

CVB FINANCIAL CORP  
Form 10-Q  
August 09, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D. C. 20549

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2012

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-10140

**CVB FINANCIAL CORP.**

(Exact name of registrant as specified in its charter)

**California**  
(State or other jurisdiction of

incorporation or organization)

**701 North Haven Ave, Suite 350, Ontario, California**  
(Address of Principal Executive Offices)

(Registrant's telephone number, including area code)

**95-3629339**  
(I.R.S. Employer

Identification No.)

**91764**  
(Zip Code)

**(909) 980-4030**

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, non-accelerated filer or smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

Number of shares of common stock of the registrant: 104,786,079 outstanding as of July 30, 2012.

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**CVB FINANCIAL CORP.**

**2012 QUARTERLY REPORT ON FORM 10-Q**

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**GENERAL**

***Forward Looking Statements***

Certain statements in this Report on Form 10-Q, including, but not limited to, statements under the heading Management Discussion and Analysis of Financial Condition and Results of Operations constitute forward-looking statements under the Private Securities Litigation Reform Act of 1995, including but not limited to, statements about anticipated future operating and financial performance, financial position and liquidity, business prospects, strategic alternatives, business strategies, regulatory and competitive outlook, capital and financing needs and availability, acquisition and divestiture opportunities, investment and expenditure plans, plans and objectives of management for future operations and other similar forecasts and statements of expectations of assumptions underlying any of the foregoing. Words such as will likely result, aims, anticipates, believes, could, estimates, expects, hopes, intends, may, plans, projects, seeks, should, will, and similar words and expressions are intended to identify these forward looking statements, which involve risks and uncertainties. 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, 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 property inventory and continued deterioration in values of California real estate, both residential and commercial; a prolonged slowdown or decline 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; the cost or effect of acquisitions we may make; the effect of changes in laws and regulations (including laws, regulations and judicial decisions concerning financial reform, taxes, banking, securities, employment, executive compensation, insurance, and information security) with which we and our subsidiaries must comply; changes in estimates of future reserve requirements and minimum capital requirements based upon the periodic review thereof under relevant regulatory and accounting requirements; inflation, interest rate, securities market and monetary fluctuations; cyber-security threats including loss of system functionality or theft or loss of data; 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, retain customers 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, and our ability to retain or expand our management team; the costs and effects of legal and regulatory developments including the resolution of legal proceedings or regulatory or other governmental inquiries, including, but not limited to, the current investigation by the Securities and Exchange Commission and the related class-action lawsuits filed against us, and the results of regulatory examinations or reviews. The Company cautions that the foregoing factors are not exclusive. For additional information concerning these factors and other factors which may cause actual results to differ from the results discussed in our forward-looking statements, see the periodic filings the Company makes with the Securities and Exchange Commission, and, in particular, the information set forth in Item 1A herein and in Item 1A. Risk Factors contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2011. 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.

**Table of Contents****PART I FINANCIAL INFORMATION (UNAUDITED)****ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****CVB FINANCIAL CORP. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(Dollars in thousands, except share data)

(Unaudited)

	June 30, 2012	December 31, 2011
<b>ASSETS</b>		
Cash and due from banks	\$ 105,199	\$ 35,407
Interest-earning balances due from Federal Reserve	371,496	309,936
Total cash and cash equivalents	476,695	345,343
Interest-earning balances due from depository institutions	60,000	60,000
Investment securities available-for-sale, at fair value (with amortized cost of \$2,184,386 at June 30, 2012 and \$2,130,029 at December 31, 2011)	2,259,531	2,201,526
Investment securities held-to-maturity	2,191	2,383
Investment in stock of Federal Home Loan Bank (FHLB)	65,814	72,689
Non-covered loans held-for-sale	2,880	348
Covered loans held-for-sale		5,664
Loans and lease finance receivables, excluding covered loans	3,174,908	3,219,727
Allowance for credit losses	(91,892)	(93,964)
Net non-covered loans and lease finance receivables	3,083,016	3,125,763
Covered loans and lease finance receivables, net	210,147	256,869
Premises and equipment, net	36,462	36,280
Bank owned life insurance	117,610	116,132
Accrued interest receivable	22,385	23,512
Intangibles	4,279	5,548
Goodwill	55,097	55,097
FDIC loss sharing asset	40,897	59,453
Non-covered other real estate owned	10,394	13,820
Covered other real estate owned	3,240	9,782
Income taxes	25,615	48,033
Other assets	47,710	44,673
<b>TOTAL ASSETS</b>	<b>\$ 6,523,963</b>	<b>\$ 6,482,915</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>Liabilities:</b>		
<b>Deposits:</b>		
Noninterest-bearing	\$ 2,252,280	\$ 2,027,876
Interest-bearing	2,446,570	2,576,672

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Total deposits	4,698,850	4,604,548
Customer repurchase agreements	467,636	509,370
Borrowings	448,798	448,662
Accrued interest payable	3,355	3,526
Deferred compensation	8,940	8,735
Junior subordinated debentures	87,631	115,055
Other liabilities	60,500	78,205
<b>TOTAL LIABILITIES</b>	<b>5,775,710</b>	<b>5,768,101</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
Stockholders' Equity:		
Preferred stock, authorized, 20,000,000 shares without par; none issued or outstanding		
Common stock, authorized, 225,000,000 shares without par; issued and outstanding 104,807,879 at June 30, 2012 and 104,482,271 at December 31, 2011	483,226	479,973
Retained earnings	221,443	193,372
Accumulated other comprehensive income, net of tax	43,584	41,469
<b>Total stockholders' equity</b>	<b>748,253</b>	<b>714,814</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 6,523,963</b>	<b>\$ 6,482,915</b>

See accompanying notes to the condensed consolidated financial statements.

**Table of Contents****CVB FINANCIAL CORP. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME**

(Dollars in thousands, except per share amounts)

(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
<b>Interest income:</b>				
Loans held-for-sale	\$ 6	\$ 10	\$ 10	\$ 29
Loans and leases, including fees	47,692	48,980	93,720	98,325
Accelerated accretion on acquired loans	7,521	5,707	12,213	7,658
<b>Loans, including fees</b>	<b>55,219</b>	<b>54,697</b>	<b>105,943</b>	<b>106,012</b>
<b>Investment securities:</b>				
Taxable	8,786	10,152	17,956	18,990
Tax-advantaged	5,785	5,921	11,581	11,840
<b>Total investment income</b>	<b>14,571</b>	<b>16,073</b>	<b>29,537</b>	<b>30,830</b>
Dividends from FHLB	94	66	184	131
Federal funds sold and interest-bearing deposits with other institutions	295	346	580	721
<b>Total interest income</b>	<b>70,179</b>	<b>71,182</b>	<b>136,244</b>	<b>137,694</b>
<b>Interest expense:</b>				
Deposits	1,554	2,220	3,207	5,008
Borrowings	4,876	5,742	9,847	11,538
Junior subordinated debentures	789	825	1,628	1,644
<b>Total interest expense</b>	<b>7,219</b>	<b>8,787</b>	<b>14,682</b>	<b>18,190</b>
<b>Net interest income before provision for credit losses</b>	<b>62,960</b>	<b>62,395</b>	<b>121,562</b>	<b>119,504</b>
<b>Provision for credit losses</b>				<b>7,068</b>
<b>Net interest income after provision for credit losses</b>	<b>62,960</b>	<b>62,395</b>	<b>121,562</b>	<b>112,436</b>
<b>Noninterest income:</b>				
Net impairment loss on investment securities recognized in earnings		(119)		(119)
Service charges on deposit accounts	4,068	4,029	8,192	7,752
Trust and investment services	2,042	2,259	4,227	4,412
Bankcard services	1,007	816	1,926	1,524
BOLI Income	740			