

CVB FINANCIAL CORP  
Form DEF 14A  
April 04, 2018  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

**CVB FINANCIAL CORP.**

**(Name of registrant as specified in its charter)**

**(Name of person(s) filing proxy statement, if other than the registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

## Edgar Filing: CVB FINANCIAL CORP - Form DEF 14A

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**CVB FINANCIAL CORP.**

**NOTICE OF 2018 ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD WEDNESDAY, MAY 23, 2018**

**TO OUR SHAREHOLDERS:**

The 2018 annual meeting of shareholders of CVB Financial Corp. will be held at the Ontario Convention Center, located at 2000 East Convention Center Way, Ontario, CA 91764, on Wednesday, May 23, 2018, at 8:00 a.m. local time.

At our meeting, we will ask you to act on the following matters:

1. *Election of Directors.* Elect eight persons to the Board of Directors to serve a term of one year and until their successors are elected and qualified. The following eight persons are our nominees:

George A. Borba, Jr.	Kristina M. Leslie
Stephen A. Del Guercio	Christopher D. Myers
Rodrigo Guerra, Jr.	Raymond V. O'Brien III
Anna Kan	Hal W. Oswald

2. *Ratification of Appointment of Independent Registered Public Accountants.* Ratify the appointment of KPMG LLP as our independent registered public accountants for 2018.
3. *Advisory Compensation Vote.* Consider an advisory (non-binding) proposal to approve the compensation of our named executive officers ( Say-On-Pay ).
4. *2018 Equity Incentive Plan.* Approve the CVB Financial Corp. 2018 Equity Incentive Plan.
5. *Other Business.* Transact any other business that properly comes before the meeting.

Our Bylaws provide for the nomination of directors in the following manner:

Nominations for election of members of the Board of Directors may be made by the Board of Directors or by any shareholder of any outstanding class of voting stock of the corporation entitled to vote for the election of directors. Notice of intention to make any nominations, other than by the Board of Directors, shall be made in writing and shall be received by the President of the corporation no more than 60 days prior to any meeting of shareholders called for the election of directors, and no more than 10 days after the date the notice of such meeting is sent to shareholders pursuant to Section 2.2 of these bylaws; provided, however, that if only 10 days notice of the meeting is given to shareholders, such notice of intention to nominate shall be received by the President of the corporation not later than the time fixed in the notice of the meeting for the opening of the meeting. Such notification shall contain the following

information to the extent known to the notifying shareholder: (a) the name and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the number of shares of voting stock of the corporation owned by each proposed nominee; (d) the name and residence address of the notifying shareholder; and (e) the number of shares of voting stock of the corporation owned by the notifying shareholder. Nominations not made in accordance herewith shall be disregarded by the then chairman of the meeting, and the inspectors of election shall then disregard all votes cast for each nominee.

Additional information regarding procedures for shareholders recommending nominees for directors is set forth below under the heading Consideration of Shareholder Nominees.

If you were a shareholder of record at the close of business on March 29, 2018, you may vote at the annual meeting or at any postponement or adjournment of the meeting.

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**Important Notice Regarding the Availability of Proxy Materials**

**for the 2018 Annual Meeting of Shareholders to Be Held on May 23, 2018:**

This Proxy Statement, our 2017 Annual Report and our Annual Report on Form 10-K for the fiscal year 2017 are available on the Internet at: <http://www.cbbank.com/annualmaterials>.

IT IS IMPORTANT THAT ALL SHAREHOLDERS VOTE. WE URGE YOU TO PLEASE VOTE BY INTERNET OR TELEPHONE, OR TO SIGN, DATE AND PROMPTLY RETURN YOUR PROXY CARD IN THE ENCLOSED ENVELOPE, SO THAT YOUR SHARES WILL BE REPRESENTED WHETHER OR NOT YOU ATTEND THE ANNUAL MEETING. IF YOU DO ATTEND THE MEETING, YOU MAY THEN WITHDRAW YOUR PROXY AND VOTE IN PERSON.

IF YOU RECEIVED A PAPER COPY OF THIS PROXY STATEMENT AND A PROXY CARD, PLEASE DO NOT RETURN THE PROXY CARD IF YOU ARE VOTING OVER THE INTERNET OR BY TELEPHONE.

By Order of the Board of Directors

Myrna L. DiSanto  
Corporate Secretary

Dated: April 6, 2018

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**PROXY STATEMENT  
CVB FINANCIAL CORP.**

**701 North Haven Avenue, Suite 350**

**Ontario, California 91764**

**(909) 980-4030**

This proxy statement contains information about the annual meeting of shareholders of CVB Financial Corp. to be held on Wednesday, May 23, 2018, beginning at 8:00 a.m., local time, at the Ontario Convention Center, located at 2000 East Convention Center Way, Ontario, CA 91764, and at any postponements or adjournments of the meeting. CVB Financial Corp. is a bank holding company whose principal subsidiary is Citizens Business Bank. CVB Financial Corp. and Citizens Business Bank are sometimes referred to collectively in this proxy statement as the Company.

**PROXY STATEMENT SUMMARY**

Here we present an overview of information that you will find throughout this proxy statement. As this is only a summary, we encourage you to read the entire proxy statement for more information about these topics prior to voting.

**Annual Meeting of Shareholders**

**Time and Date:** 8:00 a.m., PDT, May 23, 2018

**Place:** Ontario Convention Center  
2000 East Convention Center  
Way, Ontario, CA 91764

**Record Date:** Shareholders as of the close of business on March 29, 2018

**Admission/ Audio Webcast:**

Please follow the instructions contained in [Questions and Answers about the Annual Meeting and Voting](#) on page 63.

On April 6, 2018, we posted on our website at: [www.cbcbank.com/Investors/AnnualMeetingMaterials](http://www.cbcbank.com/Investors/AnnualMeetingMaterials), and began mailing to shareholders who requested paper copies, this proxy statement, our 2017 Annual Report and our Annual Report on Form 10-K for 2017.

**Shareholder Voting Matters**

Proposal	Board's Voting Recommendation	Page Reference
1. Election of Directors	FOR EACH NOMINEE	6
2. Ratification of Independent Registered Public Accounting Firm	FOR	51
3. Say on Pay	FOR	53
4. 2018 Equity Incentive Plan	FOR	53

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**CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS**

Our Board of Directors is committed to good business practices, transparency in financial reporting and the highest levels of corporate governance. To that end, the Board of Directors has adopted Corporate Governance Guidelines, which among other things, provide for:

- At least a majority of independent directors;
- Audit, compensation and nominating and corporate governance committees consisting solely of independent directors;
- Periodic executive sessions of non-management directors and Audit Committee directors;
- An annual self-evaluation process for the Board of Directors and its committees;
- Ethical conduct of directors;
- Director access to officers and employees;
- Director access to independent advisors;
- Periodic review of management's succession plan; and
- Methodology for reporting concerns to non-employee directors or the Audit Committee.

A copy of our Corporate Governance Guidelines is available on our website at [www.cbbank.com](http://www.cbbank.com) by clicking the tab Investors, Corporate Overview and then Governance Documents.

**Board Composition**

Pursuant to Article III, Section 3.3(a) of the Bylaws of CVB Financial Corp., as amended on June 21, 2006, the authorized number of directors of the Company has been established as not less than seven or more than thirteen, with the exact number within those limits to be set by the Board of Directors by resolution. The current number of directors is set at eight persons. As previously announced in a Form 8-K filed with the SEC on February 26, 2018, upon consummation of the proposed merger between the Company and Community Bank, one additional director who previously served on the board of directors of Community Bank would be appointed to the respective Boards of Directors of CVB Financial Corp. and its principal banking subsidiary, Citizens Business Bank, at which point our Board would consist of nine directors.

**Board Selection Process**

We have established a Nominating and Corporate Governance Committee. This committee assists the Board of Directors in director selection, as well as review and consideration of developments in corporate governance practices. This committee also recommends to the Board of Directors director nominees for each Board of Directors committee, and reviews any director candidates submitted by shareholders. The Nominating and Corporate Governance Committee will consider candidates recommended by shareholder(s) utilizing the same criteria as candidates identified by the Committee itself.

The Nominating and Corporate Governance Committee is responsible for annually reviewing and evaluating with the Board of Directors the appropriate skills and characteristics required of members of the Board of Directors in the context of the current composition of the Board of Directors and our goals for nominees to the Board of Directors, including nominees who are current members of the Board of Directors. The Nominating and Corporate Governance Committee has the authority to utilize, and from time to time engages, third party advisors, as appropriate, to assist it in fulfilling its Board of Directors selection function, although no such advisors were engaged by the Nominating and Corporate Governance Committee for this purpose in 2017. Services provided by third party advisors generally

include identifying and assessing potential director candidates meeting criteria established by the Nominating and Corporate Governance Committee, verifying information about the prospective candidate s credentials, and obtaining a preliminary indication of interest and willingness to serve as a Board member.

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The Nominating and Corporate Governance Committee considers the entire makeup of the Board of Directors when making its nominating recommendations to the full Board of Directors, including tenure, experience and skillset. In identifying and evaluating nominees for director, the goals of the Nominating and Corporate Governance Committee include maintaining a strong and experienced Board of Directors by continually assessing the Board of Directors business background, current responsibilities, community involvement, independence, commitment to CVB Financial Corp. (including meaningful ownership of our common stock with a market value of at least \$100,000) and time available for service. The Nominating and Corporate Governance Committee also considers diversity of viewpoints, background, experience (including skill diversity) and other demographics in the selection of nominees.

Other important factors the Nominating and Corporate Governance Committee will consider in evaluating nominees include current knowledge of and contacts in CVB Financial Corp.'s industry (banking) and other industries relevant to CVB Financial Corp.'s business, and ability to work together with other members of the Board of Directors. Members of the Company's Board also serve on the Board of Citizens Business Bank.

In 2017, our Board of Directors, acting on the recommendation of our Nominating and Corporate Governance Committee, amended our mandatory retirement policy for members of the Board of Directors. This policy provides that any Board member who reaches his or her 75th birthday would be permitted to serve out the remainder of his or her then-current one-year term, but would be ineligible to be renominated for re-election.

Mr. Robert M. Jacoby, C.P.A. announced his retirement from our Board of Directors in February 2017, and his term ended on the date of our 2017 annual shareholders' meeting, which was May 17, 2017. Mr. Rodrigo Guerra, Jr. was appointed to our Board of Directors, effective July 1, 2017.

## **Board Leadership Structure and Risk Oversight**

The business and affairs of CVB Financial Corp. and Citizens Business Bank are managed under the direction of our Board of Directors. The Board of Directors has historically separated the role of Chief Executive Officer and Chairman of the Board. We believe this structure, together with our other strong corporate governance practices, provides robust independent oversight of management while ensuring clear strategic alignment throughout the Company. Mr. Raymond V. O'Brien III was elected by the Board of Directors as the Chairman of the Board, effective on January 1, 2015. Mr. O'Brien had previously served as a director of CVB Financial Corp. and Citizens Business Bank since 2012 and as Vice-Chairman of the Board since March 2014. Mr. George A. Borba, Jr., who has served as a director of CVB Financial Corp. and Citizens Business Bank since 2012, continues to serve as our Vice-Chairman of the Board. Christopher D. Myers currently serves as our President and Chief Executive Officer and as one of our directors.

Separate board committees exist at CVB Financial Corp. and Citizens Business Bank, each of which is responsible for supervising various areas of responsibility or risk. The Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee exist at CVB Financial Corp. The Balance Sheet Management Committee, Loan Committee, Risk Management Committee and Trust Services Committee exist at Citizens Business Bank. All of the committees meet regularly and report to the full Board of Directors.

The Board of Directors is charged with providing oversight of the Company's risk management policies and processes. In accordance with the rules and regulations of the NASDAQ Stock Market, the Audit Committee is primarily responsible for overseeing the risk management function at CVB Financial Corp. on behalf of the Board of Directors.

The Risk Management Division of Citizens Business Bank conducts periodic monitoring of compliance efforts with a special focus on those areas that expose the Bank to compliance risk. The





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purpose of the periodic monitoring is to ensure that Citizens Business Bank associates and business practices are adhering to established policies and procedures. The Chief Risk Officer of Citizens Business Bank notifies the appropriate department head, the Management Compliance Committee, the Risk Management Committee of Citizens Business Bank and the Audit Committee of CVB Financial Corp. of any significant violations noted.

Our board committees meet periodically with the various members of management and receive comprehensive reports on risk management, including management's assessment of risk exposures (including risks related to liquidity, market sensitivity, credit, cybersecurity, operations and regulatory compliance, among others), and the processes in place to monitor and control such exposures. From time to time, the committees also receive updates between meetings from members of management relating to risk oversight matters. The Risk Management Committee of Citizens Business Bank is presented with a report on enterprise risk management by management on at least a quarterly basis, and this report is shared and discussed with the full Board of Directors.

In addition to the Risk Management Committee of Citizens Business Bank and the Audit Committee of CVB Financial Corp., other committees of the Board of CVB Financial Corp. consider the risks within their areas of responsibility. For example, the Compensation Committee of CVB Financial Corp. considers the risks that may be implicated by our executive compensation programs, including our Executive Incentive Plan. For a discussion of the Compensation Committee's review of CVB Financial Corp.'s senior executive officer compensation plans and employee incentive compensation plans and the risks associated with these plans, see Compensation Committee Report Discussion of Compensation Policies and Practices Related to Risk Management in this proxy statement.

## **Consideration of Shareholder Nominees**

The policy of the Nominating and Corporate Governance Committee is to consider properly submitted shareholder nominations for candidates for membership on the Board of Directors. In evaluating nominees, the Nominating and Corporate Governance Committee will look at the same factors described under the heading Board Selection Process above that it uses for nominees who come to its attention from persons other than current members of the Board of Directors. Recommendations must be submitted in writing to the attention of the Chair of the Nominating and Corporate Governance Committee at the following address:

CVB Financial Corp.

701 N. Haven Avenue, Suite 350

Ontario, California 91764

Shareholders should include in such recommendation (a) the name and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the number of shares of voting stock of CVB Financial Corp. owned by each proposed nominee and the notifying shareholder; (d) the name and residence address of the notifying shareholder; and (e) a letter from the proposed nominee indicating that such proposed nominee wishes to be considered as a nominee for the CVB Financial Corp. Board of Directors and will serve as a member of the CVB Financial Corp. Board of Directors if elected. In addition, each recommendation must set forth in detail the reasons why the notifying shareholder believes the proposed nominee meets the criteria set forth in the Nominating and Corporate Governance Committee Charter for serving on CVB Financial Corp.'s Board of Directors. This Charter is available on our website at [www.cbbank.com](http://www.cbbank.com) by clicking the tab Investors, then Corporate Overview and then Governance Documents.

In addition, our Bylaws permit shareholders to nominate directors for consideration at an annual meeting. For a description of the process, see the Notice of 2018 Annual Meeting of Shareholders included herein.

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### **Executive Sessions**

Executive sessions of independent directors are held at least six times a year. The person who presides at these meetings is typically our Chairman of the Board who is also an independent director.

### **Attendance at Annual Meetings**

The Board of Directors encourages all of its members to attend the annual meeting of shareholders. All of our directors who were directors at the time attended the 2017 annual meeting of shareholders.

### **Communications with the Board of Directors**

Shareholders wishing to contact CVB Financial Corp.'s Board of Directors, including a committee of the Board of Directors, may do so by writing to the following address to the attention of the Board of Directors or a committee of the Board of Directors at:

Board of Directors

CVB Financial Corp.

701 North Haven Avenue, Suite 350

Ontario, California 91764

Confidential communications may be sent through the Internet by logging on to <http://www.reportit.net> and entering the username: Citizens and the password: Citizens. All communications sent to the Board of Directors will be communicated with the entire Board of Directors unless the communication is intended only for a specific committee. CVB Financial Corp.'s Corporate Secretary keeps a log of all communications sent to the Board of Directors or its committees. This log is available for inspection by the members of the Board of Directors.

### **Executive Officers**

Biographical information about all of our named executive officers is contained under Item 1 of our Annual Report on Form 10-K, a copy of which is being mailed with this proxy statement or, as referenced in the Notice, is available on the SEC's website at <http://www.sec.gov> and at [www.cbbank.com/annualmaterials](http://www.cbbank.com/annualmaterials).

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**DISCUSSION OF PROPOSALS RECOMMENDED BY THE BOARD**

**PROPOSAL 1:**

**ELECTION OF DIRECTORS**

We have nominated eight directors for election at the annual meeting of shareholders. As noted above, Rodrigo Guerra, Jr. was appointed to our Board of Directors, effective July 1, 2017, to replace Robert M. Jacoby, who retired at our annual meeting on May 17, 2017.

We have nominated the persons named below, all of whom are present members of CVB Financial Corp.'s Board of Directors, for election to serve until our 2019 annual meeting of shareholders and until their successors have been elected and qualified. Each of these persons is also a member of the Board of Directors of our principal subsidiary, Citizens Business Bank. Proxy holders will cast their votes to effect the election of these nominees. If any nominee is unable to serve, your proxy may vote for another nominee proposed by the Board of Directors. Proxies cannot be voted for a greater number of individuals than the number of nominees named.

Each of our Board members was nominated based on the assessment of our Nominating and Corporate Governance Committee and our Board of Directors that the nominees have demonstrated an ability to make meaningful contributions to the oversight of our business and affairs, have a reputation for honesty and ethical conduct in their personal and professional activities, and share independence, experience and sufficient communication and analytical skills.

**The Nominees**

The directors standing for reelection are:

**Committee Memberships**

**CVBF Board Committees**

**CBB Board Comm**

Age	Occupation	Director		CVBF Board Committees			CBB Board Comm		
		Since	Independent	Audit	Compensation	Nominating & Corporate Governance	Balance Sheet Management	Loan	Ris
61	Chief Executive Officer, Cal Plate, Inc.	2012	YES	-	Chair	Chair	Chair	-	-

50	Partner, George  Borba & Son Dairy, L.P.; President, Belonave Dairy; President, 5 Mile Ranch LLC	2012	YES	.	.	.	.	.
56	Partner, Demetriou, Del Guercio, Springer & Francis, LLP	2012	YES	.	.	.	.	Cha
62	Retired Partner, Skadden, Arps, Slate, Meagher & Flom LLP	2017	YES	.	.	.	.	.
44	Chief Executive Officer, Mustard Seed Enterprises, Inc.	2016	YES	.	.	.	.	.
53	Retired Finance  Executive	2015	YES	Chair	.	.	.	.
56	President and Chief Executive Officer, CVB Financial Corp.	2006	NO	.	.	.	.	Chair
70	President and Chief Executive Officer, Oswalt Consulting	2014	YES	.	.	.	.	.

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Seven of our eight nominees were elected at the 2017 annual meeting of shareholders, and one nominee (Rod Guerra, Jr.) was appointed effective July 1, 2017. Although each of the nominees was selected based on the entirety of his or her experience and skills, the following sets forth certain specific qualifications for directorship for each of our directors:

*George A. Borba, Jr.* is Vice-Chairman of the Board and has served on our Board since 2012. Mr. Borba, a dairy farmer, became a partner in George Borba and Son Dairy in 1990. He is currently President of Belonave Dairy and 5 Mile Ranch LLC, in Bakersfield, California, which together represent one of the larger dairy operations in the State of California, and The Almond Branch, LLC. Mr. Borba earned a B.S. in Agricultural Business Management with a concentration in Finance from the California Polytechnic University in San Luis Obispo. He has served on various boards in San Bernardino and Kern Counties and is active in the Bakersfield community. Currently, Mr. Borba serves as a board member of Bethany Homeless Shelter and the Alliance Against Family Violence and Sexual Assault. Mr. Borba brings to our Board a deep understanding of the dairy and agricultural industries, which are significant components of Citizens Business Bank's loan portfolio, as well as strong connections with the business community in the Central Valley of California, which is an important region for Citizens Business Bank's current and potential future growth.

*Stephen A. Del Guercio* has served on our Board since 2012. Mr. Del Guercio is presently a partner with the law firm of Demetriou, Del Guercio, Springer & Francis, LLP. He was admitted to the California Bar in 1986. His practice areas include real estate and corporate transactional law, serving mid-sized businesses and high net worth individuals. He received his B.A. from the University of Southern California, graduating magna cum laude in 1983, and he received his J.D. from the University of Southern California Law School, graduating Order of the Coif in 1986. Mr. Del Guercio served on the City Council of the City of La Canada Flintridge from 2001 to 2013, including three one-year terms as Mayor. He is also involved with various community and charitable organizations in the greater Pasadena and Los Angeles areas. Mr. Del Guercio's qualifications to sit on the Board include his legal and financial experience and his extensive relationships in the business community in the San Gabriel Valley, which is another key region for Citizens Business Bank.

*Rodrigo Guerra, Jr.* was appointed as a director of CVB Financial Corp. and Citizens Business Bank effective July 1, 2017. Mr. Guerra is a retired partner at the law firm of Skadden, Arps, Slate, Meagher & Flom, where he worked from 1983 until 2016. During his 33 years at the firm, he represented leading companies, investment banks and institutional investors in a broad range of corporate transactions, including corporate finance, mergers and acquisitions, and restructurings. He also specialized in counseling corporations and their officers and directors on securities and corporate governance matters, with particular expertise in advising special committees of directors in conflict situations. Mr. Guerra has also served as a Commissioner on the Los Angeles County Local Government Services Commission and as a board member of the Los Angeles Center for Law & Justice, Polytechnic School and Descanso Gardens. He received his B.A. from Stanford University in 1978, and his M.B.A. and J.D. from UCLA in 1982. Mr. Guerra's qualifications to sit on our Board include his deep expertise in corporate and securities law, mergers and acquisitions, and corporate governance matters, as well as his strong connections with the greater Los Angeles business and legal communities.

*Anna Kan* was appointed as a director of CVB Financial Corp. and Citizens Business Bank in 2016. Ms. Kan is the co-founder of Mustard Seed Enterprises, Inc., a private investment company that is dedicated to providing capital, expertise and guidance for early stage companies in the consumer products, manufacturing and service industries. Previously, Ms. Kan served as the President and CEO of privately held Formosa Meat Company (dba Golden Island Jerky) from 1997 to 2013. Under her leadership, the company achieved seventeen consecutive years of growth. In 2013, Ms. Kan negotiated a successful sale of the company to Hillshire Brands. Today, Ms. Kan serves as Chairwoman of the Board of California Manufacturing Technology Consulting (CMTC), the largest Manufacturing

Extension Center in the U.S.

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which, in partnership with the U.S. Department of Commerce, is dedicated to serving and promoting U.S. manufacturing. In addition, she is an avid speaker and writer and has been on Fox News, Bloomberg and numerous industry interviews. She also mentors many entrepreneurs and businesses. Ms. Kan earned her Bachelors of Arts degree in communication studies from the University of Iowa and received her Executive Masters of Business Administration from the Kellogg School of Management, Northwestern University. Ms. Kan's qualifications to sit on our Board include her organizational and strategic planning expertise in innovation and growth and her deep customer insight.

*Kristina M. Leslie* was appointed as a director of CVB Financial Corp. and Citizens Business Bank in 2015. Ms. Leslie began her career at Paramount Communications in New York, serving in a variety of financial management roles, including treasury, investor relations and strategic planning. Following the acquisition of Paramount by Viacom, Ms. Leslie served as Director of Financial Planning for Viacom with responsibility for financial and strategic planning for Paramount Pictures, Madison Square Garden and Simon and Schuster. In 1996, Ms. Leslie relocated to California to join DreamWorks as Head of Strategic Planning and Corporate Finance, where she oversaw financial planning, strategic partnerships and investor and banking relationships. She became Chief Financial Officer of DreamWorks in 2003 and led the \$840 million initial public offering of DreamWorks Animation in 2004. She continued to serve as DreamWorks' CFO until her retirement in 2007. Additionally, Ms. Leslie is a Director of Blue Shield of California, serving as Chairman of its Audit Committee, and as a member of its Finance and Investment and Quality Improvement Committees. She is a Director and Chairman of the Audit Committee of Glassdoor, Inc., an online job and recruiting marketplace. Ms. Leslie is also a trustee at Flintridge Preparatory School in La Canada, California. Ms. Leslie earned her Bachelor of Arts degree in Economics from Bucknell University and her Master of Business Administration degree in Finance from Columbia University. Ms. Leslie's qualifications to sit on our Board include her extensive experience in the areas of treasury management, financial planning, accounting and finance, and her prominence in the business community in the San Gabriel Valley where Citizens Business Bank has important operations and customers.

*Christopher D. Myers* is the President and Chief Executive Officer of CVB Financial Corp. and Citizens Business Bank. He has served in that capacity and as a Board member since August 1, 2006. From 2004 to 2006, Mr. Myers served as Chairman of the Board and Chief Executive Officer of Mellon 1st Business Bank, a \$3 billion-asset Los Angeles-based bank that was acquired by U.S. Bank. From 1996 to 2003, he held several management positions with Mellon 1st Business Bank, including Executive Vice President, Regional Vice President, and Vice President/Group Manager. He is presently a board member of the California Bankers Association and the UCLA Anderson School of Management's Fink Center for Finance and Investments. Mr. Myers received his B.A. from Harvard University and his M.B.A. in Finance and Marketing from UCLA and has over 30 years of experience in banking. Mr. Myers' qualifications to sit on our Board include his extensive banking, operational and executive leadership experience.

*Raymond V. O'Brien* is Chairman of the Board and has served on our Board since 2012. Mr. O'Brien has an extensive background in both manufacturing and banking. Mr. O'Brien began his professional career in banking in 1979 with Chase Manhattan Bank and moved to 1st Business Bank in 1983. In 1988, he left the banking profession and became CEO and owner of I.L. Walker, a Los Angeles-based manufacturing company. Over the next two-plus decades, Mr. O'Brien owned and led several manufacturing companies. He is currently the Chief Executive Officer and owner of Cal Plate, Inc., based in Artesia, CA. Mr. O'Brien was a founding director of American Business Bank in 1997 and served as a director at that institution until 2012. Mr. O'Brien earned his B.B.A. in Finance from the University of Notre Dame in 1979. Mr. O'Brien is an active 49er member of the Young Presidents' Organization. Mr. O'Brien's qualifications to sit on our Board include his operational and financial expertise gained from the successful operation of a number of business entities, as well as his direct experience as a banker and bank director.

*Hal W. Oswald* was appointed as a director of CVB Financial Corp. and Citizens Business Bank in 2014. Mr. Oswald spent 16 years as a commercial banker in Oklahoma, where he served as President, CEO

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and Director of community banks in Oklahoma City and Tulsa. He has extensive experience working in the financial consulting industry where his roles have included serving as Managing Director of Global Consulting for an international IT software and outsourcing provider, as Managing Director of Sheshunoff Consulting Services, President of Brintech, Inc., President of SC+S Risk Management Services and President of Oswalt Consulting. Mr. Oswalt has managed consulting projects throughout the United States, Europe, Asia and Australia. Mr. Oswalt earned a B.S. in Business and a M.B.A. from Oklahoma State University. He is also a graduate of the University of Wisconsin's Graduate School of Banking. Mr. Oswalt's qualifications to sit on our Board include his extensive background in both commercial banking and financial consulting, and his particular expertise in strategic planning, cost management and organizational change management.

## **Director Independence**

With the exception of Mr. Myers, each of our directors is independent within the meaning of the rules and regulations promulgated by the NASDAQ Stock Market, and has been determined to be independent by our Nominating and Corporate Governance Committee, with respect to his or her Board service and the Committees on which each such director respectively serves. In making such determinations, our Nominating and Corporate Governance Committee evaluated banking, commercial service, familial or other connections and transactions involving each director or immediate family member and his or her related interests, and the Company, if any.

## **The Board of Directors and Committees**

The Board of Directors of CVB Financial Corp. oversees our business and corporate affairs. As set forth previously, the Board of Directors of CVB Financial Corp. also has three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The Board of Directors of Citizens Business Bank has four standing committees: Balance Sheet Management Committee, Loan Committee, Risk Management Committee and Trust Services Committee.

## **The Number of Meetings Attended**

During 2017, CVB Financial Corp.'s Board of Directors held 12 regular meetings and 3 special meetings, and the Board of Directors of Citizens Business Bank held 12 regular meetings and 1 special meeting. All of the directors of CVB Financial Corp. and Citizens Business Bank who served in 2017, and all of the directors of CVB Financial Corp. who are nominated for election at the 2018 annual meeting of shareholders, attended at least 75% of the aggregate of (i) the total number of CVB Financial Corp. and Citizens Business Bank Board meetings which they were eligible to attend and (ii) the total number of meetings held by all committees of the Board of Directors of CVB Financial Corp. or Citizens Business Bank on which they served during 2017 and which they were eligible to attend.

## **Audit Committee**

The Audit Committee of the Board of Directors is composed of Kristina M. Leslie (Chair), Stephen A. Del Guercio, Rodrigo Guerra, Jr., Anna Kan, Raymond V. O'Brien III, and Hal W. Oswalt. Robert M. Jacoby, was a member of our Audit Committee until he retired from our Board on May 17, 2017, and Mr. Guerra's service on our Audit Committee commenced on July 1, 2017. The Audit Committee operates under a written charter, adopted by the Board of Directors, which is available on our website at [www.cbbank.com](http://www.cbbank.com) by clicking the tab Investors, then Corporate Overview and then Governance Documents. The Audit Committee is a separately designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act). Each of the members of the Audit Committee is independent within the meaning of the rules and regulations of the NASDAQ Stock Market.

The purpose of the Audit Committee is to oversee and monitor (i) the integrity of our financial statements and the Company's systems of internal accounting and financial controls; (ii) our compliance with

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applicable legal and regulatory requirements; (iii) our independent auditor qualifications and independence; and (iv) the performance of our internal audit function and independent auditors. The Board of Directors has determined that Ms. Leslie is an audit committee financial expert within the meaning of the rules and regulations of the SEC.

The Audit Committee has the sole authority to appoint or replace the Company's independent auditors (including oversight of audit partner rotation). The Audit Committee is also directly responsible for the compensation and oversight of the work of the Company's independent auditors. Our internal audit function and our independent auditors report directly to the Audit Committee. Among other things, the Audit Committee prepares the audit committee report for inclusion in the annual proxy statement; reviews and discusses with management and the independent auditors our independent certified audits; reviews and discusses with management and the independent auditors our quarterly and annual financial statements; reviews the adequacy and effectiveness of our disclosure controls and procedures; approves all auditing and permitted non-auditing services performed by our independent auditors; reviews significant findings by our bank regulators and management's response thereto; establishes procedures to anonymously and confidentially handle complaints we receive regarding auditing matters and accounting and internal accounting controls; and handles the confidential, anonymous submission to it by our employees of concerns regarding questions relating to accounting or auditing matters. The Audit Committee also has authority to retain independent legal, accounting and other advisors as the Audit Committee deems necessary or appropriate to carry out its duties. The Audit Committee held 12 regular monthly meetings during 2017, plus 4 quarterly meetings for the purpose of reviewing and approving SEC filings and appointing our independent auditing firm.

The report of the Audit Committee is included below.

*The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any of our other filings under the Securities Act of 1933 or under the Exchange Act, except to the extent that we specifically incorporate this Report by reference.*

**Audit Committee Report**

The Audit Committee reports to the Board of Directors and is responsible for overseeing and monitoring financial accounting and reporting, the system of internal controls established by management and the audit process of CVB Financial Corp. The Audit Committee manages CVB Financial Corp.'s relationship with its independent auditors (who report directly to the Audit Committee).

In discharging its oversight responsibility, the Audit Committee has met and held discussions with management and KPMG LLP, the independent registered public accounting firm for CVB Financial Corp., regarding our audited consolidated financial statements. Management represented to the Audit Committee that the consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and the independent auditors. The Audit Committee discussed with the independent auditors the matters required to be discussed by the Public Company Accounting Oversight Board ( PCAOB ) in Auditing Standard No. 1301 on *Communications with Audit Committees*. The Audit Committee also has received the written disclosures and the letter from the independent auditors required by the applicable requirements of the PCAOB regarding the independent auditor's communications with the Audit Committee concerning independence. The Audit Committee discussed with the independent auditors their independence and satisfied itself as to their independence. The Audit Committee also reviewed the PCAOB inspection report and peer review report of KPMG LLP by PricewaterhouseCoopers LLP.

Based on these discussions and reviews, the Audit Committee recommended that the Board of Directors approve the inclusion of CVB Financial Corp.'s audited consolidated financial statements in the Annual Report on Form 10-K, for

the year ended December 31, 2017, for filing with the SEC.

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Respectfully submitted by the members of the Audit Committee of the Board of Directors:

THE AUDIT COMMITTEE

Kristina M. Leslie, Chair

Stephen A. Del Guercio

Rodrigo Guerra, Jr.

Anna Kan

Raymond V. O'Brien III

Hal W. Oswald

**Nominating and Corporate Governance Committee**

The Board of Directors has a Nominating and Corporate Governance Committee consisting of Raymond V. O'Brien III (Chairman), George A. Borba, Jr., Stephen A. Del Guercio, Rodrigo Guerra, Jr., Anna Kan, Kristina M. Leslie and Hal W. Oswald. Robert M. Jacoby was a member of the Nominating and Corporate Governance Committee until he retired from our Board on May 17, 2017, and Mr. Guerra's service on our Nominating and Corporate Governance Committee commenced on July 1, 2017. Each of the members of the Nominating and Corporate Governance Committee is independent within the meaning of the rules and regulations of the NASDAQ Stock Market.

As set forth above, the Nominating and Corporate Governance Committee:

- Assists the Board of Directors by identifying individuals qualified to become members of the Board of Directors;
- Recommends to the Board of Directors the director nominees for the next annual meeting;
- Recommends to the Board of Directors director nominees for each Board committee; and
- Develops and recommends a set of corporate governance principles applicable to CVB Financial Corp. and Citizens Business Bank.

Other specific duties and responsibilities of the Nominating and Corporate Governance Committee include: retaining and terminating any outside search firm to identify director candidates; receiving communications from shareholders regarding any matters of concern regarding corporate governance matters; recommending to the Board the appropriate directors to serve on each Board committee; and reviewing and reassessing the adequacy of its Charter and its own performance on an annual basis. The procedures for nominating directors, other than by the Board of Directors itself, are set forth in the Company's bylaws and reprinted in the Notice of Annual Meeting of Shareholders. The charter of the Nominating and Corporate Governance Committee is available on our website at [www.cbcbank.com](http://www.cbcbank.com) by clicking the tab Investors, then Corporate Overview and then Governance Documents. The Nominating and Corporate Governance Committee held 2 regular meetings and no special meetings during 2017.

**Compensation Committee**

The Compensation Committee of the Board of Directors of CVB Financial Corp. (the Compensation Committee ) has overall responsibility for overseeing our compensation and employee benefit plans and practices, including our executive compensation plans and our incentive compensation, bonus and equity- based plans. This committee is composed of Raymond V. O'Brien III (Chairman), George A. Borba, Jr., Stephen A. Del Guercio, Rodrigo Guerra, Jr., Anna Kan, Kristina M. Leslie and Hal W. Oswald. Robert M. Jacoby. was a member of the Compensation Committee until he retired from our Board on May 17, 2017, and Mr. Guerra's service on our Compensation Committee commenced on July 1, 2017. Each of the members of the Compensation Committee is independent within the meaning of the rules and regulations of the NASDAQ Stock Market. During 2017, the Compensation Committee held 12 regular meetings and 4 special meetings.



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The Compensation Committee has a charter, which can be found on CVB Financial Corp.'s website, [www.cbbank.com](http://www.cbbank.com), by clicking the tab Investors, then Corporate Overview and then Governance Documents.

The Compensation Committee has the responsibility of recommending to the Board of Directors the appropriate level of compensation for the Board of Directors, and for determining the total compensation of all officers of CVB Financial Corp. and Citizens Business Bank.

The Compensation Committee may delegate its authority to others within the organization if it deems necessary, but has not done so. Our Chief Executive Officer, Chief Financial Officer, and Human Resources Director participate, when requested to do so, in determining or recommending the amount or form of executive and director compensation (except with respect to their own compensation).

## **Role of the Compensation Consultant**

The Compensation Committee has the authority to consult and retain internal and external advisors as needed. In determining the compensation of our named executive officers, including our President and Chief Executive Officer, and our Board of Directors, the Compensation Committee utilizes a variety of resources, including reports, information and advice provided by the firm Frederic W. Cook & Co., Inc. (Cook), which is a leading national firm specializing in providing executive compensation consulting services to public companies.

Cook was initially retained by our Compensation Committee in November, 2013, in connection with the 2014 renewal of the Employment Agreement by and among CVB Financial Corp., Citizens Business Bank and our President and Chief Executive Officer, Christopher D. Myers. Since then Cook has performed numerous projects with respect to executive compensation and director compensation for the Compensation Committee.

In September 2017, the Compensation Committee engaged Cook to assist the Company in the design and preparation of a new Equity Incentive Plan to be proposed for adoption by the shareholders of CVB Financial Corp. at our annual meeting on May 23, 2018. The Committee believed that this engagement and the proposal of a new Equity Incentive Plan would be necessary due to the scheduled expiration of the Company's current 2008 Equity Incentive Plan in April, 2018. Additional information regarding the terms of the proposed 2018 Equity Incentive Plan for CVB Financial Corp., and the Company's request for shareholder approval of such Plan, are set forth in the section of this proxy statement on Proposal 4: Approval of 2018 Equity Incentive Plan.

In October 2017, the Compensation Committee engaged Cook to assist the Committee in connection with planning for upcoming negotiations surrounding the potential renewal of the Company's 2014 Employment Agreement with our President and Chief Executive Officer, Christopher D. Myers. The Committee believed it was prudent to commence preparation for this process, since Mr. Myers' current Employment Agreement carries a five-year term and would otherwise expire in early February 2019, with the understanding that the parties would prefer to address the subject of the potential renewal of Mr. Myers' Employment Agreement reasonably in advance of its scheduled expiration date.

In connection with this October 2017 engagement, the Compensation Committee also requested Cook to perform a review and recalibration of the peer group of companies for CVB Financial Corp. This peer group review and recalibration is part of our ongoing effort to properly benchmark the Company's financial and operational performance for compensation and related purposes. Cook is typically retained by the Company on an annual basis to perform this benchmarking analysis, and for further information on the results of such benchmarking analysis, please refer to the section of this proxy statement on Overview of our Financial and Operational Performance. In addition, in this instance, the Committee and Cook believed such a peer group review and recalibration would be appropriate in order to properly benchmark Mr. Myers

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current compensation as well as any changes in compensation that may be contemplated in connection with a renewal of Mr. Myers' 2014 Employment Agreement.

For additional information on Cook's assistance in connection with the development of the group of peer companies for CVB Financial Corp., please refer to the section of this proxy statement on Peer Group Considerations and the Compensation Consultant.

In 2017, CVB Financial Corp. engaged Cook for the engagements described above as well as routine proxy advisory services at a total cost of approximately \$78,000. Our assessment found no conflict of interest posed by the retention of Cook as compensation consultants for CVB Financial Corp.

**Compensation Discussion and Analysis**

The following compensation discussion and analysis describes our compensation philosophy and summarizes the structure and objectives of the various compensation programs administered by our Compensation Committee for our five current executive officers for whom disclosures must be provided under SEC rules (named executive officers or NEOs):

Christopher D. Myers	President and CEO of CVB Financial Corp. and Citizens Business Bank
E. Allen Nicholson	Executive Vice President, CFO of CVB Financial Corp. and Citizens Business Bank
David A. Brager	Executive Vice President, Sales Division Manager of Citizens Business Bank
David F. Farnsworth	Executive Vice President, Chief Credit Officer of Citizens Business Bank
David C. Harvey	Executive Vice President, Chief Operations Officer of Citizens Business Bank

**Executive Summary**

**Overview of our Financial and Operational Performance**

The year 2017 was a successful year for CVB Financial Corp. and Citizens Business Bank. Net earnings were \$104.4 million, the highest in the Company's history, compared to net earnings of \$101.4 million in 2016. During the fourth quarter of 2017, the Company recorded a one-time charge to income tax expense of \$13.2 million, as a result of federal tax rate reductions and re-measurement of the Company's deferred tax asset due to the enactment of the Tax Cuts and Jobs Act of 2017 (the DTA Revaluation Expense). Excluding the impact of the DTA Revaluation Expense, the Company's net income for 2017 was \$117.6 million, as further explained below in the section of this proxy statement on Annual Cash Incentive Compensation and Bonuses.

For 2017, the Company's total assets of \$8.27 billion increased \$196.9 million over 2016, and the Company's interest-earning assets of \$7.80 billion increased \$156.8 million over interest-earning assets in 2016. This increase in interest-earning assets was primarily due to a \$435.6 million increase in total loans which was partially offset by a \$271.3 million decrease in total investment securities. Noninterest-bearing deposits, which comprised 58.75% of total deposits, grew by 4.71% or \$172.9 million in 2017. In addition, during 2017, Citizens Business Bank completed the acquisition of Valley Commerce Bancorp, the holding company for Valley Business Bank, a community bank headquartered in Visalia, California. The Valley Commerce Bancorp merger closed on March 10, 2017.

CVB Financial Corp. has achieved these successes while maintaining what it believes to be a notably sound financial structure. In 2017, for the fourth consecutive year, Citizens Business Bank was recognized by Bank Director Magazine as one of the top five-ranked banks in the U.S., among banks with total assets between \$5 billion and

\$50 billion, based on the magazine's performance scorecard. Citizens Business Bank's ratios for critical capital measures as of December 31, 2017 significantly exceeded the amounts necessary in order to be considered well-capitalized for regulatory purposes: 16.71% (Tier 1

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Risk-based Capital Ratio), 16.71% (Common Equity Tier 1 Risk-based Capital Ratio), 17.86% (Total Risk-based Capital Ratio), and 11.77% (Leverage Ratio). The well-capitalized standards for these ratios in 2017 were 8%, 6.5%, 10%, and 5%, respectively.

CVB Financial Corp.'s financial and operational success can also be measured on a relative basis by comparing the Company's performance to that of the group of peer companies. The peer group was updated during 2017 to balance the Company's total assets and market capitalization size near the middle of the group. These companies are described below in the section of this proxy statement on Peer Group Considerations and the Compensation Consultant. As measured by six key metrics which we believe are commonly utilized in evaluating banking entities (return on equity, return on assets, net interest margin, non-performing assets divided by total assets, efficiency ratio, and noninterest expense divided by total assets), CVB Financial Corp.'s performance for 2017 placed it in the top quartile of our peer group on five of the measures and in the middle of the group on one of the measures (net interest margin). For the three-year period from 2015-2017, CVB Financial Corp. achieved similar overall performance, placing in the top quartile on the same five measures and in the third quartile of the peer group on the net interest margin metric.

*Source: Standard & Poor's Capital IQ*

1. Capital Bank Financial Corp. is excluded from the chart above due to being acquired in November 2017
2. ROE and ROA exclude 2017 one-time charges or benefits related to tax rate reductions under the Tax Cuts and Jobs Act of 2017 for CVB Financial Corp. and all the peers
3. Net Interest Margin excludes Pacific Premier Bancorp due to insufficient available data
4. Efficiency ratio analysis excludes First Financial Bancorp, Pacific Premier Bancorp, and Pinnacle Financial Partners due to insufficient available data
5. Noninterest Expense/Total Assets analysis excludes Pacific Premier Bancorp and PacWest Bancorp due to insufficient available data

CVB Financial Corp. achieved annualized shareholder returns for the one-year, three-year and five-year periods ending December 31, 2017 of 5%, 17% and 21%, respectively, which places CVB Financial Corp. in the second quartile relative to its peers for all three of these periods (excluding Capital Bank Financial Corp. due to its acquisition in November 2017).

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**Table of Contents****2017 Compensation Program Overview**

The Compensation Committee believes that CVB Financial Corp.'s executive compensation program is designed to support growth in shareholder value within the context of a sound financial structure and, accordingly, as will be explained in further detail below, no major changes were implemented in 2017 to our executive compensation program. As a result:

Base salary increases, if any, were modest;

Payouts under the Company's annual executive incentive compensation plan continued to focus on performance against a combination of key financial metrics, each of which is derived from our 2015 Executive Incentive Plan, as approved by our shareholders at our 2015 annual meeting;

Under our Executive Incentive Plan, net profit after tax has been established as the most important metric for all our NEOs, and the relative weighting of other metrics has been structured to emphasize the areas over which each executive had the most direct responsibilities;

Financial targets continue to be set at challenging, but achievable levels, as evidenced by the fact that, of the seven financial targets, three were achieved at maximum payout levels, two were achieved at an intermediate payout level, and two were achieved at a threshold payout level;

Overall payouts under the executive incentive plans varied by executive, ranging from 40% to 100% of the applicable NEO's base salary;

Instead of including a discretionary component of compensation in our executive incentive plans, we removed this component from the executive incentive plans and developed separate supplemental discretionary bonus plans covering each of our NEOs;

Under our supplemental bonus plans, our CEO could earn up to 30% of his base salary, and our other four NEOs could each earn up to 20% of their respective base salaries, depending upon an evaluation of each NEO's individual performance, which allows for an evaluation of individual contributions to CVB Financial Corp. that cannot be captured by looking solely at financial metrics;

Overall payouts under the supplemental bonus plans varied by executive, ranging from 4% to 20% of the applicable NEO's base salary;

Long-term incentives continued to be structured as a combination of restricted stock and stock options; and

No significant changes were made to the other elements of executive compensation, such as 401(k) Plan/Profit Sharing, deferred compensation, and health and welfare benefits.

The most recent renewal of the employment agreement for our President and Chief Executive Officer, Mr. Myers, took place in 2014 (the 2014 Agreement). The Compensation Committee believes that the interests of CVB Financial Corp. and its shareholders are well served by the structure of the 2014 Agreement, which established a base salary and target bonus level for the duration of the contract term, which is five years. Similarly, at the start of the 2014 Agreement, Mr. Myers received a one-time grant of long-term equity incentives, consisting of restricted stock and options, which are scheduled to vest over the five-year term of the 2014 Agreement. The Compensation Committee intended that the equity incentives awarded at the start of the contract would be the primary equity incentives awarded over the five-year life of the contract, and the Compensation Committee thus analyzed the costs of the 2014 Agreement by treating the costs of the equity incentives as amortized over five years, according to their contractual terms. Accordingly, while the Summary Compensation Table in this proxy statement indicates that the total cost of the equity incentives awarded to Mr. Myers was \$0 in 2017, the Compensation Committee considers \$1.05 million, which was the annualized value of these incentives at the time they were granted, to be the relevant measure of the annual value during the five-year term of the 2014 Agreement of the equity compensation awarded to Mr. Myers.





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**Overall Structure of Our Executive Compensation Program**

We provide a comprehensive compensation package for our executives comprised of base salary, an annual performance incentive plan, an annual supplemental discretionary bonus plan, a long-term equity compensation plan, 401(k) plan contributions, profit sharing plan, deferred compensation program and health and welfare benefits. We have adopted a basic philosophy and practice of offering an overall compensation program designed to attract and retain highly qualified managers and employees. We believe our compensation practices encourage and motivate these individuals to achieve superior performance on both a short-term and long-term basis. This underlying philosophy pertains specifically to executive compensation as well as to employee compensation at all other levels throughout our organization.

Our compensation program is designed to achieve the following objectives:

- Attract and retain talented and experienced executives;
- Provide a base salary that is competitive in our industry, which is banking;
- Align the interests of our executives with those of our shareholders, by having our cash incentive compensation based primarily on financial metrics that we believe support shareholder value, along with a smaller discretionary component based on an evaluation of individual performance; and
- Offer equity-based compensation that reflects the growth in our stock value and thus in shareholder value.

Our compensation program is designed to incentivize employees to meet our corporate objectives. Our goal is to have a level of earnings growth and loan and deposit growth consistent with enhancing shareholder value. These elements are at the core of our cash incentive and bonus programs and our equity-based incentives.

**Methodologies for Establishing Compensation**

In determining the appropriate compensation levels for our Chief Executive Officer, the Compensation Committee meets outside the presence of all our executive officers. With respect to the compensation of all our other NEOs, the Compensation Committee meets outside the presence of all our executive officers, other than, as requested, our Chief Executive Officer, our Chief Financial Officer (except with respect to his own compensation) and our Human Resources Director. In 2017 and prior years, the Compensation Committee would generally review and approve any salary increases for all exempt employees, including our NEOs, in the first ninety days after year end and for all non-exempt employees in July. Starting in 2018, the Compensation Committee will generally be reviewing and approving any salary increase for all employees, including our NEOs, in July.

With the input of our Human Resources Department, the Chief Executive Officer summarizes the previous year's performance of selected officers and employees for the Compensation Committee and makes recommendations to the Compensation Committee regarding base salary levels, performance goals, discretionary bonuses and equity incentive awards for our NEOs (other than for himself). The Compensation Committee determines each element of the CEO's compensation.

In January or February of each calendar year, the Compensation Committee determines cash payments under the prior year's performance compensation plan and supplemental bonus plan, and generally in the first ninety days of each year, the Compensation Committee determines target amounts and performance criteria for the current year's incentive performance and bonus compensation plans. The Compensation Committee similarly meets from time to time to determine equity incentive awards for eligible employees, including our NEOs.

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**Table of Contents****Consideration of Say-On-Pay Results**

In 2017 our Board of Directors recommended, and a plurality of our shareholders vote approved, (with the support of approximately 98.81% of the total votes cast), an annual period as the frequency of our Say-On-Pay advisory vote on the compensation of our NEOs. This vote was advisory and non-binding on CVB Financial Corp., and the Board of Directors may at some point decide that it is in the best interests of our shareholders and CVB Financial Corp. to hold an advisory vote on executive compensation less frequently than on an annual basis.

At our 2017 annual meeting of shareholders, the Say-On-Pay proposal itself received the support of approximately 98.81% of the total votes cast. Our Compensation Committee has considered the results of this 2017 Say-On-Pay vote in connection with the discharge of its responsibilities and, after such consideration, determined to not implement any significant changes to our executive compensation program for CVB Financial Corp.'s 2018 fiscal year.

Our Board of Directors has elected, once again, to solicit a non-binding, advisory vote on the compensation of our NEOs for 2017. See Proposal 3: Advisory (Non-Binding) Vote to Approve Named Executive Officers' Compensation.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act) requires us to obtain, at least once every six years, a shareholder vote on the frequency of our Say-On-Pay vote. Accordingly, shareholders will next be asked to vote on the frequency of our Say-On-Pay vote at our 2023 annual meeting of shareholders.

**Summary of Components of Compensation**

The following table outlines our various compensation components for which our NEOs were eligible for the fiscal year 2017. We believe these compensation components are consistent with meeting our Company's business and financial objectives. The allocation between cash and non-cash compensation is based on the Compensation Committee's determination of the appropriate mix among base salary, annual cash incentives and long-term equity incentives to encourage executive officer retention and performance.

Component	Characteristics	Purpose
Base Salary	This is a fixed cash compensation amount. Each executive officer is eligible for an annual salary increase, which will typically occur in July of each calendar year, based on performance.	The base salary component allows us to compensate our officers at a level that we believe is competitive in our industry. This helps us attract and retain highly qualified executives. This rewards individual performance and tenure of experience, and provides a level of stability for our officers.

Incentive Compensation Awards

Paid based on CVB Financial Corp. s and/or Citizens Business Bank s attainment of enumerated financial and business metrics and goals established pursuant to our 2015 Executive Incentive Plan. Individual executives are provided with specific performance criteria based on their respective positions with CVB Financial Corp. and/or Citizens Business Bank.

The incentive compensation element serves to reward executives when CVB Financial Corp. and/or Citizens Business Bank meet specified financial and business metrics and goals, which we believe adds to shareholder value. This component incentivizes executives to meet performance targets, which in turn helps us meet our overall strategic objectives.

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<b>Component</b>	<b>Characteristics</b>	<b>Purpose</b>
Supplemental Bonus Payments	This component is entirely discretionary based on each executive's individual performance as a senior manager of CVB Financial Corp. and/or Citizens Business Bank. The evaluation criteria are tailored to each executive's area of responsibility.	The discretionary bonus element is designed to encourage our executives to meet their enumerated non-financial goals, such as risk management, customer retention, staff recruitment and retention and support for other divisions. This component incentivizes teamwork and the achievement of non-metrics-based objectives that are critical for our overall success.
Restricted Stock	Awarded from time to time to selected officers, including our NEOs, based on position and performance. Recipients do not pay any additional cash to acquire the stock, but must pay taxes on the value of the stock when it vests.	Restricted stock links the interests of recipients to shareholders, by focusing on the long-term value of CVB Financial Corp.'s stock, and has less dilution to our shareholders compared to stock option grants, because restricted stock grants typically involve fewer shares. This also helps to align the compensation of our executives with the interests of our shareholders. Our grants of restricted stock to date have been subject to time-based vesting provisions, although the Board has the ability to tie vesting to the achievement of performance measures.
Stock Options	Awarded from time to time to selected officers, including our NEOs, based on position and performance. Recipients must pay an exercise price that is not less than the fair market value of the stock at the time of grant in order to acquire the related shares of stock.	Stock options allow the executive to share in the long-term appreciation of CVB Financial Corp.'s stock. This helps to align the compensation of the executive with the interests of our shareholders. Option grants typically vest over a five-year period and have a ten-year term.

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Component	Characteristics	Purpose
401(k) Plan/Profit Sharing	This has two components: (i) safe harbor 401(k) Plan contributions which are paid by CVB Financial Corp. in a fixed percentage for eligible participating employees (in addition to which the executive may elect to make deferral contributions), and (ii) profit-sharing contributions which are paid to eligible Plan participants, including our NEOs. Contributions are at the discretion of the Compensation Committee and may be up to 8% of salary and bonus (subject to a ceiling of total salary and bonus for calculation purposes for any individual of \$270,000 for 2017).	The 401(k) Plan assists the executive in saving for retirement. The profit-sharing portion also allows the executive to share in the profits of CVB Financial Corp. and, to that extent, encourages executives to meet targeted performance goals. Further, since the money goes into a retirement plan, it also assists the executive in saving for retirement.
Deferred Compensation Plans	One plan is available to our Chief Executive Officer with a guaranteed annual minimum rate of return, and a separate plan is available to other qualifying senior officers and directors without such a guaranteed rate of return.	Deferred compensation allows for the tax deferral of compensation and the potential growth of any deferred amounts.
Health and Welfare Benefits	These benefits are the same as those offered to the Company's eligible employee base, including medical, dental, vision, life and disability insurance. The NEOs pay a portion of the costs in the same manner as all eligible employees.	These benefits assist all our eligible employees, including our NEOs, in meeting their and their respective families' basic health and welfare needs.

**Peer Group Considerations and the Compensation Consultant**

The Compensation Committee engaged Cook to perform compensation reviews in late 2013, 2014 and twice in 2016, in order to assist the Committee in evaluating whether the key components of compensation at CVB Financial Corp. for our President and Chief Executive Officer, our five NEOs, and our Board of Directors, as applicable, were

competitive with comparable compensation packages provided for similar positions and roles at peer commercial banking organizations. In addition, from time to time, our Compensation Committee analyzes salary surveys from relevant organizations such as the California Bankers Association and similar data provided by other recognized industry sources.

In addition, the Compensation Committee typically engages Cook on an annual basis to conduct a review and recalibration of the Company's peer group of comparable organizations in order to properly benchmark the Company's financial performance relative to executive and director compensation. In 2017, with respect to our peer group analysis in particular, the Compensation Committee, in consultation with Cook, modified our peer group consistent with the criteria initially developed during 2013, which focuses on banks and bank holding companies that we believe are reasonably comparable to the Company with respect to key indicators such as asset size, market capitalization and geographic location.



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As a result of the 2017 peer group study, the peer group was adjusted to remove two peers that no longer fit the criteria (Western Alliance Bancorp and Westamerica Bancorp), and to add one new peer (Pacific Premier Bancorp). The resulting peer group for 2017 consisted of the following 14 banking institutions shown in the chart below, as ranked by market capitalization. The data reflect the latest available information at the time the peer group was reviewed by Cook and the Committee in October 2017.

Company Name	Total Assets (6/30/17)  (in billions \$)	Market Capitalization (10/11/17)  (in billions \$)
PacWest Bancorp	22.2	5.8
Pinnacle Financial Partners	20.9	5.1
Texas Capital Bancshares	23.1	4.2
MB Financial	20.0	3.8
<b>CVB Financial Corp.</b>	<b>8.4</b>	<b>2.6</b>
Columbia Banking System	9.7	2.5
Capital Bank Financial Corp.*	10.1	2.1

Banner Corp.	<b>10.2</b>	<b>2.1</b>
Independent Bank Corp.	<b>8.0</b>	<b>2.0</b>
First Financial Bancorp.	<b>8.7</b>	<b>1.6</b>
Pacific Premier Bancorp	<b>6.4</b>	<b>1.6</b>
Boston Private Financial	<b>8.1</b>	<b>1.4</b>
Central Pacific Financial	<b>5.5</b>	<b>1.0</b>
Banc of California	<b>10.4</b>	<b>1.0</b>
Opus Bank	<b>7.7</b>	<b>0.9</b>

\*Acquired by First Horizon National Corporation in November 2017

*Source: Standard & Poor's Capital IQ*

These banking institutions were selected by the Compensation Committee because we believe they have similar business models and capabilities, and generally operate in a similar manner, to CVB Financial Corp. Specifically, the institutions in our peer group were all within an approximate ratio of 1/3 to 3.0x in both key components of total assets and market capitalization, as compared to CVB Financial Corp. Within this defined universe of banks and bank holding companies, the Committee and Cook then focused on the subset of institutions which operate in major metropolitan areas, where the Committee believes that competitive costs, pay levels and pay structures are more similar and relevant to those of the Company. Compared to the 14 peers, CVB Financial Corp. ranked at the 67th percentile for Market Capitalization and at the 37th percentile for Total Assets.

While our market analysis and the surveys by our outside compensation consultants inform our range of compensation alternatives, we do not tie our executive officers' or directors' compensation levels to specific market percentiles. Instead, the Compensation Committee uses this comparative compensation information as a set of reference points to assist in the retention of key executives whose performance is critical for the success of the organization and in the setting of appropriate goals with respect to the Company's performance and results.

The Compensation Committee has observed that total compensation for each of our NEOs has generally been within a range of between the 25th percentile and 75th percentile for the peer group, based on individual officer performance, responsibilities, contributions, experience, competitive conditions and

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internal equity, and there is a consensus that this range is generally appropriate for each NEO s total compensation. It may be the case, however, t