

**Press Release**  
*For Immediate Release*

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**CVB Financial Corp. Reports Positive Earnings for 2009**

- **Record net interest income, before provision for credit losses, of \$222.3 million**
- **Net income of \$65.4 million for 2009**
- **Diluted earnings per common share \$0.56 (Reduced by \$0.14 due to TARP preferred stock dividends)**
- **Deposits, including customer repos, grew \$1.06 billion over December 31, 2008**
- **Allowance for credit losses 3.02% of total CBB loans & leases**

**Ontario, CA, January 21, 2010**-CVB Financial Corp. (NASDAQ:CVBF) and its subsidiary, Citizens Business Bank (“the Company”), announced earnings for the year ended December 31, 2009.

CVB Financial Corp. reported net income of \$65.4 million for the year ended December 31, 2009. This represents an increase of \$2.3 million, or 3.72%, when compared with net income of \$63.1 million for the year ended December 31, 2008. Diluted earnings per share were \$0.56 for the year ended December 31, 2009. This was down \$0.19, or 24.55%, from diluted earnings per share of \$0.75 for the same period last year.

Chris Myers, President and CEO commented, “We achieved several goals in 2009: we raised \$132.5 million in capital, re-paid all of our TARP funds, acquired San Joaquin Bank, increased our allowance for loan losses by \$55 million and had substantial organic deposit growth. All of these efforts contributed to strengthening the Bank and helped us grow and prosper in this challenging environment.”

Net income for the year ended December 31, 2009 produced a return on beginning equity of 10.64%, a return on average equity of 10.00% and a return on average assets of 0.98%. The efficiency ratio, excluding the provision for credit losses, the gain on sale of

securities, and the gain on acquisition, was 52.64% for the year. Operating expenses as a percentage of average assets were 2.01%.

The Company reported net income of \$17.1 million for the fourth quarter ending December 31, 2009. This represented an increase of \$4.8 million, or 39.02%, when compared with the \$12.3 million in net income reported for the fourth quarter of 2008. Diluted earnings per share were \$0.16 for the fourth quarter of 2009. This was up \$0.02 from diluted earnings per share of \$0.14 for the fourth quarter of 2008. The excess of the acquired assets over assumed liabilities resulted in an after-tax gain of \$12.3 million. Fourth quarter operating results also include a \$25.5 million provision for credit losses.

Net income for the fourth quarter of 2009 produced a return on beginning equity of 10.39%, a return on average equity of 9.99% and a return on average assets of 0.97%. The efficiency ratio, excluding the provision for credit losses and the gain on acquisition, was 58.88%. Operating expenses as a percentage of average assets were 2.25%.

### **Net Interest Income and Net Interest Margin**

Net interest income, before the provision for credit losses, totaled \$222.3 million for the year ended December 31, 2009. "This represents the highest net interest income in the history of the Company, demonstrating our ability to continue to grow top-line income," said Chris Myers. This represents an increase of \$28.6 million, or 14.76%, compared to the same period in 2008. The increase resulted from a \$50.3 million decrease in interest expense which overshadowed a \$21.7 million decrease in interest income. The decrease in interest income was primarily due to the decrease in interest rates. The decrease in interest expense was due to the decrease in the interest rates paid on deposits and borrowed funds, combined with a decrease in average borrowed funds of \$670.0 million.

Net interest income, before provision for credit losses, totaled \$58.1 million for the fourth quarter of 2009. This represents an increase of \$6.0 million, or 11.56%, over net interest income of \$52.1 million for the same period in 2008. The increase resulted from a \$8.7 million decrease in interest expense, which overshadowed a \$2.7 million decrease in interest income.

Net interest margin (tax equivalent) increased from 3.41% for the year ended December 31, 2008 to 3.75% for the year ended December 31, 2009. Total average earning asset yields decreased from 5.71% for 2008 to 5.17% for 2009. Total cost of funds decreased from 2.36% for 2008 to 1.49% for 2009. The increase in net interest margin is due to the cost of interest-bearing liabilities decreasing faster than the decrease in yields on earning assets.

Net interest margin (tax equivalent) increased from 3.62% for the fourth quarter of 2008 to 3.80% for the fourth quarter of 2009. Total average earning asset yields decreased from 5.60% for the fourth quarter of 2008 to 5.15% for the fourth quarter of 2009. The cost of funds decreased from 2.04% for the fourth quarter of 2008 to 1.39% for the fourth quarter of 2009.

## **Assets**

The Company reported total assets of \$6.74 billion at December 31, 2009. This represented an increase of \$90.1 million, or 1.36%, over total assets of \$6.65 billion at December 31, 2008. Earning assets totaling \$6.17 billion decreased \$109.5 million, or 1.74%, when compared with earning assets of \$6.28 billion at December 31, 2008. The decrease in earnings assets was due to a decrease in our investment portfolio. See discussion below. Total loans and leases of \$4.06 billion at December 31, 2009 increased \$326.8 million, or 8.75% compared to \$3.74 billion at December 31, 2008. The increase in loans was due to the SJB acquisition, which contributed \$455.3 million (carrying value).

## **Investment Securities**

Investment securities totaled \$2.11 billion at December 31, 2009. This represents a decrease of \$388.0 million, or 15.52%, when compared with \$2.50 billion in investment securities at December 31, 2008. During 2009, we sold certain securities with relatively short maturities and recognized a gain on sale of securities of \$28.4 million. We also recognized an other-than-temporary impairment on a private-label mortgage-backed investment security. The total impairment of \$2.0 million was reduced by \$1.7 million for the non-credit portion which was reflected in other comprehensive income. The remaining \$323,000 loss was recognized as an offset to other operating income.

Our investment portfolio continues to perform well. As of December 31, 2009 we had an unrealized gain of \$26.4 million. We have no preferred stock and no trust preferred securities. Virtually all of our mortgage-backed securities are issued by Freddie Mac or Fannie Mae, which have the guarantee of the U.S. Government. Except for the bond discussed above, the remaining private-label mortgage-backed issues of approximately \$30.4 million are performing well. Our municipal securities, totaling \$663.4 million, are located throughout the United States, with approximately \$40.8 million, or 6.1%, located within the state of California. All municipal bond securities are fully performing.

## **Deposits & Customer Repurchases**

Total deposits and customer repos were \$4.92 billion at December 31, 2009. This represents an increase of \$1.06 billion, or 27.36%, when compared with total deposits and customer repos of \$3.87 billion at December 31, 2008. This growth was due in part to the deposit initiatives we have been working on over the past few years. This growth came primarily from our newly formed Specialty Banking Group and Commercial Banking Centers.

We acquired \$529.7 million in deposits from SJB. Of these deposits, \$95.0 million were National CDs with high interest rates. As we lowered those rates, we experienced an outflow of these non-customer CDs, which was anticipated. At December 31, 2009, we had \$432.0 million in deposits, of which \$157.3 million were non-interest bearing demand deposits.

## **Borrowings**

At December 31, 2009, we had \$1.01 billion in borrowings. This represents a decrease of \$987.5 million, or 49.55%, from borrowings of \$1.99 billion at December 31, 2008. As a result of the increase in deposits and customer repurchases of \$1.06 billion and the net decrease of \$388.0 million in securities, it was possible for us to reduce our reliance on borrowed funds. In addition, we restructured some of our FHLB advances to reduce our interest expense and protect against a rising rate environment. In the fourth quarter of 2009, we restructured a \$300 million advance by paying-off \$100 million and terming-out \$200 million for seven years at a 4.52% fixed rate. Imbedded in this fixed rate is a rate cap protecting an additional \$200 million of interest rate risk. We also prepaid another \$100 million advance. The prepayment penalty for the two \$100 million advances was \$4.4 million, which was recognized in other operating expenses in the fourth quarter of 2009. The prepayment penalty on the \$200 million restructured advance was \$1.9 million and will be amortized to interest expense over the next seven years.

### **San Joaquin Bank Acquisition**

On October 16, 2009, Citizens Business Bank acquired substantially all of the assets and assumed substantially all of the liabilities of San Joaquin Bank (“SJB”) headquartered in Bakersfield, California, in an FDIC-assisted transaction. We acquired all five SJB branches, one of which will be consolidated into our existing Bakersfield business financial center in March 2010.

The acquisition has been accounted for under the purchase method. The assets and liabilities were recorded at their estimated fair values as of the October 16, 2009 acquisition date. The application of the purchase method of accounting resulted in an after-tax gain of \$12.3 million which is included in 2009 earnings. The gain is based on fair values. Such fair values are preliminary estimates and are subject to adjustment for up to one year after the acquisition date. The core deposit intangible of \$4.9 million will be amortized over ten years.

A summary of the estimated fair value adjustments resulting in the net gain follows:

	<u>October 16, 2009</u>
	(in thousands)
SJB's cost basis net assets on October 16, 2009	\$ 84,279
Purchase Accounting Fair Value Adjustments	
Loans	(199,768)
FDIC loss sharing receivable	131,860
Core Deposit Intangible	4,904
Other assets	145
Time Deposits	(298)
Income tax liability	(8,871)
Net after-tax gain from SJB acquisition	<u>\$ 12,251</u>

### **Asset Quality**

The SJB loans have a par value of \$655.1 million and an adjusted carrying value of \$455.3 million. Due to the nature of the transaction and the loss guarantee from the

FDIC, we have separated the discussion of asset quality into two sections: non-covered loans and covered loans. The non-covered loans represent the legacy Citizens Business Bank loans and exclude all loans acquired in the SJB acquisition. The SJB loans are “covered” loans as defined in the loss sharing agreement with the FDIC. These loans have been marked to fair value and also have a guarantee by the FDIC. The allowance for credit losses as of December 31, 2009 pertains only to those loans made by Citizens Business Bank and not those acquired through the San Joaquin Bank transaction.

**Citizens Business Bank Asset Quality (non-covered loans)**

The allowance for credit losses increased from \$55.0 million as of December 31, 2008 to \$108.9 million as of December 31, 2009. The increase was primarily due to a provision for credit losses of \$80.5 million during 2009. During 2009, we had loan charge-offs totaling \$26.3 million and recoveries on previously charged-off loans of \$803,000. This resulted in net charge-offs of \$25.5 million. By comparison, during 2008, the Company had net charge-offs of \$5.7 million and a \$26.6 million provision for credit losses. The allowance for credit losses was 3.02% and 1.44% of total loans and leases outstanding as of December 31, 2009 and 2008, respectively. “Because the economy continues to struggle, our objective has been to increase our allowance as a percentage of total loans. Although our losses and non-performing loans are low by comparison to peers, they have increased. We regard the overall weakness in the economy as a driving factor in determining our allowance,” said Myers.

We had \$69.8 million in non-performing loans at December 31, 2009, or 1.93% of total loans. This compares to non-performing loans of \$17.7 million at December 31, 2008. The non-performing loans consist of \$13.9 million in residential construction and land loans, \$23.8 million in commercial construction loans, \$11.8 million in single-family mortgage loans, \$17.1 million in commercial real estate loans, and \$3.2 million in commercial loans.

At December 31, 2009, we had \$3.9 million in Other Real Estate Owned (“OREO”). This represents a decrease of \$2.7 million from OREO of \$6.6 million at December 31, 2008. At December 31, 2008, we had 10 OREO properties. During 2009, we added nine properties for a total of \$11.5 million to OREO. During the year, we sold 17 properties with an OREO value of \$14.3 million for cash proceeds of \$13.9 million. We now have two OREO properties.

At December 31, 2009, we had loans delinquent 30 to 89 days of \$10.5 million. This compares to delinquent loans of \$5.2 million at December 31, 2008. As a percentage of total loans, delinquencies, excluding non-accruals, were 0.29% at December 31, 2009 and 0.14% at December 31, 2008.

**San Joaquin Bank Asset Quality (covered loans)**

We acquired \$688.9 million in loans from SJB. The FDIC loss threshold is \$144.0 million and we have a first loss amount of \$26.7 million. We will absorb 20% of the next \$117.3 million in losses and the FDIC will absorb 80% of the losses. Thereafter, we will absorb 5% of the losses and the FDIC will absorb 95% of the losses. We have recorded

these estimated future losses as a discount to loans acquired at the acquisition date. As such, we don't expect these losses to have a significant impact to future earnings.

At December 31, 2009 we had \$655.1 million in gross loans from SJB with a carrying value of \$455.3 million. Of the gross loans, we have \$163.2 million in non-accrual and \$23.2 million in loans delinquent 30 to 89 days. Non-accrual loans represent 24.92% of gross loans and delinquent loans represent 3.54%. We have taken two properties into OREO totaling \$5.6 million.

### **CitizensTrust**

CitizensTrust has approximately \$1.9 billion in assets under administration, including \$1.0 billion in assets under management, as of December 31, 2009. This compares with \$1.8 billion in assets under administration, including \$782.4 million in assets under management at December 31, 2008. CitizensTrust provides trust, investment and brokerage related services, as well as financial, estate and business succession planning.

### **Corporate Overview**

CVB Financial Corp. is the holding company for Citizens Business Bank, a financial services company based in Ontario, California. Citizens Business Bank serves 40 cities with 46 business financial centers and 5 commercial banking centers in the Inland Empire, Los Angeles County, Orange County and the Central Valley areas of California.

Shares of CVB Financial Corp. common stock are listed on the NASDAQ under the ticker symbol of CVBF. For investor information on CVB Financial Corp., visit our Citizens Business Bank website at [www.cbbank.com](http://www.cbbank.com) and click on the CVB Investor tab.

### **Safe Harbor**

*Certain matters set forth herein (including the exhibits hereto) constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including forward-looking statements relating to the Company's current business plan and expectations regarding future operating results. These forward-looking statements are subject to risks and uncertainties that could cause actual results, performance or achievements to differ materially from those projected. These risks and uncertainties include, but are not limited to, local, regional, national and international economic conditions and events and the impact they may have on us and our customers; ability to attract deposits and other sources of liquidity; oversupply of inventory and continued deterioration in values of California real estate, both residential and commercial; a prolonged slowdown in construction activity; changes in the financial performance and/or condition of our borrowers; changes in the level of non-performing assets and charge-offs; ability to repurchase our securities issued to the U.S. Treasury pursuant to its Capital Purchase Program; the effect of changes in laws and regulations (including laws and regulations concerning taxes, banking, securities, executive compensation and insurance) with which we and our subsidiaries must comply; changes in estimates of future reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements; inflation, interest rate, securities market and*

*monetary fluctuations; political instability; acts of war or terrorism, or natural disasters, such as earthquakes, or the effects of pandemic flu; the timely development and acceptance of new banking products and services and perceived overall value of these products and services by users; changes in consumer spending, borrowing and savings habits; technological changes; the ability to increase market share and control expenses; changes in the competitive environment among financial and bank holding companies and other financial service providers; continued volatility in the credit and equity markets and its effect on the general economy; the effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board and other accounting standard setters; changes in our organization, management, compensation and benefit plans; the costs and effects of legal and regulatory developments including the resolution of legal proceedings or regulatory or other governmental inquiries and the results of regulatory examinations or reviews; our success at managing the risks involved in the foregoing items and other factors set forth in the Company's public reports including its Annual Report on Form 10-K for the year ended December 31, 2008, and particularly the discussion of risk factors within that document. The Company does not undertake, and specifically disclaims any obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of such statements except as required by law.*

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