ended December 31, 2005. Pre-tax income for 2005 decreased $22.4 million to $19.3 million, or 53.69%, from pre-tax income of $41.7 million for 2004.

Other

The Company's administration and other operating department reported pre-tax loss of $37.5 million for the year ended December 31, 2006. This represented an increase of $19.8 million, or 111.2%, over pre-tax loss of $17.8 million for the year ended December 31, 2005. Pre-tax loss for 2005 decreased $8.1 million to $17.8 million, or 31.3%, from pre-tax loss of $25.9 million for 2004.

Income Taxes

Our effective tax rate for 2006 was 30.61%, compared to 33.98% for 2005, and 31.20% for 2004. The effective tax rates are below the statutory combined Federal and State tax rate of 42.0% as a result of tax preference income from certain investments for each period. The majority of tax preference income is derived from municipal securities and leases.

Subsequent Event

On February 8, 2007, we announced the execution of a definitive merger agreement to acquire First Coastal Bancshares and First Coastal Bank (First Coastal"). First Coastal is headquartered in Manhattan Beach, California and has four offices. These offices will become offices of Citizens Business Bank following completion of the merger. As of December 31, 2006, First Coastal has $238 million in assets, $157 million in loans, and $190 million in deposits. The purchase price is $35 million. One half of the purchase price is payable in cash and the balance will be paid through the issuance of CVB common stock.

On February 21, 2007, the Board of Directors of the Company approved the repurchase of an additional 2.0 million shares of the Company common stock. The Company has 775,163 shares left to be repurchased from its October 2001 authorization. The total number of shares to be repurchased as of February 21, 2007 was 2,775,163 shares.

ANALYSIS OF FINANCIAL CONDITION

The Company reported total assets of $6.1 billion at December 31, 2006. This represented an increase of $671.3 million, or 12.38%, over total assets of $5.4 billion at December 31, 2005.

Investment Securities

The Company maintains a portfolio of investment securities to provide interest income and to serve as a source of liquidity for its ongoing operations. The tables below set forth information concerning the composition of the investment securities portfolio at December 31, 2006, 2005, and 2004, and the maturity distribution of the investment securities portfolio at December 31, 2006. At December 31, 2006, we reported total investment securities of $2.58 billion. This represents an increase of $213.0 million, or 8.99%, over total investment securities of $2.37 billion at December 31, 2005.

Under SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities", securities held as "available-for-sale" are reported at current market value for financial reporting purposes. The related unrealized gain or loss, net of income taxes, is recorded in stockholders' equity. At December 31, 2006, securities held as available-for-sale had a fair market value of $2.58 billion, representing 100.00% of total investment securities with an amortized cost of $2.61 billion. At December 31, 2006, the net unrealized holding loss on securities available-for-sale was $22.8 million that resulted in accumulated other comprehensive loss of $13.2 million (net of $9.6 million in deferred taxes).

The composition of the investment portfolio at December 31, 2006 consists of the following:

	Maturing										
	One Year or Less	Weighted Average Yield	After one Year through Five Years	Weighted Average Yield	After five Years through Ten Years	Weighted Average Yield	After Ten Years	Weighted Average Yield	Balance as of December 31, 2006	Weighted Average Yield	% to Total
U.S. Treasury Obligations	$ —	0.00%	$ 970	4.83%	$ —	0.00%	$ —	0.00%	$ 970	4.83%	0.04%
Government agency and government-sponsored enterprises	9,032	3.14%	59,268	4.90%	—	0.00%	—	0.00%	$ 68,300	4.67%	2.65%
Mortgage-backed securities	1,115	4.91%	893,881	4.40%	182,374	5.24%	480	5.81%	$ 1,077,850	4.54%	41.77%
CMO/REMICs	14,591	2.46%	754,910	4.82%	17,770	5.50%	—	0.00%	$ 787,271	4.79%	30.51%
Municipal bonds(1)	8,771	4.38%	187,521	5.26%	207,782	4.23%	241,711	4.13%	$ 645,785	4.48%	25.03%
TOTAL	$ 33,509	3.22%	$ 1,896,550	4.66%	$ 407,926	4.74%	$ 242,191	4.13%	$ 2,580,176	4.61%	100.00%

(1) The weighted average yield is not tax-equivalent. The tax-equivalent yield is 5.90%.

The above table excludes securities without stated maturities. The maturity of each security category is defined as the contractual maturity except for the categories of mortgage-backed securities and CMO/REMICs whose maturities are defined as the estimated average life. The final maturity of mortgage-backed securities and CMO/REMICs will differ from their contractual maturities because the underlying mortgages have the right to repay such obligations without penalty. The speed at which the underlying mortgages repay is influenced by many factors, one of which is interest rates. Mortgages tend to repay faster as interest rates fall and slower as interest rate rise. This will either shorten or extend the estimated average life. Also, the yield on mortgages-backed securities and CMO/REMICs are affected by the speed at which the underlying mortgages repay. This is caused by the change in the amount of amortization of premiums or accretion of discount of each security as repayments increase or decrease. The Company obtains the estimated average life of each security from independent third parties.

The weighted-average yield (TE) on the investment portfolio at December 31, 2006 was 4.61% with a weighted-average life of 4.7 years. This compares to a yield of 4.46% at December 31, 2005 with a weighted-average life of 4.0 years. The weighted average life is the average number of years that each dollar of unpaid principal due remains outstanding. Average life is computed as the weighted-average time to the receipt of all future cash flows, using as the weights the dollar amounts of the principal pay-downs.

Composition of the Fair Value of Securities Available-for-Sale:

	At December 31,					
	2006		2005		2004	
	Amount	Percent	Amount	Percent	Amount	Percent
	(Amounts in thousands)					
U.S. Treasury Obligations	$ 970	0.04%	$ 497	0.02%	$ 496	0.02%
Government agency and government- sponsored enterprises	68,300	2.64%	54,089	2.28%	18,757	0.90%
Mortgage-backed securities	1,077,851	41.73%	1,184,608	49.99%	1,360,334	65.25%
CMO/REMICs	787,270	30.48%	609,912	25.74%	345,627	16.58%
Municipal bonds	645,785	25.00%	463,900	19.57%	306,577	14.70%
FHLMC Preferred Stock	—	—	56,070	2.37%	52,705	2.53%
Other securities	2,726	0.11%	816	0.03%	518	0.02%
TOTAL	$ 2,582,902	100.00%	$ 2,369,892	100.00%	$ 2,085,014	100.00%

Approximately 97.09% of securities issued by the U.S. government or U.S. government agencies guarantee payment of principal and interest.

Composition of the Fair Value and Gross Unrealized Losses of Securities
Available-for-Sale:

	December 31, 2006					
	Less than 12 Months		12 Months or Longer		Total	
Description of Securities	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
	(Amounts in thousands)					
U.S. Treasury Obligations	$ 970	$ 1	$ —	$ —	$ 970	$ 1
Government agency & government- sponsored enterprises	12,040	45	41,101	457	53,141	502
Mortgage-backed securities	74,274	388	880,162	27,175	954,436	27,563
CMO/REMICs	53,681	241	454,693	6,386	508,374	6,627
Municipal bonds	276,512	3,474	60,065	1,382	336,577	4,856
	$ 417,477	$ 4,149	$ 1,436,021	$ 35,400	$ 1,853,498	$ 39,549

	December 31, 2005					
	Less than 12 Months		12 Months or Longer		Total	
Description of Securities	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
	(Amounts in thousands)					
U.S. Treasury Obligations	$ 497	$ 1	$ —	$ —	$ 497	$ 1
Government agency & government- sponsored enterprises	2,972	28	18,463	560	21,435	588
Mortgage-backed securities	459,242	8,385	634,731	20,850	1,093,973	29,235
CMO/REMICs	444,431	5,198	119,603	2,158	564,034	7,356
Municipal bonds	162,193	3,624	8,737	374	170,930	3,998
	$ 1,069,335	$ 17,236	$ 781,534	$ 23,942	$ 1,850,869	$ 41,178

The table above shows the Company's investment securities' gross unrealized losses and fair value by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2006 and 2005. We have reviewed individual securities classified as available-for-sale to determine whether a decline in fair value below the amortized cost basis is other-than-temporary. If it is probable that we will be unable to collect all amounts due according to the contractual terms of a debt security not impaired at acquisition, an other-than-temporary impairment shall be considered to have occurred. If an other-than-temporary impairment occurs the cost basis of the security would be written down to its fair value as a new cost basis and the write down would be accounted for as a realized loss. A summary of our analysis of these securities and the unrealized losses is described more fully in Note 2 — Investment Securities in the notes to the consolidated financial statements.

Loans

At December 31, 2006, the Company reported total loans, net of deferred loan fees, of $3.07 billion. This represents an increase of $406.3 million, or 15.25%, over total loans of $2.66 billion at December 31, 2005.

Table 4 presents the distribution of our loan portfolio at the dates indicated.

	December 31,				
	2006	2005	2004	2003	2002
	(Amounts in thousands)				
Commercial and Industrial(1)	$ 1,050,189	$ 980,602	$ 905,139	$ 856,373	$ 667,316
Real Estate					
Construction	299,112	270,436	235,849	156,287	105,486
Mortgage(1)	1,141,322	877,481	553,078	388,626	396,707
Consumer, net of unearned discount	54,125	59,801	51,187	44,645	26,750
Municipal Lease Finance Receivables	126,393	108,832	71,675	37,866	17,852
Auto and equipment leases	51,420	39,442	34,753	28,497	21,193
Dairy and Livestock	358,259	338,035	297,659	255,039	214,849
Gross Loans	3,080,820	2,674,629	2,149,340	1,767,333	1,450,153
Less:					
Allowance for Credit Losses	27,737	23,204	22,494	21,282	21,666
Deferred Loan Fees	10,624	10,765	9,266	7,392	4,144
Total Net Loans	$ 3,042,459	$ 2,640,660	$ 2,117,580	$ 1,738,659	$ 1,424,343

(1) Included in Commercial and Industrial and Real Estate Mortgage loans are loans totaling $115.0 million for 2006, $102.5 million for 2005, $94.9 million for 2004, $79.8 million for 2003, and $70.9 million for 2002 that represent loans to agricultural concerns for commercial or real estate purposes.

Commercial and industrial loans are loans to commercial entities to finance capital purchases or improvements, or to provide cash flow for operations. Real estate loans are loans secured by conforming first trust deeds on real property, including property under construction, commercial property and single family and multifamily residences. Consumer loans include installment loans to consumers as well as home equity loans and other loans secured by junior liens on real property. Municipal lease finance receivables are leases to municipalities. Agribusiness loans are loans to finance the operating needs of wholesale dairy farm operations, cattle feeders, livestock raisers, and farmers.

Table 5 provides the maturity distribution for commercial and industrial loans, real estate construction loans and agribusiness loans as of December 31, 2006. The loan amounts are based on contractual maturities although the borrowers have the ability to prepay the loans. Amounts are also classified according to re-pricing opportunities or rate sensitivity.

TABLE 5 — Loan Maturities and Interest Rate Category at December 31, 2006

	Within One Year	After One But Within Five Years	After Five Years	Total
	(Amounts in thousands)			
Types of Loans:				
Commercial and industrial(1)	$ 202,643	$ 323,555	$ 1,364,776	$ 1,890,974
Construction	273,695	3,307	22,110	299,112
Agribusiness	240,028	117,974	257	358,259
Other	10,604	90,567	431,304	532,475
	$ 726,970	$ 535,403	$ 1,818,447	$ 3,080,820
Amount of Loans based upon:				
Fixed Rates	$ 23,702	$ 206,207	$ 956,395	$ 1,186,304
Floating or adjustable rates	703,268	329,196	862,052	1,894,516
	$ 726,970	$ 535,403	$ 1,818,447	$ 3,080,820

(1) Includes approximately $840.8 million in fixed rate commercial real estate loans. These loans are classified as real estate mortgage loans for the financial statements, but are accounted for as commercial and industrial loans on the Company's books.

As a normal practice in extending credit for commercial and industrial purposes, we may accept trust deeds on real property as collateral. In some cases, when the primary source of repayment for the loan is anticipated to come from the cash flow from normal operations of the borrower, real property as collateral is not the primary source of repayment but has been taken as an abundance of caution. In these cases, the real property is considered a secondary source of repayment for the loan. Since we lend primarily in Southern California, our real estate loan collateral is concentrated in this region. At December 31, 2006, substantially all of our loans secured by real estate were collateralized by properties located in Southern California. This concentration is considered when determining the adequacy of our allowance for credit losses.

Non-performing Assets

Non-performing assets include non-performing loans, nonaccrual loans, loans 90 days or more past due and still accruing interest, and restructured loans (see "Risk Management — Credit Risk" herein). We had no non-performing loans at December 31, 2006 and 2005. In addition, there were no loans classified as impaired at December 31, 2006 and 2005. A loan is impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts (contractual interest and principal) according to the contractual terms of the loan agreement.

At December 31, 2006 and 2005, we had no loans on which interest was no longer accruing (nonaccrual). Loans are put on nonaccrual after 90 days of non-performance. They can also be put on nonaccrual if, in the judgment of management, the collectability is doubtful. All accrued and unpaid interest is reversed out. The Bank allocates specific reserves which are included in the allowance for credit losses for potential losses on nonaccrual loans.

A restructured loan is a loan on which terms or conditions have been modified due to the deterioration of the borrower's financial condition. At December 31, 2006, and 2005 we had no loans that were classified as restructured.

Table 6 provides information on non-performing loans and other real estate owned at the dates indicated.

TABLE 6 — Non-Performing Assets

	December 31, 2006	2005	2004	2003	2002
	(Amounts in thousands)				
Nonaccrual loans	$ —	$ —	$ 2	$ 548	$ 190
Loans past due 90 days or more	—	—	—	—	634
Restructured loans	—	—	—	—	—
Other real estate owned (OREO)	—	—	—	—	—
Total nonperforming assets	$ —	$ —	$ 2	$ 548	$ 824
Percentage of nonperforming assets to total loans outstanding & OREO	0.00%	0.00%	0.00%	0.03%	0.06%
Percentage of nonperforming assets to total assets	0.00%	0.00%	0.00%	0.01%	0.03%

Except for non-performing loans as set forth in Table 6 and loans disclosed as impaired, (see “Risk Management — Credit Risk” herein) we are not aware of any loans as of December 31, 2006 for which known credit problems of the borrower would cause serious doubts as to the ability of such borrowers to comply with their present loan repayment terms, or any known events that would result in the loan being designated as non-performing at some future date. We cannot, however, predict the extent to which the deterioration in general economic conditions, real estate values, increase in general rates of interest, change in the financial conditions or business of a borrower may adversely affect a borrower’s ability to pay.

At December 31, 2006, and 2005 the Company held no properties as other real estate owned.

Deposits

The primary source of funds to support earning assets (loans and investments) is the generation of deposits from our customer base. The ability to grow the customer base and deposits from these customers are crucial elements in the performance of the Company.

We reported total deposits of $3.41 billion at December 31, 2006. This represented a decrease of $17.2 million, or 0.50%, from total deposits of $3.42 billion at December 31, 2005.

The amount of non-interest-bearing demand deposits in relation to total deposits is an integral element in achieving a low cost of funds. Non-interest-bearing deposits represented 40.02% of total deposits as of December 31, 2006 and 43.53% of total deposits as of December 31, 2005. Non-interest-bearing demand deposits totaled $1.36 billion at December 31, 2006. This represented a decrease of $127.2 million, or 8.53%, from total non-interest-bearing demand deposits of $1.49 billion at December 31, 2005.

Table 7 provides the remaining maturities of large denomination ($100,000 or more) time deposits, including public funds, at December 31, 2006.

Table 7 — Maturity Distribution of Large Denomination Time Deposits

	(Amount in thousands)
3 months or less	$ 557,091
Over 3 months through 6 months	139,924
Over 6 months through 12 months	11,012
Over 12 months	25,628
Total	$ 733,655

Other Borrowed Funds

To achieve the desired growth in earning assets we fund that growth through generating a source of funds. The first source of funds we pursue is non-interest-bearing deposits (the lowest cost of funds to the Company), next we pursue growth in interest-bearing deposits and finally we supplement the growth in deposits with borrowed funds. Borrowed funds, as a percent of total funding (total deposits plus demand notes plus borrowed funds), was 38.65% at December 31, 2006, as compared to 30.50% at December 31, 2005.

During 2006, 2005 and 2004, we entered into short-term borrowing agreements with the Federal Home Loan Bank (FHLB). We had outstanding balances of $887.9 million, $830.0 million and $226.0 million under these agreements at December 31, 2006, 2005 and 2004, respectively. FHLB held certain investment securities of the Bank as collateral for those borrowings. On December 31, 2006, 2005 and 2004, we entered into an overnight agreement with certain financial institutions and our customers to borrow an aggregate of $301.4 million, $86.0 million and $130.0 million, respectively. We maintained cash deposits with the financial institutions as collateral for these borrowings. The increase was primarily due to funding for the growth of earning assets.

In June 2006, the Company purchased securities totaling $250.0 million. This purchase was funded by a repurchase agreement of $250.0 million with a double cap embedded in the repurchase agreement. The interest rate on this agreement is tied to three-month LIBOR and reset quarterly. In November 2006, we began a repurchase agreement product with our customers. This product, known as Citizens Sweep Manager, sells our securities overnight to our customers under an agreement to repurchase them the next day. As of December 31, 2006, total funds borrowed under these agreements were $344.4 million. These amounts are included in short-term borrowings on the Company’s consolidated balance sheet.

The following table summarizes the short-term borrowings:

	Federal Funds Purchased and Repurchase Agreements	Other Short-Term Borrowings	Total
		(Dollars in thousands)	
At December 31, 2006			
Amount outstanding	$ 301,350	$ 887,900	$ 1,189,250
Weighted-average interest rate	5.08%	4.28%	4.49%
For the year ended December 31, 2006			
Highest amount at month-end	$ 301,350	$ 1,677,000	$ 1,978,350
Daily-average amount outstanding	$ 101,756	$ 1,295,704	$ 1,397,460
Weighted-average interest rate	5.06%	3.90%	3.99%
At December 31, 2005			
Amount outstanding	$ 86,000	$ 830,000	$ 916,000
Weighted-average interest rate	4.14%	3.35%	3.42%
For the year ended December 31, 2005			
Highest amount at month-end	$ 107,000	$ 830,000	$ 937,000
Daily-average amount outstanding	$ 71,484	$ 778,137	$ 849,621
Weighted-average interest rate	3.21%	2.97%	2.99%
At December 31, 2004			
Amount outstanding	$ 130,000	$ 226,000	$ 356,000
Weighted-average interest rate	2.27%	2.14%	2.19%
For the year ended December 31, 2004			
Highest amount at month-end	$ 130,000	$ 447,000	$ 577,000
Daily-average amount outstanding	$ 84,586	$ 328,156	$ 412,742
Weighted-average interest rate	1.35%	1.75%	1.67%

During 2006 and 2005, we entered into long-term borrowing agreements with the FHLB. We had outstanding balances of $950.0 million and $580.0 million under these agreements at December 31, 2006 and 2005, with weighted-average interest rates of 5.3% and 3.6% in 2006 and 2005 respectively. We had an average outstanding

balance of $319.0 million and $493.5 million as of December 31, 2006 and 2005, respectively. The FHLB held certain investment securities of the Bank as collateral for those borrowings.

At December 31, 2006, borrowed funds totaled $2.1 billion. This represented an increase of $644.1 million, or 42.87%, over total borrowed funds of $1.50 billion at December 31, 2005. For 2005, total borrowed funds increased $310.0 million, or 26.14%, over a balance of $1.19 billion at December 31, 2004. The maximum outstanding at any month-end was $2.08 billion during 2006, $1.50 billion during 2005, and $1.19 billion during 2004.

At December 31, 2006, junior subordinated debentures totaled $108.3 million, an increase of $25.8 million, or 31.25%, over junior subordinated debentures of $82.5 million at December 31, 2005. The increase was due to the issuance of an additional $25.8 million in junior subordinated debentures in 2006.

Aggregate Contractual Obligations

The following table summarizes the aggregate contractual obligations as of December 31, 2006:

		Maturity by Period			
	Total	Less Than One Year	One Year to Three Years	Four Year to Five Years	After Five Years
	(Amounts in thousands)				
2006					
Deposits	$ 3,406,808	$ 3,375,399	$ 18,411	$ 9,545	$ 3,453
FHLB and Other Borrowings	2,139,250	1,189,250	850,000	100,000	—
Junior Subordinated Debentures	108,250	—	—	—	108,250
Deferred Compensation	7,946	751	1,582	1,606	4,007
Operating Leases	18,489	4,580	6,303	2,985	4,621
Total	$ 5,680,730	$ 4,569,967	$ 876,296	$ 114,136	$ 120,331

Deposits represent non-interest bearing, money market, savings, NOW, certificates of deposits, brokered and all other deposits held by the Company.

FHLB and Other Borrowings represent the amounts that are due to the Federal Home Loan Bank. These borrowings have fixed maturity dates. Other borrowings represent the amounts that are due to overnight Federal funds purchases, Treasury, Tax and Loan amounts.

Junior subordinated debentures represent the amounts that are due from the Company to CVB Statutory Trust I, CVB Statutory Trust II & CVB Statutory Trust III. The debentures have the same maturity as the Trust Preferred Securities. CVB Statutory Trust I and II, which mature in 2033 and become callable in whole or in part in 2008. CVB Statutory Trust III which matures in 2036 and becomes callable in whole or in part in 2011.

Deferred compensation represents the amounts that are due to former employees' salary continuation agreements as a result of acquisitions.

Operating leases represent the total minimum lease payments under noncancelable operating leases.

Off-Balance Sheet Arrangements

At December 31, 2006, we had commitments to extend credit of approximately $680.6 million, obligations under letters of credit of $64.8 million and available lines of credit totaling $1.31 billion from certain financial institutions. Commitments to extend credit are agreements to lend to customers, provided there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Commitments are generally variable rate, and many of these commitments are expected to expire without being drawn upon. As such, the total commitment amounts do not necessarily represent future cash requirements. We use the same credit underwriting policies in granting or accepting such commitments or contingent obligations as it does for on-balance sheet instruments, which consist of evaluating customers' creditworthiness individually.

Standby letters of credit written are conditional commitments issued by the Bank to guarantee the financial performance of a customer to a third party. Those guarantees are primarily issued to support private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. When deemed necessary, we hold appropriate collateral supporting those commitments. We do not anticipate any material losses as a result of these transactions.

The following table summarizes the off-balance sheet items:

		Maturity by Period			
	Total	Less Than One Year	One Year to Three Year	Four Year to Five Years	After Five Years
			(Amounts in thousands)		
2006					
Commitment to extend credit	680,575	244,383	38,243	51,512	346,437
Obligations under letters of credit	64,810	47,776	17,034	—	—
Total	$ 745,385	$ 292,159	$ 55,277	$ 51,512	$ 346,437

Liquidity and Cash Flow

Since the primary sources and uses of funds for the Bank are loans and deposits, the relationship between gross loans and total deposits provides a useful measure of the Bank's liquidity. Typically, the closer the ratio of loans to deposits is to 100%, the more reliant the Bank is on its loan portfolio to provide for short-term liquidity needs. Since repayment of loans tends to be less predictable than the maturity of investments and other liquid resources, the higher the loans to deposit ratio the less liquid are the Bank's assets. For 2006, the Bank's loan to deposit ratio averaged 79.99%, compared to an average ratio of 74.35% for 2005 and 68.99% for 2004.

CVB is a company separate and apart from the Bank that must provide for its own liquidity. Substantially all of CVB's revenues are obtained from dividends declared and paid by the Bank. The remaining cash flow is from rent paid by a third party on office space in our corporate headquarters. There are statutory and regulatory provisions that could limit the ability of the Bank to pay dividends to CVB. At December 31, 2006, approximately $128.5 million of the Bank's equity was unrestricted and available to be paid as dividends to CVB. Management of CVB believes that such restrictions will not have an impact on the ability of CVB to meet its ongoing cash obligations. As of December 31, 2006, neither the Bank nor CVB had any material commitments for capital expenditures.

For the Bank, sources of funds normally include principal payments on loans and investments, other borrowed funds, and growth in deposits. Uses of funds include withdrawal of deposits, interest paid on deposits, increased loan balances, purchases, and other operating expenses.

Net cash provided by operating activities totaled $70.9 million for 2006, $89.1 million for 2005, and $75.7 million for 2004. The decrease in 2006 compared to 2005 was primarily the result of the decrease in net interest income as a result of the higher yields on interest-bearing deposits and borrowings.

Cash used in investing activities totaled $680.7 million for 2006, compared to $761.4 million for 2005 and $695.4 million for 2004. The funds used for investing activities primarily represented increases in investments and loans for each year reported. Funds obtained from investing activities for each year were obtained primarily from the sale and maturity of investment securities.

Funds provided by financing activities totaled $626.0 million for 2006, compared to $718.0 million for 2005 and $592.1 million for 2004. The decrease in 2006 compared to 2005 was primarily the result of a decrease in transaction deposits and repayment of borrowings, offset by advances from FHLB, issuance of junior subordinated debt, and repurchase agreements.

At December 31, 2006, cash and cash equivalents totaled $146.4 million. This represented an increase of $16.3, or 12.50%, over a total of $130.1 million at December 31, 2005.

Capital Resources

Historically, the primary source of capital for the Company has been the retention of operating earnings. In order to ensure adequate levels of capital, we conduct an ongoing assessment of projected sources and uses of capital in conjunction with projected increases in assets and the level of risk.

Total stockholders' equity was $389.3 million at December 31, 2006. This represented an increase of $46.5 million, or 13.55%, over total stockholders' equity of $342.9 million at December 31, 2005. For 2005, total stockholders' equity increased $25.4 million, or 8.0%, over total stockholders' equity of $317.5 million at December 31, 2005.

The following table presents the amounts of regulatory capital and the capital ratios for the Company, compared to its minimum regulatory capital requirements as of December 31, 2006.

	As of December 31, 2006					
	Actual		Required		Excess	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Amounts in thousands)					
Leverage ratio	$ 469,960	7.8%	$ 240,389	4.0%	$ 229,571	3.8%
Tier 1 risk-based ratio	469,960	12.3%	153,081	4.0%	316,879	8.3%
Total risk-based ratio	499,430	13.1%	306,164	8.0%	193,266	5.1%

The following table presents the amounts of regulatory capital and the capital ratios for the Bank, compared to its minimum regulatory capital requirements as of December 31, 2006.

	As of December 31, 2006					
	Actual		Required		Excess	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Amounts in thousands)					
Leverage ratio	$ 422,946	7.1%	$ 239,969	4.0%	$ 182,977	3.1%
Tier 1 risk-based ratio	422,946	11.1%	152,826	4.0%	270,120	7.1%
Total risk-based ratio	452,416	11.8%	305,686	8.0%	146,730	3.8%

For purposes of calculating capital ratios, bank regulators have excluded adjustments to stockholders' equity that result from mark-to-market adjustments of available-for-sale investment securities. At December 31, 2006, we had an unrealized loss on investment securities net of taxes of $13.2 million, compared to an unrealized loss net of taxes of $13.4 million at December 31, 2005.

Bank regulators have established minimum capital adequacy guidelines requiring that qualifying capital be at least 8.0% of risk-based assets, of which at least 4.0% must be Tier I capital (primarily stockholders' equity). These ratios represent minimum capital standards. Under Prompt Corrective Action rules, certain levels of capital adequacy have been established for financial institutions. Depending on an institution's capital ratios, the established levels can result in restrictions or limits on permissible activities. In addition to the aforementioned requirements, the Company and Bank must also meet minimum leverage ratio standards. The leverage ratio is calculated as Tier I capital divided by the most recent quarter's average total assets.

The highest level for capital adequacy under Prompt Corrective Action is "Well Capitalized". To qualify for this level of capital adequacy an institution must maintain a total risk-based capital ratio of at least 10.00% and a Tier I risk-based capital ratio of at least 6.00%.

During 2006, the Board of Directors of the Company declared quarterly cash dividends that totaled $0.355 per share for the full year. We do not believe that the continued payment of cash dividends will impact the ability of the Company to continue to exceed the current minimum capital standards.

In October 2001, the Company's Board of Directors authorized the repurchase of up to 2.0 million shares (without adjustment to reflect stock dividends and splits) of our common stock. During 2006, we did not repurchase any shares of common stock. During 2005 and 2004, we repurchased 676,033 and 99,504, shares of common stock, for the total price of $12.3 million and $2.0 million, respectively. As of December 31, 2006, 875,163 shares are available to be repurchased in the future under this repurchase plan.

RISK MANAGEMENT

We have adopted a Risk Management Plan and a Risk Management Committee of the Board to ensure the proper control and management of all risk factors inherent in the operation of the Company and the Bank. Specifically, credit risk, interest rate risk, liquidity risk, transaction risk, compliance risk, strategic risk, reputation risk, price risk and foreign exchange risk, can all affect the market risk exposure of the Company. These specific risk factors are not mutually exclusive. It is recognized that any product or service offered by the Company may expose the Bank to one or more of these risks.

Credit Risk

Credit risk is defined as the risk to earnings or capital arising from an obligor's failure to meet the terms of any contract or otherwise fail to perform as agreed. Credit risk is found in all activities where success depends on counter party, issuer, or borrower performance. Credit risk arises through the extension of loans and leases, certain securities, and letters of credit.

Credit risk in the investment portfolio and correspondent bank accounts is addressed through defined limits in our policy statements. In addition, certain securities carry insurance to enhance credit quality of the bond. Limitations on industry concentration, aggregate customer borrowings, geographic boundaries and standards on loan quality also are designed to reduce loan credit risk. Senior Management, Directors' Committees, and the Board of Directors are provided with information to appropriately identify, measure, control and monitor the credit risk of the Bank.

Implicit in lending activities is the risk that losses will occur and that the amount of such losses will vary over time. Consequently, we maintain an allowance for credit losses by charging a provision for credit losses to earnings. Loans determined to be losses are charged against the allowance for credit losses. Our allowance for credit losses is maintained at a level considered by us to be adequate to provide for estimated probable losses inherent in the existing portfolio, and unused commitments to provide financing, including commitments under commercial and standby letters of credit.

The allowance for credit losses is based upon estimates of probable losses inherent in the loan and lease portfolio. The nature of the process by which we determine the appropriate allowance for credit losses requires the exercise of considerable judgment. The amount actually observed in respect of these losses can vary significantly from the estimated amounts. We employ a systematic methodology that is intended to reduce the differences between estimated and actual losses.

Our methodology for assessing the appropriateness of the allowance is conducted on a regular basis and considers all loans. The systematic methodology consists of two major elements.

The first major element includes a detailed analysis of the loan portfolio in two phases. The first phase is conducted in accordance with SFAS No. 114, "Accounting by Creditors for the Impairment of a Loan", as amended by SFAS No. 118, "Accounting by Creditors for Impairment of a Loan — Income Recognition and Disclosures." Individual loans are reviewed to identify loans for impairment. A loan is impaired when principal and interest are deemed uncollectible in accordance with the original contractual terms of the loan. Impairment is measured as either the expected future cash flows discounted at each loan's effective interest rate, the fair value of the loan's collateral if the loan is collateral dependent, or an observable market price of the loan (if one exists). Upon measuring the impairment, we will ensure an appropriate level of allowance is present or established.

Central to the first phase and our credit risk management is the loan risk rating system. The originating credit officer assigns borrowers an initial risk rating, which is reviewed and possibly changed by Credit Management, which is based primarily on a thorough analysis of each borrower's financial capacity in conjunction with industry and economic trends. Approvals are made based upon the amount of inherent credit risk specific to the transaction and are reviewed for appropriateness by senior line and credit management personnel. Credits are monitored by line and credit management personnel for deterioration in a borrower's financial condition, which would impact the ability of the borrower to perform under the contract. Risk ratings are adjusted as necessary.

Loans are risk rated into the following categories: Impaired, Doubtful, Substandard, Special Mention and Pass. Each of these groups is assessed for the appropriate amount to be used in determining the adequacy of our allowance for losses. While each loan is looked at annually to determine its proper classification, the Impaired and Doubtful loans are analyzed on an individual basis for allowance amounts. The other categories have formulae used to determine the needed allowance amount.

The Bank began a credit review function engaging an outside party to review our loans. This was done in the last quarter of 2006 and will be performed quarterly in the upcoming year. The purpose of this review, amoung others, is to determine the loan rating and if there is any deterioration in the credit quality of the portfolio.

Based on the risk rating system specific allowances are established in cases where management has identified significant conditions or circumstances related to a credit that we believe indicates the probability that a loss has been incurred. We perform a detailed analysis of these loans, including, but not limited to, cash flows, appraisals of the collateral, conditions of the marketplace for liquidating the collateral and assessment of the guarantors. We then determine the inherent loss potential and allocate a portion of the allowance for losses as a specific allowance for each of these credits.

The second phase is conducted by evaluating or segmenting the remainder of the loan portfolio into groups or pools of loans with similar characteristics in accordance with SFAS No. 5, “Accounting for Contingencies.” In this second phase, groups or pools of homogeneous loans are reviewed to determine a portfolio formula allowance. In the case of the portfolio formula allowance, homogeneous portfolios, such as small business loans, consumer loans, agricultural loans, and real estate loans, are aggregated or pooled in determining the appropriate allowance. The risk assessment process in this case emphasizes trends in the different portfolios for delinquency, loss, and other-behavioral characteristics of the subject portfolios.

The second major element in our methodology for assessing the appropriateness of the allowance consists of our consideration of all known relevant internal and external factors that may affect a loan’s collectibility. This includes our estimates of the amounts necessary for concentrations, economic uncertainties, the volatility of the market value of collateral, and other relevant factors. The relationship of the two major elements of the allowance to the total allowance may fluctuate from period to period.

In the second major element of the analysis which considers all known relevant internal and external factors that may affect a loan’s collectibility is based upon our evaluation of various conditions, the effects of which are not directly measured in the determination of the formula and specific allowances. The evaluation of the inherent loss with respect to these conditions is subject to a higher degree of uncertainty because they are not identified with specific problem credits or portfolio segments. The conditions evaluated in connection with the second element of the analysis of the allowance include, but are not limited to the following conditions that existed as of the balance sheet date:

- then-existing general economic and business conditions affecting the key lending areas of the Company,
- then-existing economic and business conditions of areas outside the lending areas, such as other sections of the United States, Asia and Latin America,
- credit quality trends (including trends in non-performing loans expected to result from existing conditions),
- collateral values,
- loan volumes and concentrations,
- seasoning of the loan portfolio,
- specific industry conditions within portfolio segments,
- recent loss experience in particular segments of the portfolio,
- duration of the current business cycle,
- bank regulatory examination results and
- findings of our internal credit examiners.

We review these conditions in discussion with our senior credit officers. To the extent that any of these conditions is evidenced by a specifically identifiable problem credit or portfolio segment as of the evaluation date, our estimate of the effect of such condition may be reflected as a specific allowance applicable to such credit or portfolio segment. Where any of these conditions is not evidenced by a specifically identifiable problem credit or portfolio segment as of the evaluation date, our evaluation of the inherent loss related to such condition is reflected in the second major element of the allowance. Although we have allocated a portion of the allowance to specific loan categories, the adequacy of the allowance must be considered in its entirety.

We maintain an allowance for inherent credit losses that is recorded as a provision for credit losses and charged against operating results. The allowance for credit losses is also increased by recoveries on loans previously charged off and reduced by actual loan losses charged to the allowance. We recorded a $3.0 million provision for credit losses for 2006. We did not record a provision for credit losses for 2005 and 2004.

At December 31, 2006, we reported an allowance for credit losses of $27.7 million. This represents an increase of $4.5 million, or 19.54%, over the allowance for credit losses of $23.2 million at December 31, 2005. During 2006, we recorded a provision for credit losses of $3.0 million and net recoveries of $1.5 million. At December 31, 2005, we reported an allowance for credit losses of $23.2 million. This represented an increase of $710,000, or 3.16%, over the allowance for credit losses of $22.5 million at December 31, 2004. During the year 2005, we did not make a provision for credit losses. The increase of $710,000 was due to the allowance for credit losses in the acquisition of Granite State Bank of $756,000, offset by net charge-offs of $46,000. (See Table 8 — Summary of Credit Loss Experience.)

At December 31, 2006 and 2005, we had no impaired or non-performing loans.

For 2006, total loans charged-off were $200,000, offset by the recoveries of loans previous charged-off of $1.7 million resulting in net recoveries of $1.5 million. For 2005, total loans charge-off were $1.4 million, offset by the recoveries of loans previously charged-off of $1.3 million resulting in net charge-offs of $46,000.

Table 8 presents a comparison of net credit losses, the provision for credit losses (including adjustments incidental to mergers), and the resulting allowance for credit losses for each of the years indicated.

TABLE 8 — Summary of Credit Loss Experience

	As of and For Years Ended December 31,				
	2006	2005	2004	2003	2002
			(Amounts in thousands)		
Amount of Total Loans at End of Period(1)	$ 3,070,196	$ 2,663,863	$ 2,140,074	$ 1,759,941	$ 1,446,009
Average Total Loans Outstanding(1)	$ 2,811,782	$ 2,277,304	$ 1,905,145	$ 1,529,944	$ 1,247,384
Allowance for Credit Losses at Beginning of Period	$ 23,204	$ 22,494	$ 21,282	$ 21,666	$ 20,469
Loans Charged-Off:					
Real Estate	—	780	1,002	982	41
Commercial and Industrial	90	243	943	1,507	2,048
Lease Finance Receivables	79	91	110	396	—
Consumer Loans	31	266	265	132	320
Total Loans Charged-Off	200	1,380	2,320	3,017	2,409

	As of and For Years Ended December 31,				
	2006	2005	2004	2003	2002
	(Amounts in thousands)				
Recoveries:					
Real Estate Loans	1,140	572	775	336	1,062
Commercial and Industrial	400	543	2,558	889	176
Lease Finance Receivables	82	101	86	262	—
Consumer Loans	111	118	113	112	43
Total Loans Recovered	1,733	1,334	3,532	1,599	1,281
Net Loans Charged-Off (Recovered)	(1,533)	46	(1,212)	1,418	1,128
Provision Charged to Operating Expense	3,000	—	—	—	—
Adjustments Incident to Mergers and reclassifications	—	756	—	1,034	2,325
Allowance for Credit Losses at End of period	$ 27,737	$ 23,204	$ 22,494	$ 21,282	$ 21,666
Net Loans Charged-Off (Recovered) to Average Total Loans	−0.05%	0.00%	−0.06%	0.09%	0.09%
Net Loans Charged-Off (Recovered) to Total Loans at End of Period	−0.05%	0.00%	−0.06%	0.08%	0.08%
Allowance for Credit Losses to Average Total Loans	0.99%	1.02%	1.18%	1.39%	1.74%
Allowance for Credit Losses to Total Loans at End of Period	0.90%	0.87%	1.05%	1.21%	1.50%
Net Loans Charged-Off (Recovered) to Allowance for Credit Losses	−5.53%	0.20%	−5.39%	6.66%	5.21%
Net Loans Recovered to Provision for Credit Losses	−51.10%	—	—	—	—

(1) Net of deferred loan origination fees.

While we believe that the allowance at December 31, 2006, was adequate to absorb losses from any known or inherent risks in the portfolio, no assurance can be given that economic conditions which adversely affect our service areas or other circumstances will not be reflected in increased provisions or credit losses in the future.

Table 9 provides a summary of the allocation of the allowance for credit losses for specific loan categories at the dates indicated. The allocations presented should not be interpreted as an indication that loans charged to the allowance for credit losses will occur in these amounts or proportions, or that the portion of the allowance allocated to each loan category represents the total amount available for future losses that may occur within these categories.

	December 31,									
	2006		2005		2004		2003		2002	
	Allowance for Credit Losses	% of Loans to Total Loans in Each Category	Allowance for Credit Losses	% of Loans to Total Loans in Each Category	Allowance for Credit Losses	% of Loans to Total Loans in Each Category	Allowance for Credit Losses	% of Loans to Total Loans in Each Category	Allowance for Credit Losses	% of Loans to Total Loans in Each Category
	(Amounts in thousands)									
Real Estate	$ 9,905	46.8%	$ 10,536	42.7%	$ 7,214	36.6%	$ 3,892	30.8%	$ 4,158	34.6%
Commercial and Industrial	17,215	51.5%	15,408	49.2%	16,232	55.8%	15,508	62.9%	16,020	60.9%
Consumer	297	1.7%	224	8.1%	126	7.6%	149	6.3%	202	4.5%
Unallocated	320		(2,964)		(1,078)		1,733		1,286	
Total	$ 27,737	100.0%	$ 23,204	100.0%	$ 22,494	100.0%	$ 21,282	100.0%	$ 21,666	100.0%

Market Risk

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

The table below provides the actual balances as of December 31, 2006 of interest-earning assets (net of deferred loan fees and allowance for credit losses) and interest-bearing liabilities, including the average rate earned or paid for 2006, the projected contractual maturities over the next five years, and the estimated fair value of each category determined using available market information and appropriate valuation methodologies.

			Maturing					
	Balance December 31,	Average Rate	One Year	Two Years	Three Years	Four Years	Five Years and Beyond	Estimated Fair Value
			(Amounts in thousands)					
2006								
Interest-Earning Assets								
Investment securities available for sale(1)	$ 2,580,176	4.61%	$ 20,127	$ 104,982	$ 824,102	$ 564,818	$ 1,066,147	$ 2,580,176
Loans and lease finance receivables, net	3,042,459	6.92%	726,970	210,938	104,330	101,835	1,898,386	3,041,813
Total interest earning assets	$ 5,622,635		$ 747,097	$ 315,920	$ 928,432	$ 666,653	$ 2,964,533	$ 5,621,989
Interest-Bearing Liabilities								
Interest-bearing deposits	$ 2,043,397	3.11%	$ 2,011,988	$ 17,439	$ 972	$ 9,332	$ 3,666	2,041,416
Demand note to U.S. Treasury	7,245	4.34%	7,245	—	—	—	—	7,245
Borrowings	2,139,250	4.27%	1,189,250	850,000	—	—	100,000	2,137,099
Junior subordinated debentures	108,250	6.51%	—	—	—	—	108,250	132,293
Total interest-bearing liabilities	$ 4,298,142		$ 3,208,483	$ 867,439	$ 972	$ 9,332	$ 211,916	$ 4,318,053

(1) Excludes securities with no maturity dates.

Interest Rate Risk

During periods of changing interest rates, the ability to re-price interest-earning assets and interest-bearing liabilities can influence net interest income, the net interest margin, and consequently, our earnings. Interest rate risk is managed by attempting to control the spread between rates earned on interest-earning assets and the rates paid on interest-bearing liabilities within the constraints imposed by market competition in our service area. Short-term re-pricing risk is minimized by controlling the level of floating rate loans and maintaining a downward sloping ladder of bond payments and maturities. Basis risk is managed by the timing and magnitude of changes to interest-bearing deposit rates. Yield curve risk is reduced by keeping the duration of the loan and bond portfolios relatively short. Options risk in the bond portfolio is monitored monthly and actions are recommended when appropriate.

We monitor the interest rate "sensitivity" risk to earnings from potential changes in interest rates using various methods, including a maturity/re-pricing gap analysis. This analysis measures, at specific time intervals, the differences between earning assets and interest-bearing liabilities for which re-pricing opportunities will occur. A positive difference, or gap, indicates that earning assets will re-price faster than interest-bearing liabilities. This will generally produce a greater net interest margin during periods of rising interest rates, and a lower net interest margin during periods of declining interest rates. Conversely, a negative gap will generally produce a lower net interest margin during periods of rising interest rates and a greater net interest margin during periods of decreasing interest rates.

TABLE 10 — Asset and Liability Maturity/Repricing Gap

	90 Days or Less	Over 90 Days to 180 Days	Over 180 Days to 365 Days	Over 365 Days	Total
			(Amounts in thousands)		
2006					
Earning Assets:					
Investment Securities at carrying value	$ 140,153	$ 152,523	$ 214,686	$ 2,075,540	$ 2,582,902
Total Loans	1,003,580	$ 157,742	$ 281,823	$ 1,599,314	3,042,459
Total	$ 1,143,733	$ 310,265	$ 496,509	$ 3,674,854	$ 5,625,361
Interest Bearing Liabilities					
Savings Deposits	$ 780,720	$ —	$ —	$ 434,699	$ 1,215,419
Time Deposits	596,882	$ 128,776	$ 71,080	$ 31,240	827,978
Demand Note to U.S. Treasury	7,245				7,245
Other Borrowings	1,234,250	$ 85,000	$ 120,000	$ 700,000	2,139,250
Junior subordinated debentures	—	—	—	108,250	108,250
Total	2,619,097	213,776	191,080	1,274,189	4,298,142
Period GAP	$ (1,475,364)	$ 96,489	$ 305,429	$ 2,400,665	$ 1,327,219
Cumulative GAP	$ (1,475,364)	$ (1,378,875)	$ (1,073,446)	$ 1,327,219	
2005					
Earning Assets:					
Interest-bearing deposits with other institution	$ 1,883	$ —	$ —	$ —	$ 1,883
Investment Securities at carrying value	109,526	104,448	230,582	1,925,336	2,369,892
Total Loans	828,783	157,485	281,538	1,372,853	2,640,659
Total	$ 940,192	$ 261,933	$ 512,120	$ 3,298,189	$ 5,012,434
Interest Bearing Liabilities					
Savings Deposits	$ 717,585	$ —	$ —	$ 432,671	$ 1,150,256
Time Deposits	477,617	106,864	160,746	37,950	783,177
Demand Note to U.S. Treasury	6,433	—	—	—	6,433
Other Borrowings	361,000	35,000	520,000	580,000	1,496,000
Junior subordinated debentures	—	—	—	82,476	82,476
Total	1,562,635	141,864	680,746	1,133,097	3,518,342
Period GAP	$ (622,443)	$ 120,069	$ (168,626)	$ 2,165,092	$ 1,494,092
Cumulative GAP	$ (622,443)	$ (502,374)	$ (671,000)	$ 1,494,092	

Table 10 provides the Bank's maturity/re-pricing gap analysis at December 31, 2006, and 2005. We had a negative cumulative 180-day gap of $1.38 billion and a negative cumulative 365-days gap of $1.07 billion at December 31, 2006. This represented an increase of $876.5 million, or 174 times, over the 180-day cumulative negative gap of $502.4 million at December 31, 2005. In theory, this would indicate that at December 31, 2006, $1.38 billion more in assets than liabilities would re-price if there were a change in interest rates over the next 180 days. If interest rates increase, the negative gap would tend to result in a lower net interest margin. If interest rates decrease, the negative gap would tend to result in an increase in the net interest margin. However, we do have

the ability to anticipate the increase in deposit rates, and the ability to extend interest-bearing liabilities, offsetting, in part, the negative gap.

The interest rates paid on deposit accounts do not always move in unison with the rates charged on loans. In addition, the magnitude of changes in the rates charged on loans is not always proportionate to the magnitude of changes in the rate paid on deposits. Consequently, changes in interest rates do not necessarily result in an increase or decrease in the net interest margin solely as a result of the differences between re-pricing opportunities of earning assets or interest-bearing liabilities. The fact that the Bank reported a negative gap at December 31, 2006 for changes within the following 365 days does not necessarily indicate that, if interest rates decreased, net interest income would increase, or if interest rates increased, net interest income would decrease.

Approximately $1.87 billion, or 72.21%, of the total investment portfolio at December 31, 2006 consisted of securities backed by mortgages. The final maturity of these securities can be affected by the speed at which the underlying mortgages repay. Mortgages tend to repay faster as interest rates fall, and slower as interest rates rise. As a result, we may be subject to a "prepayment risk" resulting from greater funds available for reinvestment at a time when available yields are lower. Conversely, we may be subject to "extension risk" resulting, as lesser amounts would be available for reinvestment at a time when available yields are higher. Prepayment risk includes the risk associated with the payment of an investment's principal faster than originally intended. Extension risk is the risk associated with the payment of an investment's principal over a longer time period than originally anticipated. In addition, there can be greater risk of price volatility for mortgage-backed securities as a result of anticipated prepayment or extension risk.

We also utilize the results of a dynamic simulation model to quantify the estimated exposure of net interest income to sustained interest rate changes. The sensitivity of our net interest income is measured over a rolling two-year horizon.

The simulation model estimates the impact of changing interest rates on interest income from all interest-earning assets and interest expense paid on all interest-bearing liabilities reflected on our balance sheet. This sensitivity analysis is compared to policy limits, which specify a maximum tolerance level for net interest income exposure over a one-year horizon assuming no balance sheet growth, given a 200 basis point upward and a 200 basis point downward shift in interest rates. A parallel and pro rata shift in rates over a 12-month period is assumed.

The following reflects our net interest income sensitivity analysis as of December 31, 2006:

Simulated Rate Changes	Estimated Net Interest Income Sensitivity
+ 200 basis points	(3.41%)
− 200 basis points	6.70%

The Company is currently more liability sensitive. The estimated sensitivity does not necessarily represent a forecast and the results may not be indicative of actual changes to our net interest income. These estimates are based upon a number of assumptions including: the nature and timing of interest rate levels including yield curve shape, prepayments on loans and securities, pricing strategies on loans and deposits, and replacement of asset and liability cash-flows. While the assumptions used are based on current economic and local market conditions, there is no assurance as to the predictive nature of these conditions including how customer preferences or competitor influences might change. See NOTE 19 — of the Notes to the Consolidated Financial Statements.

Liquidity Risk

Liquidity risk is the risk to earnings or capital resulting from our inability to meet obligations when they come due without incurring unacceptable losses. It includes the ability to manage unplanned decreases or changes in funding sources and to recognize or address changes in market conditions that affect our ability to liquidate assets quickly and with minimum loss of value. Factors considered in liquidity risk management are stability of the deposit base; marketability, maturity, and pledging of investments; and the demand for credit.

In general, liquidity risk is managed daily by controlling the level of fed funds and the use of funds provided by the cash flow from the investment portfolio. To meet unexpected demands, lines of credit are maintained with correspondent banks, the Federal Home Loan Bank and the FRB. The sale of bonds maturing in the near future can

also serve as a contingent source of funds. Increases in deposit rates are considered a last resort as a means of raising funds to increase liquidity.

Transaction Risk

Transaction risk is the risk to earnings or capital arising from problems in service or product delivery. This risk is significant within any bank and is interconnected with other risk categories in most activities throughout the Bank. Transaction risk is a function of internal controls, information systems, associate integrity, and operating processes. It arises daily throughout the Bank as transactions are processed. It pervades all divisions, departments and branches and is inherent in all products and services the Bank offers.

In general, transaction risk is defined as high, medium or low by the internal auditors during the audit process. The audit plan ensures that high risk areas are reviewed at least annually. We utilize a third party audit firm to provide internal audit services.

The key to monitoring transaction risk is in the design, documentation and implementation of well-defined procedures. All transaction related procedures include steps to report events that might increase transaction risk. Dual controls are also a form of monitoring.

Compliance Risk

Compliance risk is the risk to earnings or capital arising from violations of, or non-conformance with, laws, rules, regulations, prescribed practices, or ethical standards. Compliance risk also arises in situations where the laws or rules governing certain Bank products or activities of the Bank's customers may be ambiguous or untested. Compliance risk exposes the Bank to fines, civil money penalties, payment of damages, and the voiding of contracts. Compliance risk can also lead to a diminished reputation, reduced business value, limited business opportunities, lessened expansion potential, and lack of contract enforceability.

There is no single or primary source of compliance risk. It is inherent in every Bank activity. Frequently, it blends into operational risk and transaction processing. A portion of this risk is sometimes referred to as legal risk. This is not limited solely to risk from failure to comply with consumer protection laws; it encompasses all laws, as well as prudent ethical standards and contractual obligations. It also includes the exposure to litigation from all aspects of banking, traditional and non-traditional.

Our Compliance Management Policy and Program and the Code of Ethical Conduct are the cornerstone for controlling compliance risk. An integral part of controlling this risk is the proper training of associates. The Compliance Officer is responsible for developing and executing a comprehensive compliance training program. The Compliance Officer will ensure that each associate receives adequate training with regard to their position to ensure that laws and regulations are not violated. All associates who deal in compliance high risk areas are trained to be knowledgeable about the level and severity of exposure in those areas and the policies and procedures in place to control such exposure.

Our Compliance Management Policy and Program includes an audit program aimed at identifying problems and ensuring that problems are corrected. The audit program includes two levels of review. One is in-depth audits performed by an external firm and the other is periodic monitoring performed by the Compliance Officer.

The Bank utilizes an external firm to conduct compliance audits as a means of identifying weaknesses in the compliance program itself. The external firm's audit plan includes a periodic review of each branch and department of the Bank.

The branch or department that is the subject of an audit is required to respond to the audit and correct any violations noted. The Compliance Officer will review audit findings and the response provided by the branch or department to identify areas which pose a significant compliance risk to the Bank.

The Compliance Officer conducts periodic monitoring of the Bank's compliance efforts with a special focus on those areas that expose the Bank to compliance risk. The purpose of the periodic monitoring is to ensure that Bank associates are adhering to established policies and procedures adopted by the Bank. The Compliance Officer will notify the appropriate department head and the Compliance Committee of any violations noted. The branch or

department that is the subject of the review will be required to respond to the findings and correct any noted violations.

The Bank recognizes that customer complaints can often identify weaknesses in the Bank's compliance program which could expose the Bank to risk. Therefore, all complaints are given prompt attention. The Bank's Compliance Management Policy and Program includes provisions on how customer complaints are to be addressed. The Compliance Officer reviews all complaints to determine if a significant compliance risk exists and communicates those findings to Senior Management.

Strategic Risk

Strategic risk is the risk to earnings or capital arising from adverse decisions or improper implementation of strategic decisions. This risk is a function of the compatibility between an organization's goals, the resources deployed against those goals and the quality of implementation.

Strategic risks are identified as part of the strategic planning process. Offsite strategic planning sessions are held annually. The strategic review consists of an economic assessment, competitive analysis, industry outlook and legislative and regulatory review.

A primary measurement of strategic risk is peer group analysis. Key performance ratios are compared to three separate peer groups to identify any sign of weakness and potential opportunities. The peer group consists of:

1. All banks of comparable size
2. High performing banks
3. A list of specific banks

Another measure is the comparison of the actual results of previous strategic initiatives against the expected results established prior to implementation of each strategy.

The corporate strategic plan is formally presented to all branch managers and department managers at an annual leadership conference.

Reputation Risk

Reputation risk is the risk to capital and earnings arising from negative public opinion. This affects the Bank's ability to establish new relationships or services, or continue servicing existing relationships. It can expose the Bank to litigation and, in some instances, financial loss.

Price and Foreign Exchange Risk

Price risk arises from changes in market factors that affect the value of traded instruments. Foreign exchange risk is the risk to earnings or capital arising from movements in foreign exchange rates.

Our current exposure to price risk is nominal. We do not have trading accounts. Consequently, the level of price risk within the investment portfolio is limited to the need to sell securities for reasons other than trading. The section of this policy pertaining to liquidity risk addresses this risk.

We maintain deposit accounts with various foreign banks. Our Interbank Liability Policy limits the balance in any of these accounts to an amount that does not present a significant risk to our earnings from changes in the value of foreign currencies.

Our asset liability model calculates the market value of the Bank's equity. In addition, management prepares, on a monthly basis, a capital volatility report that compares changes in the market value of the investment portfolio. We have as our target to always be well-capitalized by regulatory standards.

The Balance Sheet Management Policy requires the submission of a Fair Value Matrix Report to the Balance Sheet Management Committee on a quarterly basis. The report calculates the economic value of equity under

different interest rate scenarios, revealing the level or price risk of the Bank's interest sensitive asset and liability portfolios.

Recent Accounting Pronouncements

See Note 1, Summary of Significant Accounting Policies, Recent Accounting Pronouncements, in the accompanying notes to the consolidated financial statements.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

Market risk is the risk of loss from adverse changes in the market prices and interest rates. Our market risk arises primarily from interest rate risk inherent in our lending and deposit taking activities. We currently do not enter into futures, forwards, or option contracts. For greater discussion on the risk management of the Company, see Item 7. Management's Discussion and Analysis of Financial Condition and the Results of Operations — Risk Management.

Item 8. ***Financial Statements and Supplementary Data***

CVB FINANCIAL CORP.
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AND FINANCIAL STATEMENT SCHEDULES

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All schedules are omitted because they are not applicable, not material or because the information is included in the financial statements or the notes thereto.

For information about the location of management's annual reports on internal control, our financial reporting and the audit report of McGladrey & Pullen, LLP thereon. See "Item 9A. Controls and Procedures."

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None

Item 9A. ***Controls and Procedures***

1) **Management's Report on Internal Control over Financial Reporting**

Management of CVB Financial Corp., together with its consolidated subsidiaries (the Company), is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of the Company's principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

As of December 31, 2006, management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has determined that the Company's internal control over financial reporting as of December 31, 2006 is effective.

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on our financial statements. Management's assessment of the effectiveness of the firm's internal control over financial reporting as of December 31, 2006 has been audited by McGladrey & Pullen, LLP, an independent registered public accounting firm, as stated in their report appearing at 9A(2) below.

2) **Auditor attestation**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting, that CVB Financial Corp. and subsidiaries (the Company) maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company, and our report dated February 28, 2007 expressed an unqualified opinion.

/s/ McGladrey & Pullen, LLP

McGladrey & Pullen, LLP

Pasadena, California
February 28, 2007

3) **Changes in Internal Control over Financial Reporting**

We maintain controls and procedures designed to ensure that information is recorded and reported in all filings of financial reports. Such information is reported to our management, including our Chief Executive Officer and Chief Financial Officer to allow timely and accurate disclosure based on the definition of "disclosure controls and procedures" in SEC Rule 13a-15(e) and 15d-15(e).

As of the end of the period covered by this report, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures under the supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer. Based on the foregoing, our Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures are effective.

During the fiscal quarter ended December 31, 2006, there have been no changes in our internal control over financial reporting that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

Item 9B. ***Other Information***

None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governace***

Except as hereinafter noted, the information concerning directors and executive officers of the Company and our audit committee financial expert is incorporated by reference from the section entitled “Discussion of Proposals recommended by the Board — Proposal 1: Election of Directors” and “Beneficial Ownership Reporting Compliance” and “Audit Committee” of our definitive Proxy Statement to be filed pursuant to Regulation 14A within 120 days after the end of the last fiscal year. For information concerning directors and executive officers of the Company, see Item 1 of part I “Business — Executive Officers and Directors.”

The Company has adopted a Code of Ethics that applies to all of the Company’s employees, including the Company’s principal executive officers, the principal financial and accounting officer, and all employees who perform these functions. A copy of the Code of Ethics is available to any person without charge by submitting a request to the Company’s Chief Financial Officer at 701 N. Haven Avenue, Suite 350, Ontario, CA 91764.

Item 11. ***Executive Compensation***

Information concerning management remuneration and transactions is incorporated by reference from the section entitled “Executive Compensation” of our definitive Proxy Statement to be filed pursuant to Regulation 14A within 120 days after the end of the last fiscal year.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management And Related Stockholder Matters***

The following table summarizes information as of December 31, 2006 relating to our equity compensation plans pursuant to which grants of options, restricted stock, or other rights to acquire shares may be granted from time to time.

Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	2,398,359	$ 9.91	3,970,618
Equity compensation plans not approved by security holders	—	—	—
Total	2,398,359	$ 9.91	3,970,618

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

Item 13. ***Certain Relationships and Related Transactions, and Director Independce***

Information concerning certain relationships and related transactions with management and others is incorporated by reference from the section entitled “Executive Compensation — Certain Relationships and Related Transactions” of our definitive Proxy Statement to be filed pursuant to Regulation 14A within 120 days after the end of the last fiscal year.

Item 14. ***Principal Accountant Fees and Services***

Information concerning principal accounting fees and services is incorporated by reference from the section entitled “Ratification of Appointment of Independent Public Accountants” of our definitive Proxy Statement to be filed pursuant to Regulation 14A within 120 days after the end of the last fiscal year.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

Financial Statements

Reference is made to the Index to Financial Statements at page 54 for a list of financial statements filed as part of this Report.

Exhibits

See Index to Exhibits at Page 96 of this Form 10-K.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 28th day of February 2007.

CVB FINANCIAL CORP.

By: /s/ CHRISTOPHER D. MYERS
Christopher D. Myers
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ GEORGE A. BORBA George A. Borba	Chairman of the Board	February 28, 2007
/s/ JOHN A. BORBA John A. Borba	Director	February 28, 2007
/s/ RONALD O. KRUSE Ronald O. Kruse	Vice Chairman	February 28, 2007
/s/ ROBERT M. JACOBY Robert M. Jacoby	Director	February 28, 2007
/s/ JAMES C. SELEY James C. Seley	Director	February 28, 2007
/s/ SAN E. VACCARO San E. Vaccaro	Director	February 28, 2007
/s/ D. LINN WILEY D. Linn Wiley	Vice Chairman	February 28, 2007
/s/ CHRISTOPHER D. MYERS Christopher D. Myers	Director, President and Chief Executive Officer (Principal Executive Officer)	February 28, 2007
/s/ EDWARD J. BIEBRICH, JR. Edward J. Biebrich, Jr.	Chief Financial Officer (Principal Financial and Accounting Officer)	February 28, 2007

CVB FINANCIAL CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31, 2006	December 31, 2005
	(Amounts in thousands)	
ASSETS		
Investment securities available-for-sale	$ 2,582,902	$ 2,369,892
Interest-bearing balances due from depository institutions	—	1,883
Investment in stock of Federal Home Loan Bank (FHLB)	78,866	70,770
Loans and lease finance receivables	3,070,196	2,663,864
Allowance for credit losses	(27,737)	(23,204)
Total earning assets	5,704,227	5,083,205
Cash and due from banks	146,411	130,141
Premises and equipment, net	44,963	40,020
Intangibles	10,121	12,474
Goodwill	31,531	32,357
Cash value life insurance	99,861	71,811
Accrued interest receivable	30,225	24,147
Deferred tax asset	18,434	18,420
Other assets	8,489	10,396
TOTAL ASSETS	$ 6,094,262	$ 5,422,971
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Noninterest-bearing	$ 1,363,411	$ 1,490,613
Interest-bearing	2,043,397	1,933,432
Total deposits	3,406,808	3,424,045
Demand Note to U.S. Treasury	7,245	6,433
Repurchase agreements	344,350	—
Short-term borrowings	844,900	916,000
Long-term borrowings	950,000	580,000
Accrued interest payable	16,156	15,047
Deferred compensation	7,946	7,102
Junior subordinated debentures	108,250	82,476
Other liabilities	19,268	48,991
TOTAL LIABILITIES	5,704,923	5,080,094
COMMITMENTS AND CONTINGENCIES		
Stockholders' Equity:		
Preferred stock (authorized, 20,000,000 shares without par; none issued or outstanding)	—	—
Common stock (authorized, 122,070,312 shares without par; issued and outstanding 84,281,722 (2006) and 84,073,227 (2005)	366,082	252,717
Retained earnings	36,478	103,546
Accumulated other comprehensive income (loss), net of tax	(13,221)	(13,386)
TOTAL STOCKHOLDERS' EQUITY	389,339	342,877
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 6,094,262	$ 5,422,971

See accompanying notes to consolidated financial statements.

CVB FINANCIAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS
Three Years Ended December 31, 2006

	2006	2005	2004
		(Amounts in thousands, except earnings per share)	
INTEREST INCOME:			
Loans, including fees	$ 194,704	$ 148,421	$ 114,543
Investment securities:			
Taxable	91,029	76,573	66,109
Tax-advantaged	26,545	19,078	15,087
	117,574	95,651	81,196
Dividends from FHLB	4,290	2,623	1,960
Federal funds sold	32	2	3
Interest-bearing deposits with other institutions	60	251	—
Total interest income	316,660	246,948	197,702
INTEREST EXPENSE:			
Deposits	67,180	28,908	15,508
Short-term borrowings	55,859	25,487	6,930
Long-term borrowings	17,520	17,701	18,731
Junior subordinated debentures	6,905	5,340	5,348
Total interest expense	147,464	77,436	46,517
NET INTEREST INCOME BEFORE PROVISION FOR CREDIT LOSSES	169,196	169,512	151,185
PROVISION FOR CREDIT LOSSES	3,000	—	—
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	166,196	169,512	151,185
OTHER OPERATING INCOME:			
Service charges on deposit accounts	13,080	13,251	13,663
Financial Advisory services	7,385	6,652	6,054
Bankcard services	2,486	2,453	1,781
BOLI Income	3,051	2,797	2,432
Other	6,199	4,668	5,058
Gain/(Loss) on sale of securities, net	1,057	(46)	5,219
Impairment charge on investment securities	—	(2,270)	(6,300)
Total other operating income	33,258	27,505	27,907
OTHER OPERATING EXPENSES:			
Salaries and employee benefits	50,509	51,535	47,292
Occupancy	8,572	8,327	7,891
Equipment	7,025	7,578	8,003
Stationery and supplies	6,492	5,569	4,987
Professional services	5,896	4,268	4,776
Promotion	6,251	5,835	5,148
Amortization of Intangibles	2,353	2,061	1,185
Other	8,726	4,880	10,440
Total other operating expenses	95,824	90,053	89,722
EARNINGS BEFORE INCOME TAXES	103,630	106,964	89,370
INCOME TAXES	31,724	36,346	27,884
NET EARNINGS	$ 71,906	$ 70,618	$ 61,486
COMPREHENSIVE INCOME (LOSS)	$ 72,071	$ 48,340	$ 53,098
BASIC EARNINGS PER COMMON SHARE	$ 0.85	$ 0.84	$ 0.74
DILUTED EARNINGS PER COMMON SHARE	$ 0.85	$ 0.83	$ 0.73
CASH DIVIDENDS PER COMMON SHARE	$ 0.355	$ 0.420	$ 0.480

See accompanying notes to consolidated financial statements.

CVB FINANCIAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Three Years Ended December 31, 2006

	Common Shares Outstanding	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Comprehensive Income	Total
			(Amounts and shares in thousands)			
Balance January 1, 2004	48,289	$ 232,959	$ 36,482	$ 17,280		$ 286,721
Issuance of common stock	345	1,281				1,281
5-for-4 stock split	12,132					
Repurchase of common stock	(100)	(159)	(1,833)			(1,992)
Tax benefit from exercise of stock options		2,196				2,196
Cash dividends ($0.48 per share)			(23,821)			(23,821)
Comprehensive income:						
Net earnings			61,486		61,486	61,486
Other comprehensive income/(loss):						
Unrealized loss on securities available-for-sale, net				(8,388)	(8,388)	(8,388)
Comprehensive income					53,098	
Balance December 31, 2004	60,666	236,277	72,314	8,892		317,483
Issuance of common stock	460	1,789				1,789
5-for-4 stock split	15,284					
Repurchase of common stock	(676)	(863)	(11,423)			(12,286)
Shares issued for acquisition of Granite State Bank	696	13,427				13,427
Tax benefit from exercise of stock options		2,087				2,087
Cash dividends ($0.42 per share)			(27,963)			(27,963)
Comprehensive income:						
Net earnings			70,618		70,618	70,618
Other comprehensive income(loss):						
Unrealized loss on securities available-for-sale, net				(22,278)	(22,278)	(22,278)
Comprehensive income					$ 48,340	
Balance December 31, 2005	76,430	$ 252,717	$ 103,546	$ (13,386)		$ 342,877
Issuance of common stock	190	983				983
10% Stock Dividend	7,662	111,098	(111,098)			
Tax benefit from exercise of stock options		331				331
Stock-based Compensation Expense		953				953
Cash dividends ($0.36 per share)			(27,876)			(27,876)
Comprehensive income:						
Net earnings			71,906		$ 71,906	71,906
Other comprehensive income(loss):						
Unrealized gain on securities available-for-sale, net				165	165	165
Comprehensive income					$ 72,071	
Balance December 31, 2006	84,282	$ 366,082	$ 36,478	$ (13,221)		$ 389,339

	2006	At December 31, 2005	2004
		(Amounts in thousands)	
Disclosure of reclassification amount			
Unrealized holding (losses)gains on securities arising during the period	1,341	(40,679)	(15,453)
Tax benefit (expense)	(563)	17,058	6,438
Less:			
Reclassification adjustment for (gain)/loss on securities included in net income	(1,057)	2,316	1,081
Add:			
Tax expense on reclassification adjustments	444	(973)	(454)
Net unrealized (loss) gain on securities	$ 165	(22,278)	$ (8,388)

See accompanying notes to consolidated financial statements.

CVB FINANCIAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Years Ended December 31,		
	2006	2005	2004
	(Dollar amounts in thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received	$ 310,651	$ 250,202	$ 204,471
Service charges and other fees received	31,426	29,779	28,526
Interest paid	(146,355)	(71,290)	(42,967)
Cash paid to suppliers and employees	(93,786)	(88,507)	(84,184)
Income taxes paid	(31,050)	(31,100)	(30,196)
Net cash provided by operating activities	70,886	89,084	75,650
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales of investment securities available-for-sale	—	—	84,777
Proceeds from sales of MBS	57,127	126,598	—
Proceeds from repayment of MBS	416,723	414,804	433,365
Proceeds from repayment of investment securities available-for-sale	55	122	—
Proceeds from maturity of investment securities	7,608	18,598	36,006
Purchases of investment securities available-for-sale	(234,841)	(177,415)	(115,351)
Purchases of MBS	(489,488)	(677,451)	(687,538)
Purchases of FHLB stock	(8,096)	(17,205)	(15,935)
Net increase in loans	(394,603)	(449,842)	(372,431)
Proceeds from sales of premises and equipment	2,253	73	4,392
Purchase of premises and equipment	(11,617)	(11,881)	(11,376)
Cash acquired from purchase of Granite State Bank, net of cash paid	—	12,232	—
Purchase of Bank Owned Life Insurance	(25,000)	—	(50,000)
Investment in common stock of CVB Statutory Trust III	(774)	—	—
Other investing activities	—	—	(1,282)
Net cash used in investing activities	(680,653)	(761,367)	(695,373)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net (decrease) increase in transaction deposits	(62,038)	163,718	292,521
Net increase (decrease) in time deposits	44,802	282,786	(77,992)
Advances from Federal Home Loan Bank	850,000	370,000	500,000
Repayment of advances from Federal Home Loan Bank	(620,000)	(106,000)	(68,000)
Net (decrease) increase in short-term borrowings	319,711	45,980	(29,882)
Net increase in repurchase agreements	94,350	—	—
Cash dividends on common stock	(27,876)	(27,963)	(23,821)
Repurchase of common stock	—	(12,286)	(1,992)
Issuance of junior subordinated debentures	25,774	—	—
Proceeds from exercise of stock options	983	1,789	1,281
Tax benefit related to exercise of stock options	331	—	—
Net cash provided by financing activities	626,037	718,024	592,115
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	16,270	45,741	(27,608)
CASH AND CASH EQUIVALENTS, beginning of period	130,141	84,400	112,008
CASH AND CASH EQUIVALENTS, end of period	$ 146,411	$ 130,141	$ 84,400

See accompanying notes to the consolidated financial statements.

CVB FINANCIAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	Three Years Ended December 31,		
	2006	2005	2004
	(Dollar amounts in thousands)		
RECONCILIATION OF NET EARNINGS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Net earnings	$ 71,906	$ 70,618	$ 61,486
Adjustments to reconcile net earnings to net cash provided by operating activities:			
(Gain)/loss on sale of investment securities	(1,057)	46	(5,219)
Gain on sale of premises and equipment	(436)	34	140
Impairment charge on investment securities	—	2,270	6,300
Increase in cash value of life insurance	(3,051)	(2,253)	(2,432)
Net amortization of premiums on investment securities	7,061	13,195	14,302
Provisions for credit losses	3,000	—	—
Stock-based compensation	953	—	—
Tax benefit from exercise of stock options	(331)	—	—
Depreciation and amortization	8,036	8,435	7,125
Change in accrued interest receivable	(7,712)	(5,471)	(2,667)
Change in accrued interest payable	1,109	6,147	3,550
Deferred tax provision	4,813	(585)	(3,537)
Change in other assets and liabilities	(13,405)	(3,352)	(3,398)
Total adjustments	(1,020)	18,466	14,164
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 70,886	$ 89,084	$ 75,650
Supplemental Schedule of Noncash Investing and Financing Activities Purchase of Granite State Bank:			
Assets acquired	$ 826	$ 85,898	
Goodwill	(826)	12,777	
Intangible assets	—	8,399	
Liabilities assumed	—	(105,879)	
Stock issued	—	(13,427)	
Purchase price of acquisition, net of cash received	$ —	$ (12,232)	
Securities purchased and not settled	$ —	$ 25,854	$ —

See accompanying notes to the consolidated financial statements.

CVB FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Three Years Ended December 31, 2006

1. Summary Of Significant Accounting Policies

The accounting and reporting policies of CVB Financial Corp. and subsidiaries are in accordance with accounting principles generally accepted in the United States of America and conform to practices within the banking industry. A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

Principles of Consolidation — The consolidated financial statements include the accounts of CVB Financial Corp. (the "Company") and its wholly owned subsidiaries: Citizens Business Bank (the "Bank"); CVB Ventures, Inc.; Chino Valley Bancorp; and ONB Bancorp after elimination of all intercompany transactions and balances. The Company is also the common stockholder of CVB Statutory Trust I, CVB Statutory Trust II and CVB Statutory Trust III. CVB Statutory Trusts I and II were created in December 2003 and CVB Statutory Trust III was created in January 2006 to issue trust preferred securities in order to raise capital for the Company. In accordance with Financial Accounting Standards Board Interpretation No. 46R "Consolidation of Variable Interest Entities" ("FIN No. 46R"), these trusts do not meet the criteria for consolidation.

Nature of Operations — The Company's primary operations are related to traditional banking activities, including the acceptance of deposits and the lending and investing of money through the operations of the Bank. The Bank also provides automobile and equipment leasing, and brokers mortgage loans to customers through its Golden West Financial Division and trust services to customers through its Financial Advisory Services Group and Business Financial Centers (branch offices). The Bank's customers consist primarily of small to mid-sized businesses and individuals located in San Bernardino County, Riverside County, Orange County, Madera County, Fresno County, Tulare County, Kern County, and the eastern portion of Los Angeles County in Southern California. The Bank operates 39 Business Financial Centers with its headquarters located in the city of Ontario.

The Company's operating business units have been combined into two main segments: Business Financial Centers and Treasury. Business Financial Centers (branches) comprise the loans, deposits, products and services the Bank offers to the majority of its customers. The other segment is Treasury Department, which manages the investment portfolio of the Company. The Company's remaining centralized functions and eliminations of inter-segment amounts have been aggregated and included in "Other."

The internal reporting of the Company considers all business units. Funds are allocated to each business unit based on its need to fund assets (use of funds) or its need to invest funds (source of funds). Net income is determined based on the actual net income of the business unit plus the allocated income or expense based on the sources and uses of funds for each business unit. Non-interest income and non-interest expense are those items directly attributable to a business unit.

Investment Securities — The Company classifies as held-to-maturity those debt securities that the Company has the positive intent and ability to hold to maturity. Securities classified as trading are those securities that are bought and held principally for the purpose of selling them in the near term. All other debt and equity securities are classified as available-for-sale. Securities held-to-maturity are accounted for at cost and adjusted for amortization of premiums and accretion of discounts. Trading securities are accounted for at fair value with the unrealized holding gains and losses being included in current earnings. Available-for-sale securities are accounted for at fair value, with the net unrealized gains and losses, net of income tax effects, presented as a separate component of stockholders' equity. At each reporting date, available-for-sale securities are assessed to determine whether there is an other-than-temporary impairment. Such impairment, if any, is required to be recognized in current earnings rather than as a separate component of stockholders' equity. Realized gains and losses on sales of securities are recognized in earnings at the time of sale and are determined on a specific-identification basis. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. For mortgage-backed securities ("MBS"), the amortization or accretion is based on estimated average lives of the securities. The lives of these securities can fluctuate based on the amount of prepayments received on the underlying

collateral of the securities. The Company's investment in Federal Home Loan Bank ("FHLB") stock is carried at cost.

Loans and Lease Finance Receivables — Loans and lease finance receivables are reported at the principal amount outstanding, less deferred net loan origination fees and the allowance for credit losses. Interest on loans and lease finance receivables is credited to income based on the principal amount outstanding. Interest income is not recognized on loans and lease finance receivables when collection of interest is deemed by management to be doubtful.

The Bank receives collateral to support loans, lease finance receivables, and commitments to extend credit for which collateral is deemed necessary. The most significant categories of collateral are real estate, principally commercial and industrial income-producing properties, real estate mortgages, and assets utilized in agribusiness.

Nonrefundable fees and direct costs associated with the origination or purchase of loans are deferred and netted against outstanding loan balances. The deferred net loan fees and costs are recognized in interest income over the loan term in a manner that approximates the level-yield method.

Provision and Allowance for Credit Losses — The determination of the balance in the allowance for credit losses is based on an analysis of the loan and lease finance receivables portfolio using a systematic methodology and reflects an amount that, in management's judgment, is adequate to provide for probable credit losses inherent in the portfolio, after giving consideration to the character of the loan portfolio, current economic conditions, past credit loss experience, and such other factors as deserve current recognition in estimating inherent credit losses. The estimate is reviewed periodically by management and various regulatory entities and, as adjustments become necessary, they are reported in earnings in the periods in which they become known. The provision for credit losses is charged to expense.

A loan for which collection of principal and interest according to its original terms is not probable is considered to be impaired. The Company's policy is to record a specific valuation allowance, which is included in the allowance for credit losses, or charge off that portion of an impaired loan that exceeds its fair value. Fair value is usually based on the value of underlying collateral.

Premises and Equipment — Premises and equipment are stated at cost, less accumulated depreciation, which is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Properties under capital lease and leasehold improvements are amortized over the shorter of estimated economic lives of 15 years or the initial terms of the leases. Estimated lives are 3 to 5 years for computer and equipment 5 to 7 years for furniture, fixtures and equipment, and 15 to 40 years for buildings and improvements.

Other Real Estate Owned — Other real estate owned represents real estate acquired through foreclosure in satisfaction of commercial and real estate loans and is stated at fair value, minus estimated costs to sell (fair value at time of foreclosure). Loan balances in excess of fair value of the real estate acquired at the date of acquisition are charged against the allowance for credit losses. Any subsequent operating expenses or income, reduction in estimated values, and gains or losses on disposition of such properties are charged to current operations.

Business Combinations, Goodwill and Intangible Assets — The Company has engaged in the acquisition of financial institutions and the assumption of deposits and purchase of assets from other financial institutions in its market area. The Company has paid premiums on certain transactions, and such premiums are recorded as intangible assets, in the form of goodwill or other intangible assets. In accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets", goodwill is not being amortized whereas identifiable intangible assets with finite lives are amortized over their useful lives. On an annual basis, the Company tests goodwill for impairment. The Company completed its annual impairment test as of June 30, 2006; there was no impairment of goodwill.

Bank Owned Life Insurance — The Bank invests in Bank-Owned Life Insurance (BOLI). BOLI involves the purchasing of life insurance by the Bank on a chosen group of employees. The Bank is the owner and beneficiary of these policies. BOLI is recorded as an asset at cash surrender value. Increases in the cash value of theses policies, as well as insurance proceeds received, are recorded in other non-interest income and are not subject to income tax.

Income Taxes — Deferred income taxes are recognized for the tax consequences in future years of the Company's differences between the tax bases of assets and liabilities and their financial reporting amounts at each year-end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income.

Earnings per Common Share — Basic earnings per share are computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding during each year. The computation of diluted earnings per share considers the number of tax-effected shares issuable upon the assumed exercise of outstanding common stock options. Earnings per common share and stock option amounts have been retroactively restated to give effect to all stock splits and dividends. A reconciliation of the numerator and the denominator used in the computation of basic and diluted earnings per common share is included in Note 14.

Statement of Cash Flows — Cash and cash equivalents as reported in the statements of cash flows include cash and due from banks and federal funds sold. Cash flow from loans and deposits are reported net.

Stock Compensation Plans — At December 31, 2006, the Company has three stock-based employee compensation plans, which are described more fully in Note 15.

The Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment ("SFAS No. 123R") on January 1, 2006, using the "modified prospective" method. Under this method, awards that are granted, modified, or settled after December 31, 2005, are measured and accounted for in accordance with SFAS No. 123R. Also under this method, unvested stock awards as of December 31, 2005 are recognized over the remaining service period with no change in historical reported earnings. Prior to the adoption of SFAS No. 123R, the Company accounted for stock compensation under the intrinsic value method permitted by Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees ("APB No. 25") and related interpretations. Accordingly, the Company previously recognized no compensation cost for employee stock options that were granted with an exercise price equal to the market value of the underlying common stock on the date of grant. The Company provided pro forma disclosure amounts in accordance with SFAS No. 148, "Accounting for Stock-Based Compensation — Transition and Disclosure" (SFAS No. 148), as if the fair value method defined by SFAS No. 123 had been applied to its stock-based compensation.

Prior to the adoption of SFAS 123R, the Company presented all tax benefits of deductions resulting from the exercise of stock options as operating cash flows in the Consolidated Statements of Cash Flows. SFAS 123R requires the tax benefits resulting from deductions in excess of the compensation cost recognized for those options ("excess tax benefits") to be classified as financing cash flows. The Company has $331,000 of excess tax benefit resulting from disqualified dispositions classified as financing activities in the Consolidated Statements of Cash Flows for the year ended December 31, 2006.

CVB FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table illustrates the effect on net income and earnings per share had the Company accounted for stock-based compensation in accordance with SFAS 123R for the years ended December 31:

	2005	2004
	(Dollars in thousands)	
Net income, as reported	$ 70,618	$ 61,486
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	1,114	1,150
Pro forma net income	$ 69,504	$ 60,336
Earnings per share:		
Basic — as reported	$ 0.84	$ 0.74
Basic — pro forma	$ 0.83	$ 0.73
Diluted — as reported	$ 0.83	$ 0.73
Diluted — pro forma	$ 0.82	$ 0.72

Financial Advisory Services Group — The Company maintains funds in trust for customers. The amount of these funds and the related liability have not been recorded in the accompanying consolidated balance sheets because they are not assets or liabilities of the Bank or Company, with the exception of any funds held on deposit with the Bank.

Use of Estimates in the Preparation of Financial Statements — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. A material estimate that is particularly susceptible to significant change in the near term relates to the determination of the allowance for credit losses. Other significant estimates which may be subject to change include fair value disclosures, impairment of investments and goodwill, and valuation of deferred tax assets and other intangibles.

Recent Accounting Pronouncements — In July 2006, the Financial Accounting Standards Board (“FASB”) issued FASB Interpretation No. 48 (“FIN 48”), “Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109.” This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. This Interpretation is effective for fiscal years beginning after December 15, 2006. The Company is currently assessing the impact of the Interpretation on its consolidated financial statements.

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement No. 157, “Fair Value Measurements” (“SFAS No. 157”). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements and accordingly, does not require any new fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. Management is currently evaluating the effect of adoption of SFAS No. 157, but does not expect the adoption to have a material effect on the Company’s consolidated financial condition or results of operations.

In September 2006, the Emerging Issues Task Force (“EITF”) reached a final consensus on Issue 06-4, “Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements” (“EITF 06-4”). EITF 06-4 requires that for a split-dollar life insurance arrangement, an employer should recognize a liability for future benefits in accordance with SFAS 106, “Employers’ Accounting for Postretirement Benefits Other Than Pensions” or APB Opinion No. 12, “Omnibus Opinion — 1967.” Under the

guidance, the purchase of an endorsement type policy does not constitute a settlement since the policy does not qualify as nonparticipating because the policyholders are subject to the favorable and unfavorable experience of the insurance company. EITF 06-4 is effective for fiscal years beginning after December 15, 2007. The Company is currently assessing the impact of the adoption of EITF 06-4 on its consolidated financial statements.

In September 2006, the EITF reached a final consensus on Issue 06-5, "Accounting for Purchases of Life Insurance" ("EITF 06-05"). EITF 06-5 provides guidance on FASB Technical Bulletin No. 85-4, "Accounting for Purchases of Life Insurance." Under the guidance, the policyholder should consider any additional amounts included in the contractual terms of the policy in determining the amount that could be realized under the insurance contract. In addition, the policyholder should also determine the amount that could be realized under the life insurance contract assuming the surrender of an individual-life by individual-life policy. EITF 06-5 is effective for fiscal years beginning after December 15, 2006. The Company does not expect the adoption of EITF 06-5 to have a material effect on the Company's consolidated financial position or results of operations.

In September 2006, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"). SAB 108 provides guidance on how to evaluate prior period financial statement misstatements for purposes of assessing their materiality in the current period, including both the carryover and reversing effects of prior year misstatements, using both a "rollover" and "iron curtain" approach. If the prior period effect is material to the current period, then the prior period is required to be corrected. Correcting prior year financial statements would not require an amendment of prior year financial statements, but such corrections would be made the next time the company files the prior year financial statements. Upon adoption, SAB 108 allows a one-time transitional cumulative effect adjustment to retained earnings for corrections of prior period misstatements required under this statement. SAB 108 is effective for fiscal years beginning after November 15, 2006. The Company does not expect the adoption of SAB 108 to have a material effect on the Company's consolidated financial position or results of operations.

In February 2007, the FASB issued SFAS 159, The Fair Value Option for Financial Assets and Financial Liabilities-Including an Amendment of FASB Statement No. 115. SFAS 159 permits an entity to choose to measure many financial instruments and certain other items at fair value. Most of the provisions of SFAS 159 are elective, however, the amendment to SFAS 115, Accounting for Certain Investments in Debt and Equity Securities, applies to all entities with available for sale or trading securities. For financial instruments elected to be accounted for at fair value, an entity will report the unrealized gains and losses in earnings. SFAS 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. SFAS 159 was recently issued and the Company is currently assessing the financial impact this Statement will have on our financial statements.

Reclassifications — Certain amounts in the prior years' financial statements and related footnote disclosures have been reclassified to conform to the current-year presentation with no impact on previously reported net income or stockholders' equity.

2. Investment Securities

The amortized cost and estimated fair value of investment securities are shown below. The majority of securities held are publicly traded, and the estimated fair values were obtained from an independent pricing service.

	December 31, 2006 (Amounts in thousands)				
	Amortized Cost	Gross Unrealized Holding Gain	Gross Unrealized Holding Loss	Fair Value	Total Percent
Investment Securities Available-for-Sale:					
U.S. Treasury Obligations	$ 971	$ —	$ (1)	$ 970	0.04%
Government agency & government-sponsored enterprises	68,679	124	(503)	68,300	2.64%
Mortgage-backed securities	1,103,664	1,793	(27,606)	1,077,851	41.73%
CMO's / REMICs	791,265	2,589	(6,584)	787,270	30.48%
Municipal bonds	638,391	12,249	(4,855)	645,785	25.00%
Other securities	2,726	—	—	2,726	0.11%
Total Investment Securities	$ 2,605,696	$ 16,755	$ (39,549)	$ 2,582,902	100.00%

	December 31, 2005 (Amounts in thousands)				
	Amortized Cost	Gross Unrealized Holding Gain	Gross Unrealized Holding Loss	Fair Value	Total Percent
Investment Securities Available-for-Sale:					
U.S. Treasury securities	$ 498	$ —	$ (1)	$ 497	0.02%
Government agency & government-sponsored enterprises	54,608	69	(588)	54,089	2.28%
Mortgage-backed securities	1,211,869	1,974	(29,235)	1,184,608	49.99%
CMO's / REMICs	617,031	237	(7,356)	609,912	25.74%
Municipal bonds	452,080	15,818	(3,998)	463,900	19.57%
FHLMC preferred stock	56,070	—	—	56,070	2.37%
Other securities	816	—	—	816	0.03%
Total Investment Securities	$ 2,392,972	$ 18,098	$ (41,178)	$ 2,369,892	100.00%

At December 31, 2006, approximately 97% of the mortgage-backed securities and CMO/REMICs (which represent collateralized mortgage obligations and real estate mortgage investment conduits) securities are issued by U.S. government agencies that guarantee payment of principal and interest of the underlying mortgages.

Gross realized gains were $1.73 million, $1.38 million, and $5.59 million for years ended December 31, 2006, 2005, and 2004, respectively. Gross realized losses were $670,000, $1.42 million, and $374,000 for years ended December 31, 2006, 2005, and 2004, respectively.

The remaining CMO/REMICs are backed by agency-pooled collateral or whole loan collateral. All non-agency CMO/REMICs issues held are rated “A” or better by either Standard & Poor’s or Moody’s, as of December 31, 2006.

	December 31, 2006					
	Less than 12 Months		12 Months or Longer		Total	
Description of Securities	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
	(Amounts in thousands)					
U.S. Treasury Obligations	$ 970	$ 1	$ —	$ —	$ 970	$ 1
Government agency & government- sponsored enterprises	12,040	45	41,101	458	53,141	503
Mortgage-backed securities	74,274	388	880,162	27,218	954,436	27,606
CMO/REMICs	53,681	241	454,693	6,343	508,374	6,584
Municipal bonds	276,512	3,474	60,065	1,381	336,577	4,855
	$ 417,477	$ 4,149	$ 1,436,021	$ 35,400	$ 1,853,498	$ 39,549

	December 31, 2005					
	Less than 12 Months		12 Months or Longer		Total	
Description of Securities	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
	(Amounts in thousands)					
U.S. Treasury Obligations	$ 497	$ 1	$ —	$ —	$ 497	$ 1
Government agency & government- sponsored enterprises	2,972	28	18,463	560	21,435	588
Mortgage-backed securities	459,242	8,385	634,731	20,850	1,093,973	29,235
CMO/REMICs	444,431	5,198	119,603	2,158	564,034	7,356
Municipal bonds	162,193	3,624	8,737	374	170,930	3,998
	$ 1,069,335	$ 17,236	$ 781,534	$ 23,942	$ 1,850,869	$ 41,178

The tables above show the Company's investment securities' gross unrealized losses and fair value by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2006 and 2005. The Company has reviewed individual securities classified as available-for-sale to determine whether a decline in fair value below the amortized cost basis is other-than-temporary. If it is probable that the Company will be unable to collect all amounts due according to the contractual terms of a debt security not impaired at acquisition, an other-than-temporary impairment shall be considered to have occurred. If an other-than-temporary impairment occurs, the cost basis of the security would be written down to its fair value as a new cost basis and the write down accounted for as a realized loss.

The following summarizes our analysis of these securities and the unrealized losses. This assessment was based on the following factors: i) the length of the time and the extent to which the market value has been less than cost; ii) the financial condition and near-term prospects of the issuer; iii) the intent and ability of the Company to retain its investment in a security for a period of time sufficient to allow for any anticipated recovery in market value; and iv) general market conditions which reflect prospects for the economy as a whole, including interest rates and sector credit spreads.

U.S. Treasury Obligations and Government Agency & Government-Sponsored Enterprises (GSE) — The U.S. Treasury Obligations and Government-Agency securities are backed by the full faith and credit of the U.S. Treasury and Agencies of the U.S. Government. All GSE debt is sponsored by the federal government. Debt

securities issued by GSEs are considered to be of high credit quality. The senior debt of the GSEs is rated AAA/Aaa. These securities are bullet securities, that is, they have a defined maturity date on which the principal is paid. The contractual term of these investments provides that the Bank will receive the face value of the bond at maturity which will equal the amortized cost of the bond. Interest is received throughout the life of the security. The unrealized loss greater than 12 months of $457,000 is comprised of ten issues: three Fannie Mae, four Freddie Mac and three Federal Home Loan Bank securities. These securities have maturities from 1.5 months to 3.9 years. The agency securities are rated A's. Because the decline in market value is attributable to the changes in interest rates and not credit quality, and the Bank has the ability and intent to hold these investments until recovery of fair value, which may be at maturity, the Bank considers these securities only temporarily impaired, the Bank does not consider these investments to be classified other-than-temporarily impaired (as defined by EITF 03-1) at December 31, 2006.

Mortgage-Backed Securities and CMO/REMICs — The mortgage-backed and CMO/REMICs securities are issued and guaranteed by the government sponsored enterprise such as Ginnie Mae, Fannie Mae and Freddie Mac. These securities are collateralized or backed by the underlying mortgages. All mortgage-backed securities are rated AAA with average life from 0.61 years to 6.61 years. The contractual cash flows of these investments are guaranteed by agencies of the U.S. government or private insurance companies. Accordingly, it is expected the securities would not be settled at a price less than the amortized cost of the bond. The unrealized loss greater then 12 months on these securities at December 31, 2006 is $33.6 million. This loss is comprised of three main blocks of securities: FNMA's with a loss of $17.2 million, Freddie Mac with a loss of $14.7 million, Ginnie Mae with a loss of $184,000 and non government sponsored enterprises such a financial institution with a loss of $1.4 million. This loss is caused by the increase in interest rates over the last 2.5 years. Because the decline in market value is attributable to the changes in interest rates and not credit quality, and the Bank has the ability and intent to hold these securities until recovery of fair value, which may be at maturity, the Bank considers these securities only temporarily impaired, the Bank does not consider these investments to be classified other-than-temporarily impaired (as defined by EITF 03-1) at December 31, 2006.

Municipal Bonds — The municipal bonds in the Bank's portfolio are all rated AAA and they are insured by the largest bond insurance companies with maturities from 1 month to 19 years. The unrealized loss greater than 12 months on these securities at December 31, 2006 is $1.4 million. As with the other securities in the portfolio, this loss is due to the rising rate environment not the credit risk of these securities. The Bank diversifies its holdings by owning selections of securities from different issuers and by holding securities from geographically diversified municipal issuers, thus reducing the Bank's exposure to any single adverse event. Because the decline in market value is attributable to the changes in interest rates and not credit quality, and the Bank has the ability and intent to hold these securities until recovery of fair value, which may be at maturity, the Bank considers these securities only temporarily impaired, the Bank does not consider these investments to be classified other-than-temporarily impaired (as defined by EITF 03-1) at December 31, 2006.

At December 31, 2006 and 2005, investment securities having an amortized cost of approximately $2.44 billion and $2.04 billion, respectively, were pledged to secure public deposits, short and long-term borrowings, and for other purposes as required or permitted by law.

The amortized cost and fair value of debt securities at December 31, 2006, by contractual maturity, are shown below. Although mortgage-backed securities and CMO/REMICs have contractual maturities through 2027, expected maturities will differ from contractual maturities because borrowers may have the right to prepay such obligations without penalty. Mortgage-backed securities and CMO/REMICs are included in maturity categories based upon estimated prepayment speeds.

	Available-for-sale		
	Amortized Cost	Fair Value	Weighted-Average Yield
	(Amounts in thousands)		
Due in one year or less	$ 33,609	$ 33,509	3.22%
Due after one year through five years	1,917,314	1,896,550	4.66%
Due after five years through ten years	407,910	407,926	4.74%
Due after ten years	244,137	242,191	4.13%
	$ 2,602,970	$ 2,580,176	4.61%

The above table excludes securities without stated maturities.

3. Loan and Lease Finance Receivables

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

	2006	2005
	(Amounts in thousands)	
Commercial and Industrial	$ 1,050,189	$ 980,602
Real Estate:		
Construction	299,112	270,436
Mortgage	1,141,322	877,481
Consumer	54,125	59,801
Municipal lease finance receivables	126,393	108,832
Auto and equipment leases	51,420	39,442
Dairy and Livestock	358,259	338,035
Gross Loans	3,080,820	2,674,629
Less:		
Allowance for credit losses	(27,737)	(23,204)
Deferred net loan fees	(10,624)	(10,765)
Net Loans	$ 3,042,459	$ 2,640,660

At December 31, 2006, the Company held approximately $1.2 billion of fixed rate loans. These fixed rate loans bear interest at rates ranging from 3 to 12 percent and have contractual maturities between 1 and 30 years. Substantially all of the Company's real estate loans are secured by real properties located in California. Declines in the California economy and in real estate values could have a significant effect on the collectibility of the Company's loans and on the level of allowance for loan losses required.

4. Transactions Involving Directors and Shareholders

In the ordinary course of business, the Bank has granted loans to certain directors, executive officers, and the businesses with which they are associated. All such loans and commitments to lend were made under terms that are consistent with the Bank's normal lending policies. All related party loans were current as to principal and interest at December 31, 2006 and 2005.

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

	As of December 31, 2006	As of December 31, 2005
	(Amounts in thousands)	
Outstanding balance, beginning of year	$ 7,303	$ 5,251
Credit granted, including renewals	3,128	3,930
Repayments	(1,552)	(1,878)
Outstanding balance, end of year	$ 8,879	$ 7,303

5. Allowance for Credit Losses and Other Real Estate Owned

Activity in the allowance for credit losses was as follows:

	2006	2005	2004
		(Amounts in thousands)	
Balance, beginning of year	$ 23,204	$ 22,494	$ 21,282
Provision charged to operations	3,000	—	—
Acquisition of Granite State Bank	—	756	—
Loans charged off	(200)	(1,380)	(2,320)
Recoveries on loans previously charged off	1,733	1,334	3,532
Balance, end of year	$ 27,737	$ 23,204	$ 22,494

The allowance for off-balance sheet credit exposure relates to commitments to extend credit, letters of credit and undisbursed funds on lines of credit. The Company evaluates credit risk associated with the loan and lease portfolio at the same time it evaluates credit risk associated with the off-balance sheet commitments.

The Bank measures an impaired loan by using the present value of the expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent. If the calculated measurement of an impaired loan is less than the recorded investment in the loan, a portion of the Bank's general reserve is allocated as an impairment reserve.

At December 31, 2006 and 2005, the Bank had no loans classified as impaired. The average recorded investment in impaired loans during the years ended December 31, 2006, 2005, and 2004 was approximately $177,000, $3,000, and $744,000, respectively. No interest income was recognized, based on cash receipts, on impaired loans during the years ended December 31, 2006 and 2005. Interest income of $1,000 was recognized during the year ended December 31, 2004.

The accrual of interest on impaired loans is discontinued when the loan becomes 90 days past due, or when the full collection of principal and interest is in doubt. When an asset is placed on nonaccrual status, previously accrued but unpaid interest is reversed against income. Subsequent collections of cash may be applied as reductions to the principal balance, or recorded as income, depending on management's assessment of the ultimate collectibility of the asset. Nonaccrual assets may be restored to accrual status when principal and interest become current and full payment of principal and interest is expected. For 2006 and 2005, there were no non-performing or non-accrual loans.

The Company has no other real estate owned or allowance for other real estate owned losses at December 31, 2006 or 2005. There were no expenses incurred in 2006, 2005, and 2004 related to holding and disposition of OREO.

6. Premises and Equipment

Premises and equipment consist of:

	As of December 31, 2006	2005
	(Amounts in thousands)	
Land	$ 7,231	$ 8,263
Bank premises	38,371	29,084
Furniture and equipment	39,636	42,169
Leased property under capital lease	649	649
	85,887	80,165
Accumulated depreciation and amortization	(40,924)	(40,145)
	$ 44,963	$ 40,020

In 2006, the Bank sold its old data center building and recorded a gain of $494,000. The cost of the new data center was $7.05 million

7. Income Taxes

Income tax expense consists of the following:

	For the Years Ended December 31, 2006	2005	2004
		(Amounts in thousands)	
Current provision:			
Federal	$ 17,402	$ 25,874	$ 21,707
State	9,509	11,057	9,714
	26,911	36,931	31,421
Deferred provision(benefit):			
Federal	3,701	(585)	(2,759)
State	1,112	—	(778)
	4,813	(585)	(3,537)
	$ 31,724	$ 36,346	$ 27,884

Income tax asset (liability) consists of the following:

	December 31, 2006	December 31, 2005
	(Amounts in thousands)	
Current:		
Federal	$ 9,408	$ 2,722
State	(2,432)	(1,850)
	6,976	872
Deferred:		
Federal	10,771	14,572
State	2,716	3,848
	13,487	18,420
	$ 20,463	$ 19,292

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

	December 31, 2006	December 31, 2005
	(Amounts in thousands)	
Federal		
Deferred tax liabilities:		
Depreciation	$ 5,243	$ 2,704
Other Intangibles	158	199
Intangible — Western Security Bank	596	875
Intangible — Kaweah National Bank	1,122	1,339
Intangible — Granite State Bank	2,322	2,381
Leases	56	38
Deferred income	7,242	5,222
Other, net	197	284
Gross deferred tax liability	16,936	13,042
Deferred tax assets:		
California franchise tax	2,928	3,103
Bad debt and credit loss deduction	10,288	8,684
Net operating loss carryforward	1,470	1,587
Deferred compensation	2,756	3,162
Other-than-temporary impaired securities	—	3,000
Unrealized loss on investment securities, net	7,978	8,078
Capital loss carryforward	2,287	—
Gross deferred tax asset	27,707	27,614
Net deferred tax (liability) asset — federal	$ 10,771	$ 14,572

	December 31, 2006	December 31, 2005
	(Amounts in thousands)	
State		
Deferred tax liabilities:		
Depreciation	$ 736	$ —
Other Intangibles	49	61
Intangibles — Western Security Bank	184	271
Intangibles — Kaweah National Bank	347	415
Intangibles — Granite State Bank	719	780
Leases	16	6
Deferred income	2,244	1,618
Other, net	56	88
Gross deferred tax liability	4,351	3,239
Deferred tax assets:		
Depreciation	—	5
Bad debt and credit loss deduction	3,195	2,707
Net operating loss carryforward	793	793
Deferred compensation	775	1,037
Other-than-temporary impaired securities	—	929
Unrealized loss on investment securities, net	1,596	1,616
Capital loss carryforward	708	—
Gross deferred tax asset	7,067	7,087
Net deferred tax (liability) asset — state	$ 2,716	$ 3,848

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

	For Years Ended December 31,					
	2006		2005		2004	
	Amount	Percent	Amount	Percent	Amount	Percent
	(Amounts in thousands)					
Federal income tax at statutory rate	$ 36,271	35.0%	$ 37,437	35.0%	$ 31,280	35.0%
State franchise taxes, net of federal benefit	7,358	7.1%	7,595	7.1%	6,345	7.1%
Tax-exempt income	(10,470)	(10.1)%	(7,251)	(6.8)%	(6,339)	(7.1)%
Tax credits	(1,435)	(1.4)%	(1,435)	(1.3)%	(1,435)	(1.6)%
Resolution of tax contingencies	—	0.0%	—	0.0%	(1,967)	(2.2)%
Other, net	—	0.0%	—	0.0%	—	0.0%
	$ 31,724	30.6%	$ 36,346	34.0%	$ 27,884	31.2%

8. Deposits

The composition of deposits is as follows:

	December 31, 2006		December 31, 2005	
	(Amounts in thousands)			
Non-interest bearing deposits				
Demand deposits	$ 1,363,411	40.0%	$ 1,490,613	43.5%
Interest bearing deposits				
Savings Deposits	1,215,419	35.7%	1,150,256	33.6%
Time deposits	827,978	24.3%	783,176	22.9%
Total deposits	$ 3,406,808	100.0%	$ 3,424,045	100.0%

Time certificates of deposit with balances of $100,000 or more amounted to approximately $733.7 million and $591.0 million at December 31, 2006 and 2005, respectively. Interest expense on such deposits amounted to approximately $31.6 million (2006), $11.1 million (2005), and $4.8 million (2004).

At December 31, 2006, the scheduled maturities of time certificates of deposit are as follows (000's omitted):

2007	$ 796,569
2008	17,439
2009	972
2010	9,332
2011 and thereafter	3,666
	$ 827,978

At December 31, 2006, the Company had a single depositor with certificates of deposit balances of approximately $140.9 million.

The Company has $0 and $95.4 million of brokered certificates of deposits with the individual balances of under $100,000 at December 31, 2006 and 2005, respectively.

9. Borrowings

During 2006 and 2005, the Bank entered into short-term borrowing agreements with the FHLB. The Bank had outstanding balances of $887.9 million and $830.0 million under these agreements at December 31, 2006 and 2005, respectively, with weighted-average interest rates of 4.28% and 3.35%, respectively. FHLB held certain investment securities of the Bank as collateral for those borrowings. The average outstanding balance of short-term borrowings for 2006 and 2005 was $1.3 billion and $778.1 million, respectively. The maximum outstanding at any month-end was $1.7 billion during 2006 and $830.0 million during 2005. On December 31, 2006 and 2005, the Bank entered into an overnight agreements with certain financial institutions and customers to borrow an aggregate of $301.4 million and $86.0 million, respectively, at a weighted average annual interest rate of 5.08% and 3.21%, respectively. The Bank maintained cash deposits with the financial institutions as collateral for these borrowings.

In June 2006, the Company purchased securities totaling $250.0 million. This purchase was funded by a repurchase agreement of $250.0 million with a double cap embedded in the repurchase agreement. The interest rate on this agreement is tied to three-month LIBOR and reset quarterly. The Company entered into this arrangement to protect itself from continued rising rates while benefiting from declining rates. The amount of the repurchase agreement is carried in borrowed funds on the balance sheet. In November 2006, we began a repurchase agreement product with our customers. This product, known as Citizens Sweep Manager, sells our securities overnight to our customers under an agreement to repurchase them the next day. As of December 31, 2006, total funds borrowed

under these agreements were $94.4 million. These amounts are included in short-term borrowings on the Company's consolidated balance sheet.

The Bank entered into an agreement, known as the Treasury Tax & Loan ("TT&L") Note Option Program, in 1996 with the Federal Reserve Bank and the U.S. Department of the Treasury in which federal tax deposits made by depositors can be held by the Bank until called (withdrawn) by the U.S. Department of the Treasury. The maximum amount of accumulated federal tax deposits allowable to be held by the Bank, as set forth in the agreement, is $15.0 million. On December 31, 2006 and 2005, the amounts held by the Bank in the TT&L Note Option Program were $7.2 million and $6.4 million respectively, collateralized by securities. Amounts are payable on demand. The Bank borrows at a variable rate of 75 and 43 basis points less than the average weekly federal funds rate, which was 5.08% and 3.21% at December 31, 2006 and 2005, respectively. The average amounts held in 2006 and 2005 were $3.9 million and $4.1 million, respectively.

During 2006 and 2005, the Bank entered into long-term borrowing agreements with the FHLB. The Bank had outstanding balances of $950.0 million and $580.0 million under these agreements at December 31, 2006 and 2005, respectively, with weighted-average interest rates of 5.26% and 3.62% in 2006 and 2005 respectively. FHLB held certain investment securities of the Bank as collateral for those borrowings. The maturity dates of the outstanding balances at December 31, 2006 are as follows: $850.0 million in 2008 and $100.0 million in 2011.

10. Junior Subordinated Debentures

On December 17, 2003, CVB Statutory Trust I completed a $40,000,000 offering of Trust Preferred Securities and used the gross proceeds from the offering and other cash totaling $41,238,000 to purchase a like amount of junior subordinated debenture of the Company. The junior subordinated debenture was issued concurrent with the issuance of the Trust Preferred Securities. The interest on junior subordinated debenture, paid by the Company to CVB Statutory Trust I, represent the sole revenues of CVB Statutory Trust I and the sole source of dividend distribution to the holders of the Trust Preferred Securities. The Company has fully and conditionally guaranteed all of CVB Statutory Trust I's obligations under the Trust Preferred Securities. The Company has the right, assuming no default has occurred, to defer payments of interest on the junior subordinated debenture at any time for a period not to exceed 20 consecutive quarters. The Trust Preferred Securities will mature on December 17, 2033, but become callable in part or in total on December 17, 2008 by CVB Statutory Trust I. The Trust Preferred Securities have a fixed interest rate of 6.51% during the first five years, after which the interest rate will float and reset quarterly at the three-month Libor rate plus 2.85%.

On December 15, 2003, CVB Statutory Trust II completed a $40,000,000 offering of Trust Preferred Securities and used the gross proceeds from the offering and other cash totaling $41,238,000 to purchase a like amount of junior subordinated debenture of the Company. The junior subordinated debenture was issued concurrent with the issuance of the Trust Preferred Securities. The interest on junior subordinated debenture, paid by the Company to CVB Statutory Trust II, represent the sole revenues of CVB Statutory Trust II and the sole source of dividend distribution to the holders of the Trust Preferred Securities. The Company has fully and conditionally guaranteed all of CVB Statutory Trust II's obligations under Trust Preferred Securities. The Company has the right, assuming no default has occurred, to defer payments of interest on the junior subordinated debenture at any time for a period not to exceed 20 consecutive quarters. The Trust Preferred Securities will mature on December 15, 2033, but become callable in part or in total on December 15, 2008 by CVB Statutory Trust II. The Trust Preferred Securities have a fixed interest rate of 6.46% during the first five years, after which the interest rate will float and reset quarterly at the three-month Libor rate plus 2.85%.

On January 31, 2006, CVB Statutory Trust III completed a $25,000,000 offering of Trust Preferred Securities and used the gross proceeds from the offering and other cash totaling $25,744,000 to purchase a like amount of junior subordinated debenture of the Company. The junior subordinated debenture was issued concurrent with the issuance of the Trust Preferred Securities. The interest on junior subordinated debenture, paid by the Company to CVB Statutory Trust III, represent the sole revenues of CVB Statutory Trust III and the sole source of dividend

distribution to the holders of the Trust Preferred Securities. The Company has fully and conditionally guaranteed all of CVB Statutory Trust III's obligations under the Trust Preferred Securities. The Company has the right, assuming no default has occurred, to defer payments of interest on the junior subordinated debenture at any time for a period not to exceed 20 consecutive quarters. The Trust Preferred Securities will mature on March 15, 2036, but become callable in part or in total on March 15, 2011 by CVB Statutory Trust III. The Trust Preferred Securities have a variable per annum rate equal to LIBOR (as defined in the indenture dated as of January 31, 2006 ("Indenture") between the Company and U.S. Bank National Association, as debenture trustee) plus 1.38% (the "Variable Rate"). As of December 31, 2006, the six-month LIBOR was 5.37%.

11. Commitments and Contingencies

Leases

The Company leases land and buildings under operating leases for varying periods extending to 2020, at which time the Company can exercise options that could extend certain leases through 2026. The future minimum annual rental payments required for leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 2006, excluding property taxes and insurance, are as follows (000's omitted):

2007	$ 4,580
2008	3,747
2009	2,556
2010	1,816
2011	1,169
Succeeding years	4,621
Total minimum payments required	$ 18,489

Total rental expense for the Company was approximately $4.2 million (2006), $4.0 million (2005), and $3.4 million (2004).

Commitments

At December 31, 2006, the Company had commitments to extend credit of approximately $680.6 million and obligations under letters of credit of $64.8 million. Commitments to extend credit are agreements to lend to customers, provided there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Commitments are generally variable rate, and many of these commitments are expected to expire without being drawn upon. As such, the total commitment amounts do not necessarily represent future cash requirements. The Bank uses the same credit underwriting policies in granting or accepting such commitments or contingent obligations as it does for on-balance-sheet instruments, which consist of evaluating customers' creditworthiness individually.

Standby letters of credit written are conditional commitments issued by the Bank to guarantee the financial performance of a customer to a third party. Those guarantees are primarily issued to support private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. When deemed necessary, the Bank holds appropriate collateral supporting those commitments. Management does not anticipate any material losses as a result of these transactions.

The Bank has available lines of credit totaling $1.31 billion from certain financial institutions of which $978.0 million were secured by pledged securities and loans.

Shareholder Rights Plan

In 2000, the Company adopted a shareholder rights plan designed to maximize long-term value and to protect shareholders from improper takeover tactics and takeover bids which are not fair to all shareholders. In accordance with the plan, preferred share purchase rights were distributed as a dividend at the rate of one right to purchase one one-thousandth of a share of our Series A Participating Preferred Stock at an exercise price of $50.00 (subject to adjustment) upon the occurrence of certain triggering events.

The rights become exercisable, and will begin to trade separately from the Common Stock of the Company, upon the earlier of (i) 10 days following a public announcement that a person or group of affiliated persons has acquired, or obtained the right to acquire, beneficial ownership of 20% or more of the outstanding Common Stock or (ii) ten business days (or such later day as determined by the Board) after a person or group announces a tender offer or exchange offer, the consummation of which would result in ownership by a person or group of 20% or more of our Common Stock. Each right will entitle the holder to purchase Common Stock of the Company having a current market value of twice the exercise price of the right. If the Company is acquired through a merger or other business combination transaction, or if there is a sale of more than 50% of our assets or earning power, each right will entitle the holder (other than rights held by the acquiring person) to purchase, at the exercise price, common stock of the acquiring entity having a value of twice the exercise price at the time.

The Company's Board of Directors has the option, at any time after a person becomes a 20% holder of our outstanding common stock, to exchange all or part of the rights (other than rights held by the acquiring person) for shares of common stock of the Company provided the Company may not make such an exchange after the person becomes the beneficial owner of 50% or more of our outstanding stock.

The Company may redeem the rights for $.01 each at any time on, or prior to, public announcement that a person has become the beneficial owner of 20% or more of our common stock. The rights will expire on June 21, 2010, unless earlier redeemed or exchanged.

Other Contingencies

In the ordinary course of business, the Company becomes involved in litigation. Based upon the Company's internal records and discussions with legal counsel, the Company records reserves for estimates of the probable outcome of all cases brought against them.

12. Deferred Compensation Plans

As a result of the acquisition of Citizens Commercial Trust and Savings Bank of Pasadena ("CCT&SB") in 1996, the Bank assumed deferred compensation and salary continuation agreements with several former employees of CCT&SB. These agreements call for periodic payments at the retirement of such employees who have normal retirement dates through 2021. In connection with these agreements, the Bank assumed life insurance policies, which it intends to use to fund the related liability. Benefits paid to retirees amounted to approximately $106,000 in 2006, $108,000 in 2005, and $109,000 in 2004.

The Bank also assumed a death benefit program for certain former employees of CCT&SB, under which the Bank will provide benefits to the former employees' beneficiaries: 1) in the event of death while employed by the Bank; 2) after termination of employment for total and permanent disability; 3) after retirement, if retirement occurs after age 65. Amounts are to be paid to the former employees' beneficiaries over a 10-year period in equal installments. Further, the Bank assumed life insurance policies to fund any future liability related to this program. Amounts paid for the benefit of retirees totaled approximately $87,000 in 2006, $135,000 in 2005, and $170,000 in each of 2004.

The Company assumed certain deferred compensation and salary continuation agreements as a result of the merger with Orange National Bancorp ("ONB") in 1999. These agreements called for periodic payments over

180 months in the event that ONB experienced a merger, acquisition, or other act wherein the employees were not retained in similar positions with the surviving company. Amounts paid under these agreements totaled approximately $60,000 in each of 2006, 2005, and 2004.

The Company assumed certain deferred compensation and salary continuation agreements as a result of the merger with Western Security Bank (“WSB”) in 2002. These agreements called for periodic payments over 180 months in the event that WSB experienced a merger, acquisition, or other act wherein the employees were not retained in similar positions with the surviving company. Amounts paid under these agreements totaled approximately $498,000 in each of 2006, 2005 and 2004.

In 2003, the acquired Kaweah National Bank (“KNB”) had severance arrangements with several of its officers should they not retain a similar position upon a change of control. These monies totaling $879,000 were paid into a Rabbi Trust by KNB prior to the closing of the acquisition. Amounts paid under these agreements totaled approximately $48,750 in 2006.

In February 2006, the acquired Granite State Bank (“GSB”) had a severance arrangement with an officer should he not retain a similar position upon a change of control. The total of $1.2 million was paid into a Rabbi Trust by GSB prior to the closing of the acquisition. No amount was paid under this agreement in 2006.

The total expense recorded under these deferred compensation agreements was $349,000 in 2006, $462,000 in 2005, and $873,000 in 2004.

On December 22, 2006, the Company approved a deferred compensation plan for its President and Chief Executive Officer, Christopher D. Myers. Under the Plan, which shall become effective on January 1, 2007, Mr. Myers may defer up to 75% of his base salary and up to 100% of his bonus for each calendar year in which the Plan is effective. The Company has the discretion to make additional contributions to the Plan for the benefit of Mr. Myers.

13. 401(k) and Profit-Sharing Plan

The Bank sponsors a 401(k) and profit-sharing plan for the benefit of its employees. Employees are eligible to participate in the plan after 12 months of consecutive service, provided they have completed 1,000 service hours in the plan year. Employees may make contributions to the plan under the plan’s 401(k) component. The Bank contributes 3%, non-matching, to the plan to comply with ERISA’s safe harbor provisions. The Bank may make additional contributions under the plan’s profit-sharing component, subject to certain limitations. The Bank’s total contributions are determined by the Board of Directors and amounted to approximately $2.7 million in 2006, $2.6 million in 2005 and $2.5 million in 2004.

14. Earnings Per Share Reconciliation

	Income (Numerator)	Weighted Average Shares (Denominator)	Per Share Amount
	(Amount and share in thousands, except per share amount)		
2006			
Basic EPS			
Income available to common stockholders	$ 71,906	84,154	$ 0.85
Effect of Dilutive Securities			
Incremental shares from assumed exercise of outstanding options		660	0.00
Diluted EPS			
Income available to common stockholders	$ 71,906	84,814	$ 0.85

	Income (Numerator)	Weighted Average Shares (Denominator)	Per Share Amount
	(Amount and share in thousands, except per share amount)		
2005			
Basic EPS			
Income available to common stockholders	$ 70,618	84,139	$ 0.84
Effect of Dilutive Securities			
Incremental shares from assumed exercise of outstanding options		773	(0.01)
Diluted EPS			
Income available to common stockholders	$ 70,618	84,912	$ 0.83
2004			
Basic EPS			
Income available to common stockholders	$ 61,486	83,221	$ 0.74
Effect of Dilutive Securities			
Incremental shares from assumed exercise of outstanding options		1,038	(0.01)
Diluted EPS			
Income available to common stockholders	$ 61,486	84,259	$ 0.73

15. Stock Option Plans and Restricted Stock Grants

In May 2000, the Company approved a stock option plan that authorizes the issuance of up to 6,499,024 shares (all share amounts have been adjusted to reflect stock dividends and splits) of our stock, and expires in March 2010. The Company also has a stock option plan approved in 1991 that authorized the issuance of up to 3,882,209 shares and expired in February 2001. The stock option plans were established to help the Company retain and motivate key employees and to compensate outside directors for their service to the Company. Under both plans option prices are determined at the fair market value of such shares on the date of grant; those options generally vest based on 5 years of continuous service, which is the requisite service period, and have 10-year contractual terms.

As a result of adopting SFAS 123R on January 1, 2006, the Company expensed $953,000 for the year ended December 31, 2006. This had the effect of reducing net income by $760,000 compared with the income that would have been recorded had the Company continued to account for stock-based compensation under APB Opinion No. 25. As a result, basic earnings per share decreased by one cent per share.

The estimated fair value of the options granted during 2006 and prior years was calculated using the Black-Scholes options pricing model. There were 604,946, 141,625, and 643,075 options granted during 2006, 2005, and 2004 respectively. The fair value of each stock option granted in 2006, 2005 and 2004 was estimated on the date of grant using the following weighted-average assumptions:

	2006	2005	2004
Dividend Yield	2.2%	1.8%	1.8%
Volatility	40.0%	40.4%	36.2%
Risk-free interest rate	5.1%	4.4%	3.6%
Expected life	7.4 years	6.9 years	7.3 years
Fair Value	$ 5.67	$ 5.54	$ 4.17

CVB FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The expected volatility is solely based on the daily historical stock price volatility over the expected option life. The expected life of options granted is derived from the output of the option valuation model and represents the period of time an optionee will hold an option before exercising it. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury five-year constant maturity yield curve in effect at the time of the grant.

Option activity under the Company's stock option plan as of December 31, 2006 and changes for the year ended December 31, 2006 were as follows:

Options	Number of Stock Options Outstanding (000)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value ($000)
Outstanding at January 1, 2006	2,060	$ 8.50		
Granted	605	$ 14.00		
Exercised	(154)	$ 6.40		
Forfeited or expired	(113)	$ 11.03		
Outstanding at December 31, 2006	2,398	$ 9.91	6.14	$ 8,471
Vested or expected to vest at December 31, 2006	1,273	$ 7.25	4.23	$ 7,510
Exercisable at December 31, 2006	1,331	$ 7.25	4.23	$ 7,888

The weighted-average grant-date fair value of options granted was $5.67, $5.54 and $4.17 for 2006, 2005, and 2004, respectively. The total intrinsic value of options exercised during the year ended 2006, 2005 and 2004 was $1.2 million, $7.0 million and $6.49 million, respectively. SFAS 123R requires an estimate of forfeitures be used in the calculation. The Company estimates its forfeiture rates based on its historical experience. The forfeiture rate for 2006 was 4.37%.

As of December 31, 2006, there was $3.7 million of total unrecognized compensation cost related to nonvested options granted under the Plan. That cost is expected to be recognized over a weighted-average period of approximately 4.2 years. The total fair value of options vested was $1.1 million during 2006 and 2005 and $567,000 during 2004.

As of December 31, 2006, 2005 and 2004, the Company had 3,970,618, 4,463,003, and 4,575,797 shares of common stock, respectively, available for granting of future options under the 2000 Stock Option Plan.

At December 31, 2006, options for the purchase of 2,398,359 shares of Company common stock were outstanding under the above plans, of which options to purchase 1,331,104 shares were exercisable at prices ranging from $1.55 to $15.53; 3,970,618 shares of common stock were available for the granting of future options under the May 2000 plan.

On August 1, 2006, we granted 50,000 (55,000 after the 10% stock dividend) shares of restricted stock at $13.02 per share to our new President and Chief Executive Officer, Christopher D. Myers. The fair values of nonvested shares is determined based on the closing trading price of the Company's stock on the grant date. The stock will vest, in equal installments, over a five-year period. As of December 31, 2006, no shares were vested. Compensation cost is recognized over the requisite service period, which is five years, and amounted to $60,000 during the year ended December 31, 2006. Total unrecognized compensation cost related to shares was $656,000 at December 31, 2006.

A summary of the status of the Company's nonvested shares as of December 31, 2006 and changes during the year ended December 31, 2006, is presented below:

Nonvested Shares	2006 Shares (000)	2006 Weighted Average Fair Value
Nonvested at January 1,	—	$ —
Granted	55	$ 13.02
Vested	—	$ —
Forfeited	—	$ —
Nonvested at December 31,	55	$ 13.02

All per share prices and number of shares have been retroactively adjusted to reflect the 10% stock dividend declared December 20, 2006 and paid January 19, 2007, the 5-for-4 stock split declared on December 21, 2005, which became effective January 10, 2006, and the 5-for-4 stock split declared December 15, 2004, which became effective December 29, 2004.

The Company has a policy of issuing new shares to satisfy share option exercises.

16. Regulatory Matters

The Company (on a consolidated basis) and the Bank are subject to various regulatory capital requirements administered by the federal banking regulatory agencies. Failure to meet minimum capital requirements can initiate certain mandatory — and possibly additional discretionary — actions by regulators that, if undertaken, could have a direct, material effect on the Company's and the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgment by the regulators about components, risk-weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I capital (primarily common stock and retained earnings, less goodwill) to risk-weighted assets, and of Tier I capital to average assets. Management believes that, as of December 31, 2006 and 2005, the Company and the Bank meet all capital adequacy requirements to which they are subject.

As of December 31, 2006 and 2005, the most recent notifications from the FDIC categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the minimum total risk-based, Tier I risk-based, and Tier I leverage (tangible Tier I capital divided by average total assets) ratios as set forth in the table below must be maintained. There are no conditions or events since said notification that management believes have changed the Bank's category.

The Company has issued $108.3 million of trust-preferred securities, which are included in Tier 1 capital for regulatory purposes. The actual amount and capital ratios of the Company and the Bank at December 31 are as follows:

	Actual		For Capital Adequacy Purposes:		To Be Well Capitalized under Prompt Corrective Action Provisions:	
	Amount (000s)	Ratio	Amount (000s)	Ratio	Amount (000s)	Ratio
As of December 31, 2006:						
Total Capital (to Risk- Weighted Assets) Company	$ 499,430	13.1%	$ 306,164	³8.0%		N/A
Bank	$ 452,416	11.8%	$ 305,686	³8.0%	$ 382,108	³10.0%
Tier I Capital (to Risk-Weighted Assets) Company	$ 469,960	12.3%	$ 153,081	³4.0%		N/A
Bank	$ 422,946	11.1%	$ 152,826	³4.0%	$ 229,239	³6.0%
Tier I Capital (to Average-Assets) Company	$ 469,960	7.8%	$ 240,389	³4.0%		N/A
Bank	$ 422,946	7.1%	$ 239,969	³4.0%	$ 299,962	³5.0%
As of December 31, 2005:						
Total Capital (to Risk- Weighted Assets) Company	$ 419,554	12.0%	$ 279,702	³8.0%		N/A
Bank	$ 402,464	11.5%	$ 279,245	³8.0%	$ 349,058	³10.0%
Tier I Capital (to Risk-Weighted Assets) Company	$ 394,617	11.3%	$ 139,811	³4.0%		N/A
Bank	$ 377,527	10.8%	$ 139,566	³4.0%	$ 209,350	³6.0%
Tier I Capital (to Average-Assets) Company	$ 394,617	7.7%	$ 206,066	³4.0%		N/A
Bank	$ 377,527	7.3%	$ 205,737	³4.0%	$ 257,171	³5.0%

In addition, California Banking Law limits the amount of dividends a bank can pay without obtaining prior approval from bank regulators. Under this law, the Bank could, as of December 31, 2006, declare and pay additional dividends of approximately $128,454,000.

Banking regulations require that all banks maintain a percentage of their deposits as reserves at the Federal Reserve Board (“FRB”). On December 31, 2006, this reserve requirement was approximately $200,000.

17. Fair Value Information

The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of SFAS No. 107, "Disclosures about Fair Value of Financial Instruments." The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. However, considerable judgment is required to develop the estimates of fair value. Accordingly, the estimates presented below are not necessarily indicative of the amounts the Company could have realized in a current market exchange as of December 31, 2006 and 2005. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

	2006		2005	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(Amounts in thousands)			
Assets				
Cash and cash equivalents	$ 146,411	$ 146,411	$ 130,141	$ 130,141
Interest-bearing balances due from depository institutions	—	—	1,883	1,883
FHLB Stock	78,866	78,866	70,770	70,770
Investment securities available for sale	2,582,902	2,582,902	2,369,892	2,369,892
Loans and lease finance receivables, net	3,042,459	3,041,813	2,640,660	2,648,921
Accrued interest receivable	30,225	30,225	24,147	24,147
Liabilities				
Deposits:				
Noninterest-bearing	$ 1,363,411	$ 1,363,411	$ 1,490,613	$ 1,490,613
Interest-bearing	2,043,397	2,041,416	1,933,433	1,930,887
Demand note to U.S. Treasury	7,245	7,245	6,433	6,433
Short-term borrowings	1,189,250	1,189,250	916,000	916,000
Long-term borrowings	950,000	947,849	580,000	569,396
Junior subordinated debentures	108,250	132,293	82,476	74,593
Accrued interest payable	16,156	16,156	15,047	15,047
Funds due on security purchase	—	—	25,854	25,854

The methods and assumptions used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value are explained below:

The carrying amount of cash and cash equivalents is considered to be a reasonable estimate of fair value. For investment securities, fair values are based on quoted market prices, dealer quotes, and prices obtained from an independent pricing service.

The carrying amount of loans and lease finance receivables is their contractual amounts outstanding, reduced by deferred net loan origination fees and the allocable portion of the allowance for credit losses. Variable rate loans are composed primarily of loans whose interest rates float with changes in the prime interest rate. The carrying amount of variable rate loans, other than such loans on nonaccrual status, is considered to be their estimated fair value.

The fair value of fixed rate loans, other than such loans on nonaccrual status, was estimated by discounting the remaining contractual cash flows using the estimated current rate at which similar loans would be made to borrowers with similar credit risk characteristics and for the same remaining maturities, reduced by deferred net loan origination fees and the allocable portion of the allowance for credit losses. Accordingly, in determining the

estimated current rate for discounting purposes, no adjustment has been made for any change in borrowers' credit risks since the origination of such loans. Rather, the allocable portion of the allowance for credit losses is considered to provide for such changes in estimating fair value.

The fair value of loans on nonaccrual status has not been specifically estimated because it is not practicable to reasonably assess the credit risk adjustment that would be applied in the marketplace for such loans. As such, the estimated fair value of total loans at December 31, 2006 and 2005 includes the carrying amount of nonaccrual loans at each respective date.

The fair value of commitments to extend credit and standby letters of credit were not significant at either December 31, 2006 or 2005, as these instruments predominantly have adjustable terms and are of a short-term nature.

The amounts of accrued interest receivable on loans and lease finance receivables and investments are considered to be stated at fair value.

The amounts payable to depositors for demand, savings, money market accounts, the demand note to the U.S. Treasury, short-term borrowings, and the related accrued interest payable are considered to be stated at fair value. The fair value of fixed-maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities. The fair value of long-term borrowings and junior subordinated debentures is estimated using the rates currently offered for borrowings of similar remaining maturities.

The fair value estimates presented herein are based on pertinent information available to management as of December 31, 2006 and 2005. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date, and therefore, current estimates of fair value may differ significantly from the amounts presented above.

18. Goodwill and Intangible Assets

In February 2005, the Bank acquired GSB. At the date of acquisition, GSB had $62.8 million in loans, $103.1 million in deposits, and $111.4 million in total assets. The Company issued 696,049 common shares and paid $13.3 million in cash in connection with the purchase of GSB. This transaction gave rise to $8.4 million in amortizable intangibles and $12.8 million in goodwill. The weighted average amortization period was 7 years. The initial allocation of the purchase price was based on preliminary data. Upon final valuation of certain assets the goodwill was adjusted to $12.0 million.

During 2003, the Company acquired KNB and recorded an intangible asset classified as core deposit intangible in the amount of $3.1 million. The weighted average amortization period was 8 years.

The following is a summary of amortizable intangible assets, which consist of core deposit intangibles, at December 31:

	2006		2005	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
	(Amounts in thousands)			
Amortizing intangible assets	$ 19,636	$ (9,515)	$ 19,636	$ (7,162)
Aggregate Amortization Expense:				
For year ended December 31,	$ 2,353		$ 2,061	
Estimated Amortization Expense:				
For the year ended December 31:				
For the year ended 2007	$ 2,353			
For the year ended 2008	$ 2,353			
For the year ended 2009	$ 1,752			
For the year ended 2010	$ 1,698			
For the year ended 2011	$ 1,603			

At December 31, 2006 the weighted average remaining life of intangible assets is approximately 4.6 years.

The change in the carrying amount of goodwill for the years ended December 31, 2006 and 2005, are as follows:

	2006	2005
	(Amounts in thousands)	
Balance as of January 1	$ 32,357	$ 19,580
Goodwill acquired during the year	—	12,777
Purchase price adjustment related to acquisition of Granite State Bank	(826)	—
Balance as of December 31	$ 31,531	$ 32,357

19. Business Segments

The Company’s subsidiary bank has 39 Business Financial Centers (branches) which are the focal points for customer sales and services. The company utilizes an internal reporting system to measure the performance of various operating segments within the Bank which is the basis for determining the Bank’s reportable segments. The Bank’s branches are considered operating segments and have been aggregated for segment reporting purposes because the products and services are similar and are sold to similar types of customers, have similar production and distribution processes, and have similar economic characteristics. The Company has identified two principal operating segments for purposes of management reporting: Business Financial Centers and the Treasury Department. The Treasury Department’s primary focus is managing the Bank’s investments, liquidity, and interest risk. Information related to the Company’s remaining operating segments which include construction lending, dairy and livestock lending, SBA lending and leasing, centralized functions and eliminations of intersegment amounts have been aggregated and included in “Other.” In addition, the Company allocates internal funds transfer pricing to the segments using a methodology that charges users of funds interest expense and credits providers of funds interest income with the net effect of this allocation being recorded in administration.

The following table represents the selected financial information for these two business segments. Accounting principles generally accepted in the United States of America do not have an authoritative body of knowledge regarding the management accounting used in presenting these numbers. The accounting policies for each of the business units is the same as those policies identified for the consolidated Company and identified in the footnote included in the summary of significant accounting policies. The income numbers represent the actual income and expenses of each business unit. In addition, each segment has allocated income and expenses based on management's internal reporting system, which allows management to determine the performance of each of its business units. Loan fees, included in the "Business Financial Centers" category are the actual loan fees paid to the Company by its customers. These fees are eliminated and deferred in the "Other" category, resulting in deferred loan fees for the consolidated financial statements. All income and expense items not directly associated with the two business segments are grouped in the "Other" category. Future changes in the Company's management structure or reporting methodologies may result in changes in the measurement of operating segment results.

The following tables present the operating results and other key financial measures for the individual operating segments for the year ended December 31, 2006, 2005 and 2004:

	Business Financial Centers	Treasury	Other	Total
2006				
Interest income, including loan fees	$ 148,595	$ 122,007	$ 46,058	$ 316,660
Credit for funds provided(1)	71,068	—	6,821	77,889
Total interest income	219,663	122,007	52,879	394,549
Interest expense	50,762	87,821	8,881	147,464
Charge for funds used(1)	7,707	28,018	42,164	77,889
Total interest expense	58,469	115,839	51,045	225,353
Net interest income	161,194	6,168	1,834	169,196
Provision for credit losses	—	—	3,000	3,000
Net interest income after provision for credit losses	$ 161,194	$ 6,168	$ (1,166)	$ 166,196
Non-interest income	15,136	1,058	17,064	33,258
Non-interest expense	41,258	1,123	53,443	95,824
Segment pretax profit (loss)	$ 135,072	$ 6,103	$ (37,545)	$ 103,630
Segment assets as of December 31, 2006	$ 3,354,892	$ 2,271,341	$ 468,029	$ 6,094,262

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	Business Financial Centers	Treasury	Other	Total
2005				
Interest income, including loan fees	$ 115,102	$ 98,588	$ 33,258	$ 246,948
Credit for funds provided(1)	42,372	—	2,232	44,604
Total interest income	157,474	98,588	35,490	291,552
Interest expense	22,041	49,687	5,708	77,436
Charge for funds used(1)	4,191	26,059	14,354	44,604
Total interest expense	26,232	75,746	20,062	122,040
Net interest income	131,242	22,842	15,428	169,512
Provision for credit losses	—	—	—	—
Net interest income after provision for credit losses	$ 131,242	$ 22,842	$ 15,428	$ 169,512
Non-interest income	12,256	2	15,247	27,505
Non-interest expense	38,064	3,538	48,451	90,053
Segment pretax profit (loss)	$ 105,434	$ 19,306	$ (17,776)	$ 106,964
Segment assets as of December 31, 2005	$ 3,164,269	$ 1,856,453	$ 402,249	$ 5,422,971
2004				
Interest income, including loan fees	$ 90,080	$ 83,228	$ 24,394	$ 197,702
Credit for funds provided(1)	15,274	—	1,806	17,080
Total interest income	105,354	83,228	26,200	214,782
Interest expense	11,800	29,205	5,512	46,517
Charge for funds used(1)	1,088	9,828	6,164	17,080
Total interest expense	12,888	39,033	11,676	63,597
Net interest income	92,466	44,195	14,524	151,185
Provision for credit losses	—	—	—	—
Net interest income after provision for credit losses	$ 92,466	$ 44,195	$ 14,524	$ 151,185
Non-interest income	15,630	(1,079)	13,356	27,907
Non-interest expense	34,531	1,426	53,765	89,722
Segment pretax profit (loss)	$ 73,565	$ 41,690	$ (25,885)	89,370
Segment assets as of December 31, 2004	$ 2,733,645	$ 1,464,386	$ 312,979	$ 4,511,010

(1) Credit for funds provided and charge for funds used is eliminated in the consolidated presentation.

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20. Condensed Financial Information of Parent Company

BALANCE SHEETS

	2006	2005
	(Amounts in thousands)	
Assets:		
Investment in subsidiaries	$ 451,377	$ 409,033
Other assets, net	54,942	24,629
Total assets	$ 506,319	$ 433,662
Liabilities	$ 116,980	$ 90,786
Stockholders' equity	389,339	342,876
Total liabilities and stockholders' equity	$ 506,319	$ 433,662

STATEMENTS OF EARNINGS

	2006	2005	2004
		(Amounts in thousands)	
Excess in net earnings of subsidiaries	$ 42,229	$ 38,483	$ 27,143
Dividends from the Bank	34,560	35,150	38,050
Other expense, net	(4,883)	(3,015)	(3,707)
Net earnings	$ 71,906	$ 70,618	$ 61,486

STATEMENTS OF CASH FLOWS

	2006	2005	2004
		(Amounts in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	$ 71,906	$ 70,618	$ 61,486
Adjustments to reconcile net earnings to cash (used in) provided by operating activities:			
Earnings of subsidiaries	(76,789)	(73,633)	(65,193)
Other operating activities, net	(2,182)	(984)	194
Total adjustments	(78,971)	(74,617)	(64,999)
Net cash (used in) operating activities	(7,065)	(3,999)	(3,513)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment in CVB Statutory Trust III	(774)	—	—
Dividends received from the Bank	34,560	35,150	38,050
Net cash provided by investing activities	33,786	35,150	38,050

CVB FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	2006	2005	2004
		(Amounts in thousands)	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash dividends on common stock	(27,876)	(27,963)	(23,821)
Proceeds from exercise of stock options	983	1,789	1,281
Tax benefit from exercise of stock options	331	—	—
Repayment of advance from the Bank	—	(2,336)	—
Repurchase of common stock	—	(12,286)	(1,992)
Issuance of junior subordinated debentures	25,774	—	—
Net cash (used in) financing activities	(788)	(40,796)	(24,532)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	25,933	(9,645)	10,005
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,026	18,671	8,666
CASH AND CASH EQUIVALENTS, END OF YEAR	34,959	$ 9,026	$ 18,671

21. Quarterly Financial Data (Unaudited)

Summarized quarterly financial data follows:

	Three Months Ended			
	March 31	June 30	September 30	December 31
	(Amounts in thousands, except per share amounts)			
2006				
Net interest income	$ 43,826	$ 43,161	$ 41,972	$ 40,237
Provision for credit losses	250	900	1,250	600
Net earnings	18,240	18,917	18,455	16,294
Basic earnings per common share	0.22	0.22	0.22	0.19
Diluted earning per common share	0.22	0.22	0.22	0.19
2005				
Net interest income	$ 40,624	$ 41,886	$ 42,584	$ 44,418
Provision for credit losses	—	—	—	—
Net earnings	17,701	17,478	18,267	17,172
Basic earnings per common share	0.21	0.21	0.22	0.20
Diluted earning per common share	0.21	0.21	0.21	0.20

22. Subsequent Event

On February 8, 2007, we announced the execution of a definitive merger agreement to acquire First Coastal Bancshares and First Coastal Bank (First Coastal"). First Coastal is headquartered in Manhattan Beach, California and has four offices. These offices will become offices of Citizens Business Bank following completion of the merger. As of December 31, 2006, First Coastal has $238 million in assets, $157 million in loans, and $190 million in deposits. The purchase price is $35 million. One half of the purchase price is payable in cash and the balance will be paid through the issuance of CVB common stock.

On February 21, 2007, the Board of Directors of the Company approved the repurchase of an additional 2.0 million shares of the Company common stock. The Company has 775,163 shares left to be repurchased from its October 2001 authorization. The total number of shares to be repurchased as of February 21, 2007 was 2,775,163 shares.

* * * * * *

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the consolidated balance sheets of CVB Financial Corp. and subsidiaries as of December 31, 2006 and 2005, and the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CVB Financial Corp. and subsidiaries as of December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standard No. 123 (revised 2004), Share-Based Payment in 2006 and changed its method of accounting for stock-based compensation.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of CVB Financial Corp. and subsidiaries' internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 28, 2007 expressed an unqualified opinion on management's assessment of the effectiveness of CVB Financial Corp.'s internal control over financial reporting and an unqualified opinion on the effectiveness of CVB Financial Corp.'s internal control over financial reporting.

/s/ McGladrey & Pullen, LLP

McGladrey & Pullen, LLP

Pasadena, California
February 28, 2007

INDEX TO EXHIBITS

Exhibit No.		Page
3.1	Articles of Incorporation of the Company, as amended.(1)	*
3.2	Bylaws of Company, as amended.(2)	*
3.3	Reserved.	*
4.1	Form of Registrant's Common Stock certificate.(3)	*
4.2	Preferred Shares Rights Agreement, dated as of June 21, 2000, between CVB Financial Corp. and U.S. Stock Transfer Corp., including the Certificate of Determination, the form of Rights Certificate and the Summary of Rights.(4)	*
4.3	Certificate of Determination of Participating Preferred Stock of Registrant(5)	*
4.4	Form of Rights Certificate(6)	*
4.5	Summary of Rights(7)	*
4.6	CVB Statutory Trust I Junior Subordinated Indenture dated December 17, 2003 entered into between CVB Financial Corp. and U.S. Bank National Association, as Trustee(8)	*
4.7	CVB Statutory Trust I Form of Junior Subordinated Deferrable Interest Debenture (included as an exhibit to Exhibit 4.6)(8)	*
4.8	Amended and Restated Declaration of CVB Statutory Trust I(8)	*
4.9	CVB Statutory Trust I Form of Capital Security Certificate (included as an exhibit to Exhibit 4.8)(8)	*
4.10	CVB Statutory Trust I Form of Common Security Certificate (included as an exhibit to Exhibit 4.8)(8)	*
4.11	CVB Statutory Trust I Guarantee Agreement between CVB Financial Corp. and U.S. Bank National Association(8)	*
4.12	CVB Statutory Trust II Junior Subordinated Indenture dated December 15, 2003 entered into between CVB Financial Corp. and Wells Fargo Bank, National Association, as Trustee(8)	*
4.13	CVB Statutory Trust II Form of Junior Subordinated Deferrable Interest Debenture (included as an exhibit to Exhibit 4.12)(8)	*
4.14	Amended and Restated Declaration of CVB Statutory Trust II(8)	*
4.15	CVB Statutory Trust II Form of Capital Security Certificate (included as an exhibit to Exhibit 4.14)(8)	*
4.16	CVB Statutory Trust II Form of Common Security Certificate (included as an exhibit to Exhibit 4.14)(8)	*
4.17	CVB Statutory Trust II Guarantee Agreement between CVB Financial Corp. and Wells Fargo Bank, National Association(8)	*
4.18	CVB Statutory Trust III Junior Subordinated Indenture dated January 31, 2006 entered into between CVB Financial Corp. and U.S. Bank, National Association, as Trustee(9)	*
4.19	CVB Statutory Trust III Form of Junior Subordinated Deferrable Interest Debenture (included as an exhibit to Exhibit 4.20)(9)	*
4.20	Amended and Restated Declaration of CVB Statutory Trust III(9)	*
4.21	CVB Statutory Trust III Form of Capital Security Certificate (included as an exhibit to Exhibit 4.20)(9)	*
4.22	CVB Statutory Trust III Form of Common Security Certificate (included as an exhibit to Exhibit 4.20)(9)	*
4.23	CVB Statutory Trust III Guarantee Agreement between CVB Financial Corp. and Wells Fargo Bank, National Association(9)	*
10.1	Reserved	
10.2	Agreement by and among Christopher D. Myers, CVB Financial Corp. and Citizens Business and dated June 1, 2006. (10)	*
10.3	Chino Valley Bank Profit Sharing Plan, as amended. (11)	*
10.4	Form of Indemnification Agreement. (12)	*
10.5	1991 Stock Option Plan, as amended. (13)	*
10.6	2000 Stock Option Plan. (14)	*
10.7	Form of Option Agreement under 2000 Stock Option, as amended (15)	*

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10.10	Severance Compensation Agreement dated April 1, 2004 with Jay Coleman (16)	*
10.11	Severance Compensation Agreement dated April 1, 2004 with Edward J. Biebrich (17)	*
10.12	Severance Compensation Agreement dated April 1, 2004 with D. Linn Wiley (18)	*
10.13	Severance Compensation Agreement dated June 14, 2005 with R. Scott Racusin (19)	*
10.14	Severance Compensation Agreement dated August 31, 2005 with Edward J. Mylett (20)	*
10.15	Schedule of Director Fees (21)	*
10.16	Salaries for Named Executive Officers (22)	*
10.17	Discretionary Performance Compensation Plan 2006 (23)	*
10.18	Amendment to Severance Compensation Agreement for D. Linn Wiley, dated March 15, 2006 (24)	*
10.19	Amendment to Severance Compensation Agreement for Edward J. Biebrich, dated March 15, 2006 (25)	*
10.20	Amendment to Severance Compensation Agreement for Jay W. Coleman, dated March 15, 2006 (26)	*
10.21	Amendment to Severance Compensation Agreement for Edward J. Mylett, dated March 15, 2006 (27)	*
10.22	Amendment to Severance Compensation Agreement for R. Scott Racusin, dated March 15, 2006 (28)	*
10.23	Deferred Compensation Plan dated December 22, 2006 for Christopher D. Myers	
10.24	Restricted stock agreement by and between CVB Financial Corp. and Christopher D. Myers dated June 1, 2006 (29)	*
10.25	Severance Compensation Agreement for Anthony Q. Evans, dated January 10, 2007, 2006	
10.26	Deferred Compensation Plan dated February 21, 2007 for Directors and Executive Officers	
12	Statement regarding computation of ratios (included in Form 10-K)	
21	Subsidiaries of Company.	
23.1	Consent of McGladrey & Pullen, LLP.	
31.1	Certification of Christopher D. Myers pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
31.2	Certification of Edward J. Biebrich, Jr. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
32.1	Certification of Christopher D. Myers pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
32.2	Certification of Edward J. Biebrich, Jr. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
99.1	Definitive Merger Agreement between CVB Financial Corp. and First Coastal Bancshares dated February 8, 2007.	

* Not applicable.

(1) Filed as Exhibit 3.1 to Registrant’s statement on Form 8-A12G on January 13, 2006, Commission file number 0-10140, which is incorporated herein by this reference.

(2) Filed as Exhibit 3.1 to Registrant’s statement on Form 8-A12G on June 26, 2006, Commission file number 0-10140, which is incorporated herein by this reference.

(3) Filed as Exhibit 4.1 to Registrant’s Statement on Form 8-A12G on June 11, 2001, Commission file number 0-10140, which is incorporated herein by this reference.

(4) Filed as Exhibit 4.2 to Registrant’s Statement on Form 8-A12G on June 11, 2001, Commission file number 0-10140, which is incorporated herein by this reference.

(5) Filed as Exhibit 4.3 to Registrant’s Statement on Form 8-A12G on June 11, 2001, Commission file number 0-10140, which is incorporated herein by this reference.

(6) Filed as Exhibit 4.4 to Registrant’s Statement on Form 8-A12G on June 11, 2001, Commission file number 0-10140, which are incorporated herein by this reference.

(7) Filed as Exhibit 4.5 to Registrant’s Statement on Form 8-A12G on June 11, 2001, Commission file number 0-10140, which is incorporated herein by this reference.

(8) Filed as Exhibits 4.6 thru 4.17 to Registrant’s Statement on Form 10K on March 15, 2004, Commission file number 1-10140, which are incorporated herein by this reference.

(9) Filed as Exhibits 4.1 thru 4.6 to Registrant's Statement on Form 8-A12G on February 2, 2006, Commission file number 0-10140, which are incorporated herein by this reference.

(10) Filed as Exhibit 10.1 to Registrant's Statement on Form 8-A12G on June 7, 2006, Commission file number 0-10140, which is incorporated herein by this reference.

(11) Filed as Exhibits 10.3 to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1990, Commission file number 1-10394, which is incorporated herein by this reference.

(12) Filed as Exhibit 10.13 to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1988, Commission file number 1-10394, which is incorporated herein by this reference.

(13) Filed as Exhibit 10.17 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998, Commission file number 1-10394, which is incorporated herein by this reference.

(14) Filed as Exhibit 10.18 and 10.19 respectively to Registrant's Statement on Form S-8 on July 12, 2000, Commission file number 333-41198, which is incorporated herein by this reference.

(15) Filed as Exhibit 10.1 to Registrant's statement on Form 8-A12G on June 26, 2006, Commission file number 0-10140, which is incorporated herein by this reference.

(16) Filed as Exhibit 10.4 to Registrant's Quarterly Report on Form 10Q for the quarter ended March 31, 2004, Commission file number 1-10394, which is incorporated herein by reference.

(17) Filed as Exhibit 10.2 to Registrant's Quarterly Report on Form 10Q for the quarter ended March 31, 2004, Commission file number 1-10394, which is incorporated herein by reference.

(18) Filed as Exhibit 10.5 to Registrant's Quarterly Report on Form 10Q for the quarter ended March 31, 2004, Commission file number 1-10394, which is incorporated herein by reference.

(19) Filed as Exhibit 10.2 to Registrant's statement on Form 8-A12G on June 17, 2006, Commission file number 0-10140, which is incorporated herein by this reference.

(20) Filed as Exhibit 10.1 to Registrant's statement on Form 8-A12G on March 3, 2006, Commission file number 0-10140, which is incorporated herein by this reference.

(21) Filed as Exhibit 10.15 to Registrant's Statement on Form 10K on March 14, 2005, Commission file number 1-10140, which are incorporated herein by this reference.

(22) Filed as Exhibit 10.1 to Registrant's statement on Form 8-A12G on March 21, 2006, Commission file number 0-10140, which is incorporated herein by this reference.

(23) Filed as Exhibit 10.2 to Registrant's statement on Form 8-A12G on March 21, 2006, Commission file number 0-10140, which is incorporated herein by this reference.

(24) Filed as Exhibit 10.2 to Registrant's statement on Form 8-A12G on March 21, 2006, Commission file number 0-10140, which is incorporated herein by this reference.

(25) Filed as Exhibit 10.3 to Registrant's statement on Form 8-A12G on March 21, 2006, Commission file number 0-10140, which is incorporated herein by this reference.

(26) Filed as Exhibit 10.4 to Registrant's statement on Form 8-A12G on March 21, 2006, Commission file number 0-10140, which is incorporated herein by this reference.

(27) Filed as Exhibit 10.5 to Registrant's statement on Form 8-A12G on March 21, 2006, Commission file number 0-10140, which is incorporated herein by this reference.

(28) Filed as Exhibit 10.6 to Registrant's statement on Form 8-A12G on March 21, 2006, Commission file number 0-10140, which is incorporated herein by this reference.

(29) Filed as Exhibit 10.2 to Registrant's statement on Form 8-A12G on June 7, 2006, Commission file number 0-10140, which is incorporated herein by this reference.

EXHIBIT 10.23

CVB Financial Corp.
Deferred Compensation Plan for
Christopher D. Myers

Effective January 1, 2007

CVB Financial Corp.
Deferred Compensation Plan for
Christopher D. Myers

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CVB FINANCIAL CORP.
DEFERRED COMPENSATION PLAN FOR
CHRISTOPHER D. MYERS
Effective January 1, 2007

Purpose

The purpose of this Plan is for CVB Financial Corp., a California corporation (the"Company") to provide specified benefits to Christopher D. Myers (the "Participant"). This Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA.

This Plan is intended to comply with all applicable law, including Code Section 409A and related Treasury guidance and Regulations, and shall be operated and interpreted in accordance with this intention.

ARTICLE 1
Definitions

For the purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

1.1 "Account Balance" shall mean, with respect to the Participant, an entry on the records of the Company equal to the sum of (i) the Deferral Account balance, and (ii) the Company Contribution Account balance. The Account Balance shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to the Participant, or his designated Beneficiary, pursuant to this Plan.

1.2 "Annual Deferral Amount" shall mean that portion of the Participant's Base Salary, Bonus that the Participant defers in accordance with Article 3 for any one Plan Year, without regard to whether such amounts are withheld and credited during such Plan Year. In the event of the Participant's Retirement, death or Termination of Employment prior to the end of a Plan Year, such year's Annual Deferral Amount shall be the actual amount withheld prior to such event.

1.3 "Annual Installment Method" shall be an annual installment payment over the number of years selected by the Participant in accordance with this Plan, based on the Participant's vested Account Balance redetermined each year as follows: (i) for the first annual installment, the Participant's vested Account Balance shall be calculated as of the close of business on the Participant's Benefit Distribution Date, and (ii) for remaining annual installments, the Participant's vested Account Balance shall be calculated as of each anniversary of such calculation date. Each annual installment shall be calculated by multiplying this vested Account Balance by a fraction, the numerator of which is one and the denominator of which is the remaining number of annual payments due the Participant. By way of example, if the Participant elects a ten (10) year Annual Installment Method for the Retirement Benefit, the first payment shall be 1/10 of the vested Account Balance, calculated as described in this definition. The following year, the payment shall be 1/9 of the vested Account Balance, calculated as described in this definition.

1.4 "Base Salary" shall mean the annual cash compensation relating to services performed during any calendar year, excluding distributions from nonqualified deferred compensation plans, bonuses, commissions, overtime, fringe benefits, stock options, relocation expenses, incentive payments, non-monetary awards, and other fees, and automobile and other allowances paid to the Participant for employment services rendered (whether or not such allowances are included in the Participant's gross income). Base Salary shall be calculated before reduction for compensation voluntarily deferred or contributed by the Participant pursuant to all qualified or nonqualified plans of the Company and shall be calculated to include amounts not otherwise included in the Participant's gross income under Code Sections 125, 402(e)(3), 402(h), or 403(b) pursuant to plans established by the Company; provided, however, that all such amounts will be included in compensation only to the extent that had there been no such plan, the amount would have been payable in cash to the Participant.

1.5 "Beneficiary" shall mean one or more persons, trusts, estates or other entities, designated in accordance with Article 8, that are entitled to receive benefits under this Plan upon the death of the Participant.

1.6 "Beneficiary Designation Form" shall mean the form established from time to time by the Committee that the Participant completes, signs and returns to the Committee to designate one or more Beneficiaries.

1.7 "Benefit Distribution Date" shall mean the date that triggers distribution of the Participant's vested Account Balance. The Participant's Benefit Distribution Date shall be determined upon the occurrence of any one of the following:

(a) If the Participant Retires, his Benefit Distribution Date shall be the day after the last day of the six-month period immediately following the date on which the Participant Retires**;** provided, however, in the event the Participant changes his Retirement Benefit election in accordance with Section 5.2(b), his Benefit Distribution Date shall be postponed in accordance with Section 5.2(b); or

(b) If the Participant experiences a Termination of Employment, his Benefit Distribution Date shall be the day after the last day of the six-month period immediately following the date on which the Participant experiences a Termination of Employment; or

(c) The date on which the Committee is provided with proof that is satisfactory to the Committee of the Participant's death, if the Participant dies prior to the complete distribution of his vested Account Balance.

1.8 "Board" shall mean the board of directors of the Company.

1.9 "Bonus" shall mean any compensation, in addition to Base Salary, earned by the Participant for services rendered during a Plan Year, under the Company's annual bonus and cash incentive plans or such other arrangement designated by the Committee.

1.10 "Bonus Rate" for any Plan Year shall mean an interest rate, stated as an annual rate, equal to (i)

the sum of the Treasury Bond Rate and 2%, less (ii) the Fixed Rate; provided, however, that if the result of such calculation is zero or less, the Bonus Rate for such applicable Plan Year shall be zero.

1.11 "Change in Control" shall mean any "change in control event" as defined in accordance with Code Section 409A and related Treasury guidance and Regulations.

1.12 "Claimant" shall have the meaning set forth in Section 13.1.

1.13 "Code" shall mean the Internal Revenue Code of 1986, as it may be amended from time to time.

1.14 "Committee" shall mean the committee described in Article 11.

1.15 "Company" shall mean CVB Financial Corp., a California corporation, and any successor to all or substantially all of the Company's assets or business.

1.16 "Company Contribution Account" shall mean (i) the sum of the Participant's Company Contribution Amounts, plus (ii) amounts credited or debited to the Participant's Company Contribution Account in accordance with this Plan, less (iii) all distributions made to the Participant or his Beneficiary pursuant to this Plan that relate to the Participant's Company Contribution Account.

1.17 "Company Contribution Amount" shall mean, for any one Plan Year, the amount determined in accordance with Section 3.5.

1.18 "Crediting Rate" for any one Plan Year shall mean an interest rate, stated as an annual rate, equal to the (i) Fixed Rate, plus (ii) the Bonus Rate, such interest rate to be compounded annually.

1.19 "Death Benefit" shall mean the benefit set forth in Article 7.

1.20 "Deferral Account" shall mean (i) the sum of all of the Participant's Annual Deferral Amounts, plus (ii) amounts credited or debited to the Participant's Deferral Account in accordance with this Plan, less (iii) all distributions made to the Participant or his Beneficiary pursuant to this Plan that relate to his Deferral Account.

1.21 "Disability" shall mean a medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months and which:

(a) Renders the Participant unable to engage in any substantial gainful activity; or

(b) Results in the Participant receiving income replacement benefits for a period of not less than three (3) months under any policy of long-term disability insurance maintained by the Company for the benefit of its employees.

Whether or not the Participant meets either of the above conditions will be determined by the Committee in its sole discretion.

1.22 "Election Form" shall mean the form, which may be in electronic format, established from time

to time by the Committee that the Participant completes, signs and returns to the Committee to make an election under the Plan.

1.23 “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

1.24 “Fixed Rate” for any Plan Year shall mean an interest rate, stated as an annual rate, equal to 6%.

1.25 “Plan” shall mean the CVB Financial Corp. Deferred Compensation Plan evidenced by this instrument.

1.26 “Plan Year” shall mean a period beginning on January 1 of each calendar year and continuing through December 31 of such calendar year.

1.27 “Retirement”, “Retire(s)” or “Retired” shall mean the Participant’s separation from service with the Company for any reason other than death, as determined in accordance with Code Section 409A and related Treasury guidance and Regulations, on or after the earlier of the attainment of (a) age sixty-five (65) or (b) age fifty-five (55) with five (5) Years of Service. If the Participant is both an employee and a member of the Board, Retirement shall not occur until he separates from service as both an employee and a member of the Board.

1.28 “Retirement Benefit” shall mean the benefit set forth in Article 5.

1.29 “Scheduled Distribution” shall mean the distribution set forth in Section 4.1.

1.30 “Terminate the Plan”, “Termination of the Plan” shall mean a determination by the Board that no new deferral elections for the Participant shall be permitted, and that the Participant shall no longer be eligible to receive company contributions under this Plan.

1.31 “Termination Benefit” shall mean the benefit set forth in Article 6.

1.32 “Termination of Employment” shall mean the separation from service with the Company, voluntarily or involuntarily, for any reason other than Retirement or death, as determined in accordance with Code Section 409A and related Treasury guidance and Regulations. If the Participant is both an employee and a member of the Board, a Termination of Employment shall occur only upon the termination of the last position held.

1.33 “Treasury Bond Rate” for any one Plan Year shall mean an interest rate, stated as an annual rate, equal to the average yield on United States Treasury Bonds, 10-year constant maturity, as of the end of the day of the November Board Meeting that immediately precedes the Plan Year for which the rate is to be used.

1.34 “Trust” shall mean one or more trusts established by the Company in accordance with Article 14.

1.35 “Unforeseeable Emergency” shall mean a severe financial hardship of the Participant or his Beneficiary resulting from (i) an illness or accident of the Participant or Beneficiary, the

Participant's or Beneficiary's spouse, or the Participant's or Beneficiary's dependent (as defined in Code Section 152(a)), (ii) a loss of the Participant's or Beneficiary's property due to casualty, or (iii) such other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or the Participant's Beneficiary, all as determined in the sole discretion of the Committee in a manner that is consistent with Code Section 409A and related Treasury guidance and Regulations.

1.36 "Years of Service" shall mean the total number of full years in which the Participant has been employed by the Company. For purposes of this definition, a year of employment shall be a 365 day period (or 366 day period in the case of a leap year) that, for the first year of employment, commences on the Participant's date of hiring and that, for any subsequent year, commences on an anniversary of that hiring date.

ARTICLE 2
Enrollment

2.1 Enrollment. The Participant shall complete, execute and return to the Committee an Election Form and a Beneficiary Designation Form, prior to the first day of each Plan Year, or such other earlier deadline as may be established by the Committee in its sole discretion. In addition, the Committee shall establish from time to time such other enrollment requirements as it determines, in its sole discretion, are necessary.

ARTICLE 3
Deferral Commitments/Company Contribution Amounts/ Vesting/Crediting/Taxes

3.1 Minimum Deferrals. For each Plan Year, the Participant may elect to defer, as his Annual Deferral Amount, Base Salary, Bonus in the following minimum amounts for each deferral elected:

Deferral	Minimum Amount
Base Salary and/or Bonus	$2,000 aggregate

If the Committee determines, in its sole discretion, prior to the beginning of a Plan Year that the Participant has made an election for less than the stated minimum amounts, or if no election is made, the amount deferred shall be zero. If the Committee determines, in its sole discretion, at any time after the beginning of a Plan Year that the Participant has deferred less than the stated minimum amounts for that Plan Year, any amount credited to the Participant's Account Balance as the Annual Deferral Amount for that Plan Year shall be distributed to the Participant within sixty (60) days after the last day of the Plan Year in which the Committee determination was made.

3.2 Maximum Deferral. For each Plan Year, the Participant may elect to defer, as his Annual Deferral Amount, Base Salary, and/or Bonus up to the following maximum percentages for each deferral elected:

Deferral	Maximum Percentage
Base Salary	75%
Bonus	100%

3.3 Election to Defer; Effect of Election Form.

(a) **First Plan Year of Participation**. In connection with the Participant's commencement of participation in the Plan, the Participant shall make an irrevocable deferral election for the Plan Year in which the Participant commences participation in the Plan, along with such other elections as the Committee deems necessary or desirable under the Plan. For these elections to be valid, the Election Form must be completed and signed by the Participant, timely delivered to the Committee (in accordance with Section 2.1 above) and accepted by the Committee.

(b) **General Timing Rule for Deferral Elections in Subsequent Plan Years**. For each succeeding Plan Year, the Participant may elect to defer Base Salary and Bonus, and make such other elections as the Committee deems necessary or desirable under the Plan by timely delivering a new Election Form to the Committee, in accordance with its rules and procedures, before the December 31st preceding the Plan Year in which such compensation is earned, or before such other deadline established by the Committee in accordance with the requirements of Code Section 409A and related Treasury guidance or Regulations.

Any deferral election(s) made in accordance with this Section 3.3(b) shall be irrevocable; provided, however, that if the Committee requires the Participant to make a deferral election for "performance-based compensation" by the deadline(s) described above, it may, in its sole discretion, and in accordance with Code Section 409A and related Treasury guidance or Regulations, permit the Participant to subsequently change his deferral election for such compensation by submitting an Election Form to the Committee no later than the deadline established by the Committee pursuant to Section 3.3(c) below.

(c) **Performance-Based Compensation.** Notwithstanding the foregoing, the Committee may, in its sole discretion, determine that an irrevocable deferral election pertaining to "performance-based compensation" based on services performed over a period of at least twelve (12) months, may be made by timely delivering an Election Form to the Committee, in accordance with its rules and procedures, no later than six (6) months before the end of the performance service period. "Performance-based compensation" shall be compensation, the payment or amount of which is contingent on pre-established organizational or individual performance criteria, which satisfies the requirements of

Code Section 409A and related Treasury guidance or Regulations. In order to be eligible to make a deferral election for performance-based compensation, the Participant must perform services continuously from a date no later than the date upon which the performance criteria for such compensation are established through the date upon which the Participant makes a deferral election for such compensation. In no event shall an election to defer performance-based compensation be permitted after such compensation has become both substantially certain to be paid and readily ascertainable.

(d) **Compensation Subject to Risk of Forfeiture**. With respect to compensation (i) to which the Participant has a legally binding right to payment in a subsequent year, and (ii) that is subject to a forfeiture condition requiring the Participant's continued services for a period of at least twelve (12) months from the date the Participant obtains the legally binding right, the Committee may, in its sole discretion, determine that an irrevocable deferral election for such compensation may be made by timely delivering an Election Form to the Committee in accordance with its rules and procedures, no later than the 30th day after the Participant obtains the legally binding right to the compensation, provided that the election is made at least twelve (12) months in advance of the earliest date at which the forfeiture condition could lapse.

3.4 **Withholding and Crediting of Annual Deferral Amounts**. For each Plan Year, the Base Salary portion of the Annual Deferral Amount shall be withheld from each regularly scheduled Base Salary payroll in equal amounts, as adjusted from time to time for increases and decreases in Base Salary. The Bonus portion of the Annual Deferral Amount shall be withheld at the time the Bonus are or otherwise would be paid to the Participant, whether or not this occurs during the Plan Year itself. Annual Deferral Amounts shall be credited to the Participant's Deferral Account at the time such amounts would otherwise have been paid to the Participant.

3.5 **Company Contribution Amount**.

(a) **[does this item (a) apply, or should it be deleted?]** For each Plan Year, the Company may be required to credit amounts to the Participant's Company Contribution Account in accordance with employment or other agreements entered into between the Participant and the Company. Such amounts shall be credited on the date or dates prescribed by such agreements.

(b) For each Plan Year, the Company, in its sole discretion, may, but is not required to, credit any amount it desires to the Participant's Company Contribution Account under this Plan, which amount shall be for the Participant the Company Contribution Amount for that Plan Year. The Company Contribution Amount described in this Section 3.5(b), if any, shall be credited on a date or dates to be determined by the Committee, in its sole discretion.

3.6 **Crediting of Amounts after Benefit Distribution**. Notwithstanding any provision in this Plan to the contrary, should the complete distribution of the Participant's vested Account Balance occur prior to the date on which any portion of (i) the Annual Deferral Amount that the Participant has elected to defer in accordance with Section 3.3, or (ii) the Company Contribution

Amount, would otherwise be credited to the Participant's Account Balance, such amounts shall not be credited to the Participant's Account Balance, but shall be paid to the Participant in a manner determined by the Committee, in its sole discretion.

3.7 **Vesting**.

(a) The Participant shall at all times be 100% vested in his deferrals of Base Salary and Bonus.

(b) The Participant shall vest in the amount, if any, that has been credited to the Participant's Account Balance as interest attributable to the Bonus Rate on the basis of the Participant's Years of Service, in accordance with the following schedule:

Years of Service	Vested Percentage
Less than 5 years	0%
5 years or more	100%

(c) Notwithstanding anything to the contrary contained in this Section 3.7, upon the Participant's Retirement or death or Disability while employed by the Company or upon a Change of Control of the Company while the Participant is employed by the Company, the Participant shall immediately become 100% vested in the Company Contribution Account and any Bonus Rate (if not already vested in accordance with the above vesting schedules).

3.8 **Crediting/Debiting of Account Balances**. In accordance with, and subject to, the rules and procedures that are established from time to time by the Committee, in its sole discretion, amounts shall be credited or debited to the Participant's Account Balance in accordance with the following rules:

(a) **Interest Crediting Rate**. The Participant's Account Balance shall be credited with interest at the Crediting Rate on a date or dates determined by the Committee. Notwithstanding the foregoing, in the event additional Measurement Funds are made available to the Participant as described in Section 3.8(b) below, the earnings to be credited or debited to the portion of the Participant's Account Balance allocated to such Measurement Funds shall be determined in accordance with the provisions set forth in Section 3.8(b).

(b) **Additional Measurement Funds**. The Committee, in its sole discretion, may make available to the Participant one or more measurement funds, which are based on certain mutual funds (the "Measurement Funds"). If Measurement Funds are made available, the Participant may elect one or more of the Measurement Funds for the purpose of crediting or debiting additional amounts to his Account Balance. As necessary, the Committee may, in its sole discretion, discontinue, substitute or add a Measurement Fund. Each such action will take effect as of the first day of the first calendar quarter that begins at least thirty (30) days after the day on which the Committee gives Participant advance

written notice of such change. Further, if Measurement Funds are made available, the following provisions shall apply:

(i) **Election of Measurement Funds**. The Participant may elect, on the Election Form, one or more Measurement Fund(s) (as described in Section 3.8(a) above) to be used to determine the amounts to be credited or debited to his Account Balance. If the Participant does not elect any of the Measurement Funds as described in the previous sentence, the Participant's Account Balance shall automatically be allocated into the Measurement Fund providing the lowest risk of loss of investment, as determined by the Committee, in its sole discretion. The Participant may (but is not required to) elect, by submitting an Election Form to the Committee that is accepted by the Committee, to add or delete one or more Measurement Fund(s) to be used to determine the amounts to be credited or debited to his Account Balance, or to change the portion of his Account Balance allocated to each previously or newly elected Measurement Fund. If an election is made in accordance with the previous sentence, it shall apply as of the first business day deemed reasonably practicable by the Committee, in its sole discretion, and shall continue thereafter for each subsequent day in which the Participant participates in the Plan, unless changed in accordance with the previous sentence. Notwithstanding the foregoing, the Committee, in its sole discretion, may impose limitations on the frequency with which one or more of the Measurement Funds elected in accordance with this Section may be added or deleted by such Participant; furthermore, the Committee, in its sole discretion, may impose limitations on the frequency with which the Participant may change the portion of his Account Balance allocated to each previously or newly elected Measurement Fund.

(ii) **Proportionate Allocation**. In making any election described in Section 3.8(b)(i) above, the Participant shall specify on the Election Form, in increments of one percent (1%), the percentage of his Account Balance or Measurement Fund, as applicable, to be allocated/reallocated.

(iii) **Crediting or Debiting Method**. The performance of each Measurement Fund (either positive or negative) will be determined on a daily basis based on the manner in which such Participant's Account Balance has been hypothetically allocated among the Measurement Funds by the Participant.

(c) **No Actual Investment**. Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the Crediting Rate and/or other available Measurement Funds are to be used for measurement purposes only, and the Participant's election of any such Measurement Fund, the allocation of his Account Balance thereto, the calculation of additional amounts and the crediting or debiting of such amounts to the Participant's Account Balance shall not be considered or construed in any manner as an actual investment of his Account Balance in any underlying investment fund used by the Committee to calculate the Crediting Rate and/or in such Measurement Fund. The Participant's Account Balance shall at all times be a bookkeeping entry only and shall not

represent any investment made on his behalf by the Company; the Participant shall at all times remain an unsecured creditor of the Company.

3.9 <u>FICA and Other Taxes</u>.

(a) **<u>Annual Deferral Amounts</u>**. For each Plan Year in which an Annual Deferral Amount is being withheld from the Participant, the Company shall reduce the Annual Deferral Amount in the amount necessary to withhold from it, in a manner determined by the Company, the Participant's share of FICA and other employment taxes on such Annual Deferral Amount.

(b) **<u>Company Contribution Account</u>**. When the Participant becomes vested in a portion of his Company Contribution Account, the Company shall withhold from that portion of the Participant's cash compensation that is not deferred, in a manner determined by the Company, the Participant's share of FICA and other employment taxes on such Company Contribution Amount. If necessary, the Committee may reduce the vested portion of the Participant's Company Contribution Account, as applicable, in order to comply with this Section 3.9.

(c) **<u>Crediting Rate</u>**. The Company may withhold from that portion of the Participant's cash compensation that is not being deferred, in a manner determined by the Company, the Participant's share of FICA and other employment taxes, if any, that is determined to be attributable to the Crediting Rate.

(d) **<u>Distributions</u>**. The Company, or the trustee of the Trust, shall withhold from any payments made to the Participant under this Plan all federal, state and local income, employment and other taxes required to be withheld by the Company, or the trustee of the Trust, in connection with such payments, in amounts and in a manner to be determined in the sole discretion of the Company and the trustee of the Trust.

ARTICLE 4
<u>Scheduled Distribution; Unforeseeable Emergencies</u>

4.1 **<u>Scheduled Distribution</u>**. In connection with each election to defer an Annual Deferral Amount, the Participant may irrevocably elect to receive a Scheduled Distribution, in the form of a lump sum payment, from the Plan with respect to all or a portion of (i) the Annual Deferral Amount, and (ii) the Company Contribution Amount. The Scheduled Distribution shall be a lump sum payment in an amount that is equal to the vested portion of the Annual Deferral Amount and Company Contribution Amount that the Participant elected to have distributed as a Scheduled Distribution, plus amounts credited or debited in the manner provided in Section 3.8 above on that amount, calculated as of the close of business on the Scheduled Distribution Date, as defined below. Subject to the other terms and conditions of this Plan, each Scheduled Distribution elected shall be paid out during a sixty (60) day period commencing immediately after the first day of any Plan Year designated by the Participant (the "Scheduled Distribution Date"). The Plan Year designated by the Participant must be at least three (3) Plan Years after the end of the Plan Year to which the Participant's deferral election described in Section 3.3 relates, unless

otherwise provided on an Election Form approved by the Committee in its sole discretion. By way of example, if a Scheduled Distribution is elected for Annual Deferral Amounts that are earned in the Plan Year commencing January 1, 2007, the earliest Scheduled Distribution Date that may be designated by the Participant would be January 1, 2011, and the Scheduled Distribution would become payable during the sixty (60) day period commencing immediately after such Scheduled Distribution Date. Notwithstanding the foregoing, the Committee shall adjust the amount distributable as a Scheduled Distribution to the extent that any portion of the Account Balance subject to the Scheduled Distribution is unvested as of the Scheduled Distribution Date.

4.2 **Postponing Scheduled Distributions**. The Participant may elect to postpone a Scheduled Distribution described in Section 4.1 above, and have such amount paid out during a sixty (60) day period commencing immediately after an allowable alternative distribution date designated by the Participant in accordance with this Section 4.2. In order to make this election, the Participant must submit a new Scheduled Distribution Election Form to the Committee in accordance with the following criteria:

(a) Such Scheduled Distribution Election Form must be submitted to and accepted by the Committee in its sole discretion at least twelve (12) months prior to the Participant's previously designated Scheduled Distribution Date;

(b) The new Scheduled Distribution Date selected by the Participant must be the first day of a Plan Year, and must be at least five years after the previously designated Scheduled Distribution Date; and

(c) The election of the new Scheduled Distribution Date shall have no effect until at least twelve (12) months after the date on which the election is made.

4.3 **Other Benefits Take Precedence Over Scheduled Distributions**. Should a Benefit Distribution Date occur that triggers a benefit under Articles 5, 6 or 7, any amounts subject to a Scheduled Distribution election under Section 4.1 shall not be paid in accordance with Section 4.1, but shall be paid in accordance with the other applicable Article. Notwithstanding the foregoing, the Committee shall interpret this Section 4.3 in a manner that is consistent with Code Section 409A and related Treasury guidance and Regulations.

4.4 **Unforeseeable Emergencies**.

(a) If the Participant experiences an Unforeseeable Emergency, the Participant may petition the Committee to receive a partial or full payout from the Plan, subject to the provisions set forth below.

(b) The payout, if any, from the Plan shall not exceed the lesser of (i) the Participant's vested Account Balance, calculated as of the close of business on or around the date on which the amount becomes payable, as determined by the Committee in its sole discretion, or (ii) the amount necessary to satisfy the Unforeseeable Emergency, plus amounts necessary to pay Federal, state, or local income taxes or penalties reasonably anticipated as a result of the distribution. Notwithstanding the foregoing, the Participant may not

receive a payout from the Plan to the extent that the Unforeseeable Emergency is or may be relieved (A) through reimbursement or compensation by insurance or otherwise, (B) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship or (C) by cessation of deferrals under this Plan.

(c) If the Committee, in its sole discretion, approves the Participant's petition for payout from the Plan, the Participant shall receive a payout from the Plan within sixty (60) days of the date of such approval, and the Participant's deferrals under the Plan shall be terminated as of the date of such approval.

(d) In addition, the Participant's deferral elections under this Plan shall be terminated to the extent the Committee determines, in its sole discretion, that termination of such Participant's deferral elections is required pursuant to Treas. Reg. §1.401(k)-1(d)(3) for the Participant to obtain a hardship distribution from the Company's 401(k) Plan. If the Committee determines, in its sole discretion, that a termination of the Participant's deferrals is required in accordance with the preceding sentence, the Participant's deferrals shall be terminated as soon as administratively practicable following the date on which such determination is made.

(e) Notwithstanding the foregoing, the Committee shall interpret all provisions relating to a payout and/or termination of deferrals under this Section 4.4 in a manner that is consistent with Code Section 409A and related Treasury guidance and Regulations.

ARTICLE 5
Retirement Benefit

5.1 **Retirement Benefit**. The Participant who Retires shall receive, as a Retirement Benefit, his vested Account Balance, calculated as of the close of business on the Participant's Benefit Distribution Date.

5.2 **Payment of Retirement Benefit**.

(a) The Participant, in connection with his commencement of participation in the Plan, shall elect on an Election Form to receive the Retirement Benefit in a lump sum or pursuant to an Annual Installment Method of up to fifteen (15) years. If the Participant does not make any election with respect to the payment of the Retirement Benefit, then such Participant shall receive the Retirement Benefit in a lump sum.

(b) The Participant may change the form of payment of the Retirement Benefit by submitting an Election Form to the Committee in accordance with the following criteria:

(i) The election to modify the Retirement Benefit shall have no effect until at least twelve (12) months after the date on which the election is made; and

(ii) The first Retirement Benefit payment shall be delayed at least five (5) years from

the Participant's originally scheduled Benefit Distribution Date described in Section 1.7(a).

For purposes of applying the requirements above, the right to receive the Retirement Benefit in installment payments shall be treated as the entitlement to a single payment. The Committee shall interpret all provisions relating to changing the Retirement Benefit election under this Section 5.2 in a manner that is consistent with Code Section 409A and related Treasury guidance or Regulations.

The Election Form most recently accepted by the Committee that has become effective shall govern the payout of the Retirement Benefit.

(c) The lump sum payment shall be made, or installment payments shall commence, no later than sixty (60) days after the Participant's Benefit Distribution Date. Remaining installments, if any, shall be paid no later than sixty (60) days after each anniversary of the Participant's Benefit Distribution Date.

ARTICLE 6
Termination Benefit

6.1 **Termination Benefit**. The Participant who experiences a Termination of Employment shall receive, as a Termination Benefit, his vested Account Balance, calculated as of the close of business on the Participant's Benefit Distribution Date.

6.2 **Payment of Termination Benefit**. Participant shall receive a lump sum distribution if his Termination of Employment is prior to attaining age 55. If after age 55, he shall receive the distribution over a 15 year period in equal monthly installments.

6.3 **Change of Control**. If the Participant's Termination of Employment occurs in connection with or within one year following a Change of Control, the Participant shall have the right to elect, on an Election Form delivered in connection with his commencement of participation in the Plan, to receive the Termination Benefit in a lump sum distribution or a payout over a 15 year period in equal monthly installments.

ARTICLE 7
Death Benefit

7.1 **Death Benefit**. The Participant's Beneficiary(ies) shall receive a Death Benefit upon the Participant's death which will be equal (in total) to the Participant's vested Account Balance, calculated as of the close of business on the Participant's Benefit Distribution Date.

7.2 **Payment of Death Benefit**. In case of death prior to age 55, the Beneficiary shall receive a lump sum payment. In case of death after age 55, the Beneficiary shall receive payments in equal monthly amounts over a 15 year period.

ARTICLE 8
Beneficiary Designation

8.1 **Beneficiary**. Each Participant shall have the right, at any time, to designate his Beneficiary(ies) (both primary as well as contingent) to receive any benefits payable under the Plan to a beneficiary upon the death of the Participant. The Beneficiary designated under this Plan may be the same as or different from the Beneficiary designation under any other plan of the Company in which the Participant participates.

8.2 **Beneficiary Designation; Change; Spousal Consent**. The Participant shall designate his Beneficiary by completing and signing the Beneficiary Designation Form, and returning it to the Committee or its designated agent. The Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. If the Participant names someone other than his spouse or legally registered domestic partner as a Beneficiary, the Committee may, in its sole discretion, determine that spousal or registered domestic partner consent is required to be provided in a form designated by the Committee, executed by the Participant's spouse or registered domestic partner and returned to the Committee. Upon the acceptance by the Committee of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Committee prior to his death.

8.3 **Acknowledgment**. No designation or change in designation of a Beneficiary shall be effective until received and acknowledged in writing by the Committee or its designated agent.

8.4 **No Beneficiary Designation**. If the Participant fails to designate a Beneficiary as provided in Sections 8.1, 8.2 and 8.3 above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the executor or personal representative of the Participant's estate.

8.5 **Doubt as to Beneficiary**. If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to cause the Company to withhold such payments until this matter is resolved to the Committee's satisfaction.

8.6 **Discharge of Obligations**. The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge the Company and the Committee from all further obligations under this Plan with respect to the Participant, and that Participant's Plan Agreement shall terminate upon such full payment of benefits.

ARTICLE 9
Leave of Absence

9.1 **Paid Leave of Absence**. If the Participant is authorized by the Company to take a paid leave of absence from the employment of the Company, and such leave of absence does not constitute a separation from service, as determined by the Committee in accordance with Code Section 409A and related Treasury guidance and Regulations, (i) the Participant shall continue to be considered eligible for the benefits provided in Articles 4, 5, 6 or 7 in accordance with the provisions of those Articles, and (ii) the Annual Deferral Amount shall continue to be withheld during such paid leave of absence in accordance with Section 3.3.

9.2 **Unpaid Leave of Absence**. If the Participant is authorized by the Company to take an unpaid leave of absence from the employment of the Company for any reason, and such leave of absence does not constitute a separation from service, as determined by the Committee in accordance with Code Section 409A and related Treasury guidance and Regulations, such Participant shall continue to be eligible for the benefits provided in Articles 4, 5, 6 or 7 in accordance with the provisions of those Articles. However, the Participant shall be excused from fulfilling his Annual Deferral Amount commitment that would otherwise have been withheld during the remainder of the Plan Year in which the unpaid leave of absence is taken. During the unpaid leave of absence, the Participant shall not be allowed to make any additional deferral elections. However, if the Participant returns to employment, the Participant may elect to defer an Annual Deferral Amount for the Plan Year following his return to employment and for every Plan Year thereafter while the Participant in the Plan, provided such deferral elections are otherwise allowed and an Election Form is delivered to and accepted by the Committee for each such election in accordance with Section 3.3 above.

9.3 **Leaves Resulting in Separation from Service**. In the event that the Participant’s leave of absence from the Company constitutes a separation from service, as determined by the Committee in accordance with Code Section 409A and related Treasury guidance and Regulations, the Participant’s vested Account Balance shall be distributed to the Participant in accordance with Article 5 or 6 of this Plan, as applicable.

ARTICLE 10
Termination of Plan, Amendment or Modification

10.1 **Termination of Plan**. Although the Company anticipates that it will continue the Plan for an indefinite period of time, there is no guarantee that the Company will continue the Plan or will not terminate the Plan at any time in the future. Accordingly, the Company reserves the right to Terminate the Plan. In the event of a Termination of the Plan, the Measurement Funds available to Participant following the Termination of the Plan shall be comparable in number and type to those Measurement Funds available to Participant in the Plan Year preceding the Plan Year in which the Termination of the Plan is effective. Following a Termination of the Plan, Participant Account Balances shall remain in the Plan until the Participant becomes eligible for the benefits provided in Articles 4, 5, 6 or 7 in accordance with the provisions of those Articles. The Termination of the Plan shall not adversely affect any Participant or Beneficiary who has

become entitled to the payment of any benefits under the Plan as of the date of termination. Notwithstanding the foregoing, to the extent permissible under Code Section 409A and related Treasury guidance or Regulations, during the thirty (30) days preceding or within twelve (12) months following a Change of Control the Company shall be permitted to (i) terminate the Plan by action of its board of directors, and (ii) distribute the vested Account Balances to Participant in a lump sum no later than twelve (12) months after the Change in Control, provided that all other substantially similar arrangements sponsored by the Company are also terminated and all balances in such arrangements are distributed within twelve (12) months of the termination of such arrangements.

10.2 **Amendment**.

(a) The Company may, at any time, amend or modify the Plan in whole or in part. Notwithstanding the foregoing, (i) no amendment or modification shall be effective to decrease the value of the Participant's vested Account Balance in existence at the time the amendment or modification is made, and (ii) no amendment or modification of this Section 10.2 or Section 11.2 of the Plan shall be effective.

(b) Notwithstanding any provision of the Plan to the contrary, in the event that the Company determines that any provision of the Plan may cause amounts deferred under the Plan to become immediately taxable to any Participant under Code Section 409A, and related Treasury guidance or Regulations, the Company may (i) adopt such amendments to the Plan and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company determines necessary or appropriate to preserve the intended tax treatment of the Plan benefits provided by the Plan and/or (ii) take such other actions as the Company determines necessary or appropriate to comply with the requirements of Code Section 409A, and related Treasury guidance or Regulations.

10.4 **Effect of Payment**. The full payment of the Participant's vested Account Balance under Articles 4, 5, 6 or 7 of the Plan shall completely discharge all obligations to the Participant and his designated Beneficiaries under this Plan, and the Participant's Plan Agreement shall terminate.

ARTICLE 11
Administration

11.1 **Committee Duties**. Except as otherwise provided in this Article 11, this Plan shall be administered by the Compensation Committee of the Board. Members of the Committee may be Participant under this Plan. The Committee shall also have the discretion and authority to (i) make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan, and (ii) decide or resolve any and all questions, including benefit entitlement determinations and interpretations of this Plan, as may arise in connection with the Plan. Any individual serving on the Committee who is the Participant shall not vote or act on any matter relating solely to himself or herself. When making a determination or calculation, the Committee shall be entitled to rely on information furnished by the Participant or the Company.

11.2 **Administration Upon Change In Control**. Within one hundred and twenty (120) days following a Change in Control, the individuals who comprised the Committee immediately prior to the Change in Control (whether or not such individuals are members of the Committee following the Change in Control) may, by written consent of the majority of such individuals, appoint an independent third party administrator (the "Administrator") to perform any or all of the Committee's duties described in Section 11.1 above, including without limitation, the power to determine any questions arising in connection with the administration or interpretation of the Plan, and the power to make benefit entitlement determinations. Upon and after the effective date of such appointment, (i) the Company must pay all reasonable administrative expenses and fees of the Administrator, and (ii) the Administrator may only be terminated with the written consent of the majority of Participant with an Account Balance in the Plan as of the date of such proposed termination.

11.3 **Agents**. In the administration of this Plan, the Committee or the Administrator, as applicable, may, from time to time, employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel.

11.4 **Binding Effect of Decisions**. The decision or action of the Committee or Administrator, as applicable, with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

11.5 **Indemnity of Committee**. The Company shall indemnify and hold harmless the members of the Committee, any employee to whom the duties of the Committee may be delegated, and the Administrator against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct by the Committee, any of its members, any such employee or the Administrator.

11.6 **Company Information**. To enable the Committee and/or Administrator to perform its functions, the Company shall supply full and timely information to the Committee and/or Administrator, as the case may be, on all matters relating to the Plan, the Trust, the Participant and his Beneficiaries, the Account Balances of the Participant, the compensation of the Participant, the date and circumstances of the Retirement, death or Termination of Employment of the Participant, and such other pertinent information as the Committee or Administrator may reasonably require.

ARTICLE 12
Other Benefits and Agreements

12.1 **Coordination with Other Benefits**. The benefits provided for the Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to the Participant under any other plan or program for employees of the Company. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

ARTICLE 13
Claims Procedures

13.1 **Presentation of Claim**. The Participant or any Beneficiary of a deceased Participant (the Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within sixty (60) days after such notice was received by the Claimant. All other claims must be made within 180 days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

13.2 **Notification of Decision**. The Committee shall consider a Claimant's claim within a reasonable time, but no later than ninety (90) days after receiving the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial ninety (90) day period. In no event shall such extension exceed a period of ninety (90) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. The Committee shall notify the Claimant in writing:

(a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or

(b) that the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:

(i) the specific reason(s) for the denial of the claim, or any part of it;

(ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;

(iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary;

(iv) an explanation of the claim review procedure set forth in Section 13.3 below; and

(v) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

13.3 **Review of a Denied Claim**. On or before sixty (60) days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. The Claimant (or the Claimant's duly authorized representative):

(a) may, upon request and free of charge, have reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the claim for benefits;

(b) may submit written comments or other documents; and/or

(c) may request a hearing, which the Committee, in its sole discretion, may grant.

13.4 **Decision on Review**. The Committee shall render its decision on review promptly, and no later than sixty (60) days after the Committee receives the Claimant's written request for a review of the denial of the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial sixty (60) day period. In no event shall such extension exceed a period of sixty (60) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. In rendering its decision, the Committee shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

(a) specific reasons for the decision;

(b) specific reference(s) to the pertinent Plan provisions upon which the decision was based;

(c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; and

(d) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a).

13.5 **Legal Action**. A Claimant's compliance with the foregoing provisions of this Article 13 is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under this Plan.

ARTICLE 14
Trust

14.1 **Establishment of the Trust**. In order to provide assets from which to fulfill its obligations to the Participant and their Beneficiaries under the Plan, the Company may establish a "rabbi trust" by a trust agreement with a third party, the trustee, to which the Company may, in its discretion, contribute cash or other property (which shall continue to be assets of the Company), including securities issued by the Company, to provide for the benefit payments under the Plan (the "Trust").

14.2 **Interrelationship of the Plan and the Trust**. The provisions of the Plan and the Plan

Agreement shall govern the rights of the Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Company, Participant and the creditors of the Company to the assets transferred to the Trust. The Company shall at all times remain liable to carry out its obligations under the Plan.

14.3 **Distributions From the Trust**. The Company's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Company's obligations under this Plan.

ARTICLE 15
Miscellaneous

15.1 **Status of Plan**. The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that "is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1). The Plan shall be administered and interpreted (i) in a manner consistent with that intent, and (ii) in accordance with Code Section 409A and related Treasury guidance and Regulations.

15.2 **Unsecured General Creditor**. Participant and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of the Company. For purposes of the payment of benefits under this Plan, any and all of the Company's assets shall be, and remain, the general, unpledged unrestricted assets of the Company. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

15.3 **Company's Liability**. The Company's liability for the payment of benefits shall be defined only by the Plan and the Plan Agreement, as entered into between the Company and the Participant. The Company shall have no obligation to the Participant under the Plan except as expressly provided in the Plan.

15.4 **Nonassignability**. Neither the Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by the Participant or any other person, be transferable by operation of law in the event of the Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise.

15.5 **Not a Contract of Employment**. The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between the Company and the Participant. Except as expressly may otherwise be provided in a written contract of employment between the Company and the Participant, such employment is hereby acknowledged to be an "at will" employment

relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, unless expressly provided in a written employment agreement. Nothing in this Plan shall be deemed to give the Participant the right to be retained in the service of the Company, either as an employee or a member of the Board, or to interfere with the right of the Company to discipline or discharge the Participant at any time.

15.6 **Furnishing Information**. The Participant or his Beneficiary will cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary.

15.7 **Terms**. Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

15.8 **Captions**. The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

15.9 **Governing Law**. Subject to ERISA, the provisions of this Plan shall be construed and interpreted according to the internal laws of the State of California without regard to its conflicts of laws principles.

15.10 **Notice**. Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

CVB Financial Corp.
Attn: David M. Krebs
701 N. Haven Ave., Suite 140
Ontario, CA 91764

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to the Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

15.11 **Successors**. The provisions of this Plan shall bind and inure to the benefit of the Company and its successors and assigns and the Participant and the Participant’s designated Beneficiaries.

15.12 **Spouse’s Interest**. The interest in the benefits hereunder of a spouse of the Participant, if and when such spouse has predeceased the Participant, shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse’s will, nor shall such interest pass under the laws of intestate succession.

15.13 **Validity**. In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

15.14 **Incompetent**. If the Committee determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Committee may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.

15.15 **Court Order**. The Committee is authorized to comply with any court order in any action in which the Plan or the Committee has been named as a party, including any action involving a determination of the rights or interests in the Participant's benefits under the Plan. Notwithstanding the foregoing, the Committee shall interpret this provision in a manner that is consistent with Code Section 409A and other applicable tax law. In addition, if necessary to comply with a "domestic relations order", as defined in Code Section 414(p)(1)(B), pursuant to which a court has determined that a spouse or former spouse of the Participant has an interest in the Participant's benefits under the Plan, the Committee, in its sole discretion, shall have the right to immediately distribute the spouse's or former spouse's interest in the Participant's benefits under the Plan to such spouse or former spouse.

15.16 **Distribution in the Event of Income Inclusion Under 409A**. If any portion of the Participant's Account Balance under this Plan is required to be included in income by the Participant prior to receipt due to a failure of this Plan to meet the requirements of Code Section 409A and related Treasury guidance or Regulations, the Participant may petition the Committee or Administrator, as applicable, for a distribution of that portion of his Account Balance that is required to be included in his income. Upon the grant of such a petition, which grant shall not be unreasonably withheld, the Company shall distribute to the Participant immediately available funds in an amount equal to the portion of his Account Balance required to be included in income as a result of the failure of the Plan to meet the requirements of Code Section 409A and related Treasury guidance or Regulations, which amount shall not exceed the Participant's unpaid vested Account Balance under the Plan. If the petition is granted, such distribution shall be made within ninety (90) days of the date when the Participant's petition is granted. Such a distribution shall affect and reduce the Participant's benefits to be paid under this Plan.

15.17 **Deduction Limitation on Benefit Payments**. If the Company reasonably anticipates that the Company's deduction with respect to any distribution from this Plan would be limited or eliminated by application of Code Section 162(m), then to the extent deemed necessary by the Company to ensure that the entire amount of any distribution from this Plan is deductible, the Company may delay payment of any amount that would otherwise be distributed from this Plan. Any amounts for which distribution is delayed pursuant to this Section shall continue to be credited/debited with additional amounts in accordance with Section 3.8 above. The delayed

amounts (and any amounts credited thereon) shall be distributed to the Participant (or his Beneficiary in the event of the Participant's death) at the earliest date the Company reasonably anticipates that the deduction of the payment of the amount will not be limited or eliminated by application of Code Section 162(m).

15.18 **Insurance**. The Company, on its own behalf or on behalf of the trustee of the Trust, and, in their sole discretion, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as the Trust may choose. The Company or the trustee of the Trust, as the case may be, shall be the sole owner and beneficiary of any such insurance. The Participant shall have no interest whatsoever in any such policy or policies, and at the request of the Company shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Company have applied for insurance.

IN WITNESS WHEREOF, the Company has signed this Plan document as of ___, 2006.

"Company"
CVB Financial Corp., a California corporation

By: ______________________________
Title: ______________________________

The Participant hereby accepts this Plan document and agrees that his participation in the Plan shall be governed by it.

____
Christopher D. Myers date

The undersigned spouse of the Participant hereby consents to the Participant's participation in the Plan in accordance with the terms of this Plan document and the Participant's elections hereunder.

____
__________ Myers date

EXHIBIT 10.25

SEVERANCE COMPENSATION AGREEMENT

This agreement is entered into the 10th day of January, 2007, by and between Citizens Business Bank (the "Bank"), and Anthony Q. Evans, Executive Vice President of the Bank (the "Executive").

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

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

Now, therefore, in consideration of these promises and the mutual covenants and agreements contained herein and to induce the Executive to remain employed by the Bank and to continue to exert his best efforts on behalf of the Bank, the parties agree as follows:

1. <u>Compensation Upon a Change in Control.</u>

(a) In the event that a Change in Control occurs during the employment of the Executive and

(i) the Executive's employment is terminated by the Company or the Bank or any successor to the Company or the Bank other than for Cause (as defined below) within one (1) year of the completion of such Change in Control; or

(ii) the Executive resigns his employment for any reason within one (1) year of the completion of such Change in Control; or

(iii) the Executive is offered a position with any successor to the Company or the Bank at or around the time of such Change in Control but decides that he does not wish to accept such a position and, as a result, the Executive suffers a job loss (either by termination or resignation);

the Executive shall receive an amount equal to two times the Executive's annual base compensation for the last calendar year ended immediately preceding the Change in Control, plus two times the average annual bonus received for the last two calendar years ended immediately preceding the Change in Control. Such amounts, less applicable withholdings, employment and payroll taxes (which taxes shall be paid upon termination or resignation of Executive's employment or at the time payments are made hereunder, as required by law), shall be paid (without interest or other adjustment) in 24 equal monthly installments on the first day of each month

commencing with the first such date that is at least six (6) months after the effective date of the termination or resignation of the Executive's employment and continuing for 23 successive months thereafter. This payment schedule is intended to comply with the requirements of Section 409A of the Internal Revenue Code and shall be interpreted consistently therewith.

(b) The Executive may designate in writing (only on a form provided by the Bank and delivered by the Executive to the Bank before Executive's death) primary and contingent beneficiaries to receive the balance of any payment under Section 1A that are not made prior to the Executive's death and the proportions in which such beneficiaries are to receive such payment. The total amount of the balance of such payment shall be paid to such beneficiaries in a single unreduced lump sum payment made within ninety (90) days following the Executive's death. The Executive may change beneficiary designations from time to time by completing and delivering additional such forms to the Bank. The last written beneficiary designation delivered by the Executive to the Bank prior to the Executive's death will control. If the Executive fails to designate a beneficiary in such manner, or if no designated beneficiary survives the Executive, then Executive's payment balance shall be paid to the Executive's estate in an unreduced lump sum payment within ninety (90) days following the Executive's death.

2. Definitions.

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

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

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

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

(iv) any one person, or more than one person acting as a group, acquired (or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or persons) assets from the Bank that have a total fair market value greater than 50% of the total

fair market value of all of the Bank's assets immediately before the acquisition or acquisitions; provided, however, transfer of assets which otherwise would satisfy the requirements of this subsection (iv) will not be treated as a change in the ownership of such assets if the assets are transferred to:

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

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

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

Each event comprising a Change in Control is intended to constitute a "change in ownership or effective control", or a "change in the ownership of a substantial portion of the assets," of the Company or the Bank as such terms are defined for purposes of Section 409A of the Internal Revenue Code and "Change in Control" as used herein shall be interpreted consistently therewith.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur as a result of any transaction which merely changes the jurisdiction of incorporation of the Company or the Bank.

B. Cause. For purposes of this Agreement, the Bank shall have "Cause" to terminate the Executive's employment and shall not be obligated to make any payments hereunder or otherwise in the event the Executive has:

(i) committed a significant act of dishonesty, deceit or breach of fiduciary duty in the performance of Executive's duties as an employee of the Bank;

(ii) grossly neglected or willfully failed in any way to perform substantially the duties of such employment; or

(iii) acted or failed to act in any other way that reflects materially and adversely on the Bank. In the event of a termination of Executive's employment by the Bank for Cause, the Bank shall deliver to Executive at the time the Executive is notified of the termination of his employment a written statement setting forth in reasonable detail the facts and circumstances claimed by the Bank to provide a basis for the termination of the Executive's employment for Cause.

3. <u>Term.</u>

This agreement shall terminate, except to the extent that any obligation of the Bank hereunder remains unpaid as of such time, upon the earliest of:

(i) the termination or resignation of the Executive's employment from the Bank for any reason if a Change in Control has not occurred prior to the date of such termination or resignation;

(ii) three (3) years from the date hereof if a Change in Control has not occurred during such period;

(iii) the termination of Executives' employment from the Bank for Cause within one (1) year after a Change in Control;

(iv) one (1) year after a Change in Control if Executive is still employed with the Bank or its successor; or

(v) after a Change in Control of the Company or the Bank upon satisfaction of all of the Company's or the Bank's obligations hereunder.

4. <u>No Obligation to Mitigate Damages; No Effect on Other Contractual Rights.</u>

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

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

5. <u>Successor to the Bank.</u>

A. The Bank will require any successor or assign (whether direct or indirect by purchase or otherwise) to all or substantially all of the business and/or assets of the Bank, by written agreement with the Executive, to assume and agree to perform this Agreement in full. As used in this Agreement, "Bank" shall mean the Bank as herein before defined and any successor or assign to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this section 5 or which otherwise becomes bound by all the terms and provisions of this Agreement by operations of law. Notwithstanding the assumption of this Agreement by a successor assign of the Bank, if a Change in Control (as defined in section 2 (a) above) has occurred, the Executive shall have and be entitled from such successor to all rights under section 1 of this Agreement.

B. If the Executive should die while any amounts are still payable to him hereunder, all such amounts shall be paid in accordance with the terms of this Agreement to the Executive's designated beneficiary(ies) or, if there are no such

designated beneficiary(ies), to the Executive's estate. This Agreement shall, therefore, inure to the benefit of and be enforceable by the Executive's designated beneficiaries, personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

6. Confidentiality.

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

7. Legal Fees and Expenses.

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

8. Limitation on Payments.

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

Notwithstanding any other provisions of this Agreement, if the Company's principal tax advisor determines that the total amounts payable pursuant to this Agreement, together with other payments to which Executive is entitled, would constitute an "excess parachute payment" (as defined in Section 280G of the Internal Revenue Code), as amended, such payments shall be reduced, in such order and manner as the Bank and/or Resulting Entity and Executive may agree, (or in the absence of such agreement, as shall be determined by Executive), to the largest amount which may be paid without any portion of such amount being subject to the excise tax imposed by Section 4999 of the Internal Revenue Code.

9. Notice.

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

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

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

10. Validity.

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

11. Counterparts.

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

12. Miscellaneous.

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

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

Citizens Business Bank

By: ____________________________________
Christopher D. Myers
President and CEO

EXECUTIVE: ____________________________________
Anthony Q. Evans,
Executive Vice President

Address: 701 N. Haven Avenue

City and State: Ontario, California 91764

EXHIBIT 10.26

THE EXECUTIVE NONQUALIFIED EXCESS PLAN℠
PLAN DOCUMENT

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THE EXECUTIVE NONQUALIFIED EXCESS PLAN SM

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THE EXECUTIVE NONQUALIFIED EXCESS PLAN[SM]

Section 1. **Purpose:**

By execution of the Adoption Agreement, the Employer has adopted the Plan set forth herein to provide a means by which certain management Employees or Independent Contractors of the Employer may elect to defer receipt of current Compensation from the Employer in order to provide retirement and other benefits on behalf of such Employees or Independent Contractors of the Employer, as selected in the Adoption Agreement. The Plan is intended to be a nonqualified deferred compensation plan that complies with the provisions of Section 409A of the Internal Revenue Code (the “Code”). The Plan is intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation benefits for a select group of management or highly compensated employees under Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974 and independent contractors.

Section 2. **Definitions:**

As used in the Plan, including this Section 2, references to one gender shall include the other and, unless otherwise indicated by the context:

2.1 “Active Participant” means, with respect to any day or date, a Participant who is in Service on such day or date; provided, that a Participant shall cease to be an Active Participant immediately upon a determination by the Committee that the Participant has ceased to be an Employee or Independent Contractor, or that the Participant no longer meets the eligibility requirements of the Plan.

2.2 “Adoption Agreement” means the written agreement pursuant to which the Employer adopts the Plan. The Adoption Agreement is a part of the Plan as applied to the Employer.

2.3 “Beneficiary” means the person, persons, entity or entities designated or determined pursuant to the provisions of Section 13 of the Plan.

2.4 “Board” means the Board of Directors of the Employer, if the Employer is a corporation. If the Employer is not a corporation, “Board” shall mean the Employer.

2.5 “Change in Control” of a corporation (or, to the extent permitted in this Section 2.5, a partnership or other entity) shall occur on the earliest of the following events:

2.5.1 Change in Ownership: A change in ownership of a corporation occurs on the date that any one person, or more than one person acting as a group, acquires ownership of stock of the corporation that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the corporation, excluding the acquisition of additional stock by a person or more than one person acting as a group who is considered to own more than 50% of the total fair market value or total voting power of the stock of the corporation.

2.5.2 Change in Effective Control: A change in effective control of a corporation occurs on the date that either:

(i) Any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the corporation possessing 35% or more of the total voting power of the stock of the corporation; or

(ii) A majority of the members of the board of directors of the corporation is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the board of directors prior to the date of the appointment or election; provided, that this paragraph (ii) shall apply only to a corporation for which no other corporation is a majority shareholder.

2.5.3 Change in Ownership of Substantial Assets: A change in the ownership of a substantial portion of a corporation’s assets occurs on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the corporation that have a total gross fair market value equal to or more than 40% of the total gross fair market value of the assets of the corporation immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the corporation, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For this purpose, the Change in Control must relate to (i) a corporation that is the Employer of the Participant; (ii) a corporation that is liable for the payment of benefits under this Plan; (iii) a corporation that is a majority shareholder of the corporation described in (i) or (ii); or (iv) any corporation in a chain of corporations in which each corporation is a majority shareholder of another corporation in the chain, ending with the corporation described in (i) or (ii). To the extent provided in regulations and administrative guidance promulgated under Section 409A of the Code, the provisions of this Section 2.5 may be applied to changes in the ownership of a partnership and changes in the ownership of a substantial portion of the assets of a partnership. A Change in Control shall not be deemed to have occurred until a majority of the members of the Board receive written certification from the Committee that one of the events set forth in this Section 2.5 has occurred. The occurrence of an event described in this Section 2.5 must be objectively determinable by the Committee and, if made in good faith on the basis of information available at the time, such determination shall be conclusive and binding on the Committee, the Employer, the Participants and their Beneficiaries for all purposes of the Plan.

2.6 "Committee" means the person designated in the Adoption Agreement. If the Committee designated in the Adoption Agreement is unable to serve, the Employer shall satisfy the duties of the Committee provided for in Section 9.

2.7 "Compensation" shall have the meaning designated in the Adoption Agreement.

2.8 "Crediting Date" means the date designated in the Adoption Agreement for crediting the amount of any Participant Deferral Credits to the Deferred Compensation Account of a Participant. Employer Credits may be credited to the Deferred Compensation Account of a Participant on any day that securities are traded on a national securities exchange.

2.9 "Deferred Compensation Account" means the account maintained with respect to each Participant under the Plan. The Deferred Compensation Account shall be

credited with Participant Deferral Credits and Employer Credits, credited or debited for deemed investment gains or losses, and adjusted for payments in accordance with the rules and elections in effect under Section 8. The Deferred Compensation Account of a Participant shall include any In-Service Account or Education Account of the Participant, if applicable.

2.10 "Disabled" means a Participant who is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering Employees of the Employer.

2.11 "Education Account" means a separate account to be kept for each Participant that has elected to take education distributions as described in Section 5.5. The Education Account shall be adjusted in the same manner and at the same time as the Deferred Compensation Account under Section 8 and in accordance with the rules and elections in effect under Section 8.

2.12 "Effective Date" shall be the date designated in the Adoption Agreement as of which the Plan first becomes effective. Notwithstanding the foregoing, any amounts credited to the account of a Participant pursuant to the terms of a predecessor plan of the Employer which are not earned and vested before January 1, 2005, shall be subject to the terms of this Plan.

2.13 "Employee" means an individual in the Service of the Employer if the relationship between the individual and the Employer is the legal relationship of employer and employee and if the individual is a highly compensated or management employee of the Employer. An individual shall cease to be an Employee upon the Employee's termination of Service.

2.14 “Employer” means the Employer identified in the Adoption Agreement, and any Participating Employer which adopts this Plan. The Employer may be a corporation, a limited liability company, a partnership or sole proprietorship. All references herein to the Employer shall include each trade or business (whether or not incorporated) that is required to be aggregated with the Employer under rules similar to subsections (b) and (c) of Section 414 of the Code.

2.15 “Employer Credits” means the amounts credited to the Participant’s Deferred Compensation Account by the Employer pursuant to the provisions of Section 4.2.

2.16 “Independent Contractor” means an individual in the Service of the Employer if the relationship between the individual and the Employer is not the legal relationship of employer and employee. An individual shall cease to be an Independent Contractor upon the termination of the Independent Contractor’s Service. An Independent Contractor shall include a director of the Employer who is not an Employee.

2.17 “In-Service Account” means a separate account to be kept for each Participant that has elected to take in-service distributions as described in Section 5.4. The In-Service Account shall be adjusted in the same manner and at the same time as the Deferred Compensation Account under Section 8 and in accordance with the rules and elections in effect under Section 8.

2.18 “Normal Retirement Age” of a Participant means the age designated in the Adoption Agreement.

2.19 “Participant” means with respect to any Plan Year an Employee or Independent Contractor who has been designated by the Committee as a Participant and who has entered the Plan or who has a Deferred Compensation Account under the Plan.

2.20 “Participant Deferral Agreement” means a written agreement entered into between a Participant and the Employer pursuant to the provisions of Section 4.1

2.21 “Participant Deferral Credits” means the amounts credited to the Participant’s Deferred Compensation Account by the Employer pursuant to the provisions of Section 4.1.

2.22 “Participating Employer” means any trade or business (whether or not incorporated) which adopts this Plan with the consent of the Employer identified in the Adoption Agreement.

2.23 “Performance-Based Compensation” means compensation where the amount of, or entitlement to, the compensation is contingent on the satisfaction of preestablished organizational or individual performance criteria relating to a performance period of at least twelve months in which the service provider performs services. Organizational or individual performance criteria are considered preestablished if established in writing at least 90 days after the commencement of the period of service to which the criteria relates, provided that the outcome is substantially uncertain at the time the criteria are established. Performance-based compensation may include payments based upon subjective performance criteria in accordance as provided in regulations and administrative guidance promulgated under Section 409A of the Code.

2.24 “Plan” means The Executive Nonqualified Excess Plan, as herein set out or as duly amended. The name of the Plan as applied to the Employer shall be designated in the Adoption Agreement.

2.25 “Plan Administrator” means the person designated in the Adoption Agreement. If the Plan Administrator designated in the Adoption Agreement is unable to serve, the Employer shall be the Plan Administrator.

2.26 “Plan-Approved Domestic Relations Order” shall mean a court order that is lawfully directed to this Plan and that is served upon the Plan Administrator before the Participant receives a distribution of his benefit that pursuant to a state domestic relations law creates or recognizes the existence of the right of an alternate payee to receive all or a portion of a Participant’s benefit and that meets all of the following requirements. An order shall not be a Plan-Approved Domestic Relations Order unless the Plan Administrator determines that the court order on its face and without reference to any other document states all of the following:

(a) The court order expressly states that it relates to the provision of child support, alimony, or marital property rights to a spouse, former spouse, or child of a Participant and is made pursuant to State domestic relations law.

(b) The court order clearly and unambiguously specifies that it refers to this Plan.

(c) The court order clearly and unambiguously specifies the name of the Participant’s Employer.

(d) The court order clearly specifies: the name, mailing address, and social security number of the Participant; and the name, mailing address, and social security number of each alternate payee.

(e) The court order clearly specifies the amount or percentage, or the manner in which the amount or percentage is to be determined, of the Participant’s benefit to be paid to or segregated for the separate account of the alternate payee.

(f) The court order expressly states that the alternate payee’s segregated account shall bear all fees and expenses as though the alternate payee were a Participant.

(g) The court order clearly specifies that any distribution to the alternate payee becomes payable only after a Qualifying Distribution Event of the Participant and only upon the alternate payee’s written claim made to the Administrator.

(h) The court order clearly specifies that any distribution to any alternate payee shall be payable only as a lump sum.

(i) The court order expressly states that it does not require this Plan to provide any type or form of benefit or any option not otherwise provided under this Plan.

(j) The court order expressly states that the order does not require this Plan to provide increased benefits.

(k) The court order expressly states that any provision of it that would have the effect of requiring any distribution to an alternate payee of deferred compensation that is required to be paid to another person under any court order is void.

(l) The court order expressly states that nothing in the order shall have any effect concerning any party's tax treatment, and that nothing in the order shall direct any person's tax reporting or withholding.

An order shall not be a Plan-approved Domestic Relations Order if it includes any provision that does not relate to this Plan. Without limiting the comprehensive effect of the preceding sentence, an order shall not be a Plan-Approved Domestic Relations Order if the order includes any provision relating to any pension plan, retirement plan, deferred compensation plan, health plan, welfare benefit plan, or employee benefit plan other than this Plan. An order shall not be a Plan-Approved Domestic Relations Order unless the order provides for only one alternate payee. An order shall not be a Plan-Approved Domestic Relations Order if the order includes any provision that would permit the alternate payee to designate any beneficiary for any purpose. However, an order does not fail to qualify as a Plan-approved Domestic Relations Order because it provides that any rights not paid before the alternate payee's death shall be payable to the duly appointed and then-currently serving personal representative of the alternate payee's estate. The Plan Administrator may assume that the alternate payee named by the court order is a proper payee and need not inquire into whether the person named is a spouse or former spouse or child of the Participant.

2.27 "Plan Year" means the twelve-month period ending on the last day of the month designated in the Adoption Agreement; provided, that the initial Plan Year may have fewer than twelve months.

2.28 "Qualifying Distribution Event" means (i) the separation from Service of the Participant, (ii) the date the Participant becomes Disabled, (iii) the death of the Participant, (iv) the time specified by the Participant for an in-service or education distribution, (v) a Change in Control, or (vi) an Unforeseeable Emergency, each to the extent provided in Section 5.

2.29 “Retirement Account” means the portion of the Deferred Compensation Account of a Participant, excluding any In-Service Account or any Education Account. The Retirement Account shall be adjusted in the same manner and at the same time as the Deferred Compensation Account under Section 8 and in accordance with the rules and regulations in effect under Section 8.

2.30 “Service” means employment by the Employer as an Employee. For purposes of the Plan, the employment relationship is treated as continuing intact while the Employee is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six months, or if longer, so long as the Employee’s right to reemployment is provided either by statue or contract. If the Participant is an Independent Contractor, “Service” shall mean the period during which the contractual relationship exists between the Employer and the Participant. The contractual relationship is not terminated if the Participant anticipates a renewal of the contract or becomes an Employee.

2.31 “Service Bonus” means any bonus paid to a Participant by the Employer which is not Performance-Based Compensation.

2.32 “Specified Employee” means an employee who meets the requirements of Section 416(i)(1)(A)(i), (ii) or (iii) of the Code (applied in accordance with the regulations thereunder and without regard to Section 416(i)(5) of the Code) at any time during the twelve-month period ending on December 31 of each year (the “identification date”). If the person is a key employee as of any identification date, the person is treated as a Specified Employee for the twelve-month period beginning on the first day of the fourth month following the identification date.

2.33 “Spouse” or **“Surviving Spouse”** means, except as otherwise provided in the Plan, a person who is the legally married spouse or surviving spouse of a Participant.

2.34 “Student” means the individual designated by the Participant in the Participant Deferral Agreement with respect to whom the Participant will create an Education Account.

2.35 “Trust” means the trust fund established pursuant to Section 10.2, if designated by the Employer in the Adoption Agreement.

2.36 “Trustee” means the trustee, if any, named in the agreement establishing the Trust and such successor or additional trustee as may be named pursuant to the terms of the agreement establishing the Trust.

2.37 “Unforeseeable Emergency” means a severe financial hardship to the Participant resulting from a sudden or unexpected illness or accident of the Participant, the Participant’s Spouse or dependent (as defined in Section 152(a) of the Code), loss of the Participant’s property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

2.38 “Years of Service” means each Plan Year of Service completed by the Participant. For vesting purposes, Years of Service shall be calculated from the date designated in the Adoption Agreement.

Section 3. Participation:

The Committee in its discretion shall designate each Employee or Independent Contractor who is eligible to participate in the Plan. An Employee or Independent Contractor designated by the Committee as a Participant who has not otherwise entered the Plan shall enter the Plan and become a Participant as of the date determined by the Committee. A Participant who separates from Service with the Employer and who later returns to Service will not be an Active Participant under the Plan except upon satisfaction of such terms and conditions as the Committee shall establish upon the Participant’s return to Service, whether or not the Participant

shall have a balance remaining in the Deferred Compensation Account under the Plan on the date of the return to Service.

Section 4. Credits to Deferred Compensation Account:

4.1 Participant Deferral Credits. To the extent provided in the Adoption Agreement, each Active Participant may elect, by entering into a Participant Deferral Agreement with the Employer, to defer the receipt of Compensation from the Employer by a dollar amount or percentage specified in the Participant Deferral Agreement. The amount of the Participant Deferral Credit shall be credited by the Employer to the Deferred Compensation Account maintained for the Participant pursuant to Section 8. The following special provisions shall apply with respect to the Participant Deferral Credits of a Participant:

4.1.1 The Employer shall credit to the Participant's Deferred Compensation Account on each Crediting Date an amount equal to the total Participant Deferral Credit for the period ending on such Crediting Date.

4.1.2 An election pursuant to this Section 4.1 shall be made by the Participant by executing and delivering a Participant Deferral Agreement to the Committee. Except as otherwise provided in this Section 4.1, the Participant Deferral Agreement shall become effective with respect to such Participant as of the first day of January following the date such Participant Deferral Agreement is received by the Committee. A Participant's election may be changed at any time prior to the last permissible date for making the election as permitted in this Section 4.1, and shall thereafter be irrevocable. The election of a Participant shall continue in effect for subsequent years until modified by the Participant as permitted in this Section 4.1, or until the earlier of the date the Participant separates from Service or ceases to be an Active Participant under the Plan.

4.1.3 In the case of the first year in which the Participant becomes eligible to participate in the Plan, the Participant may execute and deliver a Participant Deferral Agreement to the Committee within 30 days after the date the Participant enters the Plan to be effective as of the first payroll period next following the date the Participant Deferral Agreement is received by the Committee. For Compensation that is earned based upon a specified performance period (for example, an annual bonus), where a deferral election is made in the first year of eligibility but after the beginning of the service period, the election will be deemed to apply to Compensation paid for services subsequent to the election if the election applies to the portion of the Compensation equal to the total amount of the Compensation for the service period multiplied by the ratio of the number of days remaining in the performance period after the election over the total number of days in the performance period.

4.1.4 A Participant may unilaterally modify a Participant Deferral Agreement (either to terminate, increase or decrease the portion of his future Compensation which is subject to deferral within the percentage limits set forth in Section 4.1 of the Adoption Agreement) by providing a written modification of the Participant Deferral Agreement to the Employer. The modification shall become effective as of the first day of January following the date such written modification is received by the Committee. Notwithstanding the foregoing, at any time during the calendar year 2005, a Participant may terminate a Participant Deferral Agreement, or modify a Participant Deferral Agreement to reduce the amount of Compensation subject to the deferral election, so long as the Compensation subject to the terminated or modified Participant Deferral Agreement is includible in the income of the Participant in calendar year 2005 or, if later, in the taxable year in which the amounts are earned and vested.

4.1.5 If the Participant performed services continuously from a date no later than the date upon which the performance criteria are established through a date no earlier than the date upon which the Participant makes an initial deferral election, a Participant Deferral Agreement relating to the deferral of Performance-Based Compensation may be executed and delivered to the Committee no later than the date which is 6 months prior to the end of the performance period, provided that in no event may an election to defer Performance-Based Compensation be made after such Compensation has become both substantially certain to be paid and readily ascertainable.

4.1.6 If the Employer has a fiscal year other than the calendar year, Compensation relating to service in the fiscal year of the Employer (such as a bonus based on the fiscal year of the Employer), of which no amount is paid or payable during the fiscal year, may be deferred at the Participant's election only if the election to defer is made not later than the close of the Employer's fiscal year next preceding the first fiscal year in which the Participant performs any services for which such Compensation is payable.

4.1.7 Compensation payable after the last day of the Participant's taxable year solely for services provided during the final payroll period containing the last day of the Participant's taxable year (i.e., December 31) is treated for purposes of this Section 4.1 as Compensation for services performed in the subsequent taxable year.

4.1.8 The Committee may from time to time establish policies or rules consistent with the requirements of Section 409A of the Code to govern the manner in which Participant Deferral Credits may be made.

4.1.9 The requirements of Section 4.1.2 relating to the timing of the Participant Deferral Agreement shall not apply to any deferral elections made on or before March 15, 2005, provided that (a) the amounts to which the deferral election relate have not been paid or become payable at the time of the election, (b) the Plan was in existence on or before December 31, 2004, (c) the election to defer compensation is made in accordance with the terms of the Plan as in effect on December 31, 2005 (other than a requirement to make a deferral election after March 15, 2005), (d) the Plan is otherwise operated in accordance with the requirements of Section 409A of the Code, and (e) the Plan is amended to comply with Section 409A in accordance with Q&A 19 of Notice 2005-1.

4.2 Employer Credits. If designated by the Employer in the Adoption Agreement, the Employer shall cause the Committee to credit to the Deferred Compensation Account of each Active Participant an Employer Credit as determined in accordance with the Adoption Agreement.

4.3 Deferred Compensation Account. All Participant Deferral Credits and Employer Credits shall be credited to the Deferred Compensation Account of the Participant.

Section 5. Qualifying Distribution Events:

5.1 Separation from Service. If the Participant separates from Service with the Employer, the vested balance in the Deferred Compensation Account shall be paid to the Participant by the Employer as provided in Section 6. Notwithstanding the foregoing, no distribution shall be made earlier than six months after the date of separation from Service (or, if earlier, the date of death) with respect to a Participant who is a Specified Employee of a corporation the stock in which is traded on an established securities market or otherwise. Any payments to which a Specified Employee would be entitled during the first six months following the date of separation from Service shall be accumulated and paid on the first day of the seventh month following the date of separation from service.

5.2 Disability. If the Participant becomes Disabled while in Service, the vested balance in the Deferred Compensation Account shall be paid to the Participant by the Employer as provided in Section 6.

5.3 Death. If the Participant dies while in Service, the Employer shall pay a benefit to the Participant's Beneficiary in the amount designated in the Adoption Agreement. Payment of such benefit shall be made by the Employer as provided in Section 6. If a Participant dies following his separation from Service for any reason, and before all payments under the

Plan have been made, the vested balance in the Deferred Compensation Account shall be paid by the Employer to the Participant's Beneficiary in a single lump sum.

5.4 In-Service Distributions. If the Employer designates in the Adoption Agreement that in-service distributions are permitted under the Plan, a Participant may designate in the Participant Deferral Agreement to have a specified amount credited to the Participant's In-Service Account for in-service distributions at the later of the date specified by the Participant or as specified in the Adoption Agreement. In no event may an in-service distribution be made prior to two years following the establishment of the In-Service Account of the Participant. If the Participant elects to receive in-service distributions in annual installment payments, the payment of each annual installment shall be made on the anniversary of the date of the first installment payment, and the amount of the annual installment shall be adjusted on such anniversary for credits or debits to the Participant's account pursuant to Section 8 of the Plan. Such adjustment shall be made by dividing the balance in the In-Service Account on such date by the number of annual installments remaining to be paid hereunder; provided that the last annual installment due under the Plan shall be the entire amount credited to the Participant's In-Service Account on the date of payment. Notwithstanding the foregoing, if a Participant incurs a Qualifying Distribution Event prior to the date on which the entire balance in the In-Service Account has been distributed, then the balance in the In-Service Account on the date of the Qualifying Distribution Event shall be distributed to the Participant in the same manner and at the same time as the balance in the Deferred Compensation Account is distributed under Section 6 and in accordance with the rules and elections in effect under Section 6.

5.5 Education Distributions. If the Employer designates in the Adoption Agreement that education distributions are permitted under the Plan, a Participant may designate in the Participant Deferral Agreement to have a specified amount credited to the Participant's Education Account for education distributions at the later of the date specified by the Participant

or the date specified in the Adoption Agreement. If the Participant designates more than one Student, the Education Account will be divided into a separate Education Account for each Student, and the Participant may designate in the Participant Deferral Agreement the percentage or dollar amount to be credited to each Education Account. In the absence of a clear designation, all credits made to the Education Account shall be equally allocated to each Education Account. The Employer shall pay to the Participant the balance in the Education Account with respect to the Student at the time and in the manner designated by the Participant in the Participant Deferral Agreement. If the Participant elects to receive education distributions in annual installment payments, the payment of each annual installment shall be made on the anniversary of the date of the first installment payment, and the amount of the annual installment shall be adjusted on such anniversary for credits or debits to the Participant's Education Account pursuant to Section 8 of the Plan. Such adjustment shall be made by dividing the balance in the Education Account on such date by the number of annual installments remaining to be paid hereunder; provided that the last annual installment due under the Plan shall be the entire amount credited to the Participant's Education Account on the date of payment. Notwithstanding the foregoing, if the Participant incurs a Qualifying Distribution Event prior to the date on which the entire balance of the Education Account has been distributed, then the balance in the Education Account on the date of the Qualifying Distribution Event shall be distributed to the Participant in the same manner and at the same time as the Deferred Compensation Account is distributed under Section 6 and in accordance with the rules and elections in effect under Section 6.

5.6 Change in Control. If the Employer designates in the Adoption Agreement that distributions are permitted under the Plan in the event of a Change in Control, the Participant may designate in the Participant Deferral Agreement to have the vested balance in the Deferred Compensation Account paid to the Participant upon a Change in Control by the Employer as provided in Section 6.

5.7 Unforeseeable Emergency. A distribution from the Deferred Compensation Account may be made to a Participant in the event of an Unforeseeable Emergency, subject to the following provisions:

5.7.1 A Participant may, at any time prior to his separation from Service for any reason, make application to the Committee to receive a distribution in a lump sum of all or a portion of the vested balance in the Deferred Compensation Account (determined as of the date the distribution, if any, is made under this Section 5.7) because of an Unforeseeable Emergency. A distribution because of an Unforeseeable Emergency shall not exceed the amount required to satisfy the Unforeseeable Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of such distribution, after taking into account the extent to which the Unforeseeable Emergency may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship).

5.7.2 The Participant's request for a distribution on account of Unforeseeable Emergency must be made in writing to the Committee. The request must specify the nature of the financial hardship, the total amount requested to be distributed from the Deferred Compensation Account, and the total amount of the actual expense incurred or to be incurred on account of the Unforeseeable Emergency.

5.7.3 If a distribution under this Section 5.7 is approved by the Committee, such distribution will be made as soon as practicable following the date it is approved. The processing of the request shall be completed as soon as practicable from the date on which the Committee receives the properly completed written request for a distribution on account of an Unforeseeable Emergency. Any deferral election of the Participant in effect at the time of a distribution on account of an Unforeseeable Emergency may be cancelled upon the Participant's request, and if so cancelled, any subsequent deferral by the Participant shall be made pursuant to a new Participant Deferral Agreement which shall become effective as of the first day of January following the date such Participant Deferral Agreement is received by the Committee. If a Participant's separation from Service occurs after a request is approved in accordance with this Section 5.7.3, but prior to distribution of the full amount approved, the approval of the request shall be automatically null and void and the benefits which the Participant is entitled to receive under the Plan shall be distributed in accordance with the applicable distribution provisions of the Plan.

5.7.4 The Committee may from time to time adopt additional policies or rules consistent with the requirements of Section 409A of the Code to govern the manner in which such distributions may be made so that the Plan may be conveniently administered.

Section 6. Qualifying Distribution Events Payment Options:

6.1 Payment Options. The Employer shall designate in the Adoption Agreement the payment options which may be elected by the Participant. The Participant shall elect in the Participant Deferral Agreement the method under which the vested balance in the Deferred Compensation Account will be distributed from among the designated payment options. Payment shall be made in the manner elected by the Participant and shall commence upon the date of the Qualifying Distribution Event. A payment shall be treated as made upon the date of the Qualifying Distribution Event if it is made on such date or a later date within the same calendar year or, if later, by the 15th day of the third calendar month following the Qualifying Distribution Event. A payment may be further delayed to the extent permitted in accordance with regulations and guidance under Section 409A of the Code. The Participant may elect a different method of payment for each Qualifying Distribution Event as specified in the Adoption Agreement. If the Participant elects the installment payment option, the payment of each annual installment shall be made on the anniversary of the date of the first installment payment, and the amount of the annual installment shall be adjusted on such anniversary for credits or debits to the Participant's account pursuant to Section 8 of the Plan. Such adjustment shall be made by dividing the balance in the Deferred Compensation Account on such date by the number of annual installments remaining to be paid hereunder; provided that the last annual installment due under the Plan shall be the entire amount credited to the Participant's account on the date of payment. In the event the Participant fails to make a valid election of the payment method, the distribution will be made in a single lump sum payment upon the Qualifying Distribution Event. Notwithstanding the provisions of Sections 6.3 or 6.4 of the Plan, a Participant may elect on or before December 31, 2006, the method of payment of amounts subject to Section 409A of the Code provided that such election applies only to amounts that

would not otherwise be payable in 2006 and does not cause an amount to paid in 2006 that would not otherwise be payable in such year.

6.2 De Minimis Amounts. Notwithstanding any payment election made by the Participant, the vested balance in the Deferred Compensation Account of the Participant will be distributed in a single lump sum payment if the payment accompanies the termination of the Participant's entire interest in the Plan and the amount of such payment does not exceed the amount designated by the Employer in the Adoption Agreement. Such payment shall be made on or before the later of (i) December 31 of the calendar year in which the Participant separates from Service from the Employer, or (ii) the date that is 2-1/2 months after the Participant separates from Service from the Employer.

6.3 Subsequent Elections. With the consent of the Committee, a Participant may delay or change the method of payment of the Deferred Compensation Account subject to the following requirements:

6.3.1 The new election may not take effect until at least 12 months after the date on which the new election is made.

6.3.2 If the new election relates to a payment for a Qualifying Distribution Event other than the death of the Participant, the Participant becoming Disabled, or an Unforeseeable Emergency, the new election must provide for the deferral of the first payment for a period of at least five years from the date such payment would otherwise have been made.

6.3.3 If the new election relates to a payment from the In-Service Account or Education Account, the new election must be made at least 12 months prior to the date of the first scheduled payment from such account.

For purposes of this Section 6.3 and Section 6.4, a payment is each separately identified amount to which the Participant is entitled under the Plan; provided, that entitlement to a series of installment payments is treated as the entitlement to a single payment.

6.4 Acceleration Prohibited. The acceleration of the time or schedule of any payment due under the Plan is prohibited except as provided in regulations and administrative

guidance promulgated under Section 409A of the Code. It is not an acceleration of the time or schedule of payment if the Employer waives or accelerates the vesting requirements applicable to a benefit under the Plan.

Section 7. Vesting:

A Participant shall be fully vested in the portion of his Deferred Compensation Account attributable to Participant Deferral Credits, and all income, gains and losses attributable thereto. A Participant shall become fully vested in the portion of his Deferred Compensation Account attributable to Employer Credits, and income, gains and losses attributable thereto, in accordance with the vesting schedule and provisions designated by the Employer in the Adoption Agreement. If a Participant's Deferred Compensation Account is not fully vested upon separation from Service, the portion of the Deferred Compensation Account that is not fully vested shall thereupon be forfeited.

Section 8. Accounts; Deemed Investment; Adjustments to Account:

8.1 Accounts. The Committee shall establish a book reserve account, entitled the "Deferred Compensation Account," on behalf of each Participant. The Committee shall also establish an In-Service Account and Education Account as a part of the Deferred Compensation Account of each Participant, if applicable. The amount credited to the Deferred Compensation Account shall be adjusted pursuant to the provisions of Section 8.3.

8.2 Deemed Investments. The Deferred Compensation Account of a Participant shall be credited with an investment return determined as if the account were invested in one or more investment funds made available by the Committee. The Participant shall elect the investment funds in which his Deferred Compensation Account shall be deemed to be invested. Such election shall be made in the manner prescribed by the Committee and shall take effect upon the entry of the Participant into the Plan. The investment election of the Participant shall remain in effect until a new election is made by the Participant. In the event the Participant

fails for any reason to make an effective election of the investment return to be credited to his account, the investment return shall be determined by the Committee.

8.3 Adjustments to Deferred Compensation Account. With respect to each Participant who has a Deferred Compensation Account under the Plan, the amount credited to such account shall be adjusted by the following debits and credits, at the times and in the order stated:

8.3.1 The Deferred Compensation Account shall be debited each business day with the total amount of any payments made from such account since the last preceding business day to him or for his benefit.

8.3.2 The Deferred Compensation Account shall be credited on each Crediting Date with the total amount of any Participant Deferral Credits and Employer Credits to such account since the last preceding Crediting Date.

8.3.3 The Deferred Compensation Account shall be credited or debited on each day securities are traded on a national stock exchange with the amount of deemed investment gain or loss resulting from the performance of the investment funds elected by the Participant in accordance with Section 8.2. The amount of such deemed investment gain or loss shall be determined by the Committee and such determination shall be final and conclusive upon all concerned.

Section 9. Administration by Committee:

9.1 Membership of Committee. If elected in the Adoption Agreement, the Committee shall consist of at least three individuals who shall be appointed by the Board to serve at the pleasure of the Board. Any member of the Committee may resign, and his successor, if any, shall be appointed by the Board. The Committee shall be responsible for the general administration and interpretation of the Plan and for carrying out its provisions, except to the extent all or any of such obligations are specifically imposed on the Board.

9.2 Committee Officers; Subcommittee. The members of the Committee may elect Chairman and may elect an acting Chairman. They may also elect a Secretary and may elect an acting Secretary, either of whom may be but need not be a member of the Committee. The Committee may appoint from its membership such subcommittees with such

powers as the Committee shall determine, and may authorize one or more of its members or any agent to execute or deliver any instruments or to make any payment on behalf of the Committee.

9.3 Committee Meetings. The Committee shall hold such meetings upon such notice, at such places and at such intervals as it may from time to time determine. Notice of meetings shall not be required if notice is waived in writing by all the members of the Committee at the time in office, or if all such members are present at the meeting.

9.4 Transaction of Business. A majority of the members of the Committee at the time in office shall constitute a quorum for the transaction of business. All resolutions or other actions taken by the Committee at any meeting shall be by vote of a majority of those present at any such meeting and entitled to vote. Resolutions may be adopted or other action taken without a meeting upon written consent thereto signed by all of the members of the Committee.

9.5 Committee Records. The Committee shall maintain full and complete records of its deliberations and decisions. The minutes of its proceedings shall be conclusive proof of the facts of the operation of the Plan.

9.6 Establishment of Rules. Subject to the limitations of the Plan, the Committee may from time to time establish rules or by-laws for the administration of the Plan and the transaction of its business.

9.7 Conflicts of Interest. No individual member of the Committee shall have any right to vote or decide upon any matter relating solely to himself or to any of his rights or benefits under the Plan (except that such member may sign unanimous written consent to resolutions adopted or other action taken without a meeting), except relating to the terms of his Participant Deferral Agreement.

9.8 Correction of Errors. The Committee may correct errors and, so far as practicable, may adjust any benefit or credit or payment accordingly. The Committee may in its

discretion waive any notice requirements in the Plan; provided, that a waiver of notice in one or more cases shall not be deemed to constitute a waiver of notice in any other case. With respect to any power or authority which the Committee has discretion to exercise under the Plan, such discretion shall be exercised in a nondiscriminatory manner.

9.9 Authority to Interpret Plan. Subject to the claims procedure set forth in Section 16 the Plan Administrator and the Committee shall have the duty and discretionary authority to interpret and construe the provisions of the Plan and to decide any dispute which may arise regarding the rights of Participants hereunder, including the discretionary authority to construe the Plan and to make determinations as to eligibility and benefits under the Plan. Determinations by the Plan Administrator and the Committee shall apply uniformly to all persons similarly situated and shall be binding and conclusive upon all interested persons.

9.10 Third Party Advisors. The Committee may engage an attorney, accountant, actuary or any other technical advisor on matters regarding the operation of the Plan and to perform such other duties as shall be required in connection therewith, and may employ such clerical and related personnel as the Committee shall deem requisite or desirable in carrying out the provisions of the Plan. The Committee shall from time to time, but no less frequently than annually, review the financial condition of the Plan and determine the financial and liquidity needs of the Plan. The Committee shall communicate such needs to the Employer so that its policies may be appropriately coordinated to meet such needs.

9.11 Compensation of Members. No fee or compensation shall be paid to any member of the Committee for his Service as such.

9.12 Expense Reimbursement. The Committee shall be entitled to reimbursement by the Employer for its reasonable expenses properly and actually incurred in the performance of its duties in the administration of the Plan.

9.13 Indemnification. No member of the Committee shall be personally liable by reason of any contract or other instrument executed by him or on his behalf as a member of the Committee nor for any mistake of judgment made in good faith, and the Employer shall indemnify and hold harmless, directly from its own assets (including the proceeds of any insurance policy the premiums for which are paid from the Employer's own assets), each member of the Committee and each other officer, employee, or director of the Employer to whom any duty or power relating to the administration or interpretation of the Plan may be delegated or allocated, against any unreimbursed or uninsured cost or expense (including any sum paid in settlement of a claim with the prior written approval of the Board) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud, bad faith, willful misconduct or gross negligence.

Section 10. Contractual Liability; Trust:

10.1 Contractual Liability. The obligation of the Employer to make payments hereunder shall constitute a contractual liability of the Employer to the Participant. Such payments shall be made from the general funds of the Employer, and the Employer shall not be required to establish or maintain any special or separate fund, or otherwise to segregate assets to assure that such payments shall be made, and the Participant shall not have any interest in any particular assets of the Employer by reason of its obligations hereunder. To the extent that any person acquires a right to receive payment from the Employer, such right shall be no greater than the right of an unsecured creditor of the Employer.

10.2 Trust. If so designated in the Adoption Agreement, the Employer may establish a Trust with the Trustee, pursuant to such terms and conditions as are set forth in the Trust Agreement. The Trust, if and when established, is intended to be treated as a grantor trust for purposes of the Code and all assets of the Trust shall be held in the United States. The

establishment of the Trust is not intended to cause Participants to realize current income on amounts contributed thereto, and the Trust shall be so interpreted and administered.

Section 11. Allocation of Responsibilities:

The persons responsible for the Plan and the duties and responsibilities allocated to each are as follows:

11.1 Board.

(i) To amend the Plan;

(ii) To appoint and remove members of the Committee; and

(iii) To terminate the Plan as permitted in Section 14.

11.2 Committee.

(i) To designate Participants;

(ii) To interpret the provisions of the Plan and to determine the rights of the Participants under the Plan, except to the extent otherwise provided in Section 16 relating to claims procedure;

(iii) To administer the Plan in accordance with its terms, except to the extent powers to administer the Plan are specifically delegated to another person or persons as provided in the Plan;

(iv) To account for the amount credited to the Deferred Compensation Account of a Participant; and

(v) To direct the Employer in the payment of benefits.

11.3 Plan Administrator.

(i) To file such reports as may be required with the United States Department of Labor, the Internal Revenue Service and any other government agency to which reports may be required to be submitted from time to time; and

(ii) To administer the claims procedure to the extent provided in Section 16.

Section 12. Benefits Not Assignable; Facility of Payments:

12.1 Benefits Not Assignable. No portion of any benefit credited or paid under the Plan with respect to any Participant shall be subject in any manner to anticipation,

alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt so to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge the same shall be void, nor shall any portion of such benefit be in any manner payable to any assignee, receiver or any one trustee, or be liable for his debts, contracts, liabilities, engagements or torts. Notwithstanding the foregoing, in the event that all or any portion of the benefit of a Participant is transferred to the former spouse of the Participant incident to a divorce, the Committee shall maintain such amount for the benefit of the former spouse until distributed in the manner required by an order of any court having jurisdiction over the divorce, and the former spouse shall be entitled to the same rights as the Participant with respect to such benefit.

12.2 Plan-Approved Domestic Relations Orders. The Plan Administrator shall establish written procedures for determining whether an order directed to the Plan is a Plan-Approved Domestic Relations Order.

12.2.1 Review by Plan Administrator: The Plan Administrator shall make a determination on each final court order directed to the Plan as to whether the order is a Plan-Approved Domestic Relations Order. The Plan Administrator may delay the commencement of its consideration of any order until the later of the date that is 30 days after the date of the order or the date that the Plan Administrator is satisfied that all rehearing and appeal rights with respect to the order have expired.

12.2.2 Payment to Alternate Payee: If the Plan Administrator determines that an order is a Plan-approved Domestic Relations Order, the Plan Administrator shall cause the payment of amounts pursuant to or segregate a separate account as provided by (and to prevent any payment or act which might be inconsistent with) the Plan-Approved Domestic Relations Order.

12.2.3 Expenses: The Employer and the Plan Administrator shall not be obligated to incur any cost to defend against or set aside any judgment, decree, or order relating to the division, attachment, garnishment, or execution of or levy upon the Participant’s account or any distribution, including (but not limited to) any domestic relations proceeding. Notwithstanding the foregoing, if any such person is joined in any proceeding, the party may take such action as it considers necessary or appropriate to protect any and all of its legal rights, and the Participant (or Beneficiary) shall reimburse all actual fees of lawyers and legal assistants and expenses reasonably incurred by such party.

12.3 Payments to Minors and Others. If any individual entitled to receive a payment under the Plan shall be physically, mentally or legally incapable of receiving or acknowledging receipt of such payment, the Committee, upon the receipt of satisfactory evidence of his incapacity and satisfactory evidence that another person or institution is maintaining him and that no guardian or committee has been appointed for him, may cause any payment otherwise payable to him to be made to such person or institution so maintaining him. Payment to such person or institution shall be in full satisfaction of all claims by or through the Participant to the extent of the amount thereof.

Section 13. Beneficiary:

The Participant's beneficiary shall be the person or persons designated by the Participant on the beneficiary designation form provided by and filed with the Committee or its designee. If the Participant does not designate a beneficiary, the beneficiary shall be his Surviving Spouse. If the Participant does not designate a beneficiary and has no Surviving Spouse, the beneficiary shall be the Participant's estate. The designation of a beneficiary may be changed or revoked only by filing a new beneficiary designation form with the Committee or its designee. If a beneficiary (the "primary beneficiary") is receiving or is entitled to receive payments under the Plan and dies before receiving all of the payments due him, the balance to which he is entitled shall be paid to the contingent beneficiary, if any, named in the Participant's current beneficiary designation form. If there is no contingent beneficiary, the balance shall be paid to the estate of the primary beneficiary. Any beneficiary may disclaim all or any part of any benefit to which such beneficiary shall be entitled hereunder by filing a written disclaimer with the Committee before payment of such benefit is to be made. Such a disclaimer shall be made in a form satisfactory to the Committee and shall be irrevocable when filed. Any benefit disclaimed shall be payable from the Plan in the same manner as if the beneficiary who filed the disclaimer had predeceased the Participant.

<u>Section 14.</u> <u>Amendment and Termination of Plan:</u>

The Employer may amend any provision of the Plan or terminate the Plan at any time; provided, that in no event shall such amendment or termination reduce the balance in any Participant's Deferred Compensation Account as of the date of such amendment or termination, nor shall any such amendment affect the terms of the Plan relating to the payment of such Deferred Compensation Account. Notwithstanding the foregoing, the following special provisions shall apply:

14.1 Termination in the Discretion of the Employer. Except as otherwise provided in Sections 14.2 or 14.3, the Employer in its discretion may terminate the Plan and distribute benefits to Participants subject to the following requirements:

14.1.1 All arrangements sponsored by the Employer that would be aggregated with the Plan under Section 1.409A-1(c) of the Treasury Regulations are terminated.

14.1.2 No payments other than payments that would be payable under the terms of the Plan if the termination had not occurred are made within 12 months of the termination date.

14.1.3 All benefits under the Plan are paid within 24 months of the termination date.

14.1.4 The Employer does not adopt a new arrangement that would be aggregated with the Plan under Section 1.409A-1(c) of the Treasury Regulations providing for the deferral of compensation at any time within five years following the date of termination of the Plan.

14.2 Termination Upon Change in Control. If the Employer terminates the Plan within thirty days preceding or twelve months following a Change in Control, the Deferred Compensation Account of each Participant shall become fully vested and payable to the Participant in a lump sum within twelve months following the date of termination.

14.3 Termination On or Before December 31, 2005. The Employer may terminate the Plan on or before December 31, 2005, and distribute the vested balance in the Deferred Compensation Account to each Participant so long as all amounts deferred under the

Plan are included in the income of the Participant in the taxable year in which the termination occurs.

14.4 No Financial Triggers. The Employer may not terminate the Plan and make distributions to a Participant due solely to a change in the financial health of the Employer. This provision shall apply to amounts earned and vested before, on or after December 31, 2004.

Section 15. Communication to Participants:

The Employer shall make a copy of the Plan available for inspection by Participants and their beneficiaries during reasonable hours at the principal office of the Employer.

Section 16. Claims Procedure:

The following claims procedure shall apply with respect to the Plan:

16.1 Filing of a Claim for Benefits. If a Participant or beneficiary (the "claimant") believes that he is entitled to benefits under the Plan which are not being paid to him or which are not being accrued for his benefit, he shall file a written claim therefore with the Plan Administrator. In the event the Plan Administrator shall be the claimant, all actions which are required to be taken by the Plan Administrator pursuant to this Section 16 shall be taken instead by another member of the Committee designated by the Committee.

16.2 Notification to Claimant of Decision. Within 90 days after receipt of a claim by the Plan Administrator (or within 180 days if special circumstances require an extension of time), the Plan Administrator shall notify the claimant of the decision with regard to the claim. In the event of such special circumstances requiring an extension of time, there shall be furnished to the claimant prior to expiration of the initial 90-day period written notice of the extension, which notice shall set forth the special circumstances and the date by which the decision shall be furnished. If such claim shall be wholly or partially denied, notice thereof shall be in writing and worded in a manner calculated to be understood by the claimant, and shall set

forth: (i) the specific reason or reasons for the denial; (ii) specific reference to pertinent provisions of the Plan on which the denial is based; (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and (iv) an explanation of the procedure for review of the denial and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under ERISA following an adverse benefit determination on review. Notwithstanding the forgoing, if the claim relates to a Participant who is Disabled, the Plan Administrator shall notify the claimant of the decision within 45 days (which may be extended for an additional 30 days if required by special circumstances).

16.3 Procedure for Review. Within 60 days following receipt by the claimant of notice denying his claim, in whole or in part, or, if such notice shall not be given, within 60 days following the latest date on which such notice could have been timely given, the claimant shall appeal denial of the claim by filing a written application for review with the Committee. Following such request for review, the Committee shall fully and fairly review the decision denying the claim. Prior to the decision of the Committee, the claimant shall be given an opportunity to review pertinent documents and to submit issues and comments in writing.

16.4 Decision on Review. The decision on review of a claim denied in whole or in part by the Plan Administrator shall be made in the following manner:

16.4.1 Within 60 days following receipt by the Committee of the request for review (or within 120 days if special circumstances require an extension of time), the Committee shall notify the claimant in writing of its decision with regard to the claim. In the event of such special circumstances requiring an extension of time, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension. Notwithstanding the forgoing, if the claim relates to a Participant who is Disabled, the Committee shall notify the claimant of the decision within 45 days (which may be extended for an additional 45 days if required by special circumstances).

16.4.2 With respect to a claim that is denied in whole or in part, the decision on review shall set forth specific reasons for the decision, shall be written

in a manner calculated to be understood by the claimant, and shall cite specific references to the pertinent Plan provisions on which the decision is based.

16.4.3 The decision of the Committee shall be final and conclusive.

16.5 Action by Authorized Representative of Claimant. All actions set forth in this Section 16 to be taken by the claimant may likewise be taken by a representative of the claimant duly authorized by him to act in his behalf on such matters. The Plan Administrator and the Committee may require such evidence as either may reasonably deem necessary or advisable of the authority to act of any such representative.

Section 17. Miscellaneous Provisions:

17.1 Set off. Notwithstanding any other provision of this Plan, the Employer may reduce the amount of any payment otherwise payable to or on behalf of a Participant hereunder (net of any required withholdings) by the amount of any loan, cash advance, extension of credit or other obligation of the Participant to the Employer that is then due and payable, and the Participant shall be deemed to have consented to such reduction.

17.2 Notices. Each Participant who is not in Service and each Beneficiary shall be responsible for furnishing the Committee or its designee with his current address for the mailing of notices and benefit payments. Any notice required or permitted to be given to such Participant or Beneficiary shall be deemed given if directed to such address and mailed by regular United States mail, first class, postage prepaid. If any check mailed to such address is returned as undeliverable to the addressee, mailing of checks will be suspended until the Participant or beneficiary furnishes the proper address. This provision shall not be construed as requiring the mailing of any notice or notification otherwise permitted to be given by posting or by other publication.

17.3 Lost Distributees. A benefit shall be deemed forfeited if the Plan Administrator is unable to locate the Participant or Beneficiary to whom payment is due on or

before the fifth anniversary of the date payment is to be made or commence; provided, that the deemed investment rate of return pursuant to Section 8.2 shall cease to be applied to the Participant's account following the first anniversary of such date; provided further, however, that such benefit shall be reinstated if a valid claim is made by or on behalf of the Participant or Beneficiary for all or part of the forfeited benefit.

17.4 Reliance on Data. The Employer, the Committee and the Plan Administrator shall have the right to rely on any data provided by the Participant or by any Beneficiary. Representations of such data shall be binding upon any party seeking to claim a benefit through a Participant, and the Employer, the Committee and the Plan Administrator shall have no obligation to inquire into the accuracy of any representation made at any time by a Participant or beneficiary.

17.5 Receipt and Release for Payments. Subject to the provisions of Section 17.1, any payment made from the Plan to or with respect to any Participant or Beneficiary, or pursuant to a disclaimer by a Beneficiary, shall, to the extent thereof, be in full satisfaction of all claims hereunder against the Plan and the Employer with respect to the Plan. The recipient of any payment from the Plan may be required by the Committee, as a condition precedent to such payment, to execute a receipt and release with respect thereto in such form as shall be acceptable to the Committee.

17.6 Headings. The headings and subheadings of the Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

17.7 Continuation of Employment. The establishment of the Plan shall not be construed as conferring any legal or other rights upon any Employee or any persons for continuation of employment, nor shall it interfere with the right of the Employer to discharge any Employee or to deal with him without regard to the effect thereof under the Plan.

17.8 Merger or Consolidation; Assumption of Plan. No Employer shall consolidate or merge into or with another corporation or entity, or transfer all or substantially all of its assets to another corporation, partnership, trust or other entity (a "Successor Entity") unless such Successor Entity shall assume the rights, obligations and liabilities of the Employer under the Plan and upon such assumption, the Successor Entity shall become obligated to perform the terms and conditions of the Plan. Nothing herein shall prohibit the assumption of the obligations and liabilities of the Employer under the Plan by any Successor Entity.

17.9 Construction. The Employer shall designate in the Adoption Agreement the state according to whose laws the provisions of the Plan shall be construed and enforced, except to the extent that such laws are superseded by ERISA and the applicable requirements of the Code.

ADOPTION AGREEMENT

THIS AGREEMENT is the adoption by **CVB Financial Corp.** (the "Employer") of the Executive Nonqualified Excess Plan ("Plan").

WITNESSETH:

WHEREAS, the Employer desires to adopt the Plan as an unfunded, nonqualified deferred compensation plan; and

WHEREAS, the provisions of the Plan are intended to comply with the requirements of Section 409A of the Code and the regulations thereunder, and shall apply to amounts deferred after January 1, 2005, and to amounts deferred under the terms of any predecessor plan which are not earned and vested before January 1, 2005; and

WHEREAS, the Employer has been advised by Principal Life Insurance Company to obtain legal and tax advice from its professional advisors before adopting the Plan, and Principal Life Insurance Company disclaims all liability for the legal and tax consequences which result from the elections made by the Employer in this Adoption Agreement;

NOW, THEREFORE, the Employer hereby adopts the Plan in accordance with the terms and conditions set forth in this Adoption Agreement:

ARTICLE I

Terms used in this Adoption Agreement shall have the same meaning as in the Plan, unless some other meaning is expressly herein set forth. The Employer hereby represents and warrants that the Plan has been adopted by the Employer upon proper authorization and the Employer hereby elects to adopt the Plan for the benefit of its Participants as referred to in the Plan. By the execution of this Adoption Agreement, the Employer hereby agrees to be bound by the terms of the Plan.

ARTICLE II

The Employer hereby makes the following designations or elections for the purpose of the Plan:

2.6 Committee: The duties of the Committee set forth in the Plan shall be satisfied by:

___	(a)	The administrative committee of at least three individuals appointed by the Board to serve at the pleasure of the Board.
___	(b)	Employer.
XX	(c)	Other (specify): Compensation Committee of Board of Directors

2.7 Compensation: The "Compensation" of a Participant shall mean all of a Participant's:

XX	(a)	Base salary.
XX	(b)	Service Bonus.
XX	(c)	Performance-Based Compensation earned in a period of 12 months or more.
XX	(d)	Commissions.
XX	(e)	Compensation received as an Independent Contractor reportable on Form 1099.
___	(f)	Employer Contributions Only.

2.8 Crediting Date: The Deferred Compensation Account of a Participant shall be credited with the amount of any Participant Deferral to such account at the time designated below:

___	(a)	The last business day of each Plan Year.
___	(b)	The last business day of each calendar quarter during the Plan Year.
___	(c)	The last business day of each month during the Plan Year.
___	(d)	The last business day of each payroll period during the Plan Year.
___	(e)	Each pay day as reported by the Employer.
XX	(f)	Any business day on which the Participant Deferral is received by the Provider.
___	(g)	Other: ______________________________.

2.12 Effective Date:

<u>**XX**</u> (a) This is a newly-established Plan, and the Effective Date of the Plan is <u>**February 21, 2007**</u>.

__ (b) This is an amendment and restatement of a plan named

____ with an effective date of _________.

The Effective Date of this amended and restated Plan is _________.

This is amendment number __.

2.18 Normal Retirement Age: The Normal Retirement Age of a Participant shall be:

<u>XX</u> (a) Age <u>**62**</u>.

__ (b) The later of age__ or the___ anniversary of the participation commencement date. The participation commencement date is the first day of the first Plan Year in which the Participant commenced participation in the Plan.

__ (c) Other: ____.

2.22 Participating Employer(s): As of the Effective Date, the following Participating Employer(s) are parties to the Plan:

<u>**Section 18. Name of Employer**</u>	<u>**Section 20. Address**</u>	<u>**Section 22. No.**</u>
CVB Financial Corp.	701 North Haven Ave.	(909) 481-2128
	Ontario, CA 91764	
Citizens Business Bank	701 North Haven Ave.	(909) 481-2128
	Ontario, CA 91764	

2.24 Plan: The name of the Plan as applied to the Employer is

Deferred Compensation Plan for Directors & Certain Specified Officers

2.25 Plan Administrator: The Plan Administrator shall be:

__ (a) Committee.

__ (b) Employer.

XX (c) Other: Compensation Committee of Board of Directors

2.27 Plan Year: The Plan Year shall end each year on the last day of the month of December.

2.35 Trust:

__ (a) The Employer **does desire** to establish a "rabbi" trust for the purpose of setting aside assets of the Employer contributed thereto for the payment of benefits under the Plan.

__ (b) The Employer **does not desire** to establish a "rabbi" trust for the purpose of setting aside assets of the Employer contributed thereto for the payment of benefits under the Plan.

XX (c) The Employer desires to establish a "rabbi" trust for the purpose of setting aside assets of the Employer contributed thereto for the payment of benefits under the Plan **upon the occurrence of a Change in Control.**

4.1 Participant Deferral Credits: Subject to the limitations in Section 4.1 of the Plan, a Participant may elect to have his Compensation (as selected in Section 2.7 of this Adoption Agreement) deferred within the annual limits below by the following percentage or amount as designated in writing to the Committee:

XX (a) Base salary:

maximum deferral: $__________ or __**75**__%
minimum deferral: $__________ or __________ %

XX (b) Service Bonus:

maximum deferral: $__________ or __**100**__ %
minimum deferral: $ __________ or __________ %

XX (c) Performance-Based Compensation:

maximum deferral: $ __________ or __**100**__%
minimum deferral: $ __________ or __________%

XX (d) Commissions:

maximum deferral: $ __________ or __**100**__%
minimum deferral: $ __________ or __________ %

XX (e) Compensation received as an Independent Contractor reportable on Form 1099.

maximum deferral: $__________or __**100**__%
minimum deferral: $__________or__________ %

___ (e) Participant deferrals not allowed.

*** Plan minimum $2,000 Aggregate Deferrals.**

4.2 Employer Credits: The Employer will make Employer Credits in the following manner:

___ (a) **Employer Discretionary Credits:** The Employer may make discretionary credits to the Deferred Compensation Account of each Participant in an amount determined as follows:

___ ___ (i) An amount determined each Plan Year by the Employer.

___ ___ (ii) Other: ____.

___ (b) **Employer Profit Sharing Credits:** The Employer may make profit sharing credits to the Deferred Compensation Account of each Participant in an amount determined as follows:

___ ___ (i) An amount determined each Plan Year by the Employer.

___ ___ (ii) Other: ____.

___ (c) **Other:** ____.

XX (d) Employer Credits not allowed.

5.3 Death of a Participant: If the Participant dies while in Service, the Employer shall pay a benefit to the Beneficiary in an amount equal to the vested balance in the Deferred Compensation Account of the Participant determined as of the date payments to the Beneficiary commence, plus:

___ (a) An amount to be determined by the Committee.

__ (b) Other: ____.

XX (c) No additional benefits.

5.4 In-Service Distributions: In-service accounts are permitted under the Plan:

__ (a) Yes, with respect to:

__ Participant Deferral Credits only.
__ Employer Credits only.
__ Participant Deferral and Employer Credits.

In-service distributions may be made in the following manner:
__ Single lump sum payment.
__ Annual installment payments over no more than ___ years.

If applicable, amounts not vested at the specified time of distribution will be:

__ Forfeited
__ Distributed annually when vested

XX (b) No in-service distributions permitted.

5.5 Education Distributions: Education accounts are permitted under the Plan:

__ (a) Yes, with respect to:

__ Participant Deferral Credits only.
__ Employer Credits only.
__ Participant Deferral and Employer Credits.

Education distributions may be made in the following manner:
__ Single lump sum payment.
__ Annual installment payments over no more than ___ years.

If applicable, amounts not vested at the specified time of distribution will be:
__ Forfeited
__ Distributed annually when vested

XX (b) No education distributions permitted.

5.6 Change in Control: Participant may elect to receive distributions under the Plan upon a Change in Control:

XX (a) Yes, Participants may elect upon initial enrollment to have accounts distributed upon a Change in Control.

___ (b) Participants may not elect to have accounts distributed upon a Change in Control.

6.1 Payment Options: Any benefit payable under the Plan upon a Qualifying Distribution Event may be made to the Participant or his Beneficiary (as applicable) in any of the following payment forms, as selected by the Participant in the Participant Deferral Agreement:

1. Separation from Service other than Retirement (Retirement is defined by the Employer)

XX (a) A lump sum in cash as soon as practicable following the date of the Qualifying Distribution Event.

__ (b) Approximately equal annual installments over a term certain as elected by the Participant upon his entry into the Plan not to exceed ____ years.

__ (c) Other: ____.

2. Separation from Service due to Retirement

__ (a) A lump sum in cash as soon as practicable following the date of the Qualifying Distribution Event.

XX (b) Approximately equal annual installments over a term certain as elected by the Participant upon his entry into the Plan not to exceed **15** years.

__ (c) Other: ____.

3. Death

XX (a) A lump sum in cash upon the date of the Qualifying Distribution Event.

XX (b) Approximately equal annual installments over a term certain as elected by the Participant upon his entry into the Plan not to exceed **15** years. This election will only apply if the participant has attained age 55 upon this distribution event.

__ (c) Other: ____.

4. Disability

XX (a) A lump sum in cash upon the date of the Qualifying Distribution Event.

XX (b) Approximately equal annual installments over a term certain as elected by the Participant upon his entry into the Plan not to exceed **15** years. This election will only apply if the participant has attained age 55 upon this distribution event.

___ (c) Other: ____.

5. Change in Control

XX (a) A lump sum in cash upon the date of the Qualifying Distribution Event.

XX (b) Approximately equal annual installments over a term certain as elected by the Participant upon his entry into the Plan not to exceed **15** years.

___ (c) Other: ____.

___ (d) Not applicable (if not permitted in 5.6)

6.2 De Minimis Amounts. Notwithstanding any payment election made by the Participant, the vested balance in the Deferred Compensation Account of the Participant will be distributed in a single lump sum payment if the payment accompanies the termination of the Participant's entire interest in the Plan and the amount of such payment does not exceed **$10,000**.

7. Vetting: An Active Participant shall be fully vested in the Employer Credits made to the Deferred Compensation Account upon the first to occur of the following events:

___ (a) Normal Retirement Age.
___ (b) Death.

___ (c) Disability.

___ (d) Change in Control
___ (e) Other: ______________________________.
___ (f) Satisfaction of the vesting requirement specified below:

___ **Employer Discretionary Credits:**

___ (i) Immediate 100% vesting.

___ (ii) 100% vesting after___ Years of Service.

___ (iii) 100% vesting at age ___.

___ (iv)

Number of Years of Service	Vested Percentage
Less than 1	_____%
1	_____%
2	_____%
3	_____%
4	_____%
5	_____%
6	_____%
7	_____%
8	_____%
9	_____%
10 or more	

For this purpose, Years of Service of a Participant shall be calculated from the date designated below:

___ (1) First Day of Service.

___ (2) Effective Date of the Plan Participation.

___ (3) Each Crediting Date. Under this option (3), each Employer Credit shall vest based on the Years of Service of a Participant from the Crediting Date on which each Employer Discretionary Credit is made to his or her Deferred Compensation Account.

Notwithstanding the vesting schedule elected above, all Employer Discretionary Credits to the Deferred Compensation Account shall be 100% vested upon the following event(s): ______________________________.

___ **Employer Profit Sharing Credits:**

___ (i) Immediate 100% vesting.

___ (ii) 100% vesting after __________ Years of Service.

___ (iii) 100% vesting at age ____.

.

___ (iv)

Number of Years of Service	Vested Percentage
Less than 1	____%
1	____%
2	____%
3	____%
4	____%
5	____%
6	____%
7	____%
8	____%
9	____%
10 or more	

For this purpose, Years of Service of a Participant shall be calculated from the date designated below:

___ (1) First Day of Service.

___ (2) Effective Date of the Plan Participation.

___ (3) Each Crediting Date. Under this option (3), each Employer Credit shall vest based on the Years of Service of a Participant from the Crediting Date on which each Employer Profit Sharing Credit is made to his or her Deferred Compensation Account. Notwithstanding the vesting schedule elected above, all Employer Profit Sharing Credits to the Deferred Compensation Account shall be 100% vested upon the following event(s): __________.

___ **Other Employer Credits:**

___ (i) Immediate 100% vesting.

___ (ii) 100% vesting after__________ Years of Service.

___ (iii) 100% vesting at age ___.

___ (iv)

Number of Years of Service	Vested Percentage
Less than 1	_____%
1	_____%
2	_____%
3	_____%
4	_____%
5	_____%
6	_____%
7	_____%
8	_____%
9	_____%
10 or more	

For this purpose, Years of Service of a Participant shall be calculated from the date designated below:

___ (1) First Day of Service.

___ (2) Effective Date of the Plan Participation.

___ (3) Each Crediting Date. Under this option (3), each Employer Credit shall vest based on the Years of Service of a Participant from the Crediting Date on which each Employer Credit is made to his or her Deferred Compensation Account. Notwithstanding the vesting schedule elected above, all other Employer Credits to the Deferred Compensation Account shall be 100% vested upon the following event(s): ________________________________ ____________________________.

14. Amendment and Termination of Plan: Notwithstanding any provision in this Adoption Agreement or the Plan to the contrary, Section ___ of the Plan shall be amended to read as provided in attached Exhibit ___ .

XX There are no amendments to the Plan.

17.9 Construction: The provisions of the Plan and Trust (if any) shall be construed and enforced according to the laws of the State of **California**, except to the extent that such laws are superseded by ERISA and the applicable provisions of the Code.

IN WITNESS WHEREOF, this Agreement has been executed as of the day and year stated below.

CVB Financial Corp.

Name of Employer

By: ______________________________

Authorized Person

Date: ______________________________

By: ______________________________

Authorized Person

Date: ______________________________

NOTE: Execution of this Adoption Agreement creates a legal liability of the Employer with significant tax consequences to the Employer and Participants. The Employer should obtain legal and tax advice from its professional advisors before adopting the Plan. Principal Life Insurance Company disclaims all liability for the legal and tax consequences which result from the elections made by the Employer in this Adoption Agreement.

EXHIBIT 21

SUBSIDIARIES OF CVB FINANCIAL CORP.

Citizens Business Bank, a California corporation

Chino Valley Bancorp., a California corporation

CVB Ventures, Inc., a California corporation

Orange National Bancorp, formerly ONB Mortgage Corporation, a California corporation

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-136059, 333-88519, 33-41318 and 33-50442 of CVB Financial Corp. on Form S-8 of our report, dated February 28, 2007, relating to our audit of the consolidated financial statements and internal control over financial reporting, which appear in this Annual Report on Form 10-K of CVB Financial Corp. for the year ended December 31, 2006.

/s/ McGLADREY & PULLEN, LLP

Pasadena, California
February 28, 2007

Exhibit 31.1

CERTIFICATION

I, Christopher D. Myers, certify that:

1. I have reviewed this annual report on Form 10-K of CVB Financial Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2007

/s/ Christopher D. Myers
Christopher D. Myers
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Edward J. Biebrich, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of CVB Financial Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2007

/s/ Edward J. Biebrich. Jr.

Edward J. Biebrich Jr.
Chief Financial Officer

Exhibit 32.1

CERTIFICATION

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2003

In connection with the Annual Report of CVB Financial Corp. (the "Company") on Form 10-K for the fiscal year ended December 31, 2006, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, D. Linn Wiley, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2003, to the best of my knowledge that:

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

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

Date: February 28, 2007

/s/ Christopher D. Myers
Christopher D. Myers
Chief Executive Officer

Exhibit 32.2

CERTIFICATION

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2003

In connection with the Annual Report of CVB Financial Corp. (the “Company”) on Form 10-K for the fiscal year ended December 31, 2006, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Edward J. Biebrich, Jr., Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2003, to the best of my knowledge that:

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

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

Date: February 28, 2007

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

EXHIBIT 99.1

AGREEMENT AND PLAN OF MERGER AND REORGANIZATION

BY AND BETWEEN

CVB FINANCIAL CORP.

AND

FIRST COASTAL BANCSHARES

FEBRUARY 8, 2007

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AGREEMENT AND PLAN OF MERGER AND REORGANIZATION

AGREEMENT AND PLAN OF MERGER AND REORGANIZATION, dated as of February 8, 2007 (this "Agreement"), by and between CVB Financial Corp., a California corporation ("CVBF"), and First Coastal Bancshares, a California corporation ("FCBS").

WHEREAS, FCBS operates as a one-bank holding company for its wholly-owned Subsidiary, First Coastal Bank, a national banking association ("FCBS Bank");

WHEREAS, CVBF operates as a one-bank holding company for its wholly-owned Subsidiary, Citizens Business Bank, a California banking corporation ("CVBF Bank");

WHEREAS, the respective Boards of Directors of CVBF and FCBS deem it advisable and in the best interests of their respective corporations and shareholders to effect the acquisition of FCBS and FCBS Bank by CVBF and CVBF Bank, subject to the terms and conditions herein, by means of a merger (the "Holding Company Merger") of FCBS with and into CVBF in accordance with the Agreement of Merger, in the form of Exhibit A hereto (the "Agreement of Merger") and in accordance with the applicable provisions of the California General Corporation Law (the "CGCL");

WHEREAS, the Holding Company Merger is intended to qualify as a tax-free reorganization within the meaning of the provisions of Section 368 of the Internal Revenue Code of 1986, as amended (the "Code"), with respect to the exchange of FCBS Stock for shares of CVBF common stock and cash to be issued in connection with the Holding Company Merger;

WHEREAS, as an inducement for each party to enter into this Agreement, each of the FCBS directors listed on Schedule 1 hereto and the FCBS Shareholder listed on Schedule 2 hereto (collectively, the "FCBS Affiliated Shareholders"), who have the power to vote the number of the issued and outstanding shares of voting stock of FCBS set forth opposite their names on Schedule 1 and Schedule 2, respectively, have executed and delivered to CVBF, voting agreements in the form of Exhibit B-1 and Exhibit B-2 respectively (each a "Voting Agreement" and collectively, the "Voting Agreements"), providing that, among other things, FCBS Affiliated Shareholders will, subject to the terms and conditions therein, vote their FCBS Shares, in favor of the Holding Company Merger;

WHEREAS, as an inducement for CVBF to enter into this Agreement, each of the directors of FCBS identified on Schedule 3, has executed and delivered to CVBF an agreement in the form of Exhibit C-1 (each, a "Noncompetition/Nonsolicitation Agreement" and collectively, the "Noncompetition/Nonsolicitation Agreements") hereto providing, that, among other things, such Person will, following the Holding Company Merger, subject to the terms and conditions therein, refrain from competing with the Surviving Corporation and the Surviving Bank or soliciting customers or prospective customers from the Surviving Bank, as the case may be; and

WHEREAS, as an inducement for CVBF to enter into this Agreement, the director of FCBS identified on Schedule 4, has executed and delivered to CVBF an agreement in the form of Exhibit C-2 hereto (a "Nonsolicitation Agreement") providing, that, among other things, such Person will, following the Holding Company Merger, subject to the terms and conditions therein, refrain from soliciting customers or prospective customers from the Surviving Bank.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth in this Agreement and intending to be legally bound hereby, the parties hereto hereby agree as follows:

ARTICLE I
The Merger

Section 1.1. The Holding Company Merger. Upon the terms and subject to satisfaction or waiver of the conditions set forth in this Agreement, and in accordance with the CGCL, at the Effective Time, FCBS shall be merged with and into CVBF. As a result of the Holding Company Merger, the separate corporate existence of FCBS shall cease and CVBF shall continue as the surviving corporation of the Holding Company Merger (sometimes referred to as the "Surviving Corporation") pursuant to the laws of the State of California.

Section 1.2. Closing. The consummation of the Holding Company Merger (the "Closing") shall take place as soon as reasonably practicable but in no event later than the tenth (10th) Business Day immediately after: (i) the satisfaction or waiver of the conditions set forth in Articles VIII, IX and X, respectively (excluding conditions that, by their nature, cannot be satisfied until, but will be satisfied or waived as of, the Closing Date) and (ii) the expiration of the time period for determining which FCBS Shares are eligible to be Perfected Dissenting Shares as provided in Section 1302 of the CGCL, unless this Agreement has been theretofore terminated pursuant to its terms or unless another time or date is agreed to in writing by the parties hereto (the actual date of the Closing being referred to herein as the "Closing Date"). The Closing shall be held at the offices of Manatt, Phelps & Phillips, LLP, 11355 W. Olympic Blvd., Los Angeles, CA 90064, unless another place is agreed to in writing by the parties hereto. On the Closing Date, the parties hereto shall cause the Holding Company Merger to be consummated by filing a copy of the Agreement of Merger with the Secretary of State of California, duly executed, together with the officers' certificates prescribed by Section 1103 of the CGCL. The Holding Company Merger shall become effective on the Closing Date when the Agreement of Merger and officers' certificates have been duly filed with the Secretary of State of California (the date and time of such filing, or if another date and time is specified in such filing, such specified date and time, being the "Effective Time").

Section 1.3. Effect of the Holding Company Merger. At the Effective Time, the effect of the Holding Company Merger shall be as provided in the provisions of the CGCL. Without limiting the generality of the foregoing, at the Effective Time, except as otherwise provided herein, all the property, rights, privileges, powers and franchises of FCBS and CVBF shall vest in the Surviving Corporation, and all debts, liabilities and duties of FCBS and CVBF shall become the debts, liabilities and duties of the Surviving Corporation.

Section 1.4. Articles of Incorporation; Bylaws. At the Effective Time, the Articles of Incorporation and Bylaws of the Surviving Corporation shall be the Articles of Incorporation and Bylaws of CVBF as they exist immediately before the Effective Time, and in each case until thereafter changed or amended as provided therein or pursuant to applicable Law.

Section 1.5. Directors and Officers of Surviving Corporation. At the Effective Time, the officers and directors of the Surviving Corporation shall be the officers and directors of CVBF.

Section 1.6. The Bank Merger. CVBF and FCBS anticipate that, immediately after the Effective Time, FCBS Bank will merge with and into CVBF Bank (the "Bank Merger") with CVBF Bank surviving (the "Surviving Bank"). The Bank Merger shall occur at such time after the Effective

Time of the Holding Company Merger, and pursuant to the Agreement of Bank Merger in the form of Exhibit D hereto (the "Agreement of Bank Merger") or such other agreement as CVBF shall determine, in CVBF's sole discretion.

Section 1.7. Reservation of Right to Revise Transaction. Subject to FCBS' prior written consent (which consent shall not be unreasonably withheld), CVBF may change the method of effecting the Holding Company Merger and the Bank Merger to the extent permitted by applicable Law; provided, however, that no such change shall (a) adversely alter or change the amount or form of the Merger Consideration to be paid to the FCBS Shareholders, (b) materially impede or delay the consummation of the Holding Company Merger or (c) adversely affect the tax treatment of the FCBS Shareholders as a result of receiving the Merger Consideration.

Section 1.8. Additional Actions. If, at any time after the Effective Time, CVBF shall consider or be advised that any further deeds, assignments or assurances or any other acts are necessary or desirable to (a) vest, perfect or confirm, of record, or otherwise, in CVBF its right, title, or interest in, to or under any of the rights, properties or assets of FCBS or (b) otherwise carry out the purposes of this Agreement, FCBS hereby grants to CVBF an irrevocable power of attorney, to the extent permitted by law, effective following the Effective Time, to execute and deliver all such deeds, assignments or assurances and to do all acts necessary or desirable to vest, perfect or confirm title and possession to such rights, properties or assets in CVBF and otherwise carry out the purposes of this Agreement. The officers and directors of CVBF are authorized in the name of FCBS to take any and all such actions following the Effective Time.

ARTICLE II
Terms of Merger

Section 2.1. Common Stock of FCBS. Subject to Sections 2.2 and 2.4, each share of FCBS Stock issued and outstanding immediately prior to the Effective Time shall, without any further action on the part of FCBS or the holders of such shares, be treated on the basis set forth herein.

Section 2.1.1 Conversion of FCBS Stock. At the Effective Time, pursuant to the Agreement of Merger, each outstanding share of FCBS Stock, excluding any Perfected Dissenting Shares or shares of FCBS Stock held by CVBF or CVBF Bank (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 FCBS or the holders of any such shares, be automatically cancelled and cease to be an issued and outstanding share of FCBS Stock and be converted, at the election of the holder, into:

(a) a number of shares of CVBF Common Stock equal to the Per Share Stock Consideration (such quotient, the "Exchange Ratio"); or

(b) cash in the amount of the Per Share Cash Consideration.

Section 2.1.2 Transfer Books. At the Effective Time, the stock transfer books of FCBS shall be closed as to holders of FCBS Stock immediately prior to the Effective Time and no transfer of FCBS Stock by any such holder shall thereafter be made or recognized. If, after the Effective Time, certificates are properly presented in accordance with Section 2.5 of this Agreement to the Exchange Agent, such certificates shall be canceled and exchanged for certificates representing the number of whole shares of CVBF Common Stock, if any, and/or a check representing the amount of cash, if any, into which the FCBS Stock represented thereby was converted in the Holding Company Merger, plus any payment for a fractional share of CVBF Common Stock.

Section 2.2. Election and Proration Procedures.

Section 2.2.1 Election Forms and Types of Elections. An election form and other appropriate and customary transmittal materials (which shall specify that delivery shall be effected, and risk of loss and title to the certificates theretofore representing shares of FCBS Stock shall pass, only upon proper delivery of such certificates to the Exchange Agent in such form as CVBF and FCBS shall mutually agree ("Election Form")) shall be mailed concurrently with or within five (5) Business Days of, the mailing of the Proxy Statement by FCBS, or on such other date as FCBS and CVBF shall mutually agree ("Mailing Date") to each holder of record of FCBS Stock as of the date for determining shareholders entitled to vote at the FCBS shareholder meeting or on such other date as CVBF and FCBS shall mutually agree ("Election Form Record Date"). CVBF shall make available one or more Election Forms as may be reasonably requested by all Persons who become holders (or Beneficial Owners) of FCBS Stock after the Election Form Record Date and prior to the Election Deadline (as defined herein), and FCBS shall provide to the Exchange Agent all information reasonably necessary for it to perform its obligations as specified herein. Each Election Form shall permit the holder (or the Beneficial Owner through appropriate and customary documentation and instructions) to elect (an "Election") either (i) to receive CVBF Common Stock (a "Stock Election") with respect to all of such holder's FCBS Stock, or (ii) to receive cash (a "Cash Election") with respect to all of such holder's FCBS Stock, or (iii) to receive CVBF Common Stock with respect to a specified number of shares of FCBS Stock (a "Combination Stock Election") and to receive cash with respect to a specified number of shares of FCBS Stock (a "Combination Cash Election"). Any FCBS Stock (other than Perfected Dissenting Shares) with respect to which the holder (or the Beneficial Owner, as the case may be) shall not have submitted to the Exchange Agent, an effective, properly completed Election Form received prior to the Election Deadline shall be deemed to be "Undesignated Shares" hereunder.

Section 2.2.2 Proper and Timely Election. Any Election shall have been properly made and effective only if the Exchange Agent shall have actually received a properly completed Election Form by 5:00 p.m. on the business day prior to the date of the FCBS Shareholder Meeting or such other time and date as CVBF and FCBS may mutually agree (the "Election Deadline"). An Election Form shall be deemed properly completed only if an Election is indicated for each share of FCBS Stock covered by such Election Form and if accompanied by one or more certificates (or customary affidavits and indemnification regarding the loss or destruction of such certificates or the guaranteed delivery of such certificates) representing all shares of FCBS Stock covered by such Election Form, together with duly executed transmittal materials included in or required by the Election Form. Any Election Form may be revoked or changed by the Person submitting such Election Form at or prior to the Election Deadline. In the event an Election Form is revoked prior to the Election Deadline, the shares of FCBS Stock represented by such Election Form shall automatically become Undesignated Shares unless and until a new Election is properly made with respect to such shares on or before the Election Deadline, and CVBF shall cause the certificates representing such shares of FCBS Stock to be promptly returned without charge to the Person submitting the revoked Election Form upon written request to that effect from the holder who submitted such Election Form. Subject to the terms of this Agreement and of the Election Form, the Exchange Agent shall have reasonable discretion to determine whether any election, revocation or change has been properly or timely made and to disregard immaterial defects in the Election Forms, and any decisions of CVBF and FCBS required by the Exchange Agent and made in good faith in determining such matters shall be binding and conclusive. Neither CVBF nor the Exchange Agent shall be under any obligation to notify any Person of any defect in an Election Form.

Section 2.2.3 Payment and Proration. As promptly as practicable but no later than five (5) Business Days after the Effective Time, CVBF shall cause the Exchange Agent to effect the allocation

among the holders of FCBS Stock of rights to receive CVBF Common Stock or cash in the Holding Company Merger in accordance with the Election Forms as follows:

(a) if the aggregate number of shares of FCBS Stock as to which Stock Elections and Combination Stock Elections shall have effectively been made results in the issuance of CVBF Common Stock pursuant to the Holding Company Merger that would have an aggregate value which exceeds, and is not approximately equal to, the Stock Amount based on the Exchange Ratio (assuming all other shares of FCBS Stock receive the Per Share Cash Consideration), then:

(i) Each holder of FCBS Stock who made an effective Cash Election or Combination Cash Election shall receive the Per Share Cash Consideration;

(ii) All Undesignated Shares shall be deemed to have made Cash Elections; and

(iii) A stock proration factor (the "Stock Proration Factor") shall be determined by dividing (1) the maximum number of shares of FCBS Stock which can make a Stock Election and Combination Stock Election to equal the Stock Amount based on the Exchange Ratio by (2) the number of shares of FCBS Stock with respect to which effective Stock Elections and Combination Stock Elections were made. Each holder of FCBS Stock who made an effective Stock Election or Combination Stock Election shall be entitled to:

(1) the number of shares of CVBF Common Stock equal to the product of (x) the Exchange Ratio, multiplied by (y) the number of shares of FCBS Stock covered by such Stock Election or Combination Stock Election, multiplied by (z) the Stock Proration Factor, and

(2) cash in an amount equal to the product of (x) the Per Share Cash Consideration, multiplied by (y) the number of shares of FCBS Stock covered by such Stock Election or Combination Stock Election, multiplied by (z) one minus the Stock Proration Factor.

(b) if the aggregate number of shares of FCBS Stock as to which Stock Elections and Combination Stock Elections shall have effectively been made results in the issuance of CVBF Common Stock pursuant to the Holding Company Merger that would have an aggregate value which is less than, and not approximately equal to, the Stock Amount based on the Exchange Ratio (assuming all other shares of FCBS Stock other than shares of FCBS Stock held by CVBF or CVBF Bank receive the Per Share Cash Consideration), then:

(i) Each holder of FCBS Stock who made an effective Stock Election or Combination Stock Election shall receive the number of shares of CVBF Common Stock equal to the product of the Exchange Ratio multiplied by the number of shares of FCBS Stock covered by such Stock Election or Combination Stock Election;

(ii) The Exchange Agent shall select by lot such number of holders of Undesignated Shares (other than holders of Undesignated Shares who voted against the Holding Company Merger or gave notice in writing that the holder dissents as required by Chapter 13 of the CGCL prior to the meeting of shareholders to be held pursuant to Section 6.11) to receive CVBF Common Stock as shall be necessary so that the shares of CVBF Common Stock to be received by those holders, when combined with the number of shares for which a Stock Election or Combination Stock Election has been made shall be approximately equal to the Stock Amount. If all of said Undesignated Shares plus all shares as to which Stock Elections and Combination Stock Elections have been made together would

result in the issuance of CVBF Common Stock with a value which is less than, and not approximately equal to, the Stock Amount, then:

(iii) A cash proration factor (the "Cash Proration Factor") shall be determined by dividing (1) the maximum number of shares of FCBS Stock which can make a Stock Election and Combination Stock Election to equal the Stock Amount based on the Exchange Ratio by (2) the number of shares of FCBS Stock with respect to which effective Cash Elections and Combination Cash Elections were made. Each holder of FCBS Stock who made an effective Cash Election or Combination Cash Election shall be entitled to:

(1) cash equal to the product of (x) the Per Share Cash Consideration, multiplied by (y) the number of shares of FCBS Stock covered by such Cash Election or Combination Cash Election, multiplied by (z) the Cash Proration Factor, and

(2) the number of shares of CVBF Common Stock equal to the product of (x) the Exchange Ratio, multiplied by (y) the number of shares of FCBS Stock covered by such Cash Election or Combination Cash Election, multiplied by (z) one minus the Cash Proration Factor.

Section 2.2.4 Calculations. Any calculation of a portion of a share of CVBF Common Stock shall be rounded to the nearest ten-thousandth of a share, and any cash payment shall be rounded to the nearest cent. For purposes of this Section 2.2, the shares of FCBS Stock for which CVBF Common Stock is to be issued as consideration in the Holding Company Merger shall be deemed to be "approximately equal" to the Stock Amount if such number is within 5,000 shares of CVBF Common Stock of such amount.

Section 2.2.5 Perfected Dissenting Shares. The Perfected Dissenting Shares shall not be converted into the Per Share Stock Consideration or the Per Share Cash Consideration, but shall, after the Effective Time of the Holding Company 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 or her shares of FCBS Stock shall receive such payment in an amount as determined pursuant to Chapter 13 of the CGCL.

Section 2.2.6 Shares Held by CVBF or CVBF Bank. Shares of FCBS Stock held by CVBF or CVBF Bank, 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.

Section 2.2.7 Adjustments to Exchange Ratio. The Exchange Ratio shall be subject to proportionate adjustments in the event that, subsequent to the date of this Agreement but prior to the Effective Time, the outstanding shares of CVBF Common Stock shall have been increased, decreased, changed into or exchanged for a different number or kind of shares or securities through any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other like change in CVBF's capitalization.

Section 2.3. Effect on CVBF Bank Stock. On the Effective Time, each outstanding share of CVBF Bank Stock shall remain an outstanding share of CVBF Bank Stock and shall not be converted or otherwise affected by the Holding Company Merger.

Section 2.4. Fractional Shares. No fractional shares of CVBF Common Stock shall be issued in the Holding Company Merger. In lieu thereof, each holder of FCBS Stock who would otherwise be entitled to receive a fractional share shall receive an amount in cash equal to the product (calculated to

the nearest hundredth) obtained by multiplying (a) the Weighted Average Closing Price times (b) the fraction of the share of CVBF Common Stock to which such holder would otherwise be entitled. No such holder shall be entitled to dividends or other rights in respect of any such fraction.

Section 2.5. Exchange Procedures.

Section 2.5.1 As of the Effective Time, CVBF shall have deposited with the Exchange Agent for the benefit of the holders of shares of FCBS Stock, for exchange in accordance with this Section 2.5 through the Exchange Agent, certificates representing the shares of CVBF Common Stock issuable pursuant to Section 2.1 in exchange for shares of FCBS Stock outstanding immediately prior to the Effective Time, and funds in an amount not less than the amount of cash payable pursuant to Section 2.1 and payable as cash in lieu of fractional shares of CVBF Common Stock which would otherwise be issuable in connection with Section 2.1 hereof but for the operation of Section 2.4 of this Agreement (collectively, the “Exchange Fund”).

Section 2.5.2 After completion of the application procedures set forth in Section 2.2, each holder of a certificate (“Certificate”) formerly representing FCBS Stock (other than Perfected Dissenting Shares) who surrenders or has surrendered such certificate (or customary affidavits and indemnification regarding the loss or destruction of such certificate) together with duly executed transmittal materials included in or required by the Election Form, to the Exchange Agent shall, upon acceptance thereof be entitled to a certificate representing CVBF Common Stock and/or cash into which the shares of FCBS Stock shall have been converted pursuant hereto, as well as cash in lieu of any fractional shares of CVBF Common Stock to which such holder would otherwise be entitled. In the event a certificate is surrendered representing FCBS Stock, the transfer of ownership of which is not registered in the transfer records of FCBS, a certificate representing the proper number of shares of CVBF Common Stock and cash may be issued to a transferee if the Certificate representing such FCBS 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 2.5, each Certificate shall be deemed at any time after the Effective Time to represent only the right to receive upon such surrender the certificate representing shares of CVBF Common Stock and cash as contemplated by this Section 2.5. Notwithstanding anything to the contrary set forth herein, if any holder of FCBS Stock 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 CVBF Bank and shall be entitled to receive the certificate representing the proper number of shares of CVBF Common Stock and cash in accordance with Sections 2.1 and 2.4 hereof.

Section 2.5.3 No dividends or other distributions declared or made with respect to CVBF Common Stock with a record date after the Effective Time shall be paid to the holder of any unsurrendered Certificate with respect to the shares of CVBF Common Stock represented thereby and no cash shall be paid to any such holder pursuant to Section 2.1 or Section 2.4 until the holder of record of such Certificate shall surrender such Certificate. Subject to the effect of applicable laws, following surrender of any such Certificate, there shall be paid to the record holder of the certificates representing whole shares of CVBF Common Stock issued in exchange thereof, without interest, (i) at the time of such surrender, the amount of any cash to which such holder is entitled pursuant to Section 2.1 and Section 2.4 and the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such whole shares of CVBF Common Stock and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time but prior to surrender and a payment date subsequent to surrender payable with respect to such whole shares of CVBF Common Stock.

Section 2.5.4 All cash payments and shares of CVBF Common Stock issued upon the surrender for exchange of FCBS Stock in accordance with the terms hereof (including any cash paid pursuant to Section 2.4) shall be deemed to have been issued in full satisfaction of all rights pertaining to such shares of FCBS Stock, and there shall be no further registration of transfers on the stock transfer books of the Surviving Bank of the shares of FCBS Stock which were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates are presented to CVBF for any reason, they shall be canceled and exchanged as provided in this Agreement.

Section 2.5.5 Any portion of the Exchange Fund which remains undistributed to the shareholders of FCBS following the passage of six months after the Effective Time shall be delivered to CVBF, upon demand, and any shareholders of FCBS who have not theretofore complied with this Section 2.5 shall thereafter look only to CVBF for payment of their claim for CVBF Common Stock and cash, and any cash in lieu of fractional shares of CVBF Common Stock and any dividends or distributions with respect to CVBF Common Stock.

Section 2.5.6 Neither CVBF or FCBS shall be liable to any holder of shares of FCBS Stock for such shares (or dividends or distributions with respect thereto) or cash from the Exchange Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

Section 2.5.7 The Exchange Agent shall not be entitled to vote or exercise any rights of ownership with respect to the shares of CVBF Common Stock held by it from time to time hereunder, except that it shall receive and hold all dividends or other distributions paid or distributed with respect to such shares of CVBF Common Stock for the account of the Persons entitled thereto.

Section 2.5.8 Certificates surrendered for exchange by any Person constituting an “Affiliate” of FCBS for purposes of Rule 144(a) under the Securities Act shall not be exchanged for certificates representing whole shares of CVBF Common Stock until CVBF has received a written agreement from such Person as provided in Section 6.6.

Section 2.6. Stock Options. Subject to the terms of the FCBS Stock Option Plan, each Person who holds one or more options to purchase FCBS Stock shall be permitted to exercise any options granted under the FCBS Stock Option Plan, prior to the Effective Time, in accordance with the terms of the FCBS Stock Option Plan. Any options not exercised prior the Effective Time and the FCBS Stock Option Plan shall terminate upon the Effective Time in accordance with the terms of the FCBS Stock Option Plan, and the optionees shall receive from FCBS in cash, in consideration thereof, the difference between the Per Share Cash Consideration and the exercise price of the FCBS Stock Option (each an “Option Payment” and in the aggregate, the “Option Payments”).

ARTICLE III
Representations and Warranties of FCBS

Except as set forth in a confidential disclosure schedule delivered by FCBS to CVBF prior to the execution of this Agreement (the “FCBS Confidential Disclosure Schedule”), which identifies exceptions by specific section references, FCBS hereby represents and warrants to CVBF as follows:

Section 3.1. Organization and Qualification of FCBS and FCBS Bank. FCBS is a corporation duly incorporated, validly existing and in good standing under the laws of the State of California, and is a registered bank holding company under the BHCA. FCBS Bank 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 general banking business. Each of FCBS and FCBS Bank has the

requisite corporate power and authority and all necessary Governmental Approvals to own, lease and operate its respective properties and to carry on its business as it is now being conducted. Each of FCBS and FCBS Bank is duly qualified or licensed to do business, and is in good standing, in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification, licensing or good standing necessary, except for such failures to be so qualified, licensed or in good standing that would not, individually or in the aggregate, have a Material Adverse Effect with respect to FCBS.

Section 3.2. Articles of Incorporation and Bylaws; Corporate Books and Records. Copies of FCBS' Articles of Incorporation, as amended (the "FCBS Articles"), and Bylaws, as amended (the "FCBS Bylaws") have been furnished to CVBF and are complete and correct copies thereof as in effect on the date hereof. FCBS is not in violation of any of the provisions of the FCBS Articles or FCBS Bylaws. True and complete copies of all minute books of FCBS and FCBS Bank, containing minutes of meetings held and actions taken by their respective Boards of Directors or any committees thereof during the period from January 1, 2004 to the date hereof, have been made available by FCBS to CVBF.

Section 3.3. Capitalization.

(a) As of the date hereof, the authorized capital stock of FCBS consists of (i) 10,000,000 shares of FCBS Stock, no par value per share, of which (x) 114,827 shares of FCBS Stock are issued and outstanding, all of which are validly issued, fully paid, nonassessable and free of preemptive rights, and (y) 24,390 shares of FCBS Stock are issuable (and such number is reserved for issuance) upon exercise of options issued under the FCBS Stock Option Plan (the "FCBS Options") outstanding as of the date hereof (the "FCBS Option Shares"), and (ii) 5,000,000 shares of preferred stock of which no shares are issued and outstanding. All of the issued and outstanding shares of capital stock or other equity securities of FCBS have been issued in compliance with all applicable federal and state securities laws.

(b) Except for FCBS Options, there are no (i) options, warrants, preemptive rights, or other rights, agreements, arrangements or commitments of any character to which FCBS or FCBS Bank is a party or by which FCBS or FCBS Bank is bound relating to the issued or unissued capital stock or other Equity Interests of FCBS or FCBS Bank, or (ii) securities convertible into or exchangeable for such capital stock or other Equity Interests, or obligating FCBS or FCBS Bank to issue or sell any shares of its capital stock or other Equity Interests, or (iii) securities convertible into or exchangeable for such capital stock of, or other Equity Interests in, FCBS or FCBS Bank. Section 3.3(b) of the FCBS Confidential Disclosure Schedule contains a true and complete list of the name of each holder of FCBS Options, the prices at which outstanding FCBS Options are exercisable, the plan or agreement pursuant to which such FCBS Options were issued and the number of FCBS Option Shares outstanding at each such price. All of FCBS Option Shares, upon their issuance on the terms and conditions specified in the instruments pursuant to which they are issuable, will be duly authorized, validly issued, fully paid, nonassessable and free of preemptive rights.

(c) Except for the Voting Agreements, and except as set forth in Section 3.3(c) of the FCBS Confidential Disclosure Schedule, there are no outstanding contractual obligations of FCBS or FCBS Bank (i) restricting the transfer of, (ii) affecting the voting rights of, (iii) requiring the repurchase, redemption or disposition of, or containing any right of first refusal with respect to, (iv) requiring the registration for sale of, or (v) granting any preemptive or antidilutive right with respect to, any shares of FCBS or FCBS Bank or any capital stock of, or other Equity Interests in, FCBS or FCBS Bank.

(d) Neither FCBS nor FCBS Bank has outstanding any bonds, debentures, notes or other obligations the holders of which have the right to vote (or that are convertible into or exercisable for securities having the right to vote) with the shareholders of FCBS on any matter.

(e) Neither FCBS nor FCBS Bank has currently in effect any shareholder rights plan or "poison pill".

Section 3.4. Subsidiaries.

(a) Except as set forth in Section 3.4 of the FCBS Confidential Disclosure Schedule, FCBS has no Subsidiaries other than FCBS Bank and FCBS Bank has no Subsidiaries. Except as set forth in Section 3.4 of the FCBS Confidential Disclosure Schedule, FCBS owns all of the issued and outstanding capital stock of FCBS Bank, free and clear of any pledges, security interests, options, liens, claims, or other encumbrances of any kind (collectively, the "Liens"). All of the issued and outstanding shares of capital stock of FCBS Bank have been duly authorized, validly issued, fully paid and are non-assessable and are owned by FCBS. There are no outstanding contractual obligations of FCBS or FCBS Bank to make any investment in FCBS Bank or any other Person. FCBS Bank has (i) no arrangements or commitments obligating it to issue shares of any of its capital stock or any securities convertible into or having the right to purchase shares of any of its capital stock or (ii) any bonds, debentures, notes or other obligations outstanding that entitle the holders thereof to vote (or that are convertible into or exercisable for securities having the right to vote) on any matters on which its shareholders may vote. True and complete copies of FCBS Bank's Articles of Association, Bylaws or equivalent organizational documents have been delivered to CVBF. FCBS Bank is not in violation of its organizational documents.

(b) Except for securities and other interests held in a fiduciary capacity and Beneficially Owned by third parties or taken in consideration of debts previously contracted and ownership in FCBS Bank, FCBS does not own beneficially, directly or indirectly any Equity Interest or similar instrument of any Person or any interest in any partnership or joint venture of any kind.

(c) The deposit accounts of FCBS Bank are insured by the Federal Deposit Insurance Corporation in the manner and to the maximum extent provided by applicable Law, and FCBS Bank has paid all deposit insurance premiums and assessments required by applicable Law and regulation.

Section 3.5. Authority.

(a) FCBS has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement and the Agreement of Merger and the consummation by FCBS of the transactions contemplated hereby and thereby have been duly and validly authorized by action of FCBS (other than the adoption of this Agreement by the affirmative vote of the holders of a majority of the outstanding FCBS Shares entitled to vote thereon and the filing of the Agreement of Merger). This Agreement has been, and the Agreement of Merger will be, duly and validly executed and delivered by FCBS and, assuming the due authorization, execution and delivery hereof by CVBF, constitutes a legal, valid and binding obligation of FCBS, enforceable against FCBS in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equitable principles (regardless of whether such enforceability is considered in equity or at Law).

(b) By resolutions duly adopted at a meeting of FCBS Board duly called and held on February 8, 2007, by the affirmative vote of FCBS Board required to do so pursuant to the FCBS Articles and the applicable provisions of the CGCL, FCBS Board has duly (i) declared this Agreement advisable and determined that the transactions contemplated hereby (including the Holding Company Merger) are fair to and in the best interests of FCBS and its shareholders, (ii) approved and adopted this Agreement by the unanimous vote of the members of FCBS Board, and (iii) resolved to recommend that the shareholders of FCBS vote for the approval of the Agreement (the "FCBS Board Approval"). A true and correct copy of such resolutions, certified by FCBS's corporate secretary, has been furnished to CVBF and none of such resolutions has been rescinded or revoked, in whole or in part, or modified in any way. The affirmative vote of the holders of a majority of the issued and outstanding shares of FCBS Stock is necessary to approve this Agreement (and the Holding Company Merger) on behalf of FCBS. No other vote of FCBS Shareholders is required by Law, the FCBS Articles or FCBS Bylaws or otherwise to adopt this Agreement and to approve the Holding Company Merger.

(c) FCBS Bank has all necessary corporate power and authority to execute and deliver the Agreement of Bank Merger, to perform its obligations thereunder and to consummate the transactions contemplated thereby. The execution and delivery of the Agreement of Bank Merger and the consummation by FCBS Bank of the transactions contemplated thereby have been duly and validly authorized by action of FCBS Bank. The Agreement of Bank Merger, when duly and validly executed and delivered by FCBS Bank, will constitute a legal, valid and binding obligation of FCBS Bank, enforceable against FCBS Bank in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights, to general equitable principles (regardless of whether such enforceability is considered in equity or at law) and to 12 U.S.C. 1818(b)(6)(D).

Section 3.6. No Conflict; Required Filings and Consents.

(a) Except as set forth in Section 3.6(a) of the FCBS Confidential Disclosure Schedule, (i) the execution and delivery of this Agreement and the Agreement of Merger by FCBS, and (ii) the execution and delivery of the Agreement of Bank Merger by FCBS Bank, do not, and the performance of this Agreement and the transactions contemplated hereby and thereby (including the Holding Company Merger and the Bank Merger) by FCBS and FCBS Bank, as the case may be, will not, (A) conflict with or violate any provision of the FCBS Articles or FCBS Bylaws or any equivalent organizational document of FCBS Bank, (B) conflict with or violate any Law applicable to FCBS or FCBS Bank or by which any property or asset of FCBS or FCBS Bank is bound or affected (assuming that all consents, approvals, authorizations and permits described in Section 3.6(b) have been obtained and all filings and notifications described in Section 3.6(b) have been made and any waiting periods thereunder have terminated or expired), or (C) require any consent or approval under, result in any breach of or any loss of any benefit under, result in the acceleration of any payment under, constitute a change of control or default (or an event which with notice or lapse of time or both would become a default) under or give to others any right of termination, vesting, amendment, acceleration or cancellation of, or result in the creation of a Lien on any property or asset of FCBS or FCBS Bank pursuant to, any FCBS Material Contract (as defined in Section 3.14 herein), FCBS Permits or other material instruments or obligations.

(b) (i) The execution and delivery of this Agreement and the consummation of the Holding Company Merger by FCBS and (ii) the execution and delivery of the Agreement of Bank Merger and the consummation of the Bank Merger by FCBS Bank, do not, and the performance by FCBS of its obligations under this Agreement and the performance by FCBS Bank of its obligations under the Agreement of Bank Merger will not, require any consent, approval, authorization or permit of,

or filing with or notification to, any Governmental Entity, except as set forth in Section 3.6(b) of the FCBS Confidential Disclosure Schedule. FCBS has no knowledge of any reason why all Government Approvals required for consummation of the Holding Company Merger and the Bank Merger will not be obtained on a timely basis.

Section 3.7. Permits; Compliance With Law.

(a) Each of FCBS and FCBS Bank is in possession of all material authorizations, licenses, permits, certificates, approvals and clearances of any Governmental Entity necessary for it to own, lease and operate its properties or to carry on its business substantially in the manner as it is being conducted (the "FCBS Permits"), and all such FCBS Permits are valid, and in full force and effect and, to FCBS' knowledge, no suspension or cancellation of any of them is threatened.

(b) None of FCBS or FCBS Bank is in default or violation of, (i) any Law applicable to FCBS or FCBS Bank or by which any material property or asset of FCBS or FCBS Bank is bound or affected or (ii) any FCBS Permits.

(c) FCBS Bank received a rating of "Satisfactory" in its most recent examination for compliance with the Community Reinvestment Act of 1977, as amended ("Community Reinvestment Act").

Section 3.8. Financial Statements; Regulatory Reports.

(a) Except as set forth in a list (the "FCBS Filings List"), since January 1, 2004, FCBS and FCBS Bank, have each filed all reports, returns, registrations and statements (such reports and filings referred to as "FCBS 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. No administrative actions have been taken or orders issued in connection with such FCBS Filings. As of their respective dates, each of such FCBS 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 FCBS Filings fairly presented the financial position of FCBS and was prepared in accordance with generally accepted accounting principles accepted in the United States of America 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. FCBS has furnished CVBF with true and correct copies of all FCBS Filings filed by FCBS since January 1, 2004.

(b) FCBS has previously furnished to CVBF a copy of the Financial Statements of FCBS and a copy of each management letter or other letters delivered by FCBS in connection with the Financial Statements of FCBS as relating to the internal controls of FCBS since January 1, 2004. FCBS' Financial Statements (including, in each case, any notes and schedules thereto) were prepared in accordance with GAAP applied on a consistent basis throughout the periods indicated (except as may be indicated in the notes thereto, or, in the case of interim consolidated financial statements, where information and footnotes contained in such financial statements are not required to

be in compliance with GAAP), and in each case such consolidated financial statements fairly presented in all material respects, the consolidated financial position, results of operations and cash flows of FCBS and FCBS Bank as of the respective dates thereof and for the respective periods covered thereby (subject, in the case of unaudited statements, to normal year-end adjustments which did not and which are not expected to, individually or in the aggregate, have a Material Adverse Effect with respect to FCBS).

(c) Except as and to the extent adequately provided for, in the aggregate, on the FCBS Financial Statement (the "FCBS Balance Sheet"), neither FCBS nor FCBS Bank has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) that would be required to be reflected on a balance sheet or in notes thereto prepared in accordance with GAAP, except for liabilities or obligations (i) incurred in the ordinary course of business since September 30, 2006 that would not, individually or in the aggregate, have a Material Adverse Effect with respect to FCBS, or (ii) incurred or provided for in, or as contemplated by, this Agreement.

(d) Each of FCBS and FCBS Bank has filed all material documents and reports relating to each of FCBS and FCBS Bank required to be filed with the FRB and the OCC, or any other Governmental Entity having jurisdiction over its business or any of its assets or properties (each a "Regulatory Authority" and collectively, the "Regulatory Authorities"). All such reports conform in all material respects with the requirements promulgated by such Regulatory Authorities.

(e) FCBS and FCBS Bank maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Neither FCBS nor, to FCBS' knowledge, FCBS' independent auditors or any employee of FCBS or FCBS Bank has identified or been made aware of (i) any fraud, whether or not material, that involves FCBS' or FCBS Bank's management or other employees who have a role in the preparation of financial statements or the internal controls used or utilized by FCBS or FCBS Bank or (ii) any claim or allegation regarding any of the foregoing.

Section 3.9. Regulatory Matters. Except as may otherwise be set forth in Section 3.9 of the FCBS Confidential Disclosure Schedule, neither FCBS nor FCBS Bank (i) is, directly or indirectly, party or subject to any order, decree, agreement, memorandum of understanding or similar arrangement with, or a commitment letter or similar submission to, or supervisory letter from, any Regulatory Authority or (ii) has been advised by, or has any knowledge of facts which are reasonably expected to give rise to an advisory notice by, any Regulatory Authority that such Regulatory Authority is contemplating issuing or requesting (or is considering the appropriateness of issuing or requesting) any order, decree, agreement, memorandum of understanding, commitment letter, supervisory letter or similar submission. Except as set forth on Section 3.9 of the FCBS Confidential Disclosure Schedule, all compliance or corrective action relating to FCBS or FCBS Bank required by Regulatory Authorities having jurisdiction over FCBS or FCBS Bank has been taken. Each of FCBS and FCBS Bank has paid all assessments made or imposed by and required to have been heretofore paid to any Regulatory Authority.

Section 3.10. Absence of Certain Changes or Events.

(a) Since September 30, 2006, except as specifically contemplated by, or as disclosed in, this Agreement or Section 3.10 of the FCBS Confidential Disclosure Schedule, each of FCBS and FCBS Bank has conducted its business in the ordinary course consistent with past practice and has not taken any action that would have been prohibited by Section 6.1 if taken after the date of this Agreement.

(b) Since September 30, 2006, except as set forth in Section 3.10 of the FCBS Confidential Disclosure Schedule, there has not been any Material Adverse Effect with respect to FCBS or an event or development that is expected, individually or in the aggregate, to have a Material Adverse Effect with respect to FCBS.

Section 3.11. Employee Benefit Plans.

(a) Section 3.11(a) of the FCBS Confidential Disclosure Schedule lists, as of the date hereof, each and every Benefit Plan pertaining to FCBS and its ERISA Affiliates (each a "FCBS Benefit Plan"). There have been made available to CVBF true, complete and correct copies of (i) all plan documents, trust agreements, summary plan descriptions and material communications with employees and plan participants for each such written FCBS Benefit Plan and a written summary of each FCBS Benefit Plan that is not in writing, (ii) the three (3) most recent annual reports on Form 5500 series, with accompanying schedules and attachments, filed with respect to each FCBS Benefit Plan required to make such a filing, (iii) the most recent actuarial valuation for each FCBS Benefit Plan, if any, that is subject to Title IV of ERISA or that otherwise provides benefits accounted for by actuarial valuation, (iv) the most recent financial statements for each FCBS Benefit Plan that is funded, (v) the most recent determination letter issued by the Internal Revenue Service (the "IRS") for each FCBS Benefit Plan that is intended to be qualified under Section 401(a) of the Code, and (vi) any material communications received from or sent to the IRS or the U.S. Department of Labor relating to any FCBS Benefit Plan.

(b) Except as set forth in Section 3.11(b) of the FCBS Confidential Disclosure Schedule, (i) none of FCBS Benefit Plans is a "multiemployer plan" as such term is defined in Section 3(37) of ERISA ("Multiemployer Plan"); (ii) there has been no "prohibited transaction," as such term is defined in Section 406 of ERISA and Section 4975 of the Code ("Prohibited Transaction") with respect to any FCBS Benefit Plan, which could reasonably be expected to result in any material liability of FCBS or FCBS Bank; (iii) all FCBS Benefit Plans are in material compliance with the requirements prescribed by any and all statutes (including ERISA and the Code), orders, or governmental rules and regulations currently in effect with respect thereto (including all applicable requirements for notification to participants or the U.S. Department of Labor, the Pension Benefit Guaranty Corporation (the "PBGC"), the IRS or Secretary of the Treasury); (iv) FCBS and FCBS Bank have performed their respective obligations required to be performed by them under, are not in material default under or violation of, and have no knowledge of any material default or violation by any other party to, each FCBS Benefit Plan; (v) each FCBS Benefit Plan intended to qualify under Section 401(a) of the Code and each trust intended to qualify under Section 501(a) of the Code, including all amendments thereto, is the subject of a favorable determination letter from the IRS covering qualification under all changes in the Code except for changes with respect to which the applicable remedial amendment period has not expired, and, to FCBS' knowledge, nothing has occurred that may reasonably be expected to impair such determination; (vi) all contributions required to be made to any FCBS Benefit Plan pursuant to Section 412 of the Code, or the terms of FCBS Benefit Plan or any collective bargaining agreement, have been made on or before their due dates; (vii) all obligations in respect of each FCBS Benefit Plan have been properly accrued and reflected in FCBS' most recent financial statements contained in FCBS' SEC

Filings; (viii) with respect to each FCBS Benefit Plan, no “reportable event” within the meaning of Section 4043 of ERISA (excluding any such event for which the 30-day notice requirement has been waived under the regulations to Section 4043 of ERISA) nor any event described in Section 4062, 4063 or 4041 of ERISA has occurred; and (ix) neither FCBS nor any ERISA Affiliate has incurred, nor reasonably expects to incur, any material liability under Title IV of ERISA (other than liability for premium payments to the PBGC arising in the ordinary course).

(c) Except as set forth in Section 3.11(c) of the FCBS Confidential Disclosure Schedule, no amount that could be received (whether in cash or property or the vesting of property), as a result of the consummation of the transactions contemplated by this Agreement, by any employee, officer or director of FCBS or FCBS Bank who is a “disqualified individual” (as such term is defined in proposed Treasury Regulation Section 1.280G-1) under any FCBS Benefit Plan could be characterized as an “excess parachute payment” (as defined in Section 280G(b)(1) of the Code).

(d) Except as required by Law or as set forth in Section 3.11(d) of the FCBS Confidential Disclosure Schedule, no FCBS Benefit Plan promises or provides any retiree or post-employment medical, disability, life insurance or other retiree welfare benefits to any person. No FCBS Benefit Plan is a voluntary employee benefit association under Section 501(a)(9) of the Code. FCBS and each ERISA Affiliate are in material compliance with (i) the requirements of the applicable health care continuation and notice provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, and the regulations thereunder and any similar state law and (ii) the applicable requirements of the Health Insurance Portability and Accountability Act of 1996, as amended, and the regulations thereunder.

(e) Neither FCBS nor FCBS Bank maintains, sponsors, contributes or has any liability with respect to any employee benefit plan, program or arrangement that provides benefits to non-resident aliens with no U.S. source income outside of the United States.

(f) Except as set forth in Section 3.11(f) of the FCBS Confidential Disclosure Schedule, neither FCBS nor FCBS Bank has (i) granted to any person an interest in a “nonqualified deferred compensation plan” (as defined in Section 409A(d)(1) of the Code) which interest has been or, upon the lapse of a substantial risk of forfeiture with respect to such interest, will be subject to tax imposed by Section 409A(a)(1)(B) or (b)(4)(A) of the Code or (ii) modified the terms of any nonqualified deferred compensation plan in a manner that could cause an interest previously granted under such plan to become subject to the tax imposed by Section 409A(a)(1)(B) or (b)(4)(A) of the Code.

Section 3.12. Labor and Other Employment Matters.

(a) FCBS and FCBS Bank are in compliance in all material respects with all applicable Laws respecting labor, employment, fair employment practices, terms and conditions of employment, workers’ compensation, occupational safety, plant closings, and wages and hours. Except as set forth in Section 3.12(a) of the FCBS Confidential Disclosure Schedule, none of FCBS or FCBS Bank is a party to any collective bargaining or other labor union contract applicable to persons employed by FCBS or FCBS Bank, and no collective bargaining agreement or other labor union contract is being negotiated by FCBS or FCBS Bank. There is no labor dispute, strike, slowdown or work stoppage against FCBS or FCBS Bank pending or, to the knowledge of FCBS, threatened. To FCBS’ knowledge, no employee of FCBS or FCBS Bank is, in any material respect, in violation of any term of any employment contract, non-disclosure agreement, non-competition agreement, or any restrictive covenant to a former employer relating to the right of any such employee to be employed by

FCBS or FCBS Bank because of the nature of the business conducted or presently proposed to be conducted by it or to the use of trade secrets or proprietary information of others.

(b) FCBS has identified in Section 3.12(b) of the FCBS Confidential Disclosure Schedule and has made available to CVBF true and complete copies of (i) all employment agreements that FCBS or FCBS Bank has with any directors, officers or employees of or consultants to FCBS or FCBS Bank, (ii) all FCBS Severance Arrangements, and (iii) all Change in Control Arrangements. Except as set forth in Section 3.12(b) of the FCBS Confidential Disclosure Schedule, neither the execution and delivery of this Agreement nor the consummation of the Holding Company Merger or the Bank Merger by FCBS will (either alone or in conjunction with any other event, such as termination of employment) (A) result in any payment (including, without limitation, severance, unemployment compensation, parachute or otherwise) becoming due to any director, officer, employee or consultant of FCBS or FCBS Bank from FCBS or from FCBS Bank, (B) increase any benefits otherwise payable or (C) result in any acceleration of the time of payment or vesting of any material benefits, under or pursuant to any such employment agreements or Severance Arrangements or Change in Control Arrangements. No individual who is a party to any such employment agreement or a party to or covered by any such Severance Arrangements or Change in Control Arrangements has terminated his or her employment or has been terminated, nor, to FCBS' knowledge, has any event occurred, other than the transactions contemplated by this Agreement, that has given or could be reasonably expected to give rise to a severance obligation on the part of FCBS under any such agreement or arrangement.

Section 3.13. Transactions with Interested Persons. Except as disclosed in Section 3.13 of the FCBS Confidential Disclosure Schedule, no officer, director, employee or affiliate of FCBS or FCBS Bank nor, to FCBS' knowledge, any member of the immediate family of any such officer, director, employee or affiliate, is presently a party to any transaction with FCBS or FCBS Bank of the type or involving an amount that would require such transaction to be disclosed pursuant to Item 404 of SEC Regulation S-K if FCBS Stock were registered under the Securities Exchange Act of 1934, as amended.

Section 3.14. Material Contracts. Except as set forth in Section 3.14 of the FCBS Confidential Disclosure Schedule, none of FCBS or FCBS Bank is a party to or bound by any Contract that (a) is a "material contract" (as such term is defined in Item 601(b)(10) of SEC Regulation S-K), (b) would prohibit or materially delay the consummation of the Holding Company Merger or the Bank Merger or any of the transactions contemplated by this Agreement, (c) would entitle any present or former director, officer employee or agent of FCBS or FCBS Bank to indemnification from FCBS or FCBS Bank, (d) gives rise to any payment of more than $50,000 per annum and is not terminable without cause on 90 days or less written notice by FCBS or other party thereto, (e) limits the ability of FCBS or FCBS Bank from competing in any line of business, in any geographic area or with any Person, or which requires referrals of business or requires FCBS or FCBS Bank to offer products or services of any other Person on a priority or exclusive basis, or (f) gives rise to any benefits to any other Person as a result of the consummation of the Holding Company Merger or the Bank Merger (collectively, "FCBS Material Contracts"). Each FCBS Material Contract is valid and binding on FCBS or FCBS Bank (as the case may be) that is a party thereto and, to FCBS' knowledge, each other party thereto, and is in full force and effect, and FCBS or FCBS Bank that is a party thereto has performed all of its obligations required to be performed by it to the date hereof under each such FCBS Material Contract and, to FCBS' knowledge, each other party to each FCBS Material Contract has in all respects performed all obligations required to be performed by it under such FCBS Material Contract, except as would not, individually or in the aggregate, have a Material Adverse Effect with respect to FCBS. None of FCBS or FCBS Bank has received any written notice of any violation or default under (or any condition which with the passage of time or the giving of notice would cause such a violation of or default under) any FCBS Material Contract.

Section 3.15. Litigation. Except as set forth in Section 3.15 of the FCBS Confidential Disclosure Schedule, (a) there are no suits, claims, actions, proceedings or investigations pending or, to the knowledge of FCBS, threatened against FCBS or FCBS Bank or which FCBS or FCBS Bank has initiated, or for which FCBS or FCBS Bank is obligated to indemnify a third party and (b) neither FCBS nor FCBS Bank is subject to any outstanding and unsatisfied order, writ, injunction, decree or arbitration ruling, award or other finding. There is no suit, claim, action, proceeding or investigation pending or, to the knowledge of FCBS, threatened against FCBS or FCBS Bank that challenges the validity or propriety, or seeks to prevent consummation of, the Holding Company Merger or the Bank Merger.

Section 3.16. Environmental Matters.

(a) Except as would not, individually or in the aggregate, have a Material Adverse Effect with respect to FCBS, to FCBS' knowledge, FCBS and FCBS Bank (i) is in compliance with all, and is not subject to any liability with respect to any, applicable Environmental Laws, (ii) holds or has applied for all Environmental Permits necessary to conduct its current operations, and (iii) is in compliance with its respective Environmental Permits.

(b) None of FCBS or FCBS Bank has received any written notice, demand, letter, claim or request for information alleging that FCBS or FCBS Bank may be in violation of, or liable under, any Environmental Law.

(c) None of FCBS or FCBS Bank (i) has entered into or agreed to any consent decree or order or is subject to any judgment, decree or judicial order relating to (A) compliance with Environmental Laws or Environmental Permits or (B) the investigation, sampling, monitoring, treatment, remediation, removal or cleanup of Hazardous Materials and no investigation, litigation or other proceeding is pending or, to the knowledge of FCBS, threatened with respect thereto, or (ii) is an indemnitor in connection with any claim threatened or asserted in writing by any third-party indemnitee for any liability under any Environmental Law or relating to any Hazardous Materials.

(d) None of the real property owned or leased by FCBS or FCBS Bank is listed or, to the knowledge of FCBS, proposed for listing on the "National Priorities List" under CERCLA, as updated through the date hereof, or any similar state or foreign list of sites requiring investigation or cleanup.

(e) To the knowledge of FCBS, there are no past or present conditions, circumstances, or facts that are reasonably expected to (i) interfere with or prevent continued compliance by FCBS or FCBS Bank with Environmental Laws and the requirements of Environmental Permits, (ii) give rise to any liability or other obligation under any Environmental Laws, or (iii) form the basis of any claim, action, suit, proceeding, or investigation against or involving FCBS or FCBS Bank based on or related to any Environmental Law.

Section 3.17. Intellectual Property. Each of FCBS and FCBS Bank owns or has a valid license to use all FCBS Intellectual Property necessary to carry on its business substantially as currently conducted. Neither FCBS nor FCBS Bank has received any notice of infringement of or conflict with, and to FCBS' knowledge, there are no infringements of or conflicts with, the rights of others with respect to the use of any Intellectual Property. Section 3.17 of the FCBS Confidential Disclosure Schedule sets forth a list of all of FCBS Intellectual Property.

Section 3.18. Taxes.

(a) (i) Each of FCBS and FCBS Bank has duly filed on a timely basis with the appropriate Tax authorities or other appropriate Governmental Entities all material Tax Returns required to be filed by or on behalf of them or the affiliated group(s) of which any of them is or was a member 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 respects, except as would not, individually or in the aggregate, have a Material Adverse Effect with respect to FCBS; (ii) all Taxes due and payable by or on behalf of FCBS and FCBS Bank, either directly, as part of an affiliated group Tax Return, as a successor or transferee, or otherwise, have been fully and timely paid, except to the extent adequately reserved therefor on the balance sheet for FCBS and FCBS Bank, and adequate reserves or accruals for Taxes have been provided in the balance sheet for FCBS and FCBS Bank 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 limitations) has been executed or filed with any Tax authority or other Governmental Entity by or on behalf of FCBS or FCBS Bank or any affiliated group(s) of which any of them is or was a member.

(b) Each of FCBS and FCBS Bank has complied in all material respects with all applicable Laws, rules and regulations relating to the payment and withholding of Taxes and has duly and timely withheld from employee salaries, wages and other compensation and has paid over to the appropriate Tax authorities or other Governmental Entity all amounts required to be so withheld and paid over for all periods under all applicable Laws. The withholding practices of FCBS and FCBS Bank have not been challenged by any Tax authority or other Governmental Entity and FCBS and FCBS Bank have no reason to believe that any of their withholding practices do not comply with applicable Tax law.

(c) FCBS has delivered or made available to CVBF complete and correct copies of (i) all income or franchise Tax Returns of FCBS and FCBS Bank relating to all open taxable periods and (ii) any Tax audit report issued within the last three (3) years relating to or with respect to FCBS and FCBS Bank. Neither FCBS nor FCBS Bank is currently under examination or audit by any Tax authority or other Governmental Entity and no Tax authority or other Governmental Entity has informed FCBS or FCBS Bank (in writing or otherwise) that it intends to examine or audit FCBS or FCBS Bank.

(d) No claim has been made by a Tax authority or other Governmental Entity in a jurisdiction where FCBS or FCBS Bank do not file an income or franchise Tax Return that FCBS or FCBS Bank is or may be subject to taxation by that jurisdiction.

(e) All deficiencies asserted or assessments made as a result of any examinations by any Tax authority or other Governmental Entity of the Tax Returns of or covering or including FCBS or FCBS Bank have been fully paid. No requests by FCBS or FCBS Bank for a ruling or a determination letter are pending with any Tax authority or other Governmental Entity; and no issue has been raised in writing by any Tax authority or other Governmental Entity 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 either of FCBS or FCBS Bank for any subsequent taxable period that could be material. There are no pending or threatened actions or proceedings for the assessment or collection of taxes against FCBS or FCBS Bank.

(f) There are no outstanding requests for information relating to Taxes made by a Tax authority or other Governmental Entity to FCBS or FCBS Bank.

(g) Neither FCBS nor FCBS Bank has been advised by any Tax authority or other Governmental Entity of any proposed reassessments of the value (or other Tax base) of any property owned by such FCBS or FCBS Bank that could increase the amount of a property Tax to which FCBS or FCBS Bank would be subject.

(h) As of December 31, 2006, neither FCBS nor FCBS Bank had income reportable for a taxable period ending after December 31, 2006, but attributable to a transaction, (e.g., an installment sale) occurring in, or a change in accounting method made for a taxable period ending on or before December 31, 2006, that resulted in a deferred reporting of income from such transaction or from such change in accounting method (other than a deferred inter-FCBS transaction).

(i) All material amounts have been properly computed under the terms of any existing Tax sharing agreements to which either FCBS or FCBS Bank is a party; all payments due to FCBS and FCBS Bank under any such Tax sharing agreements have been made to FCBS or FCBS Bank or will be received by FCBS or FCBS Bank prior to the Closing Date; and there are no amounts due from FCBS or FCBS Bank under such agreements.

(j) Neither FCBS nor FCBS Bank has distributed to its shareholders or security holders stock or securities of a controlled Subsidiary, nor has stock or securities of FCBS or FCBS Bank been distributed, in a transaction to which Section 355 of the Code applies:

(i) in the two years prior to the date of this Agreement; or

(ii) in a distribution that could otherwise constitute part of a “plan” or “series of related transactions” (within the meaning of Section 355(e) of the Code) that includes the transactions contemplated by this Agreement.

(k) Neither FCBS nor FCBS Bank 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 FCBS or FCBS Bank, (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 FCBS or FCBS Bank, 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 Tax authority or other Governmental Entity requesting permission for any changes in accounting methods that relate to the business or operations of FCBS or FCBS Bank, 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 FCBS or FCBS Bank.

(l) Neither FCBS nor FCBS Bank has engaged in a “reportable transaction” within the meaning of Section 1.6011-4 of the Treasury Regulations.

(m) Neither FCBS nor FCBS Bank has within the last five years been a “United States real property holding corporation” for purposes of Section 897 and Section 1445 of the Code.

(n) Neither FCBS nor FCBS Bank has any liability for the Taxes of any Person (i) under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local, or

foreign law), (ii) as a transferee or successor, or (iii) by contract, except in each case where such liability for Taxes would not, individually or in the aggregate, have a Material Adverse Effect with respect to FCBS.

(o) There are no Liens as a result of any unpaid Taxes upon any of the assets of FCBS or FCBS Bank other than (i) Liens for Taxes not yet due and payable, and (ii) Liens for Taxes that are being contested in good faith by appropriate proceedings and for which adequate reserves are being maintained in accordance with GAAP.

Section 3.19. Insurance. Section 3.19 of the FCBS Confidential Disclosure Schedule lists policies of liability, property, casualty and other forms of insurance owned or held by FCBS and FCBS Bank, copies of which have previously been made available to CVBF. All such policies are in full force and effect, all premiums due and payable have been paid, and no written notice of cancellation or termination has been received with respect to any such policy and all of such policies, or predecessor policies covering similar risks, have been in full force and effect continuously for at least the past five (5) years. No insurer has advised FCBS or FCBS Bank that it intends to materially reduce coverage or materially increase any premium under any such policy, or that coverage is not available (or that it will contest coverage) for any material claim made against FCBS or FCBS Bank.

Section 3.20. Properties. Each of FCBS and FCBS Bank has good, marketable and valid title to or a valid leasehold interest in all of its properties and assets reflected on FCBS Balance Sheet or acquired after the date thereof (the "FCBS Property"), except for (a) properties and assets sold or otherwise disposed of in the ordinary course of business since the date of such balance sheet and (b) properties and assets the loss of which would not, individually or in the aggregate, have a Material Adverse Effect with respect to FCBS. Except as set forth in Section 3.20 of the FCBS Confidential Disclosure Schedule, FCBS Property is free and clear of all Liens except (i) Liens for current taxes and assessments not yet due or payable, (ii) pledges to secure deposits and other Liens incurred in the ordinary course of business, and (iii) any Liens that do not materially detract from the value or impair the use of the FCBS Property or assets subject thereto. The FCBS Property is in adequate condition (ordinary wear and tear excepted) and is sufficient to carry on the business of FCBS and FCBS Bank in the ordinary course of business consistent with past practices. Except as set forth in Section 3.20 of the Disclosure Schedule, all FCBS Property which is material to the business of FCBS and FCBS Bank and is leased or licensed by FCBS or FCBS Bank is held pursuant to leases or licenses which will not terminate or lapse prior to the Effective Time. Section 3.20 of the FCBS Confidential Disclosure Schedule sets forth a list all real property which FCBS or FCBS Bank owns, has a leasehold interest in, or leases to any third party.

Section 3.21. Derivative Transactions. Section 3.21 of the FCBS Confidential Disclosure Schedule sets forth a list of all Derivative Transactions to which FCBS or FCBS Bank is a party. All Derivative Transactions to which FCBS or FCBS Bank is a party were entered into in the ordinary course of business, consistent with safe and sound banking practices and regulatory guidance, and in accordance in all material respects with the investment, securities, commodities, risk management and other policies, practices and procedures employed by FCBS and FCBS Bank, as applicable. All of such Derivatives Transactions are legal, valid and binding obligations of FCBS or FCBS Bank of FCBS, as the case may be, enforceable in accordance with their terms (except as enforcement may be limited by general principles of equity whether applied in a court of law or a court of equity and by bankruptcy, insolvency and similar laws affecting creditors' rights and remedies generally), and are in full force and effect. FCBS and FCBS Bank that is a party to any such Derivative Transaction has duly performed in all material respects all of their material obligations thereunder to the extent that such obligations to

perform have accrued; and, to FCBS' knowledge, there are no breaches, violations or defaults or allegations or assertions of such by any party thereunder.

Section 3.22. Loans; Nonperforming and Classified Assets.

(a) Each Loan on the books and records of FCBS and FCBS Bank was made and has been serviced in all material respects in accordance with their customary lending standards in the ordinary course of business.

(b) Schedule 3.22 of the FCBS Confidential Disclosure Schedule sets forth a list, as to FCBS and FCBS Bank and as of the latest practicable date prior to the date of this Agreement, of: (i) any non-accrual Loan; (ii) each Loan which has been classified as "substandard," "doubtful," "loss" or "special mention" (or words of similar import) by FCBS or FCBS Bank or an applicable Regulatory Authority (it being understood that no representation is being made that the FRB or OCC would agree with the loan classifications established by FCBS or FCBS Bank); (iii) a listing of the Other Real Estate Owned (OREO) acquired by foreclosure or by deed-in-lieu thereof, including the book value thereof; and (iv) each Loan with any director, executive officer or five percent (5%) or greater shareholder of FCBS or FCBS Bank, or to the knowledge of FCBS, any Person controlling, controlled by or under common control with any of the foregoing.

Section 3.23. Allowance for Loan and Lease Losses. The Allowance for Loan Losses of FCBS and FCBS Bank ("ALL") is adequate in all material respects as provided under the standards established by applicable Governmental Entities and the Financial Accounting Standards Board.

Section 3.24. Fiduciary Accounts; Trust Powers. FCBS and FCBS Bank have properly administered in all material respects all accounts for which it acts as a fiduciary, including but not limited to accounts for which it serves as agent, custodian, personal representative, guardian, conservator or investment advisor, in accordance with the terms of the governing documents and applicable Laws. Neither FCBS nor FCBS Bank, nor any of their respective directors, officers or employees, has committed any breach of trust with respect to any fiduciary account and the records for each such fiduciary account are true and correct and accurately reflect the assets of such fiduciary account. The FCBS Bank does not have or exercise trust powers, including but not limited to, trust administration, and neither it nor any predecessor has exercised such trust powers for a period of at least three (3) years prior to the date hereof.

Section 3.25. Books and Records. All books and records of FCBS and FCBS Bank have been fully, properly and accurately maintained in material compliance with applicable legal and accounting requirements, and such books and records accurately reflect in all material respects all dealings and transactions in respect of the business, assets, liabilities and affairs of FCBS and FCBS Bank.

Section 3.26. Opinion of Financial Advisor. FCBS has received from Peacock, Hislop, Staley & Given, Inc. (the "FCBS Financial Advisor") its opinion, dated February 7, 2007 (the "FCBS Fairness Opinion"), to the effect that, as of such date and based on and subject to the matters set forth in that Opinion, the Merger Consideration is fair, from a financial point of view, to the shareholders of FCBS.

Section 3.27. Brokers. Except for fees payable to Carpenter & Company, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the Holding Company Merger or Bank Merger based upon arrangements made by or on behalf of FCBS or FCBS Bank.

Section 3.28. No Other Merger or Business Combination Agreements. FCBS does not have any legal obligation, absolute or contingent, to any Person, other than CVBF, to sell, directly or indirectly, FCBS or FCBS Bank or to effect any merger, share exchange, consolidation, business combination, recapitalization, liquidation or other reorganization of FCBS or FCBS Bank or to enter into any agreement with respect thereto.

Section 3.29. Disclosure. The representations and warranties contained in this Article III, when considered as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Article III not misleading.

ARTICLE IV
Representations and Warranties of CVBF

Except as set forth in a disclosure schedule delivered by CVBF to FCBS prior to the execution of this Agreement (the "CVBF Confidential Disclosure Schedule"), which identifies exceptions by specific Section references, CVBF hereby represents and warrants to FCBS as follows:

Section 4.1. Organization and Qualification; Subsidiaries. CVBF is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, and is a registered bank holding company under the BHCA. Each of CVBF and CVBF Bank has been duly organized, and is validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, as the case may be. Each of CVBF and CVBF Bank has the requisite corporate power and authority and all necessary Governmental Approvals to own, lease and operate its respective properties and to carry on its business as it is now being conducted. Each of CVBF and CVBF Bank is duly qualified or licensed to do business, and is in good standing, in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification, licensing or good standing necessary, except for such failures to be so qualified, licensed or in good standing that would not, individually or in the aggregate, have a Material Adverse Effect with respect to CVBF.

Section 4.2. Articles of Incorporation and Bylaws; Corporate Books and Records. Except as set forth in Schedule 4.2 of CVBF Confidential Disclosure Schedules, the copies of CVBF's Articles of Incorporation, as amended (the "CVBF Articles"), and Bylaws, as amended (the "CVBF Bylaws"), that are listed as exhibits to CVBF's Form 10-K for the year ended December 31, 2005 are complete and correct copies thereof as in effect on the date hereof. CVBF is not in violation of any of the provisions of CVBF Articles or CVBF Bylaws. True and complete copies of all minute books of CVBF and CVBF Bank, containing minutes of meetings held and actions taken by their respective Boards of Directors or any committees thereof during the period from January 1, 2004 to the date hereof, have been made available by CVBF to FCBS.

Section 4.3. Capitalization. As of the date hereof, the authorized capital stock of CVBF consists of (a) 122,070,312 shares of CVBF Common Stock, of which (i) 84,284,263 are issued and outstanding and all of which are validly issued, fully paid, nonassessable and free of preemptive rights, and (ii) 1,328,906 shares of CVBF Common Stock are issuable (and such number is reserved for issuance) upon exercise of options of CVBF outstanding as of the date hereof and (b) 20,000,000 shares of CVBF Preferred Stock, of which no shares are issued and outstanding. The shares of CVBF Common Stock to be issued in the Holding Company Merger are duly authorized and, if and when so issued, will (i) be validly issued and outstanding, fully paid and nonassessable, (ii) will have been registered under the Securities Act or exempt from the registration provisions thereof, and (iii) will have

been registered or qualified under the Blue Sky Laws of all jurisdictions in which such registration or qualification is so required.

Section 4.4. Significant Subsidiaries. CVBF has no Significant Subsidiaries other than CVBF Bank and CVBF Bank has no Subsidiaries. Except as set forth in Section 4.4 of CVBF Confidential Disclosure Schedule, CVBF owns all of the issued and outstanding shares of capital stock of CVBF Bank, free and clear of any Liens and all of such shares have been duly authorized, validly issued, fully paid and are non-assessable. True and complete copies of CVBF Bank's Articles of Incorporation, Bylaws or equivalent organizational documents have been delivered to FCBS. CVBF Bank is not in violation of its respective organizational documents.

Section 4.5. Authority.

(a) CVBF has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement and the Agreement of Merger by CVBF and the consummation by CVBF of the transactions contemplated hereby and thereby have been duly and validly authorized by action of the Board of Directors of CVBF (the "CVBF Board") and no other corporate action or proceedings on the part of CVBF are necessary to authorize its execution and delivery of this Agreement or its consummation of the transactions contemplated hereby. This Agreement has been and the Agreement of Merger will be, duly and validly executed and delivered by CVBF and, assuming the due authorization, execution and delivery hereof by FCBS, constitutes a legal, valid and binding obligation of CVBF, enforceable against CVBF in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights, and to general equitable principles (regardless of whether such enforceability is considered in equity or at law).

(b) By resolutions duly adopted at a meeting of CVBF Board duly called and held on February 7, 2007, by the affirmative vote of CVBF Board required to do so pursuant to the CVBF Articles and the applicable provisions of the CGCL, CVBF Board has duly (i) determined that this Agreement and the transactions contemplated hereby (including the Holding Company Merger) are fair to and in the best interests of CVBF and its shareholders, and (ii) approved and adopted this Agreement and the transactions contemplated hereby, including the Holding Company Merger and the issuance of shares of CVBF Common Stock (the "CVBF Shares") pursuant to the Holding Company Merger (the "CVBF Board Approval"). A true and correct copy of such resolutions, certified by CVBF's corporate secretary, has been furnished to FCBS and none of such resolutions has been rescinded or revoked, in whole or in part, or modified in any way. No vote of the shareholders of CVBF is required by law, the CVBF Articles or CVBF Bylaws, or otherwise to approve this Agreement and the Holding Company Merger.

Section 4.6. No Conflict; Required Filings and Consents.

(a) Except as set forth in Section 4.6(a) of CVBF Confidential Disclosure Schedule, (i) the execution and delivery of this Agreement and the Agreement of Merger, and (ii) the execution and delivery of the Agreement of Bank Merger by CVBF Bank, do not, and the performance of this Agreement and the transactions contemplated hereby and thereby (including the Holding Company Merger and the Bank Merger) by CVBF and CVBF Bank, as the case may be, will not, (x) conflict with or violate any provision of the CVBF Articles or CVBF Bylaws or any equivalent organizational documents of CVBF Bank, (y) conflict with or violate any Law applicable to CVBF or CVBF Bank or by which any property or asset of CVBF or CVBF Bank are bound or affected (assuming that all consents,

approvals, authorizations and permits described in Section 4.6(b) have been obtained and all filings and notifications described in Section 4.6(b) have been made and any waiting periods thereunder have terminated or expired) or (z) require any consent or approval under, result in any breach of or any loss of any benefit under, constitute a change of control or default (or an event which with notice or lapse of time or both would become a default) under or give to others any right of termination, vesting, amendment, acceleration or cancellation of, or result in the creation of a Lien on any property or asset of CVBF or CVBF Bank pursuant to any CVBF Material Contract filed (as defined in Section 4.15 herein), any CVBF Permit, or other instrument or obligation.

(b) (i) The execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby, by CVBF and (ii) the execution and delivery of the Agreement of Bank Merger, and the consummation of the Bank Merger, by CVBF Bank, do not, and the performance of the transactions contemplated by this Agreement by CVBF and CVBF Bank will not, require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Entity, except as set forth in Section 4.6(b) of CVBF Confidential Disclosure Schedule. CVBF has no knowledge of any reason why all Government Approvals required for consummation of the transactions contemplated by this Agreement, including the Holding Company Merger and the Bank Merger, will not be obtained on a timely basis.

Section 4.7. Litigation. Except as and to the extent disclosed in CVBF SEC Filings filed prior to the date of this Agreement or as set forth in Section 4.7 of CVBF Confidential Disclosure Schedule, (a) there are no suits, claims, actions, proceedings or investigations pending or, to the knowledge of CVBF, threatened against CVBF or CVBF Bank or which CVBF or CVBF Bank have initiated, (b) neither CVBF nor CVBF Bank are subject to any outstanding and unsatisfied order, writ, injunction, decree or arbitration ruling, award or other finding. There is no suit, claim, action, proceeding or investigation pending or, to the knowledge of CVBF, threatened against CVBF or CVBF Bank that challenges the validity or propriety or seeks to prevent consummation of, the Holding Company Merger or the Bank Merger.

Section 4.8. Permits; Compliance With Law.

(a) Each of CVBF and CVBF Bank is in possession of all authorizations, licenses, permits, certificates, approvals and clearances of any Governmental Entity necessary for it to own, lease and operate its properties or to carry on its business substantially in the manner as it is being conducted (the “CVBF Permits”), and all such CVBF Permits are valid, and in full force and effect and, to CVBF’s knowledge, no suspension or cancellation of any of them is threatened.

(b) Neither CVBF nor CVBF Bank is in default or violation of, (i) any Law applicable to CVBF or CVBF Bank or by which any of their respective properties or assets is bound or affected or (ii) any CVBF Permits.

(c) CVBF Bank received a rating of “Satisfactory” in its most recent examination for compliance with the Community Reinvestment Act.

Section 4.9. SEC Filings; Financial Statements; Regulatory Reports.

(a) CVBF has timely filed all registration statements, prospectuses, forms, reports, definitive proxy statements, schedules and documents required to be filed by it under the Securities Act or the Exchange Act, as the case may be, since December 31, 2005 (collectively, the “CVBF SEC Filings”). Each CVBF SEC Filing (i) as of the time it was filed, complied in all material

respects with the requirements of the Securities Act or the Exchange Act, as the case may be, and (ii) did not at the time it was filed (or if subsequently amended or superseded by an CVBF SEC Filing made on or prior to the date of this Agreement, then on the date of such subsequent filing), contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(b) CVBF's consolidated financial statements (including, in each case, any notes and schedules thereto) contained in CVBF SEC Filings were prepared in accordance with GAAP applied on a consistent basis throughout the periods indicated (except as may be indicated in the notes thereto, or, in the case of interim consolidated financial statements, where information and footnotes contained in such financial statements are not required to be in compliance with GAAP), and in each case such consolidated financial statements fairly presented or will fairly present, in all material respects, the consolidated financial position, results of operations and cash flows of CVBF and the consolidated Subsidiaries of CVBF as of the respective dates thereof and for the respective periods covered thereby (subject, in the case of unaudited statements, to normal year-end adjustments which did not and which are not expected to, individually or in the aggregate, have a Material Adverse Effect with respect to CVBF).

(c) Except as and to the extent set forth on the consolidated balance sheet of CVBF and its consolidated Subsidiaries as of September 30, 2006 (the "CVBF Balance Sheet"), neither CVBF nor any of its consolidated Subsidiaries has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) that would be required to be reflected on a balance sheet or in notes thereto prepared in accordance with GAAP consistently applied, except for liabilities or obligations (i) incurred in the ordinary course of business since September 30, 2006 that would not, individually or in the aggregate, have a Material Adverse Effect with respect to CVBF or (ii) incurred or provided for in, or as contemplated by, this Agreement.

(d) Each required form, report and document containing financial statements that CVBF has filed with or furnished to the SEC since December 31, 2005 was accompanied by the certifications required to be filed or furnished by CVBF's chief executive officer and chief financial officer pursuant to the Sarbanes-Oxley Act, and at the time of filing or submission of each such certification, such certification (i) was true and accurate and complied with the Sarbanes-Oxley Act in all material respects, (ii) did not contain any qualifications or exceptions to the matters certified therein, except as otherwise permitted under the Sarbanes-Oxley Act, and (iii) has not been modified or withdrawn. Neither CVBF nor any of its officers has received notice from any Governmental Entity questioning or challenging the accuracy, completeness, content, form or manner of filing or furnishing of such certifications. CVBF's disclosure controls and procedures (as defined in Sections 13a-14(c) and 15d-14(c) of the Exchange Act) effectively enable CVBF to comply with, and the appropriate officers of CVBF to make all certifications required under, the provisions of the Sarbanes-Oxley Act pertaining to disclosure controls and procedures. CVBF's disclosure controls and procedures (as defined in Sections 13a-15(e) and 15d-15(e) of the Exchange Act) were effective to provide reasonable assurance that material information, relating to CVBF and its consolidated Subsidiaries, required to be included in any of CVBF SEC Filings, were made known to CVBF management, including its chief executive officer and chief financial officer, respectively, on a timely basis. Neither CVBF, nor any of its officers, has received notice from any Governmental Entity questioning or challenging the accuracy, completeness, form or manner of filing or submission of such certifications. CVBF knows of no reason why CVBF's outside auditors, chief executive officer and chief financial officer will not be able to give the certifications and attestations required pursuant to the rules and regulations adopted pursuant to Section 404 of the Sarbanes-Oxley Act, without qualification, when next due.

(e) Each of CVBF and CVBF Bank has filed all material documents and reports relating to each of CVBF and CVBF Bank required to be filed with Regulatory Authorities. All such reports conform in all material respects with the requirements promulgated by such Regulatory Authorities.

(f) CVBF and CVBF Bank maintain a system of internal accounting controls sufficient to provide assurance that (i) transaction are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Neither CVBF nor, to CVBF's knowledge, CVBF's independent auditors or any employee of CVBF or CVBF Bank has identified or been made aware of (A) any fraud, whether or not material, that involves CVBF's or CVBF Bank's management or other employees who have a role in the preparation of financial statements or the internal controls used or utilized by CVBF or CVBF Bank or (B) any claim or allegation regarding any of the foregoing.

Section 4.10. Regulatory Matters. Except as may otherwise be set forth in Section 4.10 of CVBF Confidential Disclosure Schedule, neither CVBF nor CVBF Bank (i) is, directly or indirectly, party or subject to any order, decree, agreement, memorandum of understanding or similar arrangement with, or a commitment letter or similar submission to, or supervisory letter from, any Regulatory Authority or (ii) has been advised by, or has any knowledge of facts which are reasonably expected to give rise to an advisory notice by, any Regulatory Authority that such Regulatory Authority is contemplating issuing or requesting (or is considering the appropriateness of issuing or requesting) any order, decree, agreement, memorandum of understanding, commitment letter, supervisory letter or similar submission. Except as set forth on Section 4.10 of CVBF Confidential Disclosure Schedule, all compliance or corrective action relating to CVBF or CVBF Bank required by Regulatory Authorities having jurisdiction over CVBF or CVBF Bank has been taken. Each of CVBF and CVBF Bank has paid all assessments made or imposed by and required to have been heretofore paid to any Regulatory Authority.

Section 4.11. Absence of Certain Changes or Events. Since September 30, 2006, except as set forth in Section 4.11 of CVBF Confidential Disclosure Schedule, (i) CVBF and CVBF Bank have conducted their business in the ordinary course consistent with past practice and (ii) there has not been any Material Adverse Effect with respect to CVBF or an event or development that would, individually or in the aggregate, have a Material Adverse Effect with respect to CVBF or CVBF Bank.

Section 4.12. Transactions with Interested Persons. Except as set forth in CVBF SEC Filings filed prior to the date of this Agreement, or as disclosed in Section 4.14 of CVBF Confidential Disclosure Schedule, no officer, director or employee or affiliate of CVBF or CVBF Bank nor, to CVBF's knowledge, any member of the immediate family of any such officer, director or employee or affiliate, is presently a party to any transaction with CVBF or CVBF Bank of the type or involving an amount that requires such transaction to be disclosed pursuant to Item 404 of Regulation S-K.

Section 4.13. Material Contracts. Except as set forth in Section 4.15 of CVBF Confidential Disclosure Schedule, none of CVBF or CVBF Bank are parties to or bound by any Contract that (a) is a "material contract" (as such term is defined in Item 601(b)(10) of Regulation S-K), (b) which would prohibit or materially delay the consummation of the Holding Company Merger or the Bank Merger, (c) limits the ability of CVBF or CVBF Bank from competing in any line of business, in any geographic

area or with any Person, or which requires referrals of business or requires CVBF or CVBF Bank to offer products or services of any other Person on a priority or exclusive basis, or (d) gives rise to any material payments or material benefits to any other Person as a result of the transactions contemplated hereby, including the Holding Company Merger and the Bank Merger (collectively, "CVBF Material Contracts"). Each CVBF Material Contract is valid and binding on CVBF or CVBF Bank (as the case may be) that is a party thereto and, to CVBF's knowledge, each other party thereto, and is in full force and effect, and CVBF or CVBF Bank that is a party thereto has performed all of its obligations required to be performed by it to the date hereof under each such CVBF Material Contract and, to CVBF's knowledge, each other party to each CVBF Material Contract has in all respects performed all obligations required to be performed by it under such CVBF Material Contract, except as would not, individually or in the aggregate, have a Material Adverse Effect with respect to CVBF. None of CVBF or CVBF Bank have received any written notice of any violation or default under (or any condition which with the passage of time or the giving of notice would cause such a violation of or default under) any CVBF Material Contract.

Section 4.14. Environmental Matters.

(a) Except as would not, individually or in the aggregate, have a Material Adverse Effect with respect to CVBF, to CVBF's knowledge, CVBF and CVBF Bank (i) is in compliance with all, and is not subject to any liability with respect to any, applicable Environmental Laws, (ii) holds or has applied for all Environmental Permits necessary to conduct its current operations, and (iii) is in compliance with its respective Environmental Permits.

(b) None of CVBF or CVBF Bank have received any written notice, demand, letter, claim or request for information alleging that CVBF or CVBF Bank may be in violation of, or liable under, any Environmental Law.

(c) Neither CVBF or CVBF Bank (i) has entered into or agreed to any consent decree or order or is subject to any judgment, decree or judicial order relating to (A) compliance with Environmental Laws or Environmental Permits or (B) the investigation, sampling, monitoring, treatment, remediation, removal or cleanup of Hazardous Materials and no investigation, litigation or other proceeding is pending or, to the knowledge of CVBF, threatened with respect thereto, or (ii) is an indemnitor in connection with any claim threatened or asserted in writing by any third-party indemnitee for any liability under any Environmental Law or relating to any Hazardous Materials.

(d) None of the real property owned or leased by CVBF or CVBF Bank is listed or, to the knowledge of CVBF, proposed for listing on the "National Priorities List" under CERCLA, as updated through the date hereof, or any similar state or foreign list of sites requiring investigation or cleanup.

(e) To the knowledge of CVBF, there are no past or present conditions, circumstances, or facts that may (i) interfere with or prevent continued compliance by CVBF or CVBF Bank with Environmental Laws and the requirements of Environmental Permits, (ii) give rise to any liability or other obligation under any Environmental Laws, or (iii) form the basis of any claim, action, suit, proceeding, or investigation against or involving CVBF or CVBF Bank based on or related to any Environmental Law.

Section 4.15. Intellectual Property. Each of CVBF and CVBF Bank owns or has a valid and binding license to use all CVBF Intellectual Property necessary to carry on its business substantially as currently conducted. Neither CVBF nor CVBF Bank has received any notice of infringement of or

conflict with, and to FCBS' knowledge, there are no infringements of or conflicts with, the rights of others with respect to the use of any Intellectual Property.

Section 4.16. Taxes.

(a) Each of CVBF and CVBF Bank has duly and timely filed with the appropriate Tax authorities or other Governmental Entities all material Tax Returns required to be filed. All such Tax Returns are complete and accurate in all respects, except as would not, individually or in the aggregate, have a Material Adverse Effect. All Taxes shown as due on such Tax Returns have been timely paid.

(b) Subject to such exceptions as would not, individually or in the aggregate, have a Material Adverse Effect, the unpaid Taxes of CVBF and CVBF Bank did not, as of the dates of the most recent financial statements contained in CVBF SEC Filings, exceed the reserve for Tax liability set forth on the face of the balance sheets contained in such financial statements.

(c) Subject to such exceptions as would not, individually or in the aggregate, have a Material Adverse Effect, (i) no deficiencies for Taxes with respect to CVBF or CVBF Bank have been claimed, proposed or assessed by a Tax authority or other Governmental Entity in writing to CVBF, CVBF Bank or any of their respective affiliates and (ii) no audit or other proceeding for or relating to any liability in respect of Taxes of CVBF or CVBF Bank is being conducted by any Tax authority or Governmental Entity, and neither CVBF nor CVBF Bank has received notification in writing that any such audit or other proceeding is pending.

(d) There are no material Tax liens upon any property or assets of CVBF or CVBF Bank except (i) liens for current Taxes not yet due and payable and (ii) liens for Taxes that are being contested in good faith by appropriate proceedings and for which adequate reserves are being maintained in accordance with GAAP.

(e) CVBF and CVBF Bank have withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, shareholder or other third party, subject to such exceptions as would not, individually or in the aggregate, have a Material Adverse Effect.

(f) Neither CVBF or CVBF Bank has any liability for the Taxes of any Person (other than members of the consolidated group of which CVBF is the common company) (i) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign Law), (ii) as a transferee or successor, or (iii) by contract, except in each case where such liability for Taxes would not, individually or in the aggregate, have a Material Adverse Effect.

(g) CVBF and CVBF Bank have made available to FCBS correct and complete copies of all federal Tax Returns for Tax periods ending on or after December 31, 2004.

(h) Neither CVBF nor CVBF Bank are a party to, is bound by or has any obligation under any material Tax sharing or Tax indemnity agreement or similar contract or arrangement other than any agreement, contract or other arrangement between CVBF and CVBF Bank.

Section 4.17. Insurance. CVBF and CVBF Bank are insured with reputable insurers against such risks and in such amounts as is customary and prudent in accordance with prevailing practices in the banking industries. All such policies are in full force and effect, all premiums due and payable have been paid, and no written notice of cancellation or termination has been received with respect to any

such policy and all of such policies, or predecessor policies covering similar risks, have been in full force and effect continuously for at least the past five (5) years. No insurer has advised CVBF or CVBF Bank that it intends to materially reduce coverage or materially increase any premium under any such policy, or that coverage is not available (or that it will contest coverage) for any material claim made against CVBF or CVBF Bank.

Section 4.18. Properties. Each of CVBF and CVBF Bank has good and valid title to or a valid leasehold interest in all of its properties and assets reflected on CVBF Balance Sheet or acquired after the date thereof ("CVBF Property"), except for (a) properties and assets sold or otherwise disposed of in the ordinary course of business since the date of such balance sheet and (b) properties and assets the loss of which would not, individually or in the aggregate, have a Material Adverse Effect. Except as set forth in Section 4.20 of CVBF Confidential Disclosure Schedule, CVBF Property is free and clear of all Liens except (i) Liens for current taxes and assessments not yet due or payable, (ii) pledges to secure deposits and other Liens incurred in the ordinary course of business, and (iii) any Liens that do not materially detract from the value or impair the use of the Property or assets subject thereto.

Section 4.19. Allowance for Loan and Lease Losses. The ALL of CVBF and CVBF Bank is, and shall be as of the Effective Time, adequate as provided under the standards established by applicable Governmental Entities and the Financial Accounting Standards Board.

Section 4.20. No Other Merger or Business Combination Agreements. As of the date hereof, CVBF does not have any legal obligation, absolute or contingent, to any other Person to sell, directly or indirectly, CVBF or CVBF Bank or to effect any merger, share exchange, consolidation, business combination, recapitalization, liquidation or other reorganization of CVBF or CVBF Bank or to enter into any agreement with respect thereto.

Section 4.21. Ownership of FCBS Stock. As of the date hereof, neither CVBF nor any of CVBF's Affiliates directly or indirectly Beneficially Owns or otherwise owns any FCBS Stock.

Section 4.22. No Brokers. Except as set forth in Section 4.23 of CVBF Confidential Disclosure Schedule, no action has been taken by CVBF or CVBF Bank that would give rise to any valid claim against any party hereto for a brokerage commission, finder's fee or other like payment with respect to the transactions contemplated by this Agreement.

Section 4.23. Books and Records. All books and records of CVBF and CVBF Bank have been fully, properly and accurately maintained in material compliance with applicable legal and accounting requirements, and such books and records accurately reflect in all material respects all dealings and transactions in respect of the business, assets, liabilities and affairs of CVBF and CVBF Bank.

Section 4.24. Disclosure. The representations and warranties contained in this Article IV, when considered as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Article IV not misleading.

ARTICLE V
Mutual Covenants of the Parties

Section 5.1. Reasonable Best Efforts. Subject to the terms and conditions of this Agreement, each of CVBF and FCBS agrees to use its reasonable best efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or desirable, or advisable

under applicable Laws, so as to enable the parties to consummate, as soon as practicable, the Holding Company Merger and the Bank Merger and the other transactions contemplated hereby which are required to be performed prior to or at the Effective Time, including the satisfaction of the conditions set forth in this Agreement, and the parties shall cooperate fully with each other to that end.

Section 5.2. Fairness Hearing and Proxy Statement.

(a) Fairness Hearing. As promptly as practicable after the execution of this Agreement, CVB and FCBS shall prepare, and CVB shall file with the Corporations Commissioner; (i) the notice meeting the requirements of the California Code of Regulations, Title 10, Chapter 3, Subchapter 1, Article 2, as amended (the "Hearing Notice"), concerning the hearing to be held by the Corporations Commissioner to consider the terms, conditions and fairness of the transactions contemplated hereby pursuant to Section 25142 of the CSL (the "Hearing"); and (ii) the application for permit to be filed with the Corporations Commissioner in connection with the Hearing (the "Permit Application"). As soon as permitted by the Corporations Commissioner, FCBS shall mail the Hearing Notice to all FCBS Shareholders entitled to receive such notice. CVB and FCBS will notify each other promptly of the receipt of any comments from the Corporations Commissioner or its staff and of any request by the Corporations Commissioner or its staff or any other government officials for amendments or supplements to any of the documents filed therewith or any other filing or for additional information and will supply each other with copies of all correspondence between such party or any of its representatives, on the one hand, and the Corporations Commissioner, or its staff or any other government officials, on the other hand, with respect to the filing. FCBS hereby confirms that it has evaluated the fairness of the terms and conditions of the transactions contemplated herein, including, but not limited to the consideration to be received by the FCBS Shareholders following consummation of such transactions and agrees not to object at the Hearing to the fairness of such terms and conditions of the transactions contemplated herein.

(b) Registration Statement. In the event that the Corporations Commissioner does not issue the permit pursuant to Section 25121 of the CGCL following the Hearing or advises CVBF in writing that it will not hold a Hearing, CVB and FCBS covenant and agree that they will promptly prepare and file with the Securities and Exchange Commission, a Registration Statement on Form S-4 (the "Registration Statement on Form S-4") and Proxy Statement and prospectus as it pertains to CVB and FCBS, respectively, and use their best efforts to have the Form S-4 declared effective as soon thereafter as possible. CVB and FCBS covenant and agree that the Form S-4, with respect to the information pertaining to such party, 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. Each of CVBF and FCBS shall furnish such information about itself and its business, its management and its financial condition and operating results, including its respective consolidated financial statements, appropriate opinions and consents as the other party may reasonably request for inclusion or incorporation in, and the parties shall otherwise cooperate with each other in connection with the preparation of the Proxy Statement.

(c) Proxy Statement. The Proxy Statement shall include (A) subject to Section 6.3 hereof, FCBS Board's recommendation that FCBS Shareholders vote in favor of adoption of this Agreement (the "FCBS Board Recommendation") and (B) a discussion of FCBS Fairness Opinion referred to in Section 3.26 hereof in compliance with applicable Law.

(d) Mailing. Following the approval of the Permit Application, FCBS shall mail the Proxy Statement to the FCBS Shareholders in sufficient time to enable FCBS Shareholder Meeting to be held as soon as practicable.

(e) Accuracy of Information. Each of FCBS and CVBF agrees that none of the information supplied by it for inclusion or incorporation by reference in the Hearing Notice or Proxy Statement shall contain, on (i) the date it is first mailed to FCBS Shareholders and (ii) at the time or times when FCBS Shareholder Meeting is held, any statement which, at such time and in light of the circumstances under which it was made, is false or misleading with respect to any material fact, or will omit to state any material fact required to be stated therein or necessary in order to make the statements therein not false or misleading, or omit to state any material fact necessary to correct any statement in any earlier FCBS or CVBF communication with respect to the solicitation of proxies for FCBS Shareholder Meeting which has become false or misleading. If at any time prior to FCBS Shareholder Meeting, any event relating to FCBS or FCBS Bank or CVBF or CVBF Bank, or their respective affiliates, officers or directors, should be discovered by FCBS or CVBF, as the case may be, which should be set forth in an amendment or a supplement to the Hearing Notice or Proxy Statement, FCBS or CVBF will promptly inform the other party. Neither FCBS nor CVBF makes any representation or warranty with respect to any information supplied by the other party which is contained in or incorporated by reference in any of the foregoing documents.

Section 5.3. Public Announcements. The press release announcing the execution by the parties of this Agreement shall be issued only in such form as shall be mutually agreed upon by FCBS and CVBF. Neither FCBS nor CVBF shall issue any other press release or otherwise make any public statement with respect to this Agreement and the Holding Company Merger or Bank Merger or which could reasonably be expected to affect the outcome of the voting by the FCBS Shareholders on the Holding Company Merger without first consulting and obtaining the prior consent of the other party (which shall not be unreasonably withheld or delayed) to the issuance of such press release or the making of such public statement. Notwithstanding the foregoing, however, a party may issue such a press release or make such a public statement without consulting or obtaining the prior consent of the other party, provided that such party concludes in good faith, after consultation with its legal counsel, that such party is required by applicable Law (or by any listing agreement with a national securities exchange or automated quotation system applicable to it) to issue such press release or make such public statement.

Section 5.4. Appropriate Actions; Consents; Filings.

(a) CVBF and FCBS shall use their reasonable best efforts to (i) take, or cause to be taken, all appropriate action, and do, or cause to be done, all things necessary, proper or advisable under applicable Law or otherwise in order to consummate and make effective the transactions contemplated by this Agreement that are intended to be consummated prior to the Effective Time as promptly as practicable hereafter, (ii) obtain from any Governmental Entity any Government Approvals required to be obtained or made by FCBS or CVBF or any of their respective Subsidiaries, or to avoid or cause to be withdrawn or terminated, without prejudice to the parties, any action or proceeding by any Governmental Entity, in connection with the authorization, execution and delivery of this Agreement and the consummation of the Holding Company Merger and the Bank Merger as contemplated hereby and thereby, and (iii) make all necessary filings, and thereafter make any other required submissions, with respect to this Agreement and the Holding Company Merger and the Bank Merger required under (A) the BHCA, (B) the California Financial Code, (C) the Bank Merger Act, (D) the Exchange Act, (E) the National Bank Act and any other applicable federal or state securities Laws, and (F) any other applicable Law; *provided*, that FCBS and CVBF shall cooperate with each

other in connection with the preparation and making of all such filings, including, if requested, by providing copies of all such documents to the non-filing party and its advisors prior to filing and, if requested, to accept all reasonable additions, deletions or changes suggested in connection therewith; *provided further*, that any initial filings with Governmental Entities (other than the Registration Statement, the Agreement of Merger, the Certificate of Merger and the Agreement of Bank Merger) shall be made by CVBF as soon as reasonably practicable after the execution hereof; and *provided further*, that nothing in this Section 5.4(a) shall require the expenditure of money by CVBF or FCBS to a third party in exchange for any such consent (other than filing or processing fees) except as required by applicable Law. FCBS and CVBF shall furnish to each other all information reasonably required for any application or other filing under applicable Law in connection with the transactions contemplated by this Agreement.

(b) FCBS and CVBF shall give (or shall cause their respective Subsidiaries to give) any notices to third parties, and use, and cause their respective Subsidiaries to use, reasonable best efforts to obtain any third party consents, (i) necessary, proper or advisable to consummate the transactions contemplated in this Agreement, or (ii) disclosed in the FCBS Confidential Disclosure Schedule or CVBF Confidential Disclosure Schedule, as applicable. In the event that either party shall fail to obtain any such third party consent, that party shall use its reasonable best efforts, and shall take any such actions reasonably requested by the other party hereto, to minimize any adverse effect on the consummation of the Holding Company Merger, the Bank Merger, FCBS and CVBF, their respective Subsidiaries, and their respective businesses resulting, or which could reasonably be expected to result after the Effective Time, from the failure to obtain such consent.

Section 5.5. Tax Treatment of the Holding Company Merger. CVBF and FCBS intend that the Holding Company Merger qualify as a tax-free reorganization for U.S. federal income tax purposes within the meaning of Section 368(a) of the Code and the parties hereto hereby adopt this Agreement as a plan of reorganization within the meaning of Section 368(a) of the Code and the Treasury Regulations promulgated thereunder. The parties and their Subsidiaries, respectively, both before and after the Effective Time, shall (a) use reasonable best efforts to cause the Holding Company Merger to so qualify; (b) refrain from taking any action that would reasonably be expected to cause the Holding Company Merger to fail to so qualify; and (c) take the position for all tax purposes that the Holding Company Merger so qualifies. Each of FCBS and CVBF shall furnish such representation letters and other written material as shall be reasonably requested by its counsel to render the opinions set forth in Section 10.1(f) herein.

Section 5.6. Notification of Certain Matters. Each of FCBS and CVBF shall give prompt notice to the other of any fact, event or circumstance that becomes known to it that (a) is reasonably likely, individually or taken together with all other facts, events and circumstances known to it, to result in any Material Adverse Effect, or (b) would cause or constitute a material breach of any of its representations, warranties, covenants or agreements contained herein or (c) could reasonably be expected to result in the failure of a condition in Article VIII, IX or X to be satisfied.

Section 5.7. Dividends. Until the Effective Time, FCBS and CVBF shall coordinate the declaration and payment of any dividends in respect of FCBS Stock and CVBF Common Stock and the record dates and the payment dates relating thereto, it being the intention of CVBF and FCBS that holders of FCBS Stock shall not receive two dividends, or fail to receive one dividend, for any single calendar quarter with respect to their shares of FCBS Stock and/or any shares of CVBF Common Stock that any such holder receives in exchange therefore pursuant to the Holding Company Merger.

ARTICLE VI
Covenants of FCBS

Section 6.1. Conduct of Business by FCBS Pending the Closing. FCBS agrees that, between the date of this Agreement and the earlier of the Effective Time or the termination of this Agreement, except as set forth in Section 6.1 of the FCBS Confidential Disclosure Schedule or as specifically required or permitted by this Agreement or required by Law, unless CVBF shall otherwise consent thereto in writing, FCBS shall, and shall cause FCBS Bank to, conduct its operations only in the ordinary and usual course of business consistent with past practice and, to the extent consistent therewith, shall use its reasonable best efforts to (x) preserve its and FCBS Bank's business organization and its rights, authorizations, franchises and other authorizations issued by Governmental Entities intact, (y) keep available the present services of the current officers and employees of FCBS Bank, and (z) preserve the goodwill of the customers of FCBS Bank with whom business relationships exist. By way of amplification and not limitation, except as set forth in Section 6.1 of the FCBS Confidential Disclosure Schedule or as specifically required or permitted by any other provision of this Agreement or required by Law, between the date of this Agreement and the earlier of the Effective Time or the termination of this Agreement, FCBS shall not, and shall not permit FCBS Bank or any other Subsidiary to, directly or indirectly, do, or agree to do, any of the following without the prior written consent of CVBF (which consent shall not be unreasonably withheld or delayed):

(a) amend or otherwise change its Articles of Incorporation, Bylaws or equivalent organizational documents;

(b) enter into a plan of consolidation, merger, share exchange, reorganization or similar business combination with or involving any other Person, or a letter of intent or agreement in principle with respect thereto, other than in accordance with Section 6.3(e) of this Agreement or as contemplated by this Agreement;

(c) issue, sell, pledge, dispose of, grant, transfer, encumber, or authorize the issuance, sale, pledge, disposition, grant, transfer, or encumbrance of any shares of capital stock or rights of, or other Equity Interests in, of FCBS or FCBS Bank of any class, or securities convertible or exchangeable or exercisable for any shares of such capital stock or other Equity Interests, or any options, warrants or other rights of any kind to acquire any shares of such capital stock or other Equity Interests or such convertible or exchangeable securities, or any other ownership interest (including, without limitation, any such interest represented by contract right), of FCBS or FCBS Bank, including but not limited to any shares of capital stock to be issued but excluding the issuance of FCBS Stock upon the exercise or conversion of FCBS Options outstanding as of the date hereof in accordance with their terms;

(d) sell, pledge, dispose of, transfer, lease, license, guarantee or encumber, or authorize the sale, pledge, disposition, transfer, lease, license, guarantee or encumbrance of, any material property or assets (including Intellectual Property) of FCBS or deposits of FCBS Bank, except (i) pursuant to existing Contracts or commitments listed on Section 6.1(d) of the FCBS Confidential Disclosure Schedule; (ii) the sale of U. S. Small Business Administration or commercial loans in the ordinary course of business consistent with past practice; (iii) the sale or purchase of goods or the pledge of securities in the ordinary course of business consistent with past practice and in a transaction that together with all other transactions is not material to FCBS Bank taken as a whole, or (iv) pursuant to Section 6.12 hereof;

(e) other than normal quarterly cash dividends not in excess of $1.00 per share of FCBS Stock, declare, set aside, make or pay any dividend or other distribution (whether payable in cash, stock, property or a combination thereof); provided, however, that no dividends shall be paid by FCBS Bank if (i) FCBS Bank shall be required to borrow funds to do so or (ii) such dividend shall cause FCBS Bank to cease to qualify as a “well-capitalized” institution under applicable FRB or FDIC rules;

(f) reclassify, combine, split, subdivide or redeem, purchase or otherwise acquire, directly or indirectly, any of its capital stock, debt, other Equity Interests or other securities;

(g) enter into any agreement or otherwise agree to acquire, directly or indirectly (whether by merger or consolidation, acquisition of stock or assets or by formation of a joint venture or otherwise), all or any portion of the assets or properties of any business, or any interest therein (other than by way of foreclosures or acquisitions of control in a bona fide fiduciary capacity or in satisfaction of debts previously contracted in good faith in the ordinary course of business consistent with past practice);

(h) incur any indebtedness for borrowed money or issue any debt securities or assume, guarantee or endorse, or otherwise as an accommodation become responsible for, the obligations of any Person for borrowed money, other than in the ordinary course of business consistent with past practice;

(i) terminate, cancel or request any material change in, or agree to any material change in, or enter into any new, FCBS Material Contract, other than in the ordinary course of business and consistent with past practice;

(j) except as may be required by contractual commitments or corporate policies with respect to bonuses, annual salary increases, severance or termination pay in existence on the date of this Agreement and except for bonus payments identified in Section 6.1(j) of the FCBS Confidential Disclosure Schedule relating to service performed during FCBS’ 2006 fiscal year: (i) increase the compensation or benefits payable or to become payable to its current or former directors, officers or employees other than increases in compensation for non-executive officers and other employees in the ordinary course of business and consistent with past practice; (ii) grant any rights to severance or termination pay to, or enter into any employment or severance agreement with, any current or former director, officer or other employee of FCBS Bank, or establish, adopt, enter into, make any contribution to, or amend any collective bargaining, bonus, profit sharing, thrift, compensation, stock option, restricted stock, pension, retirement, deferred compensation, employment, termination, severance or other plan, agreement, trust, fund, policy or arrangement for the benefit of any current or former director, officer or employee, except to the extent required by applicable Law or this Agreement or to satisfy contractual obligations existing as of the date hereof or as otherwise set forth on Schedule 6.1(j) of the FCBS Confidential Disclosure Schedule; or (iii) take any affirmative action to amend or waive any performance or vesting criteria or accelerate vesting, exercisability or funding under any FCBS Benefit Plan, other than as permitted by this Agreement;

(k) hire any person as an employee of FCBS Bank or promote any employee, except (i) to satisfy contractual obligations existing as of the date hereof and set forth in Section 6.1(k) of the FCBS Confidential Disclosure Schedule, (ii) persons hired to fill any vacancies arising after the date hereof and whose employment is terminable at the will of FCBS Bank, and (iii) persons hired to fill newly created positions other than any person to be hired under this clause (iii) who would be entitled to receive cash compensation, including any guaranteed bonus, of more than $75,000 per annum;

(l) enter into any new line of business except as set forth in Section 6.1(l), offer any new product or change its material lending, investment, underwriting, risk and asset liability management and other material banking and operating policies except as required by a Governmental Entity or file any application or make any contract with respect to branching or site location or branching or site relocation;

(m) enter into any Derivatives Transaction;

(n) acquire (other than by way for foreclosures or acquisitions in a bona fide fiduciary capacity or in satisfaction of debts previously contracted in good faith, in each case in the ordinary course of business consistent with past practice) any debt security or equity investment other than federal funds or United States government securities or United States government agency securities, in each case with a term of one (1) year or less;

(o) make any loan, loan commitment or renewal or extension thereof to any Person which would, when aggregated with all outstanding loans, commitments for loans or renewals or extensions thereof made to such Person and any affiliate or immediate family member of such Person, exceeds $100,000 without submitting complete loan package information customarily submitted to the Board of Directors of FCBS Bank or the loan committee of FCBS Bank in connection with obtaining approval of such action to the Chief Credit Officer of CVBF for review with a right of comment at least three (3) Business Days prior to taking such action; provided, that, if CVBF objects in writing to such loan or loan commitment or renewal or extension thereof by the end of such third Business Day, FCBS shall be required to obtain the approval of a majority of the members of (i) FCBS or the Board of Directors of FCBS Bank (as applicable) or (ii) the loan committee of FCBS Bank, prior to making such loan or loan commitment or renewal or extension thereof;

(p) make any capital expenditures other than those identified in Section 6.1(p) of the FCBS Confidential Disclosure Schedule and other additional capital expenditures in the ordinary course of business consistent with past practice not exceeding $50,000 individually or $100,000 in the aggregate;

(q) accelerate the payment of any material liabilities or obligations (absolute, accrued, contingent or otherwise), except in the ordinary course of business consistent with past practice;

(r) make any material change in accounting policies or procedures, other than as required by GAAP or by a Governmental Entity;

(s) waive, release, assign, settle or compromise any claims, or any litigation or arbitration for an amount in excess of $50,000, individually, or $100,000 in the aggregate, or which would impose any restriction on FCBS Bank's ability to conduct its business as presently conducted or would create a precedent for claims that are reasonably likely to be material to FCBS Bank taken as a whole;

(t) make any material tax election, settle or compromise any material liability for Taxes, extend the statute of limitations with any Tax authority, or file any proceeding in court in any tax litigation or any appeal from an asserted tax deficiency file or amend any Tax Return or file any refund for Taxes, other than in the ordinary course of business;

(u) reclassify any investment security from hold-to-maturity or available to sale to trading; or

(v) authorize or enter into any agreement or otherwise make any commitment to do any of the foregoing.

Section 6.2. Access to Information; Confidentiality. From the date of this Agreement to the Effective Time, FCBS shall, and shall cause FCBS Bank and each of their respective directors, officers, employees, accountants, consultants, legal counsel, investment bankers, advisors, and agents and other representatives (collectively, "Representatives") to, subject to applicable Law, (a) provide to CVBF and its respective Representatives access at reasonable times upon reasonable prior notice to the officers, employees, agents, properties, offices and other facilities of FCBS Bank and to the books and records (including, without limitation, tax returns and work papers of independent auditors) thereof and (b) furnish promptly such information concerning the business, properties, Contracts, assets, liabilities, personnel and other aspects of FCBS Bank as CVBF and its Representatives may reasonably request, provided that such access and furnishing of information does not impair FCBS' ability to conduct its operations in the ordinary course of business. Except as required by Law or as necessary to consummate the transactions contemplated by this Agreement, CVBF and FCBS shall not disclose the FCBS Confidential Disclosure Schedule and CVBF Confidential Disclosure Schedule, respectively, to any other party. With respect to the information disclosed pursuant to this Section 6.2 and the Confidential Disclosure Schedules, the parties shall comply with all of their respective confidentiality and other obligations under that certain letter agreement dated December 6, 2006, previously executed by CVBF and FCBS (the "Confidentiality Agreement").

Section 6.3. No Solicitation of Acquisition Proposals.

(a) FCBS agrees that neither it nor FCBS Bank shall, and that it shall direct and use its reasonable best efforts to cause its and FCBS Bank's Representatives not to, directly or indirectly: (i) encourage, initiate, solicit or take any other action designed to facilitate an Acquisition Proposal or the making, submission or announcement of any Acquisition Proposal or take any other action designed to facilitate or that is likely to result in, any inquires or the making of any proposal or offer that constitutes, or is reasonably likely to lead to, any Acquisition Proposal; (ii) participate or engage in any discussions or negotiations regarding, or furnish to any Person any nonpublic information with respect to, or take any other action to facilitate the submission of any inquiry or the making of any proposal that constitutes or may reasonably be expected to lead to an Acquisition Proposal; (iii) engage in discussions with any Person with respect to an Acquisition Proposal, except to notify such Person as to the existence of these provisions and refer such Person to this Agreement; (iv) approve, endorse or recommend, or propose to approve, endorse, or recommend any Acquisition Proposal; (v) enter into any letter of intent or similar document or any agreement, commitment or understanding contemplating or otherwise relating to any Acquisition Proposal; or (vi) make or authorize any statement, recommendation or solicitation in support of any Acquisition Proposal. FCBS agrees that it shall immediately terminate and shall cause FCBS Bank, and use its reasonable best efforts to cause FCBS Bank's Representatives, to terminate, immediately, all current discussions or negotiations (if any) in which any of them may be involved with any third party with respect to an Acquisition Proposal. FCBS also shall promptly request that each Person which has heretofore executed a confidentiality agreement with it or FCBS Bank or any of FCBS Bank's Representatives with respect to such Person's consideration of a possible Acquisition Proposal to return promptly or destroy all confidential information heretofore furnished to such Person or its Representatives in accordance with the terms of such Person's confidentiality agreement.

(b) Notwithstanding Section 6.3(a) or anything to the contrary that may be contained elsewhere in this Agreement, if, prior to the date of FCBS Shareholders' Meeting, FCBS Bank, or any of their respective Representatives, receives a written Acquisition Proposal from any Person, which Acquisition Proposal did not result from a breach of Section 6.3(a) and appears, on its face to be

bona fide, and FCBS Board (or any committee thereof) determines in good faith, after consultation with its financial advisor (which may be FCBS Financial Advisor or any affiliate thereof), that such Acquisition Proposal constitutes or could reasonably be expected to lead to a Superior Proposal, then, subject to its compliance with this Section 6.3 and after giving notice to CVBF may (i) furnish information with respect to FCBS to the Person who has made such Acquisition Proposal, or any of its Representatives, pursuant to a confidentiality agreement containing confidentiality provisions not materially less restrictive than those contained in the Confidentiality Agreement; provided that such information has previously been provided to CVBF or is provided to CVBF substantially concurrently with the time it is provided to such Person or its Representatives, and (ii) participate in discussions and negotiations with such Person regarding such Acquisition Proposal. FCBS shall advise CVBF orally and in writing of the receipt of any Acquisition Proposal, or any inquiry that could reasonably be expected to lead to an Acquisition Proposal (in each case within two (2) Business Days of receipt thereof), specifying the material terms and conditions thereof and the identity of the Person making such Acquisition Proposal or inquiry (as the case may be) and FCBS shall use its reasonable best efforts to provide to CVBF a copy of all written materials provided to FCBS Bank in connection with any such Acquisition Proposal not later than 48 hours after the receipt of same by FCBS Bank and, in order to be able to do so, FCBS agrees that FCBS Bank will not enter into any confidentiality agreement with any Person subsequent to the date hereof which prohibits FCBS from providing such information to CVBF. FCBS shall notify CVBF (within 48 hours) orally and in writing of any material modifications to the financial or other material terms of any such Acquisition Proposal or inquiry and shall provide to CVBF, within that same timeframe, a copy of all written materials subsequently provided to or by FCBS Bank in connection with any such Acquisition Proposal.

(c) Neither FCBS Board nor any committee thereof shall withdraw, modify or amend, or propose to withdraw, modify or amend, in a manner adverse to CVBF, FCBS Board Recommendation or resolve to do so; provided, however, that notwithstanding the foregoing, FCBS Board, or any committee thereof, may withdraw, or modify or amend in a manner adverse to CVBF, FCBS Board Recommendation and if it takes such action, it also may terminate its efforts to hold, and cancel or postpone, FCBS Shareholders' Meeting, in the event that FCBS receives a Superior Proposal and FCBS Board, or any committee thereof, determines in good faith, after consultation with its outside legal counsel (which may be its current outside legal counsel), that failure to take such actions could result in a breach of FCBS Board's fiduciary obligations under Governing Law.

(d) In addition to the obligations set forth in Sections 6.3(a) and 6.3(b), FCBS shall (i) advise CVBF as promptly as practicable (and in any event within 24 hours) following the commencement of any discussions or negotiations with respect to any Acquisition Proposal and the material terms and conditions that are the subject of such discussions or negotiations and (ii) keep CVBF reasonably informed of the status and material details (including material amendments) with respect to the information previously provided, pursuant to this Section 6.3(d), by FCBS in connection with any such Acquisition Proposal.

(e) FCBS Board (or any committee thereof) may, after the date of this Agreement and prior to the date of FCBS Shareholders' Meeting, terminate this Agreement to enter into an agreement with respect to such Superior Proposal, but only if:

(i) such Superior Proposal did not result from a breach by FCBS of its covenants contained in Section 6.3 hereof;

(ii) FCBS Board (or any committee thereof) shall have first provided prior written notice to CVBF that it is prepared to terminate this Agreement to enter into an agreement

with respect to a Superior Proposal, which notice shall attach the most current version of any written agreement relating to the transaction that constitutes such Superior Proposal; and

(iii) CVBF does not make, within five (5) Business Days after the receipt of the notice referred to in clause (ii) of this Section 6.3(e), a binding, written and complete (including any schedules or exhibits) proposal that FCBS Board (or any committee thereof) determines in good faith, after consultation with its financial advisor (which may be FCBS Financial Advisor or any affiliate thereof), is more favorable to the shareholders of FCBS as such Superior Proposal and which, by its terms, may be accepted at any time within five (5) Business Days following such five (5) Business Day period.

(f) In the event of any termination of this Agreement by FCBS pursuant to Section 6.3(e), FCBS shall pay, as a condition to such termination, the termination fee to CVBF pursuant to Section 11.2(b) as a condition precedent to such termination.

(g) FCBS shall be permitted to comply with Rule 14d-9, Rule 14e-2 or Item 1012 of Regulation M-A promulgated under the Exchange Act; provided, however, that compliance with such rules and items will in no way limit or modify the effect of such action pursuant to such rules and items would otherwise have under this Agreement.

(h) If FCBS Board or any committee thereof takes, agrees or resolves to take any action permitted by this Section 6.3 without FCBS Bank or any of its Representatives breaching any of the terms of this Section 6.3, including, but not limited to any of the actions set forth in Section 6.3(c) and Section 6.3(e) above, such action shall not, in any way, constitute a breach of this Agreement by FCBS.

Section 6.4. Accounting. At or prior to the Effective Time, FCBS shall and shall cause FCBS Bank to, consistent with GAAP, the rules and regulations of the SEC, and applicable Law, modify or change its loan, accrual, reserve, tax, litigation and real estate valuation policies and practices (including loan classifications and levels of reserves) so as to be applied on a basis that is consistent with that of CVBF; provided, however, that no such modifications or changes need be made prior to the satisfaction of the conditions set forth in Section 8.1(e); and further provided, that in any event, no accrual or reserve made by FCBS Bank pursuant to this Section 6.4 shall constitute or be deemed to be a breach, violation of or failure to satisfy any representation, warranty, covenant, agreement or condition or other provision of this Agreement or otherwise be considered in determining whether any such breach, violation or failure to satisfy shall have occurred. The recording of any such adjustments shall not be deemed to imply any misstatement of previously furnished financial statements or information and shall not be construed as concurrence of FCBS Bank with any such adjustments.

Section 6.5. Control of FCBS' Business. Nothing contained in this Agreement shall give CVBF, directly or indirectly, the right to control or direct FCBS' operations prior to the Effective Time. Prior to the Effective Time, each of FCBS and CVBF shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its respective operations.

Section 6.6. Affiliates. FCBS shall cooperate to use its commercially reasonable best efforts to identify those Persons who may be deemed to be "affiliates" of FCBS within the meaning of Rule 145 promulgated by the SEC under the Securities Act (such Persons being "FCBS Affiliates"). FCBS shall use its commercially reasonable best efforts to cause each Person so identified to deliver to CVBF, no later than the date of FCBS Shareholders' Meeting, a written agreement substantially in the form of Exhibit E hereto.

Section 6.7. Estoppel Letters. FCBS shall use its commercially reasonable best efforts to obtain and deliver to CVBF at the Effective Time with respect to all real estate leased by FCBS Bank, an estoppel letter dated as of date within fifteen (15) days of the Closing.

Section 6.8. Noncompetition/Nonsolicitation Agreements. FCBS shall use its reasonable best efforts to cause each member of FCBS Board identified on Schedule 3 and Schedule 4 to have executed and delivered to CVBF a Noncompetition/Nonsolicitation Agreement in the form of Exhibit C-1 hereto and a Nonsoliciation Agreement in the form of Exhibit C-2 hereto simultaneously with the execution of this Agreement.

Section 6.9. FCBS Benefit Plans. FCBS shall terminate, amend or take such other actions with respect to FCBS Benefits Plans as are set forth in Section 7.4 as and when specified in Section 7.4.

Section 6.10. Transaction Expenses. FCBS shall exercise its commercially reasonable efforts to ensure that at least two (2) Business Days prior to the Effective Time of the Holding Company Merger, all attorneys, accountants, investment bankers and other advisors and agents for FCBS Bank shall have submitted to FCBS estimates of their fees and expenses for all services rendered or to be rendered in any respect in connection with the transactions contemplated hereby to the extent not already paid, and based on such estimates, FCBS shall have prepared and submitted to CVBF a summary of such fees and expenses for the transaction. At or prior to the Effective Time of the Holding Company Merger FCBS shall use its best efforts to cause such advisors to submit their final bills for all material fees and expenses to FCBS for services rendered, a copy of which FCBS shall have caused to be delivered to CVBF, and based on such summary, FCBS shall have prepared and submitted to CVBF a final calculation of such fees and expenses, and shall accrue and pay the amount of such fees and expenses as calculated above, after a copy of all such bills and calculation of such fees and expenses has been delivered to CVBF. Nothing herein shall invalidate responsibility to pay any valid invoice received after the Effective Time of the Holding Company Merger.

Section 6.11. Shareholder Meeting and Approval. FCBS shall seek and shall use its reasonable best efforts to obtain as soon as reasonably practicable FCBS Shareholder Approval, in accordance with the applicable provisions of the FCBS Articles and FCBS Bylaws, the CGCL and this Agreement, at a duly called and noticed meeting of FCBS Shareholders to be held for the purpose of considering and voting on the approval of that matter including any adjournment or postponement thereof (the “FCBS Shareholders’ Meeting”).

Section 6.12. Excluded Loans. FCBS shall use its commercially reasonably best efforts to sell or otherwise dispose of the loans set forth on Schedule 6.12 attached hereto. CVBF may waive this requirement by written notice delivered to FCBS within 45 days of the execution of this Agreement.

Section 6.13. Net Issue Exercise. FCBS Board shall not authorize any cashless exercise of FCBS Options under the FCBS Stock Option Plan.

ARTICLE VII
Covenants of CVBF

Section 7.1. Conduct of Business by CVBF Pending the Closing. CVBF agrees that, between the date of this Agreement and the earlier of the Effective Time or the termination of this Agreement, except as set forth in Section 7.1 of CVBF Confidential Disclosure Schedule or as specifically required

or permitted by this Agreement or required by Law, unless FCBS shall otherwise consent thereto in writing (which consent shall not be unreasonably withheld or delayed and shall be deemed to have been given by FCBS if it does not refuse its consent within three (3) Business Days of its receipt of a request therefore from CVBF), CVBF shall, and shall cause CVBF Bank to, conduct its operations only in the ordinary and usual course of business consistent with past practice and, to the extent consistent therewith, shall use its reasonable best efforts to (y) preserve its and CVBF Bank's business organization and its rights, authorizations, franchises and other authorizations issued by Governmental Entities intact and (z) preserve the goodwill of the customers of CVBF and CVBF Bank with whom business relationships exist. By way of amplification and not limitation, except as set forth in Section 7.1 of CVBF Confidential Disclosure Schedule or as specifically required or permitted by any other provision of this Agreement or required by Law, between the date of this Agreement and the earlier of the Effective Time or the termination of this Agreement, CVBF shall not, and shall not permit CVBF Bank to, directly or indirectly, do, or agree to do, any of the following without the prior written consent of FCBS (which consent shall not be unreasonably withheld or delayed and which shall be deemed to have been given by FCBS if it does not refuse its consent within three (3) Business Days of its receipt of a request therefor from CVBF):

(a) amend or otherwise change it's the CVBF Articles and CVBF Bylaws or equivalent organizational documents in a manner which adversely affects the rights, preferences or privileges of CVBF Common Stock;

(b) sell, pledge, dispose of, transfer, lease, license, guarantee or encumber, or authorize the sale, pledge, disposition, transfer, lease, license, guarantee or encumbrance of, any material property or assets (including Intellectual Property) of CVBF or deposits of CVBF Bank, except pursuant to existing Contracts or commitments listed on Section 7.1(c) of the CVBF Disclosure Schedule or the sale or purchase of goods or the pledge of securities in the ordinary course of business consistent with past practice and in a transaction that together with all other transactions will not have, individually or in the aggregate, a Material Adverse Effect;

(c) make any material change in accounting policies or procedures, other than as required by GAAP or by a Governmental Entity; or

(d) authorize or enter into any agreement or otherwise make any commitment to do any of the foregoing.

Section 7.2. Reservation and Issuance of CVBF Common Stock. CVBF shall reserve and make available for issuance CVBF Shares in connection with the Holding Company Merger and in accordance with the terms of this Agreement. All CVBF Shares, when issued and delivered pursuant to and in accordance with the terms of this Agreement, will be duly authorized, validly issued, fully paid and nonassessable and free of all Liens (other than Liens resulting from actions by FCBS Shareholders) and, except for CVBF Shares issued in the Holding Company Merger to affiliates of FCBS that are subject to Rule 145 under the Securities Act, shall be free of restrictions on transfer.

Section 7.3. Listing. CVBF shall include for listing on the Nasdaq Global Market shares of CVBF Common Stock to be issued in the Holding Company Merger.

Section 7.4. Employee Benefit Matters.

(a) From and after the Effective Time, CVBF shall provide employees of FCBS Bank ("FCBS Employees") who continue as employees of CVBF or CVBF Bank with employee

benefit plans ("CVBF Benefit Plans") no less favorable in the aggregate than those provided to similarly situated employees of CVBF or CVBF Bank. With respect to each CVBF Benefit Plan in which FCBS Employees participate after the Effective Time, for purposes of determining vesting and entitlement to benefits (including severance benefits and vacation entitlements) thereunder, but not for purposes of benefit accrual under any retirement plan, service with FCBS Bank shall be treated as service with CVBF; *provided*, that such service shall not be recognized to the extent that such recognition would result in a duplication of benefits or to the extent that such service was not recognized under a corresponding FCBS Benefit Plan. Except to the extent that CVBF provides written notice to FCBS to the contrary, FCBS shall terminate, as of the Effective Time, each FCBS Benefit Plan that provides medical, dental and other similar benefits. If applicable and to the extent possible under CVBF Benefit Plans that provide medical, dental or other similar benefits, CVBF shall cause to the extent permissible any and all pre-existing condition limitations, eligibility waiting periods and evidence of insurability requirements under any CVBF Benefit Plans to be waived with respect to such FCBS Employees and their eligible dependents and shall provide them with credit for any co-payments, deductibles, and offsets (or similar payments) made during the plan year including the Effective Time for the purposes of satisfying any applicable deductible, out-of-pocket, or similar requirements under any CVBF Benefit Plans in which they are eligible to participate after the Effective Time.

(b) Effective as of a date no later than the day immediately preceding the Effective Time, FCBS shall terminate the 401(K) Plan, unless CVBF provides written notice to FCBS that the 401(K) Plan shall not be so terminated. Unless CVBF provides such written notice to FCBS, FCBS shall provide CVBF with evidence that the 401(K) Plan has been terminated (effective as of no later than the day immediately preceding the Effective Time) pursuant to resolutions of FCBS Board. The form and substance of such resolutions shall be subject to the review and reasonable approval of CVBF. FCBS also shall take such other actions in furtherance of terminating the 401(K) Plan as CVBF may reasonably require.

(c) Effective no later than the Effective Time, FCBS shall terminate the FCBS Stock Option Plan. FCBS shall provide CVBF with evidence that FCBS Stock Option Plan has been terminated (effective no later than the Effective Time) pursuant to resolutions of FCBS Board. The form and substance of such resolutions shall be subject to the review and reasonable approval of CVBF. FCBS shall also take such other actions in furtherance of terminating FCBS Stock Option Plan as CVBF may reasonably require.

(d) Prior to the Closing, CVBF will conduct interviews with all FCBS employees in order to determine the appropriate staffing levels of the Surviving Corporation and the Surviving Bank. CVBF and FCBS will determine by mutual agreement (i) appropriate retention packages and (ii) appropriate severance packages for FCBS employees. Prior to the Closing, FCBS shall establish an expense accrual for all retention and severance packages.

Section 7.5. Indemnification.

(a) From and after the Effective Time until five (5) years thereafter, CVBF (the "Indemnifying Party") shall indemnify and hold harmless (and also shall advance expenses as and when incurred to the fullest extent permitted by a California FCBS under California Law), each person who now is or prior to the date hereof has been, or who becomes prior to the Effective Time an officer or director of FCBS Bank (collectively, the "Indemnified Persons"), against all losses, claims, damages, costs, expenses (including counsel fees and expenses), settlement, payments or liabilities arising out of or in connection with any claim, demand, action, suit, proceeding or investigation based in whole or in part on or arising in whole or in part out of the fact that such person is or was an officer or director of

FCBS Bank or as a result of serving at the request of FCBS as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, whether or not pertaining to any matter existing or occurring at or prior to the Effective Time and whether or not asserted or claimed prior to or at or after the Effective Time, to the fullest extent which such Indemnified Parties are entitled under the FCBS Articles, the FCBS Bylaws, or FCBS Bank's articles of incorporation, bylaws or equivalent organizational documents, as applicable, or any agreement, arrangement or understanding set forth in Section 7.5 of the FCBS Confidential Disclosure Schedule and for which the right to indemnification has been provided by FCBS in accordance with applicable Law ("Indemnified Liabilities"). Nothing contained herein shall make CVBF or FCBS an insurer, a co-insurer or an excess insurer in respect of any insurance policies which may provide coverage for Indemnified Liabilities, nor shall this Section 7.5 relieve the obligations of any insurer in respect thereto. Each Indemnified Person (and each of his or her heirs, executors and administrators) is an intended third party beneficiary of this Section 7.5, each of whom may, individually or jointly, specifically enforce its terms against CVBF. This Section 7.5 shall survive the consummation of the Holding Company Merger at the Effective Time and shall be binding not only on CVBF but also on all of its successors and assigns. This Section 7.5 shall not limit or otherwise adversely affect any rights any Indemnified Person may have under any agreement with FCBS or under the FCBS Articles or FCBS Bylaws as presently in effect, or otherwise.

(b) From and after the Effective Time until five (5) years thereafter, CVBF shall fulfill and honor in all respects the obligations of FCBS pursuant to any indemnification agreements between FCBS and its directors and officers, copies of which have been furnished to CVBF, and any indemnification provisions under FCBS Articles or FCBS Bylaws as in effect immediately prior to the Effective Time. Any Indemnified Person wishing to claim indemnification under this Section 7.5, upon learning of any such claim, action, suit, proceeding or investigation, shall promptly notify the Indemnifying Party, but the failure to so notify shall not relieve the Indemnifying Party of any liability it may have to such Indemnified Person if such failure does not actually prejudice the Indemnifying Party. In the event of any such claim, action, suit, proceeding or investigation (whether arising before or after the Effective Time), (i) the Indemnifying Party shall have the right to assume the defense thereof and the Indemnifying Party shall not be liable to such Indemnified Persons for any legal expenses of other counsel or any other expenses subsequently incurred by such Indemnified Parties in connection with the defense thereof, except that if the Indemnifying Party elects not to assume such defense or counsel for the Indemnified Persons advises that there are issues which raise conflicts of interest between the Indemnifying Party and the Indemnified Parties, the Indemnified Parties may retain counsel which is reasonably satisfactory to the Indemnifying Party, and the Indemnifying Party shall pay, promptly as statements therefor are received, the reasonable fees and expenses of such counsel for the Indemnified Persons (which may not exceed one firm in any jurisdiction), (ii) the Indemnified Person will cooperate in the defense of any such matter, (iii) the Indemnifying Party shall not be liable for any settlement effected without its prior written consent which shall not be unreasonably withheld, and (iv) the Indemnifying Party shall have no obligation hereunder in the event that a federal or state banking agency or a court of competent jurisdiction shall determine that indemnification of an Indemnified Person in the manner contemplated hereby is prohibited by applicable Laws and regulations.

(c) Prior to close, FCBS shall purchase directors' and officers' liability insurance for five (5) consecutive years commencing on and continuing after the Effective Time, the current policies of directors' and officers' liability insurance maintained by FCBS Bank on the date hereof for acts or omissions occurring at or prior to the Effective Time; provided that in no event shall FCBS expend more than $100,000 in the aggregate for such extension. If FCBS is unable to maintain or obtain the insurance called for by this Section 7.5 as a result of the preceding provision, FCBS shall use commercially reasonable efforts to obtain as much comparable insurance as is available for $100,000

with respect to acts or omissions occurring prior to the Effective Time by such directors and officers in their capacities as such.

(d) In the event CVBF (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any Person, then, and in each such case, proper provisions shall be made so that such continuing or surviving corporation or entity or transferee of such assets, as the case may be, shall assume the obligations set forth in this Section 7.5.

(e) The obligations of CVBF under this Section 7.5 shall not be terminated or modified in such a manner as to, nor shall CVBF take any other action that would, adversely affect or otherwise diminish the rights of any indemnitee to whom this Section 7.5 applies without the consent of such affected indemnitee.

Section 7.6. Severance Arrangements. As of the Effective Time, and as mutually agreed to by FCBS and CVBF, and notwithstanding any termination of FCBS Benefit Plans set forth in Section 7.4, either FCBS shall fulfill all of its obligations under the Severance Arrangements and Change in Control Arrangements or CVBF shall assume all of the obligations of FCBS under the Severance Arrangements and Change in Control Arrangements identified in Section 7.6 of the FCBS Confidential Disclosure Schedules, in accordance with their respective terms (even if the terms thereof provide for performance thereof at a later date), including any and all payment obligations thereunder and CVBF shall not challenge the enforceability or seek to invalidate or make unenforceable any of such Agreements.

ARTICLE VIII
Conditions to the Obligations of Both Parties to Consummate the Holding Company Merger

Section 8.1. Conditions to Obligations of Each Party Under This Agreement. The respective obligations of each party to effect the Holding Company Merger and any other transactions to be consummated pursuant hereto at the Effective Time shall be subject to the satisfaction at or prior to the Effective Time of the following conditions, any or all of which may be waived in writing, in whole or in part, to the extent permitted by applicable Law:

(a) Shareholder Approval. FCBS Shareholder Approval shall have been obtained in accordance with applicable Law.

(b) No Judgments or Orders. No Governmental Entity, nor any federal or state court of competent jurisdiction or arbitrator shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, executive order, decree, judgment, injunction or arbitration award or other order which prevents or prohibits consummation of the Holding Company Merger or the Bank Merger.

(c) Commissioner Approval. The Commissioner shall have conducted the Hearing to determine the fairness of the terms of the transactions contemplated hereby and issued a permit pursuant to Section 25121 of the CGCL authorizing the shares of CVB Stock to be issued in connection with the Holding Company Merger; provided, however, if the Commissioner shall not have granted the permit following the Hearing, this condition shall be deemed fulfilled if the S-4 Registration Statement shall have been declared effective, as provided in Section 5.2(b), and shall not be the subject of any stop order or proceedings seeking or threatening a stop order.

(d) Listing on Nasdaq. The shares of CVBF Common Stock to be issued in the Holding Company Merger shall have been included for listing on the Nasdaq Global Market.

(e) Governmental Approvals. All consents, approvals and authorizations of any Governmental Entity required to be obtained by CVBF, FCBS or any of their Subsidiaries to consummate the Holding Company Merger and the Bank Merger shall have been obtained and shall remain in full force and effect and all statutory waiting periods in respect thereof shall have expired and no such approval shall contain any conditions, restrictions or requirements which CVBF reasonably determines in good faith would be unreasonably burdensome following the Effective Time or have a Material Adverse Effect as to CVBF.

ARTICLE IX
Conditions to Obligations of FCBS

Section 9.1. Conditions to Obligations of FCBS. The obligations of FCBS to effect the Holding Company Merger and to consummate any other transactions contemplated hereby that are required to be consummated by the Effective Time shall be subject to the satisfaction, at or prior to the Effective Time, of the following conditions, any or all of which may be waived in writing by FCBS, in whole or in part, to the extent permitted by applicable Law:

(a) Representations and Warranties. The representations and warranties of CVBF set forth in this Agreement, shall have been true and correct in all material respects (if not qualified as to materiality) and true and correct (if so qualified) when made, and as of the Closing as if made as of the Closing; provided, however, that this condition precedent shall be deemed to have been satisfied if the failure of any such representations and warranties (without giving effect to any qualifications as to materiality, “Material Adverse Effect” or similar terms and phrases contained therein) to be true and correct individually or in the aggregate has not resulted in or constituted, and would not reasonably be expected to have, a Material Adverse Effect with respect to CVBF; and provided, further, that to the extent that any such representations and warranties were made as of a specified date, such representations and warranties shall continue on the Closing Date to have been true as of such specified date and not as of the Closing.

(b) Performance. CVBF shall have performed in all material respects all of its material agreements and covenants required by this Agreement to be performed by it on or prior to the Effective Time.

(c) No Material Adverse Change. There shall have been no changes since September 30, 2006 in CVBF’s business, financial condition or results of operations which, taken as a whole, constitute or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect with respect to CVBF on a consolidated basis or the consummation of the Holding Company Merger.

(d) Officer’s Certificate. FCBS shall have received a certificate, dated as of the Effective Time, signed on behalf of CVBF by its Chief Financial Officer, certifying to the fulfillment of the conditions stated in Sections 9.1(a)-(c) hereof.

(e) Tax Opinion. FCBS shall have received an opinion of its certified public accountants or counsel, subject to assumptions and exceptions normally included, in form and substance reasonably satisfactory to FCBS, substantially to the effect that, on the basis of facts, representations and assumptions set forth in such opinion, which are consistent with the state of facts existing at the

Effective Time of the Holding Company Merger, the Holding Company Merger will be treated for federal income tax purposes as a reorganization under Section 368(a) of the Code and FCBS shareholders shall not recognize any gain or loss to the extent of the receipt of CVBF Common Stock in exchange for FCBS Shares. The issuance of such opinion shall be conditioned on the receipt of tax representation letters from CVBF and FCBS, which letters shall be in such form and substance as may reasonably be required by the recipient's counsel. Each such tax representation letter shall be dated on or before the date of such opinion and shall not have been withdrawn or modified in any material respect as of the date of such opinion.

ARTICLE X
Conditions to Obligations of CVBF

Section 10.1. Conditions to Obligations of CVBF. The obligations of CVBF to effect the Holding Company Merger and to consummate any other transactions contemplated hereby that are required to be consummated by the Effective Time shall be subject to the satisfaction at or prior to the Effective Time of the following conditions, any or all of which may be waived in writing by CVBF, in whole or in part, to the extent permitted by applicable Law:

(a) Representations and Warranties. The representations and warranties of FCBS set forth in this Agreement, shall have been true and correct in all material respects (if not qualified as to materiality) and true and correct (if so qualified) when made, and as of the Closing as if made as of the Closing; provided, however, that this condition precedent shall be deemed to have been satisfied if the failure of any such representations and warranties (without giving effect to any qualifications as to materiality, "Material Adverse Effect" and similar terms and phrases contained therein) to be true and correct individually or in the aggregate has not resulted in or constituted, and would not reasonably be expected to have, a Material Adverse Effect with respect to FCBS; and provided, further, that to the extent that any such representations and warranties were made as of a specified date, such representations and warranties shall continue on the Closing Date to have been true as of such specified date and not as of the Closing.

(b) Performance. FCBS shall have performed in all material respects all of its material agreements and covenants required by this Agreement to be performed by it on or prior to the Effective Time.

(c) No Material Adverse Change. There shall have been no changes since September 30, 2006 in FCBS' business, financial condition or results of operations which, taken as a whole, constitute or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect with respect to FCBS on a consolidated basis or the consummation of the Holding Company Merger or Bank Merger.

(d) Officer's Certificate. CVBF shall have received a certificate, dated as of the Effective Time, signed on behalf of FCBS by its Chief Financial Officer, certifying to the fulfillment of the conditions stated in Sections 10.1(a)-(c) hereof.

(e) Non-Governmental Consents. FCBS shall have obtained each of the consents listed in Schedule 10.1(e) of the FCBS Confidential Disclosure Schedule.

(f) Tax Opinion. CVBF shall have received an opinion of its counsel, subject to assumptions and exceptions normally included, in form and substance reasonably satisfactory to CVBF, substantially to the effect that, on the basis of facts, representations and assumptions set forth

in such opinion, which are consistent with the state of facts existing at the Effective Time of the Holding Company Merger, the Holding Company Merger will be treated for federal income tax purposes as a reorganization under Section 368(a) of the Code. The issuance of such opinion shall be conditioned on the receipt of tax representation letters from CVBF and FCBS, which letters shall be in such form and substance as may reasonably be required by the recipient's counsel. Each such tax representation letter shall be dated on or before the date of such opinion and shall not have been withdrawn or modified in any material respect as of the date of such opinion.

(g) Voting Agreements. CVBF shall have received executed copies of the Voting Agreement in the form of Exhibit B-1 from each of the members of FCBS Board identified on Schedule 1, and in the form of Exhibit B-2 from the FCBS Shareholder identified on Schedule 2, concurrent with the execution of this Agreement.

(h) Noncompetition/Nonsolicitation Agreements. CVBF shall have received executed copies of each of the Noncompetition/Nonsoliciation Agreements in the form specified in Exhibit C-1 from each of the members of FCBS Board identified on Schedule 3, and the Nonsoliciation Agreement in the form specified in Exhibit C-2 from the member of FCBS Board identified on Schedule 4, concurrent with the execution of this Agreement.

(i) Certificate. FCBS shall have delivered to CVBF a certificate of FCBS issued pursuant to Treasury Regulations Section 1.1445-2(c)(3) and Section 1.897-2(h) certifying that the stock of FCBS is not a United States real property interest, in a form reasonably satisfactory to CVBF.

(j) FCBS Benefit Plans. FCBS shall have terminated, effective immediately prior to the Closing, the 401(K) Plan set forth in Section 7.4(b) unless CVBF provides notice to FCBS that the 401(K) Plan shall not be terminated. FCBS shall have taken such other actions with respect to FCBS Benefit Plans as are specified in Section 7.4. CVBF shall receive from FCBS satisfactory evidence that the 401(K) Plan has been terminated and that such other actions have been taken.

(k) Dissenting Shares. The number of shares of FCBS Stock which are eligible to be Perfected Dissenting Shares shall not exceed an amount, which, when combined with other cash amounts payable in connection with the Holding Company Merger, would result in the Holding Company Merger being disqualified from being a tax free reorganization pursuant to Section 368 of the Code; provided, further, in no event shall the number of FCBS Perfected Dissenting Shares exceed 10% of the outstanding FCBS Stock as of the date of the FCBS Shareholders' Meeting, as the case may be.

(l) Disposal of Loans. FCBS shall have sold or otherwise disposed of or shall have provided evidence satisfactory to CVBF of its intent to sell, the loans set forth on Schedule 6.12 attached hereto on terms reasonably acceptable to CVBF.

ARTICLE XI
Termination, Amendment and Waiver

Section 11.1. Termination. This Agreement may be terminated, and the Holding Company Merger contemplated hereby may be abandoned, at any time prior to the Effective Time, by action taken or authorized by the Board of Directors of the terminating party, whether before or after approval of this Agreement and the Holding Company Merger by the shareholders of FCBS:

(a) By mutual written consent of CVBF and FCBS, if the Board of Directors of each so determines by a vote of a majority of members of the entire Board;

(b) By either CVBF or FCBS, if the Effective Time shall not have occurred on or before December 31, 2007 (the "Termination Date"); *provided, however*, that the right to terminate this Agreement under this Section 11.1(b) shall not be available (i) to any party whose failure to perform any of its agreements or covenants under this Agreement shall have been a principal reason for or a principal cause of the failure of the Effective Time to occur on or before such date or (ii) as a result of the failure of any of FCBS Affiliated Shareholders (if FCBS is the party seeking to terminate) to perform or observe their covenants under the Voting Agreement;

(c) By either CVBF or FCBS, by a vote of a majority of the members of its entire Board, in the event the approval of any Governmental Entity required for consummation of the Holding Company Merger and the Bank Merger shall have been denied by final nonappealable action of such Governmental Entity or an application therefore shall have been permanently withdrawn at the request of a Governmental Entity; provided, however, that no party shall have the right to terminate this Agreement pursuant to this Section 11.1(c) if such denial shall be principally due to the failure of the party seeking to terminate this Agreement to perform or observe the agreements or covenants of such party set forth herein;

(d) By written notice of CVBF, if (i) FCBS Board shall have: (A) failed to make the FCBS Board Recommendation, or withdrawn, or adversely modified or changed the FCBS Board Recommendation; (B) failed to reject an Acquisition Proposal within 10 Business Days of its announcement or receipt thereof; (C) approved or recommended to its shareholders an Acquisition Proposal other than that contemplated by this Agreement or entered into, or resolved to enter into, any agreement with respect to an Acquisition Proposal other than that contemplated by this Agreement; or (D) recommended that its shareholders tender their shares in any tender offer or exchange offer that is commenced (other than by CVBF or an affiliate of CVBF) that, if successful, would result in any Person or group becoming a Beneficial Owner of 10% or more of FCBS' outstanding voting shares or fails to recommend that its shareholders reject such tender offer or exchange offer within the 10 Business Day period specified in Rule 14e-2(a) under the Exchange Act; (ii) FCBS shall have breached Section 6.3 in any respect materially adverse to CVBF or (iii) FCBS shall have failed to call, give notice of, convene and hold FCBS Shareholders' Meeting pursuant to Section 6.11;

(e) By FCBS pursuant to Section 6.3(e);

(f) By CVBF provided that CVBF is not then in breach of any representation, warranty, agreement or covenant which would render any condition incapable of being satisfied prior to the Termination Date, if FCBS shall have breached any of its representations or warranties, or failed to perform any of its agreements or covenants, contained in this Agreement, which breach or failure to perform (i) is incapable of being cured by FCBS prior to the Effective Time and (ii) renders any condition, as applicable, under Sections 10.1(a) or 10.1(b) incapable of being satisfied prior to the Termination Date;

(g) By FCBS provided that FCBS is not then in breach of any representation, warranty, agreement or covenant which would render any condition incapable of being satisfied prior to the Termination Date, if CVBF shall have breached any of its representations or warranties, or failed to perform any of its agreements or covenants, contained in this Agreement, which breach or failure to perform (i) is incapable of being cured by CVBF prior to the Effective Time and (ii) renders any

condition, as applicable, under Sections 9.1(a) or 9.1(b) incapable of being satisfied prior to the Termination Date;

(h) By CVBF or FCBS, upon the failure of FCBS Shareholders to approve the adoption of this Agreement by the affirmative vote of the holders of a majority of FCBS Shares as required by the applicable provisions of the CGCL at the FCBS Shareholders' Meeting except FCBS shall not have the right to terminate this Agreement as the result of the failure of the FCBS Affiliated Shareholders to perform or otherwise observe their covenants under the Voting Agreement;

(i) By FCBS, provided that FCBS is not then in breach of any representation, warranty, agreement or covenant which would render any condition incapable of being satisfied prior to the Termination Date, if CVBF shall have voluntarily entered into a CVBF Acquisition Transaction that (i) includes as a condition precedent that CVBF terminate this Agreement or (ii) as a result of which a Governmental Entity has advised CVBF or FCBS in writing that CVBF's ability to consummate the Holding Company Merger or Bank Merger will be delayed beyond the Termination Date; or

Section 11.2. Effect of Termination.

(a) Survival. In the event of termination of this Agreement as provided in Section 11.1 hereof, this Agreement shall forthwith become void and of no effect except that the provisions of this Section 11.2 and Section 5.3, the last sentence of Section 6.2 and the entirety of Article XII shall survive any termination of this Agreement pursuant to Section 11.1.

(b) FCBS Termination Fee. FCBS shall pay CVBF a termination fee in an amount equal to $500,000 (the "FCBS Termination Fee"), in the manner and at the time set forth in Section 11.2(d)(i) hereof, in the event that this Agreement is terminated solely as follows:

(i) if CVBF shall terminate this Agreement pursuant to Section 11.1(d) or 11.1(h);

(ii) if FCBS shall terminate this Agreement pursuant to Section 11.1(e), or

(iii) (A) an Acquisition Proposal involving FCBS shall have been publicly announced, commenced or otherwise been communicated or made known to senior management of FCBS or the FCBS Board or any Person shall have publicly announced an intention to make an Acquisition Proposal involving FCBS, (B) this Agreement is (x) terminated by CVBF or FCBS pursuant to Section 11.1(h), (y) terminated by CVBF pursuant to Section 11.1(f) or (z) terminated by CVBF or FCBS pursuant to Section 11.1(b) and at the time of termination no vote of FCBS Shareholders contemplated by this Agreement at FCBS Shareholders Meeting shall have occurred, and (C) within twelve (12) months of the termination of this Agreement, FCBS enters into an agreement with respect to a Control Transaction or consummates a Control Transaction. As used in this Section 11.2, "Control Transaction" means the acquisition by purchase, merger, consolidation, sale, transfer or otherwise in one transaction or any related series of transaction of a majority of the voting power of the outstanding securities of FCBS or FCBS Bank or substantially all of the assets of FCBS or FCBS Bank.

Payment of the Termination Fee to CVBF, pursuant to this Section 11.2(b), shall be the sole and exclusive liability of FCBS to and the sole remedy of CVBF for any termination of this Agreement as set forth in paragraphs (i), (ii) and (iii) of this Section 11.2(b), or the actions, events, occurrences or circumstances giving rise to any such termination. FCBS and CVBF agree that the agreements

contained in this Section 11.2(b) are an integral part of the transactions contemplated by this Agreement, that without such agreements FCBS and CVBF would not have entered into this Agreement and that such amounts do not constitute a penalty in the event of a breach of this Agreement by FCBS.

(c) CVBF Termination Fee. CVBF shall pay FCBS a termination fee in an amount equal to $500,000 (the "CVBF Termination Fee"), in the manner and at the time set forth in Section 11.2(d)(ii) hereof, in the event that this Agreement is terminated by FCBS pursuant to Section 11.1(i). Payment of the Termination Fee to FCBS, pursuant to this Section 11.2(c), shall be the sole and exclusive liability of CVBF to and the sole remedy of FCBS for any termination of this Agreement as set forth in Section 11.2(c), or the actions, events, occurrences or circumstances giving rise to any such termination. FCBS and CVBF agree that the agreements contained in this Section 11.2(c) are an integral part of the transactions contemplated by this Agreement, that without such agreements FCBS and CVBF would not have entered into this Agreement and that such amounts do not constitute a penalty in the event of a breach of this Agreement by CVBF.

(d) Payment of Termination Fee.

(i) If FCBS Termination Fee becomes payable pursuant to Section 11.2(b), that fee shall be paid by wire transfer of immediately available funds to an account designated by CVBF, (x) concurrently with and as a condition to the termination of this Agreement in the case of a termination described in Section 11.2(b)(ii), or (y) within three (3) Business Days in the case of a termination described in Section 11.2(b)(i) or (z) within three (3) Business Days after execution of an agreement with respect to a Control Transaction or the consummation of a Control Transaction in the case of a termination set forth in Section 11.2(b)(iii).

(ii) If CVBF Termination Fee becomes payable pursuant to Section 11.2, that fee shall be paid by wire transfer of immediately available funds to an account designated by FCBS within three (3) Business Days after execution of an agreement with respect to a CVBF Acquisition Transaction.

(e) Effect of Termination pursuant to Section 11.1(f) or 11.1(g). Notwithstanding anything to the contrary that may be contained in this Section 11.2(e), if this Agreement is terminated by CVBF as provided in Section 11.1(f) (other than a termination covered by Section 11.2(b)(iii)(B)(y)) or by FCBS as provided in Section 11.1(g), and the event that entitled such party (the "Terminating "Party") to terminate this Agreement pursuant to Section 11.1(f) or 11.1(g), as the case may be, was a willful and material breach by the other party (a "Breaching Party") of any representation, warranty or covenant of such Breaching Party set forth in this Agreement, the Terminating Party shall have all rights and remedies available to it under this Agreement or at law to recover from the Breaching Party all damages, losses, costs and expenses that the Terminating Party incurs by reason of such willful and material breach by the Breaching Party and the resulting termination of this Agreement.

(f) Effect of Other Terminations. No party shall have any liability of any kind or nature to the other party by reason of any termination of this Agreement pursuant to Section 11.1 or the action, events, occurrences or circumstances that caused this Agreement to be terminated, except (i) as and to the extent provided in Sections 11.2(b), 11.2(c), and 11.2(e) above. In no event and under no circumstance shall any officer, director, shareholder, employee or independent contractor of any party hereto have any liability whatsoever to the other party by reason of any termination of this Agreement or the action, events, occurrences or circumstances that caused this Agreement to be terminated.

(g) Payments. Any payments that FCBS becomes obligated to make to CVBF or CVBF becomes obligated to make to FCBS pursuant to Section 11.2(b), 11.2(c) or 11.2(d) shall be made by wire transfer of immediately available funds to an account designated by CVBF or FCBS, as the case may be, when due. If FCBS fails to pay any such amount when payment thereof is due to CVBF pursuant to Section 11.2(d)(i) or if CVBF fails to pay any such amount when payment thereof is due to FCBS pursuant to Section 11.2(d)(ii), the unpaid amount shall bear interest at the Prime Rate at the time such payment is due, as reported in The Wall Street Journal, until it is paid in full and CVBF shall be entitled to recover such accrued interest and its costs and expenses (including reasonable attorneys' fees and expenses) incurred in its efforts to collect such amount from the non-breaching party (whether or not litigation is instituted).

ARTICLE XII
General Provisions

Section 12.1. Non-Survival of Representations and Warranties. None of the representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time. This Section 12.1 shall not limit any covenant or agreement of the parties which by its terms contemplates or provides for performance after the Effective Time or after any termination of this Agreement pursuant to Section 11.1(a) hereof, each of which covenants or agreements shall survive the consummation of the Holding Company Merger or termination of this Agreement, as applicable, until such covenant or agreement has been fully and faithfully performed.

Section 12.2. Notices. Any notices or other communications required or permitted under, or otherwise in connection with this Agreement, shall be in writing and shall be deemed to have been duly given when delivered in person or upon confirmation of receipt when transmitted by facsimile transmission (but only if followed by transmittal by national overnight courier or hand for delivery on the next Business Day) or on receipt after dispatch by registered or certified mail, postage prepaid, addressed, or on the next Business Day if transmitted by national overnight courier, in each case as follows:

If to CVBF, addressed to it at:

CVB Financial Corp.
701 N. Haven Ave., Suite 350
Ontario, California 91764
Attention: Edward J. Biebrich, Jr.
Fax: (909) 481-2120

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.
Fax: (310) 312-4224

If to FCBS, addressed to it at:

First Coastal Bancshares
1800 N. Sepulveda Blvd.
Manhattan Beach, CA 90266
Attention: Don M.Griffith
Fax: (310) 546-5171

With a copy addressed to:

Horgan, Rosen, Beckham & Coren, LLP
23975 Park Sorrento, Suite 200
Calabasas, California 91302-4001
Attention: Gary M. Horgan, Esq.
Fax: (818) 591-3838

Section 12.3. Certain Definitions. For purposes of this Agreement, the term:

"401(K) Plan" means FCBS' defined contribution pension plan.

"Acquisition Proposal" means any inquiry, offer or proposal or the filing of any regulatory application or notice (whether in draft or final form) or disclosure or any intention to do any of the foregoing concerning any (a) merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving FCBS Bank, (b) sale, lease or other disposition directly or indirectly by merger, consolidation, business combination, share exchange, joint venture, or otherwise of assets of FCBS representing 15% or more of the consolidated assets of FCBS Bank, as applicable, (c) issuance, sale, or other disposition (including by way of merger, consolidation, business combination, share exchange, joint venture, or any similar transaction) of securities (or options, rights or warrants to purchase, or securities convertible into or exchangeable for such securities) representing 15% or more of the voting power of FCBS or FCBS Bank, (d) transaction, including any tender offer, in which any Person shall acquire Beneficial Ownership, or the right to acquire Beneficial Ownership or any group shall have been formed which Beneficially Owns or has the right to acquire Beneficial Ownership of 15% or more of the outstanding voting capital stock of FCBS or FCBS Bank, or (e) any combination of the foregoing (other than the Holding Company Merger).

"Affiliate" means a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the first-mentioned Person.

"Bank Merger Act" means Section 18(c) of the Federal Deposit Insurance Act.

"Beneficial Ownership" (and related terms such as "Beneficially Owned" or "Beneficial Owner") has the meaning set forth in Rule 13d-3 under the Exchange Act.

"Benefit Plan" means, when used in connection with a party to this Agreement, any "employee benefit plan" as defined in Section 3(3) of ERISA and any other known plan, policy, program, practice, agreement, understanding or arrangement (whether written or oral) providing material compensation or other benefits to any current or former director, officer, employee or consultant (or any of their dependents or beneficiaries) of such party or any ERISA Affiliate thereof, under which such party or any ERISA Affiliate thereof has any obligation or liability, whether actual or contingent, including, without limitation, all incentive, bonus, deferred compensation, vacation, holiday, severance, cafeteria, medical, dental, disability, stock purchase, stock option, stock appreciation, phantom stock, restricted

stock or other stock-based compensation plans, policies, programs, practices, agreements, understandings or arrangements.

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

"Blue Sky Laws" means state securities or "blue sky" laws.

"Business Day" means any day other than Saturday, Sunday, any federal holiday or any other day on which banks doing business in the State of California are authorized to be closed.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended as of the date hereof.

"Change in Control Arrangements" means, with respect to either party to this Agreement, all plans, programs, agreements and other arrangements of such party or any of such party's Subsidiaries, which provide for (i) the making of any payment (including, without limitation, any severance, unemployment compensation, parachute payment) to, (ii) any increase in the compensation or benefits otherwise payable to, or (iii) the acceleration of the time of payment or vesting of any compensation or benefits of, any of the directors, officers, employees or consultants of such party or its Subsidiary on or by reason of the execution and delivery of any agreement providing for, or the consummation of, any transaction or series of related transactions with any Person that would result in (A) the Persons who were the holders of all of the outstanding voting shares of such party or its Subsidiary (as the case may be) immediately prior to the consummation of such transaction ceasing to own at least fifty percent (50%) of the shares of voting stock of such party or of its Subsidiary, or (B) all or a substantial portion of the assets of such party or its Subsidiary thereof being sold or otherwise transferred to another Person (other than a Person that, immediately prior to the consummation of such sale or other transfer of assets, was an Affiliate of such party).

"Contracts" means any of the agreements, contracts, leases, powers of attorney, notes, loans, evidence of indebtedness, purchase orders, letters of credit, settlement agreements, franchise agreements, undertakings, covenants not to compete, employment agreements, licenses, instruments, obligations, commitments, understandings, policies, purchase and sales orders, quotations and other executory commitments to which any FCBS is a party or to which any of the assets of the companies are subject, whether oral or written, express or implied, except that the term "Contracts" shall not include Loans made by CVBF or FCBS or CVBF Bank or FCBS Bank in the ordinary course of their respective businesses consistent with past practices and the notes or other instruments or agreements that evidence such Loans or provide for security therefor.

"Control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly or as trustee or executor, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of stock or as trustee or executor, by contract or credit arrangement or otherwise.

"CVBF Acquisition Transaction" means a business combination, tender offer or similar transaction to which CVBF or CVBF Bank is a party.

"CVBF Average Price" shall mean the average of the daily volume-weighted average sale price of CVBF Common Stock for the 20 consecutive trading days prior to and including the third (3rd) trading day prior to the date the parties have mutually scheduled to be the Closing Date.

"CVBF Common Stock" means shares of common stock of CVBF, no par value per share.

"CVBF Preferred Stock" means shares of any series of preferred stock of CVBF, no par value per share.

"CVBF Shareholders" means the record holders of CVBF Shares.

"Derivative Transaction" means a transaction involving any swap, forward, future, option, cap, floor or collar or any other interest rate or foreign currency protection contract or any other contract that is not included in the Balance Sheet of FCBS or CVBF, as applicable, and is a derivatives contract.

"DFI" means the California Department of Financial Institutions.

"End Date" means the fifth trading day prior to the date the parties have mutually scheduled to be the Closing Date.

"Environmental Laws" means any federal, state, local or foreign statute, law, ordinance, regulation, rule, code, treaty, writ or order and any enforceable judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree, judgment, stipulation, injunction, permit, authorization, policy, opinion, or agency requirement, in each case having the force and effect of law, relating to pollution, contamination, protection, investigation or restoration of the environment, health and safety or natural resources, including, without limitation, noise, odor, wetlands, or the use, handling, presence, transportation, treatment, storage, disposal, release, threatened release or discharge of Hazardous Materials.

"Environmental Permits" means any permit, approval, identification number, license and other authorization required under any applicable Environmental Law.

"Equity Interest" means any share, capital stock, partnership, membership or similar interest in any entity, and any option, warrant, right or security (including debt securities) convertible, exchangeable or exercisable therefor.

"ERISA Affiliate" means any entity or trade or business (whether or not incorporated) other than a party to this Agreement that together with such party is considered under common control and treated as a single employer under Section 414(b), (c), (m) or (o) of the Code.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

"Exchange Act" shall mean Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

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

"Exchange Ratio" shall mean number of shares of CVBF Common Stock equal to the Per Share Stock Consideration.

"FCBS Bank Stock" means shares of common stock of FCBS Bank, no par value per share.

"FCBS Board" means the Board of Directors of FCBS.

"FCBS Financial Statements" means the (i) audited, consolidated financial statements of FCBS consisting of the consolidated balance sheets as of December 31, 2005, 2004 and 2003 and the related

consolidated statements of operations, shareholders' equity and cash flows for the years then ended, and the related notes thereto and related opinion for the years then ended and (ii) the unaudited consolidated balance sheet as of September 30, 2006, and the related consolidated statements of operations, shareholders' equity and cash flows for the nine months ended September 30, 2006, and the related notes thereto.

"FCBS Stock Option Plan" means FCBS' First Coastal Bank, N.A. 1999 Stock Option Plan.

"FCBS Shareholder Approval" means the adoption of this Agreement by the affirmative vote (in person or by proxy) of the holders of a majority of the outstanding FCBS Shares.

"FCBS Shareholders" means the record holders of FCBS Shares.

"FCBS Stock" and "FCBS Shares" each means shares of common stock of FCBS, no par value per share.

"FDIC" means the Federal Deposit Insurance Corporation.

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

"GAAP" means generally accepted accounting principles as applied in the United States.

"Government Approvals" shall mean, where applicable, (a) the approval of the Holding Company Merger and the Bank Merger by the FRB under the BHCA and the Bank Merger Act, as amended, and the DFI under the California Financial Code and the OCC under the National Bank Act, and (b) the following additional governmental consents and approvals: (i) the approval of the Corporations Commissioner for the issuance of a permit pursuant to Section 25121 of the CGCL, or if applicable, the effectiveness of the Registration Statement under the Securities Act, (ii) the applicable rules and regulations of Nasdaq Global Market, as applicable, (iii) any approvals or consents under applicable state securities laws relating to the offer and sale of CVBF Shares in the Holding Company Merger; (iv) any consents, approval, authorizations or permits from Governmental Entities that may be required by the CGCL or the National Bank Act and (v) all other consents, permits and approvals required under federal and state law to effect the Holding Company Merger and the Bank Merger without a violation thereof.

"Governmental Entity" means any domestic or foreign governmental, administrative, judicial or Regulatory Authority.

"group" is defined as in the Exchange Act, except where the context otherwise requires.

"Hazardous Materials" means (a) any petroleum, petroleum products, byproducts or breakdown products, radioactive materials, mold, radon, asbestos-containing materials or polychlorinated biphenyls or (b) any chemical, material or other substance defined or regulated as toxic or hazardous or as a pollutant or contaminant or waste under any applicable Environmental Law.

"Intellectual Property" means, with respect to either party to this Agreement, all trademarks, trade names and service marks (including any registrations or applications for registration of any of the foregoing) of such party.

"In-the-Money FCBS Options" shall mean those FCBS Options having an exercise price less than the Per Share Price.

"IRS" means the United States Internal Revenue Service.

"knowledge" of any Person which is not an individual means, with respect to any specific matter, the actual knowledge of such Person's executive officers and any other officer having primary responsibility for such matter after reasonable inquiry and such knowledge which any executive officer shall reasonably be expected to know as a result of the performance of his or her duties.

"Law" means any foreign or domestic law, statute, code, ordinance, rule, regulation, order, judgment, writ, stipulation, award, injunction, decree or arbitration award or finding, including, without limitation, Sections 23A and 23B of the Federal Reserve Act and the FDIC regulations pursuant thereto, the Equal Credit Opportunity Act, the Fair Housing Act, the Community Reinvestment Act, the Home Mortgage Disclosure Act, the Bank Secrecy Act and all other applicable fair lending laws and other laws relating to discriminatory business practices, the Sarbanes-Oxley Act of 2002, the USA Patriot Act, and the Real Estate Settlement Procedures Act.

"Loan" means any loan, loan commitment, letter of credit or other extension of credit.

"Material Adverse Effect" means, when used in connection with CVBF or FCBS, any change, effect, or circumstance that, individually or in the aggregate (a) has or could reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of such party and its Subsidiaries taken as a whole, other than such changes, effects or circumstances that are reasonably attributable to or resulting from: (i) economic conditions generally in the United States, conditions in the financial or securities markets in general or conditions in general or in the industries and markets in which FCBS or CVBF, as the case may be, conduct their respective businesses, except to the extent FCBS or CVBF, as the case may be, is materially and disproportionately affected thereby; (ii) changes in banking and similar laws of general applicability or interpretations thereof by courts or Governmental Entities, (iii) changes in GAAP or regulatory accounting requirements applicable to banks and their holding companies generally, (iv) the announcement or pendency of the Holding Company Merger; (v) any change in required action taken by FCBS with CVBF's prior written consent or any change in required action taken by CVBF with FCBS' prior written consent; (vi) any change in the trading price or trading volume of a party's common stock in and of itself; or (vii) any failure, in and of itself, by either party to meet internal or other estimates, predictions, projections or forecasts of revenue, net income or any other measure of financial performance (it being understood that, with respect to clauses (vi) and (vii) that the facts or circumstances giving rise or contributing either to such change in trading price or failure to meet estimates or projections may be deemed to constitute, or be taken into account in determining whether there has been, a Material Adverse Effect); or (b) prevents CVBF, FCBS, FCBS Bank or CVBF Bank, as applicable, from consummating the Holding Company Merger or the Bank Merger, as the case may be, or performing any of such party's obligations under Article I or Article II of this Agreement.

"Merger Consideration" shall mean the amounts of CVBF Common Stock and cash that shall be payable to FCBS Shareholders pursuant to Article II herein.

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

"Per Share Cash Consideration" means $276.73.

"Per Share Stock Consideration" means the number of shares of CVB Stock obtained by dividing (a) $276.73 by (b) the Weighted Average Closing Price.

"Perfected Dissenting Shares" means shares of FCBS Stock, as the case may be, which have taken all requisite action to be treated as dissenting shares pursuant to Section 1300 et seq of the CGCL.

"Person" means an individual, corporation, limited liability FCBS, partnership, association, trust, unincorporated organization, other entity or group (as defined in Section 13(d) of the Exchange Act).

"Pricing Date" means the third trading day before the Closing Date.

"Proxy Statement" shall mean the proxy statement to be sent to FCBS Shareholders in connection with the respective meetings thereof at which FCBS Shareholders shall consider and vote on the approval of this Agreement and the Holding Company Merger, as such proxy statement may be amended or supplemented.

"Registration Statement on Form S-4" shall have the meaning set forth in section 5.2(b).

"Regulation S-K" means the SEC promulgated regulation which is referred to by the SEC as Regulation S-K and which, together the General Rules and Regulations under the Securities Act of 1933, as amended ("Securities Act"), and the Securities Exchange Act of 1934 ("Exchange Act") and the interpretative releases under these acts, sets forth the form and content of and requirements for non-financial statements required to be filed as a part of (i) registration statements filed under the Securities Act; and (ii) registration statements under section 12, annual or other reports under sections 13 and 15(d) and proxy and information statements under section 14 of the Exchange Act.

"Regulation S-X" means the SEC promulgated regulation which is referred to by the SEC as Regulation S-X and which, together with the SEC's Financial Reporting Releases, sets forth the form and content of and requirements for financial statements required to be filed as a part of (i) registration statements filed under the Securities Act of 1933 and (ii) registration statements under Section 12, annual or other reports under Sections 13 and 15(d) and proxy and information statements under Section 14 of the Securities Exchange Act of 1934.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Severance Arrangements" means all agreements, plans, programs and policies of either party to this Agreement or any of such party's Subsidiaries that provide for the payment or continuation of compensation or benefits to any of the directors, officers or employees of or consultants to such party or its Subsidiary on or by reason of, or following, a termination of employment or cessation of service of such director, officer, employee or consultant with such party or its Subsidiary.

"Significant Subsidiary" shall have the meaning given to it in Rule 1-02(w) of SEC Regulation S-X.

"Stock Amount" shall mean the number of shares of CVBF Common Stock with an aggregate market value, based on the Weighted Average Closing Price, equal to the sum of (i) $15,888,038 and (ii) the quotient obtained by dividing (a) the product of $276.73 and the number of shares of FCBS Stock issued between the date hereof and the Pricing Date by (b) two.

"Subsidiary" of any Person means any corporation, partnership, joint venture or other legal entity of which such Person (either alone or through or together with any other Subsidiary), owns, directly or indirectly, a majority of the stock or other equity interests the holders of which are generally entitled to vote for the election of the Board of Directors or other governing body of such corporation, partnership, joint venture or other legal entity.

"Superior Proposal" means a bona fide written offer which is not solicited after the date hereof in violation of this Agreement made by any Person other than CVBF that involves (a) (i) a sale, lease, exchange, transfer or other disposition of at least 50% of the assets of FCBS and FCBS Bank, taken as a whole, in a single transaction or a series of related transactions, or (ii) the acquisition, directly or indirectly, by such third party of Beneficial Ownership of 50% or more of FCBS Stock, whether to be effectuated by a merger, consolidation, share exchange, business combination, tender or exchange offer or otherwise, (b) is on terms which FCBS Board in good faith concludes (following consultation with its financial advisors and outside legal counsel) are more favorable to FCBS' shareholders (in their capacities as shareholders) from a financial point of view than the transactions contemplated by this Agreement (including any revisions hereto), (c) is, in the good faith judgment of FCBS Board, reasonably likely to be completed materially on the terms proposed, taking into account the various legal, financial and regulatory aspects of the proposal and the Person making the proposal and (d) for which financing, to the extent required, is then committed or which, in the good faith judgment of FCBS Board is reasonably likely to be obtained by such third party.

"Tax Returns" means any report, return (including information return), claim for refund, declaration or statement relating to Taxes, including any schedule or attachment thereto, and including any amendments thereof.

"Taxes" means any federal, state, local or foreign income, gross receipts, franchise, estimated, alternative minimum, add-on minimum, sales, use, transfer, registration, ad valorem, value added, excise, natural resources, severance, stamp, occupation, premium, windfall profit, environmental (including taxes under Section 59A of the Code), customs duties, real property, personal property, capital stock, employment, profits, withholding, disability, intangibles, withholding, social security, unemployment, disability, payroll, license, employee or other tax or levy, of any kind whatsoever, including any interest, penalties, or additions to tax in respect of the foregoing whether disputed or not.

"Weighted Average Closing Price" means the volume weighted average of the daily volume weighted average price of a share of CVBF Stock on the Nasdaq Global Market only as reported by Bloomberg LP for each of the twenty (20) consecutive trading days ending on and including the Pricing Date.

Section 12.4. <u>Terms Defined Elsewhere</u>. The following terms are defined elsewhere in this Agreement, as indicated below:

DEFINED TERMS	SECTION
Agreement	Preamble
Agreement of Bank Merger	Section 1.6
Agreement of Merger	Recitals
ALL	Section 3.23
Bank Merger	Section 1.6
Breaching Party	Section 11.2(e)
Cash Election	Section 2.2.1
Cash Proration Factor	Section 2.2.3(b)(iii)

DEFINED TERMS	SECTION
Certificate	Section 2.5.2
CGCL	Recitals
Closing	Section 1.2
Closing Date	Section 1.2
Code	Recitals
Combination Cash Election	Section 2.2.1
Combination Stock Election	Section 2.2.1
Community Reinvestment Act	Section 3.7(c)
Confidentiality Agreement	Section 6.2
Control Transaction	Section 11.2
CVBF	Preamble
CVBF Affiliated Shareholders	Recitals
CVBF Articles	Section 4.2
CVBF Balance Sheet	Section 4.9(c)
CVBF Bank	Recitals
CVBF Benefit Plan	Section 7.4(a)
CVBF Board	Section 4.5(a)
CVBF Board Approval	Section 4.5(b)
CVBF Board Recommendation	Section 5.3(b)
CVBF Bylaws	Section 4.2
CVBF Common Stock Certificates	Section 2.4(a)
CVBF Confidential Disclosure Schedule	Article IV Preamble
CVBF Fairness Opinion	Section 4.26
CVBF Material Contract	Section 4.15
CVBF Options	Section 7.1(b)
CVBF Permits	Section 4.8(a)
CVBF Property	Section 4.20
CVBF SEC Filings	Section 4.9(a)
CVBF Shares	Section 2.1(a)
CVBF Termination Fee	Section 11.2(c)
Effective Time	Section 1.2
Election	Section 2.2.1
Election Deadline	Section 2.2.2
Election Form	Section 2.2.1
Election Form Record Date	Section 2.2.1
Exchange Agent	Section 2.4(a)
Exchange Fund	Section 2.5.1
FCBS	Preamble
FCBS Affiliated Shareholders	Recitals
FCBS Affiliates	Section 6.6
FCBS Articles	Section 3.2
FCBS Balance Sheet	Section 3.8(c)
FCBS Bank	Recitals
FCBS Board Approval	Section 3.5(b)
FCBS Board Recommendation	Section 5.3(b)
FCBS Bylaws	Section 3.2
FCBS Confidential Disclosure Schedule	Article III Preamble
FCBS Employees	Section 7.4(a)
FCBS Fairness Opinion	Section 3.26

DEFINED TERMS	SECTION
FCBS Financial Advisor	Section 3.26
FCBS Filings List	Section 3.8(a)
FCBS Filings	Section 3.8(a)
FCBS Material Contract	Section 3.14
FCBS Option Shares	Section 3.3(a)
FCBS Options	Section 2.5
FCBS Permits	Section 3.7
FCBS Property	Section 3.20
FCBS Shareholders’ Meeting	Section 5.2
FCBS Stock Certificates	Section 2.4(b)
FCBS Termination Fee	Section 11.2(b)
Governing Law	Section 12.13
Hearing	Section 5.2(a)
Hearing Notice	Section 5.2(a)
Holding Company Merger	Recitals
Indemnified Liabilities	Section 7.5(a)
Indemnified Persons	Section 7.5(a)
Indemnifying Party	Section 7.5(a)
Liens	Section 3.4
Mailing Date	Section 2.2.1
Multiemployer Plan	Section 3.11(b)
Option Payment	Section 2.6
Option Payments	Section 2.6
Permit Application	Section 5.2(a)
Prohibited Transaction	Section 3.11(b)
Registration Statement on Form S-4	Section 5.2(b)
Regulatory Authority	Section 3.8(d)
Representatives	Section 6.2
Stock Election	Section 2.2.1
Stock Proration Factor	Section 2.2.3(a)(iii)
Surviving Bank	Section 1.6
Surviving Corporation	Section 1.6
Terminating Party	Section 11.2(e)
Termination Date	Section 11.1
Undesignated Shares	Section 2.2.1
Voting Agreement	Recitals

Section 12.5. Fees and Expenses. Subject to any provisions in Section 11.2 to the contrary, whether or not the Holding Company Merger is consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

Section 12.6. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 12.7. Interpretation. The words “shareholder” or “shareholders” shall be deemed to include the words “stockholder” or “stockholders” and vice versa.

Section 12.8. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic (including, without limitation, the aggregate Merger Consideration) and legal substance of the transactions contemplated hereby, taken as a whole, are not affected in any manner materially adverse to any party; *provided*, that for purposes of clarification, any change in the Merger Consideration shall be deemed to be "materially adverse." Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

Section 12.9. Entire Agreement. This Agreement (together with the Exhibits, Schedules, CVBF Confidential Disclosure Schedule and the FCBS Confidential Disclosure Schedule and the other documents delivered pursuant hereto) and the Confidentiality Agreement constitute the entire agreement of the parties and supersede all prior agreements and undertakings, both written and oral, between the parties, or any of them, with respect to the subject matter hereof, and except as otherwise expressly provided herein, are not intended to confer upon any other Person any rights or remedies hereunder.

Section 12.10. Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any party hereto, in whole or in part, without the prior written consent of the other party, and any attempt to make any such assignment without such consent shall be null and void. Subject to the preceding sentence, this Agreement shall be binding upon and inure to the benefit of and be enforced by the parties hereto and their respective successors and permitted assigns.

Section 12.11. No Third Party Beneficiaries. Nothing in this Agreement, other than pursuant to Section 7.5, express or implied is intended to or shall confer upon any Person other than the parties hereto any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 12.12. Mutual Drafting. Each party hereto has participated in the drafting of this Agreement, which each party acknowledges is the result of extensive arms-length negotiations between the parties.

Section 12.13. Governing Law. This Agreement shall be deemed to be made in and in all respects shall be interpreted, construed and governed by and in accordance with the law of the State of California without regard to conflict of Law principles thereof (the "Governing Law").

Section 12.14. Specific Performance. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions, without the posting of any bond, to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

Section 12.15. Waiver. At any time prior to the Effective Time, any party hereto may (a) extend the time for the performance of any of the obligations or other acts of the other party hereto, (b) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered pursuant hereto, and (c) waive compliance by the other party with any of the agreements or conditions contained herein; *provided*, *however*, that after any approval of the transactions contemplated by this Agreement by FCBS Shareholders, there may not be, without further

approval of such Shareholders, any extension or waiver of this Agreement or any portion thereof which, by Law or in accordance with the rules of the Nasdaq Stock Market, requires further approval by such Shareholders. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by each of the parties to be bound thereby, but such extension or waiver or failure to insist on strict compliance with an obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent failure to comply with the same obligation, covenant, agreement or condition or any failure to comply with any other obligation, covenant, agreement or condition by the party whose performance was waived.

Section 12.16. Amendment. This Agreement may be amended by the parties hereto by action taken by or on behalf of their respective Boards of Directors at any time prior to the Effective Time; *provided*, *however*, that, after the adoption of this Agreement by FCBS Shareholders, no amendment shall be made except as allowed under applicable Law. This Agreement may not be amended except by an instrument in writing signed by each of the parties hereto.

Section 12.17. Force Majeure. The parties hereto 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, including, but not limited to, an earthquake or flood, or an act of war or terrorism, and provided neither party has materially failed to observe the material 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

Section 12.18. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which executed counterparts and any photocopies and facsimile copies thereof, shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

[Signature page follows]

IN WITNESS WHEREOF, CVBF and FCBS have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

CVB FINANCIAL CORP.

By: /s/ Christopher D. Myers
Name: Christopher D. Myers
Title: President and Chief Executive Officer

By: /s/ Edward J. Biebrich
Name: Edward J. Biebrich, Jr.
Title: Executive Vice President and Chief Financial Officer

FIRST COASTAL BANCSHARES

By: /s/ Don M. Griffith
Name: Don M. Griffith
Title: Chief Executive Officer

By: /s/ Deborah Marsten
Name: Deborah Marsten
Title: Chief Financial Officer

SIGNATURE PAGE TO AGREEMENT AND PLAN OF REORGANIZATION