

CVB FINANCIAL CORP
Form 424B4
July 22, 2009

**As Filed Pursuant to Rule 424(b)(4)
under the Securities Act of 1933
Registration No. 333-159719**

PROSPECTUS

19,700,000 Shares

Common Stock

We are offering 19,700,000 shares of our common stock, no par value per share. Our common stock is traded on the NASDAQ Global Select Market under the symbol CVBF. On July 21, 2009, the last reported sale price of our common stock on the NASDAQ Global Select Market was \$6.26 per share.

These shares of common stock are not savings accounts, deposits, or other obligations of our bank subsidiary or any of our non-bank subsidiaries and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

Investing in our common stock involves risks. See Risk Factors beginning on page 6 to read about factors you should consider before buying our common stock.

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$ 5.85	\$ 115,245,000
Underwriting discounts and commissions	\$ 0.26325	\$ 5,186,025
Proceeds to CVB Financial Corp. (before expenses)	\$ 5.58675	\$ 110,058,975

The underwriters also may purchase up to an additional 2,955,000 shares of our common stock within 30 days of the date of this prospectus to cover over-allotments, if any.

The underwriters expect to deliver the common stock in book-entry form only, through the facilities of The Depository Trust Company, against payment on or about July 27, 2009.

Keefe, Bruyette & Woods

Sandler O Neill + Partners, L.P.

The date of this prospectus is July 21, 2009.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated herein by reference include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Words such as aims, anticipates, believes, could, estimates, expects, intends, may, plans, projects, seeks, should, will and variations of these words and similar expressions are used to identify these forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections. Factors that could cause actual results to differ from those discussed in the forward-looking statements 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; and

Our success at managing the risks involved in the foregoing items.

The forward-looking statements are based upon management's beliefs and assumptions and are made as of the date of this prospectus. We undertake no obligation to publicly update or revise any forward-looking statements included or incorporated by reference in this prospectus or to update the reasons why actual results could differ from those contained in such statements, whether as a result of new information, future events or otherwise, except to the extent required by federal securities laws. Forward-looking statements may be contained in this prospectus (and the documents incorporated by reference herein) under "Risk Factors," or may be contained in our Annual Report on Form 10-K or in our Quarterly Reports on Form 10-Q under headings such as "Management's Discussion and Analysis of Financial Conditions and Results of Operations and Business," or in our Current Reports on Form 8-K, among other places. Any investor in us should consider all risks and uncertainties disclosed in our filings with the Securities and Exchange Commission, or the SEC, described below under the heading "Where You Can Find More Information," all of which are accessible on the SEC's website at www.sec.gov.

ABOUT THIS PROSPECTUS

You should rely only on the information contained or incorporated by reference in this prospectus. We have not, and the underwriters have not, authorized any person to provide you with different or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus and the documents incorporated by reference is accurate only as of their respective dates. CVB Financial Corp.'s business, financial condition, results of operations and prospects may have changed since such dates.

Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus to CVB Financial Corp., the Company, we, us, our, or similar references, mean CVB Financial Corp. and its subsidiaries on a consolidated basis. References to Citizens Business Bank or the Bank means our wholly owned banking subsidiary.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly, and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's web site at www.sec.gov and on the investor relations page of our website at www.cbbank.com. Information on our web site is not part of this prospectus. You may also read and copy any document we file with the SEC at its public reference facilities at 100 F Street N.E., Washington, D.C. 20549. You can also obtain copies of the documents upon the payment of a duplicating fee to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities.

This prospectus omits some information contained in the registration statement in accordance with SEC rules and regulations. You should review the information and exhibits included in the registration statement for further information about us and the securities we are offering. Statements in this prospectus concerning any document we filed as an exhibit to the registration statement or that we otherwise filed with the SEC are not intended to be comprehensive and are qualified by reference to these filings. You should review the complete document to evaluate these statements.

The SEC allows us to incorporate by reference information we file with it, which means that we can disclose important information to you by referring you to other documents. The information incorporated by reference is considered to be a part of this prospectus. Information contained in this prospectus supersedes information incorporated by reference that we have filed with the SEC prior to the date of this prospectus.

We incorporate by reference the following documents listed below, except to the extent that any information contained in such filings is deemed furnished in accordance with SEC rules:

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, filed with the SEC on February 27, 2009, including portions incorporated by reference therein to our Definitive Proxy Statement on Schedule 14A, filed with the SEC on April 7, 2009;

Our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2009, as filed with the SEC on May 7, 2009; and

Our Current Reports on Form 8-K filed with the SEC on January 2, 2009, January 7, 2009, January 27, 2009 and February 26, 2009.

These documents contain important information about us, our business and our financial condition. You may request a copy of these filings, at no cost, by writing or telephoning us at:

CVB Financial Corp.
701 N. Haven Avenue, Suite 350
Ontario, California 91764
(909) 980-4030

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere or incorporated by reference in this prospectus and may not contain all the information that you need to consider in making your investment decision. You should carefully read this entire prospectus, as well as the information to which we refer you and the information incorporated by reference herein, before deciding whether to invest in the common stock. You should pay special attention to the Risk Factors section of this prospectus to determine whether an investment in the common stock is appropriate for you.

About CVB Financial Corp.

CVB Financial Corp., a California corporation organized in 1981, is a bank holding company registered under the Bank Holding Company Act of 1956, as amended. We focus on providing a wide range of banking, investing and trust services through our wholly owned banking subsidiary, Citizens Business Bank, which is our principal asset. Citizens Business Bank, which has conducted business since 1974, is a California state-chartered bank headquartered in Ontario, California. Citizens Business Bank is the largest financial institution headquartered in the Inland Empire region of Southern California, based on assets. As of March 31, 2009, the Bank serves 39 cities with 41 business financial centers and 5 commercial banking centers in the Inland Empire, Los Angeles County, Orange County and the Central Valley areas of California. Its leasing division, Citizens Financial Services, provides vehicle leasing, equipment leasing and real estate loan services.

As of March 31, 2009, we had consolidated total assets of \$6.42 billion, total deposits of \$3.79 billion, and loans and leases totaling \$3.66 billion. 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.

As a bank holding company, we are subject to the supervision of the Board of Governors of the Federal Reserve System, or the Federal Reserve. We are required to file with the Federal Reserve reports and other information regarding our business operations and the business operations of our subsidiaries. As a California chartered bank, Citizens Business Bank is subject to primary supervision, periodic examination, and regulation by the California Department of Financial Institutions, and by the Federal Deposit Insurance Corporation, or the FDIC, as its primary federal regulator.

Our principal executive office is located at 701 North Haven Avenue, Suite 350, Ontario, California 91764, telephone number: (909) 980-4030.

Recent Developments

On July 15, 2009, we announced our preliminary financial results for the quarter and six-month period ended June 30, 2009. The following presents an overview of those results. These items are subject to the risks and uncertainties relating to our business described under Risk Factors in this prospectus and in our Annual Report on Form 10-K for the year ended December 31, 2008.

We reported net earnings of \$15.9 million for the second quarter ending June 30, 2009, representing an increase of \$2.7 million, or 20.45%, when compared with net earnings of \$13.2 million for the first quarter of 2009 and a decrease of \$1.3 million or 7.53% when compared with net earnings of \$17.2 million for the second

quarter of 2008. Net earnings for the first six months of 2009 were \$29.0 million, representing a decrease of \$4.3 million, or 12.92%, when compared with net earnings for the first six months of 2008. Net earnings for the second quarter and first six months of 2009 include the impact from a special FDIC assessment charge of \$3.0 million.

Diluted earnings per common share were \$0.17 for the second quarter of 2009. This was up \$0.04, or 24.04%, from diluted earnings per common share of \$0.13 for the first quarter of 2009. This represented a decrease of \$0.04 or 18.91% from diluted earnings per share of \$0.21 for the second quarter of 2008. Diluted earnings per common share for the first six months of 2009 were down \$0.10 or 24.66% from diluted earnings per share of \$0.40 for the first six months of 2008.

For the second quarter of 2009 and first six months of 2009, we recorded a provision for credit losses of \$20.0 million and \$42.0 million, respectively, as compared to a provision of \$22.0 million for the first three months of 2009 and \$4.7 million for the first six months of 2008.

Net earnings for the second quarter and first six months of 2009 produced a return on beginning common equity of 12.61% and 11.86%, respectively, a return on average common equity of 12.36% and 11.51%, respectively and a return on average assets of 0.99% and 0.90%, respectively.

Net interest income, before provision for credit losses, totaled \$54.1 million for the second quarter of 2009 and \$109.4 million for the first six months of 2009. This represents an increase of \$5.6 million, or 11.58% and \$16.8 million, or 18.11%, over net interest income of \$48.5 million and \$92.6 million for the same periods in 2008. The increase resulted from a \$12.8 million and \$28.2 million decrease in interest expense for the second quarter and first six months of 2009 which overshadowed a \$7.2 million and \$11.5 million decrease in interest income over the same periods. The decrease in interest income was primarily due to the decrease in interest rates, partially offset by the growth in average earning assets.

Net interest margin (tax equivalent) increased from 3.75% for the first quarter of 2009 to 3.76% for the second quarter of 2009. Net interest margin was 3.75% for the first six months of 2009 compared to 3.34% for the same period of 2008. Total average earning asset yields decreased from 5.80% for the first six months of 2008 to 5.22% for the first six months of 2009. The cost of interest-bearing liabilities decreased from 3.20% for the first six months of 2008 to 2.03% for the first six months of 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.

Total assets were \$6.41 billion at June 30, 2009. This represented a decrease of \$1.2 million, or 0.02%, from total assets of \$6.42 billion at March 31, 2009. The decrease from March 31, 2009 was primarily due to a decrease of \$100.0 million in earning assets.

Total earning assets of \$5.91 billion at June 30, 2009 decreased \$100.0 million, or 1.66%, from total earning assets of \$6.01 billion at March 31, 2009 primarily due to decreases in investment securities and loans and leases.

Loans and leases totaling \$3.61 billion at June 30, 2009, decreased \$44.1 million, or 1.21% from loans and leases of \$3.66 billion at March 31, 2009. This was primarily due to a decrease in loan demand.

Total non-performing assets were \$55.3 million at June 30, 2009, or 1.52% of total loans and OREO and 0.86% of total assets, as compared with total non-performing assets of \$56.7 million at March 31, 2009.

Total deposits and customer repurchases of \$4.41 billion at June 30, 2009 increased by \$220.1 million, or 0.05%, when compared to total deposits and customer repurchases of \$4.19 billion at March 31, 2009.

Investment securities totaled \$2.28 billion at June 30, 2009. This represents a decrease of \$47.9 million, or 0.02%, when compared with \$2.33 billion in investment securities at March 31, 2009. During the second quarter of 2009, we sold certain securities with relatively short maturities and recognized a gain on sale of securities of \$12.6 million.

Our borrowings decreased by \$200.2 million, or 13.09%, from March 31, 2009. As a result of our increase in deposits and customer repurchases of \$220.1 million and the net decrease of \$47.9 million in securities, it was possible for us to reduce our reliance on borrowed funds. The replacement of high cost borrowings with low

cost deposits helped to improve our margin during the second quarter of 2009.

CitizensTrust, our subsidiary that provides trust, investment and brokerage related services, as well as financial, estate and business succession planning, had approximately \$1.6 billion in assets under administration, including \$750.4 million in assets under management at June 30, 2009. This compares with approximately \$1.5 billion in assets under administration, including \$741.6 million in assets under management at March 31, 2009. Income from CitizensTrust was \$1.6 million in the second quarter of 2009 and \$3.3 million in the first half of 2009, down \$371,000 and \$623,000 from the corresponding periods in 2008, respectively.

The Bank continues to have only one borrowing relationship with over \$50 million in total loan commitments. The subject relationship consists of eight loans aggregating \$85.2 million. We have not advanced any new monies to this borrower since August 2008. All of these loans are backed by the principal owner, paid current and performing as agreed.

Risk Factors

An investment in our common stock involves certain risks. You should carefully consider the risks described under Risk Factors beginning on page 6 of this prospectus, as well as other information included or incorporated by reference into this prospectus, including our financial statements and the notes thereto, before making an investment decision.

The Offering

The following summary of the offering contains basic information about the offering and the common stock and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the common stock, please refer to the section of this prospectus entitled Description of Capital Stock.

Issuer	CVB Financial Corp., a California corporation.
Common stock offered	19,700,000 shares of common stock, no par value.
Over-allotment option	We have granted the underwriters an option to purchase up to an additional 2,955,000 shares of common stock within 30 days of the date of this prospectus in order to cover over-allotments, if any.
Common stock outstanding after this offering	103,026,511 shares of common stock. (1)(2)
Use of Proceeds	We intend to use the proceeds from the sale of our common stock, along with other funds, to redeem all of the 130,000 shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series B, or Series B Preferred Stock, and to repurchase the ten-year warrant to purchase up to 1,669,521 shares of our common stock, previously sold to the U.S. Department of the Treasury, or the U.S. Treasury, under its Capital Purchase Program. The approvals of the U.S. Treasury and our banking regulators are required for the repurchase of these securities. If we do not receive the necessary regulatory approvals to repurchase the Series B Preferred Stock and the related warrant, or our board of directors subsequently determines not to repurchase the Series B Preferred Stock and the related warrant, we will use the net proceeds of this offering for general corporate purposes and may contribute some portion of the net proceeds to the capital of the Bank, which will use such amount for its general corporate purposes.
Market and trading symbol for the common stock	Our common stock is listed and traded on the NASDAQ Global Select Market under the symbol CVBF.

- (1) The number of shares of common stock outstanding immediately after the closing of this offering is based on 83,326,511 shares of common stock outstanding as of June 30, 2009.
- (2) Unless otherwise indicated, the number of shares of common stock presented in this prospectus excludes shares issuable pursuant to the exercise of the underwriters' over-allotment option, 2,194,056 shares of common stock issuable pursuant to outstanding options under our stock compensation plans and 1,669,521 shares of common stock issuable upon the exercise of the warrant held by the U.S. Treasury.

SUMMARY SELECTED CONSOLIDATED FINANCIAL INFORMATION

You should read the summary selected consolidated financial information presented below in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and the notes to those financial statements appearing in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which is incorporated by reference in this prospectus.

The following tables set forth selected consolidated financial data for us at and for each of the years in the five-year period ended December 31, 2008 and at and for the three month periods ended March 31, 2009 and 2008.

The selected statement of income data for the years ended December 31, 2008, 2007 and 2006, and the selected statement of financial condition data as of December 31, 2008 and 2007, have been derived from our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which is incorporated by reference in this prospectus. The selected statement of income data for the years ended December 31, 2005 and 2004 and the summary statement of financial condition data as of December 31, 2006, 2005 and 2004 have been derived from our audited financial statements that are not included in this prospectus.

The summary financial data at and for the three months ended March 31, 2009 and 2008 have been derived from our unaudited interim financial statements included in our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2009 and March 31, 2008, respectively, and are incorporated by reference in this prospectus. These unaudited interim financial statements include all adjustments (consisting only of normal recurring adjustments) that we consider necessary for a fair presentation of our financial condition and results of operations as of the dates and for the periods indicated. Historical results are not necessarily indicative of future results and the results for the three months ended March 31, 2009, are not necessarily indicative of our expected results for the full year ending December 31, 2009.

	At or For the Three		At or For The Year Ended December 31,						2004
	2009	2008	2008	2007	2006	2005	2004		
	(Amounts and numbers in thousands except per share amounts)								
Income	\$ 78,962	\$ 83,219	\$ 332,518	\$ 341,277	\$ 316,091	\$ 246,884	\$ 197,000	\$ 197,000	\$ 197,000
Expense	23,670	39,089	138,839	180,135	147,464	77,436	77,436	77,436	46,000
Interest Income	55,292	44,130	193,679	161,142	168,627	169,448	169,448	169,448	150,000
Provision for Credit	22,000	1,700	26,600	4,000	3,000				
Operating	16,357	8,140	34,457	31,325	33,258	27,505	27,505	27,505	27,505
Operating	31,397	28,399	115,788	105,404	95,824	90,053	90,053	90,053	89,000
Expenses Before	18,252	22,171	85,748	83,063	103,061	106,900	106,900	106,900	88,000
Taxes	5,084	5,987	22,675	22,479	32,481	36,710	36,710	36,710	27,000
EARNINGS	\$ 13,168	\$ 16,184	\$ 63,073	\$ 60,584	\$ 70,580	\$ 70,190	\$ 70,190	\$ 70,190	\$ 61,000

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Earnings Per Share(1)	\$ 0.13	\$ 0.19	\$ 0.75	\$ 0.72	\$ 0.84	\$ 0.83	\$
Earnings Common	\$ 0.13	\$ 0.19	\$ 0.75	\$ 0.72	\$ 0.83	\$ 0.83	\$
Dividends Paid Per Share	\$ 0.085	\$ 0.085	\$ 0.340	\$ 0.340	\$ 0.355	\$ 0.420	\$ 0
Dividends Common	7,083	7,093	28,317	28,479	27,876	27,963	23
Dividend Pay-Out	53.79%	43.83%	44.90%	47.01%	39.50%	39.84%	3
Weighted Average							
(1):	83,174,373	83,151,328	83,120,817	83,600,316	84,154,216	84,139,254	83,221
Outstanding	83,303,201	83,521,594	83,335,503	84,005,941	84,813,875	84,911,893	84,258
Outstanding							
Outstanding(1)	83,326,511	83,095,678	83,270,263	83,164,906	84,281,722	84,073,227	83,416
Value Per Share	\$ 6.05	\$ 5.44	\$ 5.92	\$ 5.11	\$ 4.60	\$ 4.07	\$

	At or For the Three Months Ended March 31,			At or For The Year Ended December 31,			
	2009	2008	2008	2007	2006	2005	
(Amounts and numbers in thousands except per share amounts)							
Position:							
	\$ 6,416,089	\$ 6,374,802	\$ 6,649,651	\$ 6,293,963	\$ 6,092,248	\$ 5,422,283	\$ 4,...
Securities							
For-Sale	2,319,051	2,546,367	2,493,476	2,390,566	2,582,902	2,369,892	2,...
(4)	3,593,104	3,357,481	3,682,878	3,462,095	3,042,459	2,640,660	2,...
	3,785,265	3,260,668	3,508,156	3,364,349	3,406,808	3,424,045	2,...
	1,812,516	2,362,353	2,345,473	2,339,809	2,139,250	1,496,000	1,...
ordinated Debentures	115,055	115,055	115,055	115,055	108,250	82,476	
rs Equity	626,361	451,789	614,892	424,948	387,325	342,189	
Assets Ratio(2)	9.76%	7.09%	9.25%	6.75%	6.36%	6.31%	
Performance:							
e to Beginning Equity	8.68%	15.32%	14.84%	15.64%	20.63%	22.13%	
e to Average Equity	8.56%	14.91%	13.75%	15.00%	19.45%	20.77%	
e to Average Assets	0.81%	1.05%	0.99%	1.00%	1.22%	1.44%	
t Margin (TE)(5)	3.75%	3.25%	3.41%	3.03%	3.30%	3.86%	
Ratio(6)	63.24%	56.16%	57.45%	55.93%	48.18%	45.72%	
Quality:							
for Credit Losses	\$ 65,755	\$ 34,711	\$ 53,960	\$ 33,049	\$ 27,737	\$ 23,204	\$
/Total Loans	1.80%	1.02%	1.44%	0.95%	0.90%	0.87%	
Accrual Loans	\$ 48,037	\$ 2,707	\$ 17,684	\$ 1,435	\$	\$	\$
al Loans/Total Loans	1.31%	0.08%	0.47%	0.04%	0.00%	0.00%	
/Non-Accrual Loans	136.88%	1282.27%	305.13%	2,303%			
eries)/Charge-offs	\$ 10,205	\$ 38	\$ 5,689	\$ 1,358	\$ (1,533)	\$ 46	\$
s)/Charge-Offs/Average	0.28%	0.00%	0.16%	0.04%	-0.05%	0.00%	
Capital Ratios							
Company:							
Ratio	9.8%	7.7%	9.8%	7.6%	7.8%	7.7%	
tal	14.6%	11.4%	14.2%	11.0%	12.2%	11.3%	
al	16.0%	12.4%	15.5%	12.0%	13.0%	12.0%	
Bank:							
Ratio	9.7%	7.4%	9.7%	7.1%	7.0%	7.3%	
tal	14.4%	11.0%	13.9%	10.5%	11.0%	10.8%	
al	15.7%	11.9%	15.2%	11.3%	11.8%	11.5%	

(1) All 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. 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.
- (4) Net of deferred fees and allowance for credit losses.
- (5) Net interest income (TE) divided by total average earning assets.
- (6) Noninterest expense divided by total revenue (net interest income, after provision for credit losses, and other operating income).

RISK FACTORS

An investment in our common stock involves certain risks. Before making an investment decision, you should read carefully and consider the risk factors below relating to this offering. You should also refer to other information contained in or incorporated by reference in this prospectus and any applicable prospectus supplement, including our financial statements and the related notes incorporated by reference herein. Additional risks and uncertainties not presently known to us at this time or that we currently deem immaterial may also materially and adversely affect our business and operations.

Risks Relating to Recent Economic Conditions and Governmental Response Efforts

Difficult economic and market conditions have adversely affected our industry.

Dramatic declines in the housing market, with decreasing home prices and increasing delinquencies and foreclosures, have negatively impacted the credit performance of mortgage and construction loans and resulted in significant write-downs of assets by many financial institutions. General downward economic trends, reduced availability of commercial credit and increasing unemployment have negatively impacted the credit performance of commercial and consumer credit, resulting in additional write-downs. Concerns over the stability of the financial markets and the economy have resulted in decreased lending by financial institutions to their customers and to each other. This market turmoil and tightening of credit has led to increased commercial and consumer deficiencies, lack of customer confidence, increased market volatility and widespread reduction in general business activity. Financial institutions have experienced decreased access to deposits and borrowings. The resulting economic pressure on consumers and businesses and the lack of confidence in the financial markets may adversely affect our business, financial condition, results of operations and stock price. We do not expect that the difficult conditions in the financial markets are likely to improve in the near future. A worsening of these conditions would likely exacerbate the adverse effects of these difficult market conditions on us and others in the financial institutions industry. In particular, we may face the following risks in connection with these events:

We potentially face increased regulation of our industry. Compliance with such regulation may increase our costs and limit our ability to pursue business opportunities.

The process we use to estimate losses inherent in our credit exposure requires difficult, subjective and complex judgments, including forecasts of economic conditions and how these economic conditions might impair the ability of our borrowers to repay their loans. The level of uncertainty concerning economic conditions may adversely affect the accuracy of our estimates which may, in turn, impact the reliability of the process.

The value of the portfolio of investment securities that we hold may be adversely affected.

We may be required to pay significantly higher FDIC premiums because market developments have significantly depleted the insurance fund of the FDIC and reduced the ratio of reserves to insured deposits.

If current levels of market disruption and volatility continue or worsen, there can be no assurance that we will not experience an adverse effect, which may be material, on our business, financial condition and results of operations.

Recent legislative and regulatory initiatives to address difficult market and economic conditions may not stabilize the U.S. banking system. On October 3, 2008, President Bush signed into law the Emergency Economic Stabilization Act of 2008, or the Emergency Economic Stabilization Act, in response to the current crisis in the financial sector. The

U.S. Treasury and banking regulators have implemented a number of programs under this legislation to address capital and liquidity issues in the banking system. On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009, or the American Recovery and Reinvestment Act. There can be no assurance, however, as to the actual impact that the Emergency Economic Stabilization Act or the American Recovery and Reinvestment Act will have on the financial markets, including the extreme levels of volatility and limited credit availability currently being experienced. The failure of the Emergency Economic Stabilization Act or American Recovery and Reinvestment Act to help stabilize the financial markets and

a continuation or worsening of current financial market conditions could have a material, adverse effect on our business, financial condition, results of operations, access to credit or the value of our securities.

U.S. and international financial markets and economic conditions could adversely affect our liquidity, results of operations and financial condition.

Recent turmoil and downward economic trends have been particularly acute in the financial sector. Although we remain well capitalized and have not suffered any significant liquidity issues as a result of these recent events, the cost and availability of funds may be adversely affected by illiquid credit markets and the demand for our products and services may decline as our borrowers and customers realize the impact of an economic slowdown and recession. In view of the concentration of our operations and the collateral securing our loan portfolio in Central and Southern California, we may be particularly susceptible to the adverse economic conditions in the state of California where our business is concentrated. In addition, the severity and duration of these adverse conditions is unknown and may exacerbate our exposure to credit risk and adversely affect the ability of borrowers to perform under the terms of their lending arrangements with us.

We may be required to make additional provisions for loan losses and charge off additional loans in the future, which could adversely affect our results of operations.

For the quarter ended March 31, 2009, we recorded a \$22 million provision for credit losses and charged off \$10.2 million, net of \$99,000 in recoveries. For the year ended December 31, 2008, we recorded a \$26.6 million provision for credit losses and charged off \$5.7 million, net of \$348,000 in recoveries. In addition, we recorded a provision for credit losses of \$20 million for the quarter ended June 30, 2009. There has been a significant slowdown in the real estate markets in portions of Los Angeles, Riverside, San Bernardino and Orange counties and the Central Valley area of California where a majority of our loan customers, including our largest borrowing relationships, are based. This slowdown reflects declining prices in real estate, excess inventories of homes and increasing vacancies in commercial and industrial properties, all of which have contributed to financial strain on real estate developers and suppliers. As of March 31, 2009, we had \$2.3 billion in real estate loans and \$0.33 billion in construction loans. Continuing deterioration in the real estate market could affect the ability of our loan customers, including our largest borrowing relationships, to service their debt, which could result in additional loan charge-offs and provisions for credit losses in the future, which could have a material adverse effect on our financial condition, net income and capital.

Declines in commodity prices may adversely affect our results of operations.

As of March 31, 2009, approximately 11% of our loan portfolio was comprised of dairy and livestock loans. Our dairy and livestock loans are made to borrowers both within and outside of our Central and Southern California branch footprint. Recent declines in commodity prices, including milk prices, could adversely impact the ability of those to whom we have made dairy and livestock loans to perform under the terms of their borrowing arrangements with us. In particular, declines in commodity prices could result in additional loan charge-offs and provisions for credit losses in the future, which could have a material adverse effect on our financial condition, net income and capital.

Risks Related to Our Market and Business

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. We maintain an allowance for credit losses to provide for loan and lease defaults and non-performance. The allowance is also appropriately increased for new loan growth. While we believe that our allowance for credit losses is adequate to cover inherent 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.

Liquidity risk could impair our ability to fund operations and jeopardize our financial condition.

Liquidity is essential to our business. An inability to raise funds through deposits, borrowings, the sale of loans and other sources could have a material adverse effect on our liquidity. Our access to funding sources in amounts adequate to finance our activities could be impaired by factors that affect us specifically or the financial services industry in general. Factors that could detrimentally impact our access to liquidity sources include a decrease in the level of our business activity due to a market downturn or adverse regulatory action against us. Our ability to acquire deposits or borrow could also be impaired by factors that are not specific to us, such as a severe disruption of the financial markets or negative views and expectations about the prospects for the financial services industry as a whole as the recent turmoil faced by banking organizations in the domestic and worldwide credit markets deteriorates.

Our loan portfolio is predominantly secured by real estate and thus we have a higher degree of risk from a downturn in our real estate markets.

A further 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, such as earthquakes and national disasters particular to California. Substantially all of our real estate collateral is located in California. If real estate values, including values of land held for development, continue to further decline, the value of real estate collateral securing our loans, including loans to our largest borrowing relationships, could be significantly 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.

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.

We may experience goodwill impairment.

If our estimates of segment fair value change due to changes in our businesses or other factors, we may determine that impairment charges on goodwill recorded as a result of acquisitions are necessary. Estimates of fair value are determined based on our earnings and our fair value as determined by our stock price. If our fair value declines, we may need to recognize goodwill impairment in the future which would have a material adverse affect on our results of operations and capital levels.

Our business is subject to interest rate risk and variations in interest rates may negatively affect our financial performance.

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 March 31, 2009, 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. Higher 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 and loan origination volume.

We are subject to extensive government regulation that could limit or restrict our activities, which, in turn, may hamper our ability to increase our assets and earnings.

Our operations 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, regulations and supervisory guidance and policies applicable to us are subject to regular modification and change. Perennially, various laws, rules and regulations are proposed, which, if adopted, could impact our operations by making compliance much more difficult or expensive, restricting our ability to originate or sell loans or further restricting the amount of interest or other charges or fees earned on loans or other products.

The short term and long term impact of the Basel II capital standards and the forthcoming new capital rules to be proposed for non-Basel II U.S. banks is uncertain.

As a result of the recent deterioration in the global credit markets and the potential impact of increased liquidity risk and interest rate risk, it is unclear what the short term impact of the implementation of Basel II may be or what impact a pending alternative standardized approach to Basel II option for non-Basel II U.S. banks may have on the cost and availability of different types of credit and the potential compliance costs of implementing the new capital standards.

Failure to manage our growth may adversely affect our performance.

Our financial performance and profitability depend on our ability to manage past and possible future growth. Future acquisitions and our continued growth may present operating, integration and other issues that could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We face strong competition from financial services companies and other companies that offer banking services.

We conduct most of our operations in California. The banking and financial services businesses in California are highly competitive and increased competition in our primary market area may adversely impact the level of our loans and deposits. Ultimately, we may not be able to compete successfully against current and future competitors. These competitors include national banks, foreign 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. 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. If we are unable to attract and retain banking customers, we may be unable to continue our loan growth and level of deposits.

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.

We rely heavily on third-party service providers for much of our communications, information, operating and financial control systems technology, including our internet banking services and data processing systems. Any failure or interruption of these services or systems or breaches 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. The occurrence of any failures or interruptions may require us to identify 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.

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. In addition, the American Recovery and Reinvestment Act has imposed significant limitations on executive compensation for recipients, such as us, of funds under the U.S. Treasury's Troubled Asset Relief Program, or TARP, Capital Purchase Program, which may make it more difficult for us to retain and recruit key personnel. Our success depends to a significant degree upon our ability to attract and retain qualified management, 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 key executives, including our President, and certain other employees. In addition, our success has been and continues to be highly dependent upon the services of our directors, many of whom are at or nearing retirement age, and we may not be able to identify and attract suitable candidates to replace such directors.

Managing reputational risk is important to attracting and maintaining customers, investors and employees.

Threats to our reputation can come from many sources, including adverse sentiment about financial institutions generally, unethical practices, employee misconduct, failure to deliver minimum standards of service or quality, compliance deficiencies, and questionable or fraudulent activities of our customers. We have policies and procedures in place to protect our reputation and promote ethical conduct, but these policies and procedures may not be fully effective. Negative publicity regarding our business, employees, or customers, with or without merit, may result in the loss of customers, investors and employees, costly litigation, a decline in revenues and increased governmental regulation.

The terms of our outstanding preferred stock limit our ability to pay dividends on and repurchase our common stock.

The Purchase Agreement between us and the U.S. Treasury, pursuant to which we sold \$130 million of our Series B Preferred Stock and issued a warrant to purchase up to 1,669,521 shares of our common stock provides that prior to the earlier of (i) December 5, 2011 and (ii) the date on which all of the shares of the Series B Preferred Stock have been redeemed by us or transferred by the U.S. Treasury to third parties, we may not, without the consent of the U.S. Treasury, (a) increase the quarterly cash dividend on our common stock above \$0.085 per share, the amount of the last quarterly cash dividend per share declared prior to October 14, 2008 or (b) subject to limited exceptions, redeem, repurchase or otherwise acquire shares of our common stock or preferred stock other than the Series B Preferred Stock. In addition, we are unable to pay any dividends on our common stock unless we are current in our dividend payments on the Series B Preferred Stock. These restrictions, together with the potentially dilutive impact of

the warrant issued to the U.S. Treasury could have a negative effect on the value of our common stock.

Our outstanding preferred stock impacts net income available to our common stockholders and earnings per common share, and the warrant issued to the U.S. Treasury as well as other potential issuances of equity securities may be dilutive to holders of our common stock.

The dividends declared and the accretion on our outstanding preferred stock will reduce the net income available to common stockholders and our earnings per common share. Our outstanding preferred stock will also receive preferential treatment in the event of our liquidation, dissolution or winding up. Additionally, the ownership interest of the existing holders of our common stock will be diluted to the extent the warrant issued to the U.S. Treasury is exercised. The shares of common stock underlying the warrant represent approximately 2.0% of the shares of our common stock outstanding as of March 31, 2009 (including the shares issuable upon exercise of the warrant in total shares outstanding). Although the U.S. Treasury has agreed not to vote any of the shares of common stock it receives upon exercise of the warrant, a transferee of any portion of the warrant or of any shares of common stock acquired upon exercise of the warrant is not bound by this restriction. In addition, to the extent options to purchase common stock under our employee and director stock option plans are exercised, holders of our common stock will incur additional dilution. Further, if we sell additional equity or convertible debt securities, such sales could result in increased dilution to our shareholders.

Because of our participation in the TARP, we are subject to several restrictions, including restrictions on compensation paid to our executives.

Pursuant to the terms of the Purchase Agreement, we adopted certain standards for executive compensation and corporate governance for the period during which the U.S. Treasury holds the equity issued pursuant to the Purchase Agreement. These standards generally apply to our Chief Executive Officer, Chief Financial Officer, and the three next most highly compensated senior executive officers. The standards include (1) ensuring that incentive compensation for senior executives does not encourage unnecessary and excessive risks that threaten the value of the financial institution; (2) required clawback of any bonus or incentive compensation paid to a senior executive based on statements of earnings, gains or other criteria that are later proven to be materially inaccurate; (3) prohibition on making golden parachute payments to senior executives; and (4) agreement not to deduct for tax purposes executive compensation in excess of \$500,000 for each senior executive. In particular, the change to the deductibility limit on executive compensation will likely increase the overall cost of our compensation programs in future periods. Since the warrant issued to the U.S. Treasury has a ten year term, we could potentially be subject to certain executive compensation and corporate governance restrictions for a ten-year time period. Pursuant to the American Recovery and Reinvestment Act, further compensation restrictions, including significant limitations on incentive compensation, have been imposed on our senior executive officers and most highly compensated employees. Such restrictions and any future restrictions on executive compensation, which may be adopted, could adversely affect our ability to hire and retain senior executive officers.

Anti-takeover provisions of our articles of incorporation and by-laws and federal and state 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 and certain other actions we have taken could delay or prevent a third-party from acquiring us, even if doing so might be beneficial to our shareholders. These include, 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.

Federal law prohibits a person or group of persons acting in concert from acquiring control of a bank holding company unless the Federal Reserve Board has been given 60 days prior written notice of such proposed acquisition and within that time period the Federal Reserve has not issued a notice disapproving the proposed acquisition or extending for up to another 30 days the period during which such a disapproval may be issued. An acquisition may be

made prior to the expiration of the disapproval period if the Federal Reserve issues written notice of its intent not to disapprove the action. Under a rebuttable presumption established by the Federal Reserve, the acquisition of 10% or more of a class of voting stock of a bank or bank holding company with a class of securities registered under Section 12 of the Exchange Act would, under the circumstances set forth in the presumption, constitute the acquisition of control. In addition, any company would be required to obtain the approval of the Federal Reserve under the Bank Holding Company Act before acquiring 25% (5% in the case of an acquiror that is,

or is deemed to be, a bank holding company) or more of any class of voting stock, or such lesser number of shares as may constitute control.

Under the California Financial Code, no person shall, directly or indirectly, acquire control of a California state bank or its holding company unless the Department of Financial Institutions has approved such acquisition of control. A person would be deemed to have acquired control of Citizens Business Bank if such person, directly or indirectly, has the power (1) to vote 25% or more of the voting power of Citizens Business Bank, or (2) to direct or cause the direction of the management and policies of Citizens Business Bank. For purposes of this law, a person who directly or indirectly owns or controls 10% or more of our outstanding common stock would be presumed to control Citizens Business Bank.

These provisions of our articles of incorporation and by-laws and federal and state law 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.

Changes in stock market prices could reduce fee income from our brokerage, asset management and investment advisory businesses.

We earn substantial wealth management fee income for managing assets for our clients and also providing brokerage and investment advisory services. Because investment management and advisory fees are often based on the value of assets under management, a fall in the market prices of those assets could reduce our fee income. Changes in stock market prices could affect the trading activity of investors, reducing commissions and other fees we earn from our brokerage business.

Risks Relating to this Offering

We may not be able to repurchase the Series B Preferred Stock and the warrant sold to the U.S. Treasury as soon as we desire, thereby requiring us to continue to operate under the restrictions imposed by the U.S. Treasury under the Capital Purchase Program, and such restrictions may have unforeseen and unintended adverse effects on our business.

As described in Use of Proceeds, we intend to use the proceeds of this offering, along with other funds, to repurchase the 130,000 shares of Series B Preferred Stock and to repurchase the ten-year warrant to purchase up to 1,669,521 shares of our common stock previously sold to the U.S. Treasury under its Capital Purchase Program. The repurchase of the Series B Preferred Stock and the warrant are subject to regulatory approval. We can make no assurances as to when, or if, we will receive such approval. Until such time as we repurchase the Series B Preferred Stock, we will remain subject to the respective terms and conditions set forth in the agreements we entered into with the U.S. Treasury under the Capital Purchase Program. Among other things, prior to December 5, 2011, unless we have redeemed all of the Series B Preferred Stock or the U.S. Treasury has transferred all of the Series B Preferred Stock to third parties, the consent of the U.S. Treasury would be required for us to increase our quarterly common stock dividend above \$0.085 per share, the amount of our last quarterly cash dividend per share declared prior to October 14, 2008, except in limited circumstances. Further, the continued existence of the Capital Purchase Program investment subjects us to increased regulatory and legislative oversight. The American Recovery and Reinvestment Act includes, among other things, amendments to the executive compensation provisions of the Emergency Economic Stabilization Act, and directs the Secretary of the Treasury to adopt standards that will implement the amended provisions of the Emergency Economic Stabilization Act and directs the SEC to issue rules in connection with certain of the amended provisions. However, the particular scope of those standards and rules, and the timing of their issuance, is not known. These, and any future legal requirements and implementing standards under the Capital Purchase Program may apply retroactively and may have unforeseen or unintended adverse effects on Capital

Purchase Program participants and on the financial services industry as a whole. They may require us to expend significant time, effort and resources to ensure compliance, and the evolving regulations concerning executive compensation may impose limitations on us that affect our ability to compete successfully for executive and management talent.

We may raise additional capital, which could have a dilutive effect on the existing holders of our common stock and adversely affect the market price of our common stock.

Except as described in the section entitled "Underwriting," we are not restricted from issuing additional shares of common stock or securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. We frequently evaluate opportunities to access the capital markets taking into account our regulatory capital ratios, financial condition and other relevant considerations, and subject to market conditions, we may take further capital actions in addition to issuance of the shares offered by this prospectus. Such actions could include, among other things, the issuance of additional shares of common stock in public or private transactions in order to further increase our capital levels above the requirements for a well-capitalized institution established by the federal bank regulatory agencies as well as other regulatory targets.

In addition, we face significant regulatory and other governmental risk as a financial institution and a participant in the Capital Purchase Program, and it is possible that capital requirements and directives could in the future require us to change the amount or composition of our current capital, including common equity. In this regard, we note that we were not one of the 19 institutions required to conduct a forward-looking capital assessment, or "stress test," in conjunction with the Federal Reserve and other federal bank supervisors, pursuant to the Supervisory Capital Assessment Program, a complement to the U.S. Treasury's Capital Assistance Program, which makes capital available to financial institutions as a bridge to private capital in the future. However, the stress assessment requirements under the Capital Assistance Program or similar requirement could be extended or otherwise impact financial institutions beyond the 19 participating institutions, including us. As a result, we could determine, or our regulators could require us, to raise additional capital. There could also be market perceptions regarding the need to raise additional capital, whether as a result of public disclosures that were made regarding the Capital Assistance Program stress test methodology or otherwise, and, regardless of the outcome of the stress tests or other stress case analysis, such perceptions could have an adverse effect on the price of our common stock.

The issuance of any additional shares of common stock or securities convertible into or exchangeable for common stock or that represent the right to receive common stock, or the exercise of such securities, could be substantially dilutive to shareholders of our common stock, including purchasers of common stock in this offering. Holders of our shares of common stock have no preemptive rights that entitle holders to purchase their pro rata share of any offering of shares of any class or series and, therefore, such sales or offerings could result in increased dilution to our shareholders. The market price of our common stock could decline as a result of sales of shares of our common stock made after this offering or the perception that such sales could occur.

The price of our common stock may fluctuate significantly, and this may make it difficult for you to resell shares of common stock owned by you at times or at prices you find attractive.

The stock market and, in particular, the market for financial institution stocks, has experienced significant volatility, which, in recent months, has reached unprecedented levels. In some cases, the markets have produced downward pressure on stock prices for certain issuers without regard to those issuers' underlying financial strength. As a result, the trading volume in our common stock may fluctuate more than usual and cause significant price variations to occur. This may make it difficult for you to resell shares of common stock owned by you at times or at prices you find attractive.

The trading price of the shares of our common stock will depend on many factors, which may change from time to time and which may be beyond our control, including, without limitation, our financial condition, performance, creditworthiness and prospects, future sales or offerings of our equity or equity related securities, and other factors identified above under "Special Note Regarding Forward-Looking Statements" and below. These broad market fluctuations have adversely affected and may continue to adversely affect the market price of our common stock.

Among the factors that could affect our stock price are:

actual or anticipated quarterly fluctuations in our operating results and financial condition;

changes in financial estimates or publication of research reports and recommendations by financial analysts or actions taken by rating agencies with respect to our common stock or those of other financial institutions;

failure to meet analysts' revenue or earnings estimates;

speculation in the press or investment community generally or relating to our reputation, our market area, our competitors or the financial services industry in general;

strategic actions by us or our competitors, such as acquisitions, restructurings, dispositions or financings;

actions by our current shareholders, including sales of common stock by existing shareholders and/or directors and executive officers;

fluctuations in the stock price and operating results of our competitors;

future sales of our equity, equity-related or debt securities;

changes in the frequency or amount of dividends or share repurchases;

proposed or adopted regulatory changes or developments;

anticipated or pending investigations, proceedings, or litigation that involve or affect us;

trading activities in our common stock, including short-selling;

domestic and international economic factors unrelated to our performance; and

general market conditions and, in particular, developments related to market conditions for the financial services industry.

A significant decline in our stock price could result in substantial losses for individual shareholders and could lead to costly and disruptive securities litigation.

We are a holding company and depend on our subsidiaries for dividends, distributions and other payments.

We are a company separate and apart from Citizens Business Bank that must provide for our own liquidity. Substantially all of our revenues are obtained from dividends declared and paid by Citizens Business Bank. There are statutory and regulatory provisions that could limit the ability of Citizens Business Bank to pay dividends to us. Under applicable California law, Citizens Business Bank cannot make any distribution (including a cash dividend) to its shareholder, us, in an amount which exceeds the lesser of: (1) the retained earnings of Citizens Business Bank and (2) the net income of Citizens Business Bank for its last three fiscal years, less the amount of any distributions made by Citizens Business Bank to its shareholder during such period. Notwithstanding the foregoing, with the prior approval of the California Commissioner of Financial Institutions, Citizens Business Bank may make a distribution (including a cash dividend) to us in an amount not exceeding the greatest of: (1) its retained earnings; (2) its net income for its last fiscal year; and (3) its net income for its current fiscal year. At March 31, 2009, approximately \$106.1 million of Citizens Business Bank's equity was unrestricted and available to be paid as dividends to us.

In addition, if, in the opinion of the applicable regulatory authority, a bank under its jurisdiction is engaged in or is about to engage in an unsafe or unsound practice, such authority may require, after notice and an opportunity for a hearing, that such bank cease and desist from such practice. Depending on the financial condition of Citizens Business Bank, the applicable regulatory authority might deem us to be engaged in an unsafe or unsound practice if Citizens Business Bank were to pay dividends. The Federal Reserve has issued policy statements generally requiring insured banks and bank holding companies to pay dividends only out of current operating earnings. See Dividend Policy.

In addition, if any of our subsidiaries becomes insolvent, the direct creditors of that subsidiary will have a prior claim on its assets, as discussed further below. Our rights and the rights of our creditors will be subject to that prior claim, unless we are also a direct creditor of that subsidiary.

The common stock is equity and therefore is subordinate to our and our subsidiaries indebtedness and preferred stock, and our ability to declare dividends on our common stock may be limited.

Shares of the common stock are equity interests in us and do not constitute indebtedness. As such, shares of the common stock will rank junior to all current and future indebtedness and other non-equity claims on us with respect to assets available to satisfy claims on us, including in a liquidation of us. We may, and Citizens Business Bank and

our other subsidiaries may also, incur additional indebtedness from time to time and may increase our aggregate level of outstanding indebtedness. Additionally, holders of our common stock are subject to the prior dividend and liquidation rights of any holders of our preferred stock then outstanding. Under the terms of the Series B Preferred Stock (which are described in more detail in the section entitled "Description of Capital Stock"), our ability to declare or pay dividends on or repurchase our common stock or other equity or capital securities will be subject to restrictions in the event that we fail to declare and pay (or set aside for payment) full dividends on the Series B Preferred Stock. In addition, prior to December 5, 2011, unless we have redeemed all of the Series B Preferred Stock or the U.S. Treasury has transferred all of the Series B Preferred Stock to third-parties, the consent of the U.S. Treasury will be required for us to, among other things, increase our common stock dividend above \$0.085 except in limited circumstances. Our board of directors is authorized to cause us to issue additional classes or series of preferred stock without any action on the part of the shareholders. If we issue preferred shares in the future that have a preference over our common stock with respect to the payment of dividends or upon liquidation, or if we issue preferred shares with voting rights that dilute the voting power of the common stock, then the rights of holders of our common stock or the market price of our common stock could be adversely affected.

Holders of our common stock are only entitled to receive such dividends as our board of directors may declare out of funds legally available for such payments. Although we have historically paid cash dividends on our common stock, we are not required to do so and our board of directors could reduce or eliminate our common stock dividend in the future. This could adversely affect the market price of our common stock. Also, as discussed above, we are a bank holding company and our ability to declare and pay dividends depends on certain federal regulatory considerations including the guidelines of the Federal Reserve regarding capital adequacy and dividends.

An entity holding as little as a 5% interest in our outstanding common stock could, under certain circumstances, be subject to regulation as a bank holding company.

Any entity (including a group composed of natural persons) owning or controlling with the power to vote 25% or more of our outstanding common stock, or 5% or more if such holder otherwise exercises a controlling influence over us, may be subject to regulation as a bank holding company in accordance with the Bank Holding Company Act of 1956, as amended, or the Bank Holding Company Act. In addition, (1) any bank holding company or foreign bank with a U.S. presence may be required to obtain the approval of the Federal Reserve under the Bank Holding Company Act to acquire or retain 5% or more of our outstanding common stock and (2) any person not otherwise defined as a company by the Bank Holding Company Act and its implementing regulations may be required to obtain the approval of the Federal Reserve under the Change in Bank Control Act to acquire or retain 10% or more of our outstanding common stock. Becoming a bank holding company imposes certain statutory and regulatory restrictions and obligations, such as providing managerial and financial strength for its bank subsidiaries. Regulation as a bank holding company could require the holder to divest all or a portion of the holder's investment in our common stock or such nonbanking investments that may be deemed impermissible or incompatible with bank holding company status, such as a material investment in a company unrelated to banking.

USE OF PROCEEDS

We expect to receive net proceeds from this offering of approximately \$109.5 million (or approximately \$126.0 million if the underwriters exercise their over-allotment option in full), after deduction of underwriting discounts and commissions and estimated expenses payable by us.

We intend to use the proceeds from the sale of our common stock, along with other funds, to redeem all of the 130,000 shares of Series B Preferred Stock and to repurchase the ten-year warrant to purchase up to 1,669,521 shares of our common stock, previously sold to the U.S. Treasury under its Capital Purchase Program. The Series B Preferred Stock would be repurchased at its \$1,000 per share liquidation preference, plus accrued and unpaid dividends, and the warrant would be repurchased at its fair market value, as determined pursuant to the Purchase Agreement and described below under Description of Capital Stock Treasury Warrant Repurchase . The approvals of the U.S. Treasury and our banking regulators are required for the repurchase of these securities. We can make no assurances as to when, or if, we will receive such approvals. If we do not receive the necessary regulatory approvals to repurchase the Series B Preferred Stock and the related warrant, or our board of directors subsequently determines not to repurchase the Series B Preferred Stock and the related warrant, we intend to use the net proceeds of this offering for general corporate purposes and may contribute some or all of the net proceeds to Citizens Business Bank, which would use such amount for its general corporate purposes.

CAPITALIZATION

The following table sets forth our actual cash and cash equivalents, capitalization, per common share book values, and regulatory capital ratios, each as of March 31, 2009 and as adjusted to give effect to the issuance of the common stock offered hereby and the use of proceeds, as described in the section entitled "Use of Proceeds", assuming the repurchase of all of the Series B Preferred Stock and the related warrant, subject to regulatory approval.

	As of March 31, 2009	
	Actual	As Adjusted(1)
	(Dollars in thousands, except per share data)	
Cash and cash equivalents	\$ 101,214	\$ 72,179(2)
Total Liabilities	\$ 5,789,728	\$ 5,787,750
Stockholders' equity		
Preferred stock, authorized 20,000,000 shares without par; issued and outstanding 130,000	\$ 121,860	\$
Common stock, authorized 122,070,312 shares without par; issued and outstanding 83,326,511, actual; issued and outstanding 103,026,511 shares, as adjusted	365,204	468,157
Retained earnings	104,291	96,151
Accumulated other comprehensive income, net of tax	35,006	35,006
Total stockholders' equity	\$ 626,361	\$ 599,314
Total Capitalization	\$ 6,416,089	\$ 6,387,064
Per Common Share		
Common book value per share	\$ 6.05	\$ 5.82
Tangible common book value per share	5.27	5.18
Regulatory Capital Ratios		
For the Company:		
Leverage Ratio	9.8%	9.4%
Tier 1 Capital	14.6%	14.0%
Total Capital	16.0%	15.4%
For the Bank:		
Leverage Ratio	9.7%	9.7%
Tier 1 Capital	14.4%	14.4%
Total Capital	15.7%	15.7%

*By: /s/ Walter J. McBride

As attorney-in-fact, pursuant to a September 7, 2005

Walter J. McBride

power of attorney filed herewith

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Walter J. McBride and John Tucker, and each of them acting individually, his or her true and lawful attorney-in-fact and agent, each with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and to sign any and all registration statements, and any and all amendments thereto (including post-effective amendments) relating to the offering of securities as this registration statement that are filed pursuant to Rule 462(b) promulgated under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission and any other regulatory authority, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
/s/ JOHN TUCKER	Director, President and Chief	September 7, 2005
John Tucker	Executive Officer (Principal Executive Officer)	
/s/ WALTER J. MCBRIDE	Executive Vice President, Chief	September 7, 2005
Walter J. McBride	Financial Officer and Secretary (Principal Financial Officer and Principal Accounting Officer)	
/s/ ELIOT PROTSCH	Chairman of the Board	September 7, 2005
Eliot Protsch		
/s/ CARMINE BOSCO	Director	September 7, 2005
Carmine Bosco		
/s/ RICHARD DONNELLY	Director	September 7, 2005
Richard Donnelly		
	Director	September __, 2005
John Jagers		
/s/ NOAM LOTAN	Director	September 7, 2005
Noam Lotan		
/s/ DENNIS SCHIFFEL	Director	September 7, 2005
Dennis Schiffel		
	Director	September __, 2005

Eric Young

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