MANPOWER INC /WI/
Form 4
February 12, 2009

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
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(Print or Type Responses)

1. Name and Address of Reporting Person *
JOERRES JEFFREY A
(Last) (First) (Middle)
MANPOWER INC., 100 MANPOWER PLACE
(Street)
MILWAUKEE, WI 53212
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
MANPOWER INC /WI/ [MAN]

3. Date of Earliest Transaction (Month/Day/Year)
02/10/2009

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chairman, CEO and President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/10/2009		S		500	D	$ 33.16	238,164.5221	D	
Common Stock	02/10/2009		S		600	D	$ 33.17	237,564.5221	D	
Common Stock	02/10/2009		S		800	D	$ 33.18	236,764.5221	D	
Common Stock	02/10/2009		S		100	D	$ 33.19	236,664.5221	D	
Common Stock	02/10/2009		S		300	D	$ 33.2	236,364.5221	D	
	02/10/2009		S		400	D	$ 33.21	235,964.5221	D	

Common Stock							
Common Stock	02/10/2009	S	100	D	$ 33.217	235,864.5221	D
Common Stock	02/10/2009	S	300	D	$ 33.22	235,564.5221	D
Common Stock	02/10/2009	S	400	D	$ 33.23	235,164.5221	D
Common Stock	02/10/2009	S	400	D	$ 33.24	234,764.5221	D
Common Stock	02/10/2009	S	800	D	$ 33.25	233,964.5221	D
Common Stock	02/10/2009	S	100	D	$ 33.255	233,864.5221	D
Common Stock	02/10/2009	S	4,700	D	$ 33.26	229,164.5221	D
Common Stock	02/10/2009	S	1,600	D	$ 33.27	227,564.5221	D
Common Stock	02/10/2009	S	100	D	$ 33.275	227,464.5221	D
Common Stock	02/10/2009	S	3,200	D	$ 33.28	224,264.5221	D
Common Stock	02/10/2009	S	1,000	D	$ 33.29	223,264.5221	D
Common Stock	02/10/2009	S	100	D	$ 33.295	223,164.5221	D
Common Stock	02/10/2009	S	1,500	D	$ 33.3	221,664.5221	D
Common Stock	02/10/2009	S	1,301	D	$ 33.31	220,363.5221	D
Common Stock	02/10/2009	S	1,700	D	$ 33.32	218,663.5221	D
Common Stock	02/10/2009	S	1,000	D	$ 33.33	217,663.5221	D
Common Stock	02/10/2009	S	300	D	$ 33.34	217,363.5221	D
Common Stock	02/10/2009	S	200	D	$ 33.36	217,163.5221	D
Common Stock	02/10/2009	S	300	D	$ 33.39	216,863.5221	D
	02/10/2009	S	800	D	$ 33.4	216,063.5221	D

Common Stock								
Common Stock	02/10/2009	S	300	D	$ 33.41	215,763.5221	D	
Common Stock	02/10/2009	S	211	D	$ 33.42	215,552.5221	D	
Common Stock	02/10/2009	S	389	D	$ 33.44	215,163.5221	D	
Common Stock	02/10/2009	S	500	D	$ 33.45	214,663.5221	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (Right to Buy)	$ 21.9375	02/10/2009		M		100,000		(1)	07/20/2009	Common Stock	100,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
JOERRES JEFFREY A MANPOWER INC. 100 MANPOWER PLACE MILWAUKEE, WI 53212	X		Chairman, CEO and President	

Signatures

Jeffrey A. Joerres	02/12/2009
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) 10,000 options became exercisable on 7/20/00, 10,000 became exercisable on 7/20/01, 10,000 became exercisable on 7/20/02, 10,000 became exercisable on 7/20/03 and the remaining 60,000 options became exercisable on 7/20/04.

Remarks:
Form 3 of 4

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. LAPSE; font-family:Times New Roman; font-size:10pt" BORDER="0" CELLPADDING="0" CELLSPACING="0" WIDTH="100%">(1)Represents percentage of reported owner-occupied at origination in each real estate loan category.

(2) Includes loans associated with hospitality, churches, gas stations, and hospitals, which represents approximately 73% of other loans.

Non-Covered Construction Loans

As of September 30, 2014, the Company had $67.2 million in non-covered construction loans. This represents 1.88% of total non-covered gross loans held-for-investment. Although our construction loans are located throughout our market footprint, the majority of non-covered construction loans consist of commercial land development and construction projects in Los Angeles, Orange County, and the Inland empire region of Southern California. At September 30, 2014, non-covered construction loans consist of $15.0 million in SFR and multi-family construction loans and $52.2 million in commercial construction loans. As of September 30, 2014, there was one nonperforming loan totaling $9.7 million, or 14.38% of total construction loans.

Nonperforming Assets (Non-Covered)

The following table provides information on non-covered nonperforming assets as of September 30, 2014 and December 31, 2013.

	September 30, 2014	December 31, 2013
	(Dollars in thousands)	
Nonaccrual loans	$ 14,444	$ 14,835
Troubled debt restructured loans (nonperforming)	22,606	25,119
Other real estate owned (OREO)	6,225	6,475
Total nonperforming assets	$ 43,275	$ 46,429
Troubled debt restructured performing loans	$ 55,608	$ 66,955

Percentage of nonperforming assets to total loans outstanding, net of deferred fees, and OREO	1.21%	1.37%
Percentage of nonperforming assets to total assets	0.58%	0.70%

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At September 30, 2014, loans classified as impaired totaled $92.7 million or 2.59% of total non-covered loans, compared to $106.9 million or 3.15% of total non-covered loans at December 31, 2013. This balance included nonperforming loans of $37.1 million. At September 30, 2014, impaired loans which were restructured in a troubled debt restructuring (TDR) represented $78.2 million, of which $22.6 million were nonperforming and $55.6 million were performing.

Of the total impaired loans as of September 30, 2014, $59.7 million were considered collateral dependent and measured using the fair value of the collateral based on current appraisals (obtained within 1 year). Impaired loans measured for impairment using the present value of expected future cash flows discounted at the loans effective rate were $33.0 million.

Troubled Debt Restructurings

Total TDRs were $78.2 million at September 30, 2014, compared to $92.1 million at December 31, 2013. Of the $22.6 million of nonperforming TDRs at September 30, 2014, $1.5 million were not paying in accordance with the modified terms and $21.1 million have either not demonstrated repayment performance for a sustained period, and/or we have not received all necessary documents to determine the borrower s ability to meet all future principal and interest payments under the modified terms. At September 30, 2014, $55.6 million of performing TDRs were accruing restructured loans. Performing TDRs were granted in response to borrower financial difficulty and generally provide for a modification of loan repayment terms. The performing restructured loans represent the only impaired loans accruing interest at each respective reporting date. A performing restructured loan is reasonably assured of repayment and is performing in accordance with the modified terms. We have not restructured loans into multiple loans in what is typically referred to as an A/B note structure, where normally the A note meets current underwriting standards and the B note is typically immediately charged off upon restructuring.

The following table provides a summary of TDRs as of September 30, 2014 and December 31, 2013:

	September 30, 2014		**December 31, 2013**	
	Balance	**Number of Loans**	**Balance**	**Number of Loans**
	(Dollars in thousands)			
Performing TDRs:				
Commercial and industrial	$ 1,043	6	$ 1,171	7
Real Estate:				
Commercial real estate	16,580	10	21,030	15
Construction	16,753	2	16,853	2
SFR mortgage	3,756	11	3,828	11
Dairy & livestock and agribusiness	17,476	10	24,073	11
Total performing TDRs	$ 55,608	39	$ 66,955	46
Nonperforming TDRs:				
Commercial and industrial	$ 1,369	6	$ 1,509	5
Real Estate:				

Commercial real estate	10,108	10	7,281	6
Construction	9,666	1	9,966	1
SFR mortgage			705	1
Dairy & livestock and agribusiness	1,463	1	5,658	4
Total nonperforming TDRs	$ 22,606	18	$ 25,119	17
Total TDRs	$ 78,214	57	$ 92,074	63

At September 30, 2014 and December 31, 2013, $389,000 and $2.7 million of the allowance for loan losses was specifically allocated to TDRs, respectively. Impairment amounts identified are typically charged off against the allowance at the time a probable loss is determined. There were $1.1 million and zero in charge-offs of TDRs during the three months ended September 30, 2014 and 2013, respectively.

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The table below provides trends in our non-covered nonperforming assets and delinquencies for the periods presented.

Nonperforming Assets and Delinquency Trends (Non-Covered)

	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013
			(Dollars in thousands)		
Nonperforming loans:					
Commercial and industrial	$ 6,666	$ 6,969	$ 4,821	$ 3,861	$ 3,734
Real estate:					
Commercial real estate	14,795	14,866	11,852	12,410	17,829
Construction	9,666	9,767	9,867	9,966	10,368
SFR mortgage	3,999	6,765	7,868	7,577	10,421
Dairy & livestock and agribusiness	1,463	5,133	5,397	5,739	6,973
Consumer and other loans	461	470	397	401	159
Total	$ 37,050	$ 43,970	$ 40,202	$ 39,954	$ 49,484
% of Total gross loans	1.04%	1.26%	1.23%	1.18%	1.51%
Past due 30-89 days:					
Commercial and industrial	$ 673	$ 1,205	$	$ 993	$ 417
Real estate:					
Commercial real estate		732	520	523	1,015
Construction					
SFR mortgage		161	432	1,708	
Dairy & livestock and agribusiness					
Consumer and other loans	15	168	8	75	255
Total	$ 688	$ 2,266	$ 960	$ 3,299	$ 1,687
% of Total gross loans	0.02%	0.07%	0.03%	0.10%	0.05%
OREO:					
Commercial and industrial	$ 1,254	$ 1,638	$	$	$
Real estate:					
Commercial real estate	70				
Construction	4,901	4,901	6,475	6,475	6,524
SFR mortgage					
Consumer and other loans					
Total	$ 6,225	$ 6,539	$ 6,475	$ 6,475	$ 6,524
Total nonperforming, past due, and OREO	$ 43,963	$ 52,775	$ 47,637	$ 49,728	$ 57,695
% of Total gross loans	1.23%	1.52%	1.46%	1.47%	1.76%

At September 30, 2014, five customer relationships comprised $19.3 million, or 51.97%, of our nonperforming loans. Four of these customer relationships are commercial real estate developers (non-owner occupied); and the primary

collateral securing these loans are commercial real estate properties. One customer relationship is in the dairy & livestock industry and the collateral is primarily the dairy farm property and the dairy livestock. At September 30, 2014, there was no allowance for loan losses specifically allocated to these loans. There were $1.2 million charge-offs recorded for these five customer relationships during the nine months ended September 30, 2014.

We had $6.2 million in OREO at September 30, 2014, compared to $6.5 million in OREO at December 31, 2013 and September 30, 2013. As of September 30, 2014, we had five OREO properties compared with two OREO properties at December 31, 2013. During the first nine months of 2014, we acquired three OREO properties from ASB and added three additional properties. We sold three properties with a carrying value of $2.2 million, realizing a net gain on sale of $203,000.

Changes in economic and business conditions have had an impact on our market area and on our loan portfolio. We continually monitor these conditions in determining our estimates of needed reserves. However, we cannot predict the extent to which the deterioration in general economic conditions, real estate values, increases in general rates of interest, and changes in the financial conditions or business of a borrower may adversely affect a borrower s ability to pay. See Risk Management Credit Risk Management contained in our Annual Report on Form 10-K for the year ended December 31, 2013.

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Nonperforming Assets (Covered)

Loans acquired through the SJB acquisition are accounted for under ASC Topic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality* (ASC 310-30). Covered loans accounted for under ASC 310-30 are generally considered accruing and performing loans as the loans accrete interest income over the estimated life of the loan when cash flows are reasonably estimable. Accordingly, acquired impaired loans that are contractually past due are still considered to be accruing and performing loans. If the timing and amount of future cash flows is not reasonably estimable, the loans may be classified as nonperforming loans and interest income is not recognized until the timing and amount of future cash flows can be reasonably estimated. As of September 30, 2014, there were no covered loans considered as nonperforming as described above.

We had three properties in OREO totaling $590,000 at September 30, 2014, compared to two properties totaling $655,000 at June 30, 2014 and two properties totaling $504,000 at March 31, 2014 and December 31, 2013. For the nine months ended September 30, 2014, there were two additions to OREO totaling $340,000. During the first nine months of 2014, we sold one property with a carrying value of $189,000.

Allowance for Loan Losses

The allowance for loan losses is established as management s estimate of probable losses inherent in the loan and lease receivables portfolio. The allowance is increased (decreased) by the provision for losses and decreased by charge-offs when management believes the uncollectability of a loan is confirmed which is charged against operating results. Subsequent recoveries, if any, are added to the allowance. The determination of the balance in the allowance for loan losses is based on an analysis of the loan and lease finance receivables portfolio using a systematic methodology and reflects an amount that, in management s judgment, is appropriate to provide for probable credit losses inherent in the portfolio, after giving consideration to the character of the loan portfolio, current economic conditions, past loan loss experience, and such other factors that would deserve current recognition in estimating inherent credit losses.

The allowance for loan losses is also increased by recoveries on loans previously charged off and is reduced by actual loan losses charged to the allowance. The allowance for loan losses was $59.6 million as of September 30, 2014. This represents a decrease of $15.7 million, or 20.81%, compared to the allowance for loan losses of $75.2 million as of December 31, 2013. We recorded a $1.0 million loan loss provision recapture for the three months ended September 30, 2014, compared to $3.8 million recapture of provision for loan losses for the same period of 2013.

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The table below presents a comparison of net loan losses, the provision for loan losses, and the resulting allowance for loan losses for the nine months ended September 30, 2014 and 2013.

Summary of Loan Loss Experience (Non-Covered Loans)

	As of and For the Nine Months Ended September 30,	
	2014	2013
	(Dollars in thousands)	
Allowance for loan losses at beginning of period	$ 75,235	$ 92,441
Charge-offs:		
Commercial and industrial	516	2,339
Commercial real estate	352	
Construction		
SFR mortgage		252
Dairy & livestock and agribusiness	1,061	
Consumer and other loans	26	108
Covered Loans	40	
Total charge-offs	1,995	2,699
Recoveries:		
Commercial and industrial	748	523
Commercial real estate	140	100
Construction	834	83
SFR mortgage	188	133
Dairy & livestock and agribusiness	393	42
Consumer and other loans	139	40
Covered Loans		
Total recoveries	2,442	921
Net (recoveries) charge-offs	(447)	1,778
Other reallocation		
Recapture of provision for loan losses	(16,100)	(9,950)
Allowance for loan losses at end of period	$ 59,582	$ 80,713
Summary of reserve for unfunded loan commitments:		
Reserve for unfunded loan commitments at beginning of period	$ 9,088	$ 8,588
Provision for unfunded loan commitments	(1,250)	500

Reserve for unfunded loan commitments at end of period	$ 7,838	$ 9,088
Reserve for unfunded loan commitments to total unfunded loan commitments	0.99%	1.41%
Amount of total loans at end of period (1)	$ 3,573,885	$ 3,281,352
Average total loans outstanding (1)	$ 3,406,974	$ 3,189,906
Net (recoveries) charge-offs to average total loans	(0.01)%	0.06%
Net (recoveries) charge-offs to total loans at end of period	(0.01)%	0.05%
Allowance for loan losses to average total loans	1.75%	2.53%
Allowance for loan losses to total loans at end of period	1.67%	2.46%
Net (recoveries) charge-offs to allowance for loan losses	(0.75)%	2.20%
Net recoveries (charge-offs) to provision for loan losses	2.78%	(17.87)%

(1) Net of deferred loan origination fees.

Specific allowance: For impaired loans, we incorporate specific allowances based on loans individually evaluated utilizing one of three valuation methods, as prescribed under ASC 310-10. If the measure of the impaired loan is less than the recorded investment in the loan, the deficiency will be charged off against the ALLL or, alternatively, a specific allocation will be established and included in the overall ALLL balance. The specific allocation represents $754,000 (1.27%), $3.2 million (4.22%) and $3.5 million (4.32%) of the total allowance as of September 30, 2014, December 31, 2013 and September 30, 2013, respectively.

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General allowance: The loan portfolio collectively evaluated for impairment under ASC 450-20 is divided into classes of loan receivables between classified loans (including substandard and special mention loans) and unclassified loans, and then further disaggregated into loan segments by loan type with similar risk characteristics. The non-classified loans are divided into 37 segments, including 25 specific segments within the commercial real estate and construction loan portfolios split between owner and non-owner properties and based on property type (i.e. industrial, office, retail, etc.). The allowance is provided for each segment based upon that segment s average historical loss experience over a rolling twenty-quarter period, adjusted for current conditions based on our analysis of specific environmental or qualitative loss factors, as prescribed in the 2006 Interagency Policy Statement on ALLL, affecting the collectability of our loan portfolio that may cause actual loss rates to differ from historical loss experience.

In addition, recognizing the inherent imprecision in the estimation of these loss factors, we also incorporate an *unallocated reserve* that reflects management s best estimate of probable losses not otherwise captured by our qualitative loss factors or otherwise accounted for in our ALLL methodology. Management believes that appropriate drawdowns from usage of the unallocated reserve may include, but are not limited to, (i) consideration of conditions or factors that may not be easily allocated to a specific loan segment, (ii) addressing elevated risks from unique or unusual conditions of volatility and uncertainty affecting the collectability of our loan portfolio, (iii) supporting allocations resulting from refinements to our factors, and (iv) prudent releases of general reserves, if warranted and appropriate when current conditions show demonstrable improvement in credit quality for a sustained period.

Moreover, as conditions change, we may modify or refine our methodology to better reflect risk characteristics that currently impact underlying credit components and the collectability of the loan portfolio. Examples of such modifications or refinements impacting our ALLL in recent quarters include (i) addition of a qualitative factor on changes in the value of underlying collateral for collateral-dependent loans , based on continuing weakness in the values of commercial real estate in our primary lending markets, (ii) increasing the number of segments within the classified and criticized pools primarily to disaggregate our real estate portfolio between owner-occupied and non-owner occupied commercial real estate loans, as well as between residential and non-residential construction loans, and (iii) creating a specific allocated pool for our dairy and livestock loan segment to address perceived weaknesses in this segment due to phenomena such as highly volatile milk and feed prices, reduced levels of cow milk production, shorter cyclical periods between industry highs and lows, unstable values for herd liquidations, lack of adequate farm land to raise forage crops in certain geographical locations, and depleted resources available to certain dairy operators due to periodic industry stress factors.

During the third quarter of 2014, the Bank made no adjustments to its qualitative factors reflecting the slowing pace of improvement in the general economy and conditions affecting borrowers within the Bank s service area. However, as a result of continued, albeit moderating, improvement in the Bank s underlying credit quality and credit metrics of the loan portfolio, the Bank realized a decline in the reserve requirement. The Bank reduced the reserve to reflect our judgment regarding the continuing effect on our loan portfolio of certain improved credit conditions including, but not limited to, (i) the continued improvement in the portfolio s credit quality and underlying credit metrics, (ii) the continued reduction in classified loans, and (iii) the continued low level of delinquent and past due loans. As a result of the factors described above, including, among other things, the general improvement in loan risk ratings and the quarter-over-quarter decline of $9.6 million in classified loans, the consistent application of the ALLL methodology resulted in a reduction of the ALLL by $1.0 million.

During the second quarter of 2014, the Bank adjusted its qualitative factor for changes in the volume and severity of past due loans, the volume of nonaccrual loans, and the volume and severity of adversely classified or graded loans. The Bank reduced this factor to reflect our judgment regarding the effect on our loan portfolio of certain improved credit conditions including, but not limited to, (i) the continued improvement in the portfolio s credit quality and underlying credit metrics, (ii) the continued reduction in classified loans, and (iii) the continued low level of

delinquent and past due loans. As a result of the factors described above, including, among other things, the general improvement in loan risk ratings and the quarter-over-quarter decline in classified loans of $62.2 million, the reserve was reduced by approximately $7.7 million. The reduction combined with net loan charge-offs of $151,000 during the second quarter, resulted in a loan loss provision recapture of $7.6 million for the quarter ended June 30, 2014.

During the first quarter of 2014, the Bank adjusted several qualitative factors including (i) changes in international, national, regional and local economic and business conditions and developments that affect the collectability of the portfolio, including the condition of various market segments, (ii) changes in the nature and volume of the portfolio and in the terms of loans, (iii) changes in the experience, ability, and depth of lending management and other relevant staff, and (iv) the effect of other external factors such as competition and legal and regulatory requirements on the level of estimated credit losses in the institution s existing portfolio. The changes to the qualitative factors noted above reflect our judgment regarding the effect on our loan portfolio of certain conditions including, but not limited to, (i) conditions in the local and national economy as well as the risk to our local economy from climate/weather issues including regional drought conditions, (ii) potential impact on municipal borrowers due to the drought and overhanging risk of unfunded pension liabilities, (iii) increasing pressure to change the nature and terms offered on Bank loans in response to loan terms being offered by our competitors, especially in construction, commercial, commercial real estate and residential real estate loans, (iv) increased competition for loans and (v) the challenges in pursuing collection efforts through the legal system. As a result of the factors described above, the quarterly decline in outstanding loan totals from December 31, 2013, and a quarterly decline in classified loans of $26.6 million, the ALLL was reduced by approximately $6.5 million for the first quarter of 2014. The reduction combined with net recoveries of $990,000 during the first quarter of 2014, resulted in a loan loss provision recapture of $7.5 million for the quarter ended March 31, 2014.

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While we believe that the allowance at September 30, 2014 was appropriate to absorb losses from any known or inherent risks in the portfolio, no assurance can be given that economic conditions, interest rate fluctuations, conditions of our borrowers, or natural disasters, which adversely affect our service areas or other circumstances or conditions, including those defined above, will not be reflected in increased provisions for loan losses in the future.

Deposits

The primary source of funds to support earning assets (loans and investments) is the generation of deposits.

Total deposits were $5.76 billion at September 30, 2014. This represented an increase of $868.7 million, or 17.76%, over total deposits of $4.89 billion at December 31, 2013. The composition of deposits is as follows:

	September 30, 2014		**December 31, 2013**	
	Balance	**Percent**	**Balance**	**Percent**
	(Dollars in thousands)			
Noninterest-bearing deposits:				
Demand deposits	$ 3,037,103	52.7%	$ 2,562,980	52.4%
Interest-bearing deposits:				
Savings deposits	1,993,063	34.6%	1,646,111	33.7%
Time deposits	729,127	12.7%	681,540	13.9%
Total deposits	$ 5,759,293	100.0%	$ 4,890,631	100.0%

The amount of noninterest-bearing demand deposits in relation to total deposits is an integral element in achieving a low cost of funds. Demand deposits totaled $3.04 billion at September 30, 2014, representing an increase of $474.1 million, or 18.50%, from demand deposits of $2.56 billion at December 31, 2013. Noninterest-bearing demand deposits represented 52.73% of total deposits as of September 30, 2014, compared to 52.41% of total deposits as of December 31, 2013.

Savings deposits, which include savings, interest-bearing demand, and money market accounts, totaled $1.99 billion at September 30, 2014 representing an increase of $347.0 million, or 21.08%, from savings deposits of $1.65 billion at December 31, 2013.

Time deposits totaled $729.1 million at September 30, 2014. This represented an increase of $47.6 million, or 6.98%, from total time deposits of $681.5 billion at December 31, 2013.

Borrowings

In order to enhance the Bank s spread between its cost of funds and interest-earning assets, we first seek noninterest-bearing deposits (the lowest cost of funds to the Company). Next, we pursue growth in interest-bearing deposits, and finally, we supplement the growth in deposits with borrowed funds (borrowings and customer repurchase agreements). Average borrowed funds, as a percent of average total funding (total deposits plus borrowed funds) was 12.09% for the third quarter of 2014, compared to 13.38% for the third quarter of 2013.

At September 30, 2014 and December 31, 2013, we had zero and $69.0 million, respectively, in short-term borrowings.

At September 30, 2014, borrowed funds totaled $728.2 million. This represented a decrease of $183.2 million, or 20.10%, from total borrowed funds of $911.5 million at December 31, 2013.

In November 2006, we began a repurchase agreement product with our customers. This product, known as Citizens Sweep Manager, sells our investment securities overnight to our customers under an agreement to repurchase them the next day at a price which reflects the market value of the use of funds by the Bank for the period concerned. These repurchase agreements are signed with customers who want to invest their excess deposits, above a pre-determined balance in a demand deposit account, in order to earn interest. As of September 30, 2014 and December 31, 2013, total customer repurchases were $528.8 million and $643.3 million, respectively, with weighted average interest rates of 0.24% and 0.29%, respectively.

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We entered into borrowing agreements with the FHLB. We had outstanding balances of $199.4 million under these agreements at September 30, 2014 and $199.2 million at December 31, 2013. The interest rate was 4.52% at September 30, 2014 and December 31, 2013. The FHLB holds certain investment securities and loans as collateral available for these borrowings.

At September 30, 2014, $2.61 billion of loans and $3.13 billion of investment securities, at carrying value, were pledged to secure public deposits, short and long-term borrowings, and for other purposes as required or permitted by law.

Aggregate Contractual Obligations

The following table summarizes our contractual commitments as of September 30, 2014:

		Maturity by Period			
	Total	**Less Than One Year**	**One Year Through Three Years**	**Four Years Through Five Years**	**Over Five Years**
	(Dollars in thousands)				
Deposits (1)	$ 5,759,293	$ 5,732,744	$ 19,231	$ 2,914	$ 4,404
Customer repurchase agreements (1)	528,824	528,824			
FHLB advances (1)	199,410		199,410		
Junior subordinated debentures (1)	25,774				25,774
Deferred compensation	10,175	881	1,185	508	7,601
Operating leases	21,028	5,602	9,315	4,993	1,118
Advertising agreements	3,630	988	1,842	800	
Total	$ 6,548,134	$ 6,269,039	$ 230,983	$ 9,215	$ 38,897

(1) Amounts exclude accrued interest.

Deposits represent noninterest bearing, money market, savings, NOW, certificates of deposits, brokered and all other deposits held by the Bank.

Customer repurchase agreements represent excess amounts swept from customer demand deposit accounts, which mature the following business day and are collateralized by investment securities. These amounts are due to customers.

FHLB advances represent the amount that is due to the FHLB. We have one advance with a fixed maturity date of November 28, 2016.

Junior subordinated debentures represent the amounts that are due from the Company to CVB Statutory Trust III. The debentures have the same maturity as the Trust Preferred Securities. CVB Statutory Trust III matures in 2036, and became callable in whole or in part in March 2011.

Deferred compensation represents the amounts that are due to former employees based on salary continuation agreements as a result of acquisitions and amounts due to current employees under our deferred compensation plans.

Operating leases represent the total minimum lease payments due under non-cancelable operating leases.

Advertising agreements represent the amounts that are due on various agreements that provide advertising benefits to the Company.

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Off-Balance Sheet Arrangements

The following table summarizes the off-balance sheet arrangements at September 30, 2014:

		Maturity by Period			
	Total	**Less Than One Year**	**One Year to Three Years**	**Four Years to Five Years**	**After Five Years**
		(Dollars in thousands)			
Commitment to extend credit:					
Commercial and industrial	$ 350,953	$ 281,173	$ 46,385	$ 14,919	$ 8,476
Real estate:					
Commercial real estate	59,927	11,444	20,022	24,581	3,880
Construction	52,649	17,776	34,873		
Dairy & livestock and agribusiness (1)	233,533	163,532	70,001		
Consumer and other loans	61,699	7,494	2,558	9,533	42,114
Total Commitment to extend credit	758,761	481,419	173,839	49,033	54,470
Obligations under letters of credit	35,399	26,775	8,424	200	
Total	$ 794,160	$ 508,194	$ 182,263	$ 49,233	$ 54,470

(1) Total commitments to extend credit to agribusiness were $9.9 million at September 30, 2014.

As of September 30, 2014, we had commitments to extend credit of approximately $758.8 million, and obligations under letters of credit of $35.4 million. Commitments to extend credit are agreements to lend to customers, provided there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Commitments are generally variable rate, and many of these commitments are expected to expire without being drawn upon. As such, the total commitment amounts do not necessarily represent future cash requirements. We use the same credit underwriting policies in granting or accepting such commitments or contingent obligations as we do for on-balance sheet instruments, which consist of evaluating customers creditworthiness individually. The Company had a reserve for unfunded loan commitments of $7.8 million as of September 30, 2014 and $9.1 million as of December 31, 2013 included in other liabilities.

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

Capital Resources

Historically, our primary source of capital has been the retention of operating earnings. In order to ensure adequate levels of capital, we conduct an ongoing assessment of projected sources, needs and uses of capital in conjunction

with projected increases in assets and the level of risk. As part of this ongoing assessment, the Board of Directors reviews the various components of capital.

The Company s equity capital was $849.2 million at September 30, 2014. This represented an increase of $77.3 million, or 10.02%, from equity capital of $771.9 million at December 31, 2013. The increase during the first nine months of 2014 resulted from $78.4 million in net earnings, $27.4 million in other comprehensive income, net of tax, resulting from the net change in fair value of our investment securities portfolio, and $8.6 million for shares issued pursuant to our stock-based compensation plan, offset by $31.8 million for cash dividends declared on common stock and $5.4 million for stock repurchases.

The Company s 2013 Annual Report on Form 10-K (Management s Discussion and Analysis and Note 18 of the consolidated financial statements) describes the regulatory capital requirements of the Company and the Bank.

The Bank and the Company are required to meet risk-based capital standards set by their respective regulatory authorities. The risk-based capital standards require the achievement of a minimum ratio of total capital to risk-weighted assets of 8.0% (of which at least 4.0% must be Tier 1 capital). In addition, the regulatory authorities require the highest rated institutions to maintain a minimum leverage ratio of 4.0%. To be considered well-capitalized for bank regulatory purposes, the Bank and the Company are required to have a Tier 1 risk-based capital ratio equal to or greater than 6%, a total risk-based capital ratio equal to or greater than 10% and a Tier 1 leverage ratio equal to or greater than 5%. At September 30, 2014, the Bank and the Company exceeded the minimum risk-based capital ratios and leverage ratios required to be considered well-capitalized for regulatory purposes.

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During the first nine months of 2014, the Board of Directors of the Company declared a quarterly common stock cash dividend totaling $0.30 per share. Dividends are payable at the discretion of the Board of Directors and there can be no assurance that the Board of Directors will continue to pay dividends at the same rate, or at all, in the future. CVB s ability to pay cash dividends to its shareholders is subject to restrictions under federal and California law, including restrictions imposed by the Federal Reserve, and covenants set forth in various agreements we are a party to including covenants set forth in our junior subordinated debentures.

In July 2008, our Board of Directors authorized the repurchase of up to 10,000,000 shares of our common stock. During the first nine months of 2014, we repurchased 344,493 shares of our common stock outstanding. As of September 30, 2014, we had 7,420,678 shares of our common stock remaining that are eligible for repurchase.

The table below presents the Company s and the Bank s risk-based and leverage capital ratios as of September 30, 2014 and December 31, 2013.

			September 30, 2014		December 31, 2013	
Capital Ratios	**Adequately Capitalized Ratios**	**Well Capitalized Ratios**	**CVB Financial Corp. Consolidated**	**Citizens Business Bank**	**CVB Financial Corp. Consolidated**	**Citizens Business Bank**
Tier 1 leverage capital ratio	4.00%	5.00%	10.71%	10.62%	11.30%	11.20%
Tier 1 risk-based capital ratio	4.00%	6.00%	17.27%	17.13%	17.83%	17.67%
Total risk-based capital ratio	8.00%	10.00%	18.52%	18.38%	19.09%	18.93%

As a result of recently adopted federal regulatory changes to capital requirements (Basel III), which will become effective for us commencing in 2015, our board of directors, in consultation with management, will continue to assess the adequacy and components of our capital to ensure that we meet all required regulatory standards.

ASSET/LIABILITY AND MARKET RISK MANAGEMENT

Liquidity and Cash Flow

In general, liquidity risk is managed daily by controlling the level of fed funds and the use of funds provided by the cash flow from the investment portfolio, loan demand and deposit fluctuations. To meet unexpected demands, lines of credit are maintained with correspondent banks, the Federal Home Loan Bank and the Federal Reserve. The sale of bonds maturing in the near future can also serve as a contingent source of funds. Increases in deposit rates are considered a last resort as a means of raising funds to increase liquidity.

Since the primary sources and uses of funds for the Company are loans and deposits, the relationship between gross loans and total deposits provides a useful measure of the Bank s liquidity. Typically, the closer the ratio of loans to deposits is to 100%, the more reliant we are on loan portfolio interest and principal payments to provide for short-term liquidity needs. Since repayment of loans tends to be less predictable than the maturity of investments and other liquid resources, the higher the loans to deposit ratio the less liquid are the Company s assets. For the first nine months of 2014, the loan to deposit ratio averaged 67.01% compared to an average ratio of 71.01% for the same period in 2013. The ratio of loans to deposits and customer repurchases averaged 59.76% for the first nine months of 2014 and 63.91% for the same period in 2013.

CVB Financial Corp. (CVB) is a company separate and apart from the Bank that must provide for its own liquidity and must service its own obligations. Substantially all of CVB s revenues are obtained from dividends declared and paid by the Bank to CVB. There are statutory and regulatory provisions that could limit the ability of the Bank to pay dividends to CVB. In addition, our regulators could limit the ability of the Bank or the CVB to pay dividends or make other distributions.

Under applicable California law, the Bank cannot make any distribution (including a cash dividend) to its shareholder in an amount which exceeds the lesser of: (i) the retained earnings of the Bank or (ii) the net income of the Bank for its last three fiscal years, less the amount of any distributions made by the Bank to its shareholder during such period. Notwithstanding the foregoing, with the prior approval of the California Department of Business Oversight Commissioner, the Bank may make a distribution (including a cash dividend) to CVB in an amount not exceeding the greater of: (i) the retained earnings of the Bank; (ii) the net income of the Bank for its last fiscal year; or (iii) the net income of the Bank for its current fiscal year.

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Based on the Bank s last three fiscal years, at September 30, 2014, approximately $52.6 million of the Bank s equity was unrestricted and available to be paid as dividends to CVB. Management of the Company believes that such restrictions will not have any current impact on the ability of CVB to meet its ongoing cash obligations. As of September 30, 2014, neither the Bank nor CVB had any material commitments for capital expenditures.

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

Net cash provided by operating activities totaled $66.2 million for the first nine months of 2014, compared to $72.8 million for the same period last year. The decrease in cash provided by operating activities was primarily attributed to an increase in vendor and employee payments and a decrease in service charges and other fees received, partially offset by a decrease in income taxes paid and an increase in interest and dividends received.

Net cash used in investing activities totaled $196.9 million for the first nine months of 2014, compared to $212.2 million for the first nine months of 2013. The decrease in cash used in investing activities was primarily the result of a decrease in loan and lease finance receivables, a decrease in purchases of investment securities and the acquisition of ASB, net of cash paid, partially offset by a decrease in proceeds from repayment and sale of investment securities.

Net cash provided by financing activities totaled $276.1 million for the first nine months of 2014, compared to $172.4 million for the same period last year. The cash provided by financing activities during the first nine months of 2014 was primarily due to deposits, partially offset by $69.0 million for repayment of other borrowings and a decrease in customer repurchase agreements.

At September 30, 2014, cash and cash equivalents totaled $240.1 million. This represented an increase of $108.6 million, or 82.63%, from $131.4 million at September 30, 2013 and an increase of $145.4 million, or 153.51%, from $94.7 million at December 31, 2013. Total deposits of $5.76 billion at September 30, 2014 increased $868.7 million, or 17.76%, over total deposits of $4.89 billion at December 31, 2013.

Interest Rate Sensitivity Management

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

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

The interest rates paid on deposit accounts do not always move in unison with the rates charged on loans. In addition, the magnitude of changes in the rates charged on loans is not always proportionate to the magnitude of changes in the rate paid on deposits. Consequently, changes in interest rates do not necessarily result in an increase or decrease in the net interest margin solely as a result of the differences between re-pricing opportunities of earning assets or interest-bearing liabilities. In general, whether we report a positive gap in the short-term period or negative gap in the long-term period does not necessarily indicate that, if interest rates decreased, net interest income would increase, or if interest rates increased, net interest income would decrease.

Approximately $2.24 billion, or 71%, of the total investment portfolio at September 30, 2014 consisted of securities backed by mortgages. The final maturity of these securities can be affected by the speed at which the underlying mortgages repay. Mortgages tend to repay faster as interest rates fall, and slower as interest rates rise. As a result, we may be subject to a prepayment risk resulting from greater funds available for reinvestment at a time when available yields are lower. Conversely, we may be subject to extension risk resulting, as lesser amounts would be available for reinvestment at a time when available yields are higher. Prepayment risk includes the risk associated with the payment of an investment s principal faster than originally intended. Extension risk is the risk associated with the payment of an investment s principal over a longer time period than originally anticipated. In addition, there can be greater risk of price volatility for mortgage-backed securities as a result of anticipated prepayment or extension risk.

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

The simulation model estimates the impact of changing interest rates on interest income from all interest-earning assets and interest expense paid on all interest-bearing liabilities reflected on our balance sheet. This sensitivity analysis is compared to policy limits, which specify a maximum tolerance level for net interest income exposure over a one-year horizon assuming no balance sheet growth, given a 200 basis point upward and a 100 basis point downward shift in interest rates. A parallel and pro rata shift in rates over a 12-month period is assumed.

The following depicts the Company s net interest income sensitivity analysis as of September 30, 2014:

Simulated Rate Changes	Estimated Net Interest Income Sensitivity (1)
+ 200 basis points	(2.30%)
- 100 basis points	(0.55%)

(1) Cumulative changes from the base case for a 12-month period.

Based on our current models, we believe that the interest rate risk profile of the balance sheet is slightly liability-sensitive over a two year horizon. The estimated sensitivity does not necessarily represent a forecast and the results may not be indicative of actual changes to our net interest income. These estimates are based upon a number of assumptions including: the nature and timing of interest rate levels including yield curve shape, prepayments on loans and securities, pricing strategies on loans and deposits, and replacement of asset and liability cash flows. While the assumptions used are based on current economic and local market conditions, there is no assurance as to the predictive nature of these conditions including how customer preferences or competitor influences might change.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For quantitative and qualitative disclosures about market risks in our portfolio, see Asset/Liability Management and Interest Rate Sensitivity Management included in Item 2 Management s Discussion and Analysis of Financial Condition and Results of Operations presented elsewhere in this report. This analysis should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2013. Our analysis of market risk and market-sensitive financial information contain forward looking statements and is subject to the disclosure at the beginning of Part I regarding such forward-looking information.

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, we carried out an evaluation of the effectiveness of the Company s disclosure controls and procedures under the supervision and with the participation of the Chief Executive Officer, the Chief Financial Officer and other senior management of the Company. Based on the foregoing, the Company s Chief Executive Officer and the Chief Financial Officer concluded that the Company s disclosure controls and procedures were effective as of the end of the period covered by this report.

During our most recent fiscal quarter, there have been no changes in our internal control over financial reporting that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Certain lawsuits and claims arising in the ordinary course of business have been filed or are pending against us or our affiliates. Where appropriate, we establish reserves in accordance with FASB guidance over contingencies (ASC 450). The outcome of litigation and other legal and regulatory matters is inherently uncertain, however, and it is possible that one or more of the legal or regulatory matters currently pending or threatened could have a material adverse effect on our liquidity, consolidated financial position, and/or results of operations. As of September 30, 2014, the Company does not have any litigation reserves.

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The Company is involved in the following significant legal actions and complaints.

On July 26, 2010, we received a subpoena from the Los Angeles office of the SEC regarding the Company s allowance for loan loss methodology, loan underwriting guidelines, methodology for grading loans, and the process for making provisions for loan losses. In addition, the subpoena requested information regarding certain presentations Company officers have given or conferences Company officers have attended with analysts, brokers, investors or prospective investors. We have fully cooperated with the SEC in its investigation, and we will continue to do so if and to the extent any further information is requested, although we have not been contacted by the SEC in connection with this matter since October 2011. We cannot predict the timing or outcome of the SEC investigation or if it is still continuing.

In the wake of the Company s disclosure of the SEC investigation, on August 23, 2010, a purported shareholder class action complaint was filed against the Company, in an action captioned Lloyd v. CVB Financial Corp., et al., Case No. CV 10-06256- MMM, in the United States District Court for the Central District of California. Along with the Company, Christopher D. Myers (our President and Chief Executive Officer) and Edward J. Biebrich, Jr. (our former Chief Financial Officer) were also named as defendants. On September 14, 2010, a second purported shareholder class action complaint was filed against the Company, in an action originally captioned Englund v. CVB Financial Corp., et al., Case No. CV 10-06815-RGK, in the United States District Court for the Central District of California. The Englund complaint named the same defendants as the Lloyd complaint and made allegations substantially similar to those included in the Lloyd complaint. On January 21, 2011, the District Court consolidated the two actions for all purposes under the Lloyd action, now captioned as Case No. CV 10-06256-MMM (PJWx). That same day, the District Court also appointed the Jacksonville Police and Fire Pension Fund (the Jacksonville Fund) as lead plaintiff in the consolidated action and approved the Jacksonville Fund s selection of lead counsel for the plaintiffs in the consolidated action. On March 7, 2011, the Jacksonville Fund filed a consolidated complaint naming the same defendants and alleging violations by all defendants of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder and violations by the individual defendants of Section 20(a) of the Exchange Act. Specifically, the complaint alleges that defendants misrepresented and failed to disclose conditions adversely affecting the Company throughout the purported class period, which is alleged to be between October 21, 2009 and August 9, 2010. The consolidated complaint sought compensatory damages and other relief in favor of the purported class.

Following the filing by each side of various motions and briefs, and a hearing on August 29, 2011, the District Court issued a ruling on January 12, 2012, granting defendants motion to dismiss the consolidated complaint, but the ruling provided the plaintiffs with leave to file an amended complaint within 45 days of the date of the order. On February 27, 2012, the plaintiffs filed a first amended complaint against the same defendants, and, following filings by both sides and another hearing on June 4, 2012, the District Court issued a ruling on August 21, 2012, granting defendants motion to dismiss the first amended complaint, but providing the plaintiffs with leave to file another amended complaint within 30 days of the ruling. On September 20, 2012, the plaintiffs filed a second amended complaint against the same defendants, the Company filed its third motion to dismiss on October 25, 2012, and following another hearing on February 25, 2013, the District Court issued an order dismissing the plaintiffs complaint for the third time on May 9, 2013.

Although the District Court s most recent order of dismissal provided the plaintiffs with leave to file a third amended and restated complaint within 30 days of the issuance of the order, on June 3, 2013, counsel for the plaintiffs instead filed a Notice of Intent Not to File an Amended Complaint, along with a request that the District Court convert its order to a dismissal with prejudice, so that plaintiffs could proceed straight to appeal at the U.S. Court of Appeals for the Ninth Circuit. On September 30, 2013, the District Court entered its order dismissing the plaintiffs second amended complaint with prejudice, and the plaintiffs filed their notice of appeal on October 24, 2013.

With respect to the appeal, the plaintiffs opening brief was filed on June 7, 2014, the Company s reply brief was filed on July 7, 2014, and the plaintiff s rebuttal brief was filed on August 20, 2014. It is expected that the Court of Appeals will schedule oral argument at some point within the next six to nine months, and would then issue its opinion at some point six to nine months thereafter.

The Company intends to continue to vigorously contest the plaintiff s allegations in this case.

On February 28, 2011, a purported and related shareholder derivative complaint was filed in an action captioned Sanderson v. Borba, et al., Case No. CIVRS1102119, in California State Superior Court in San Bernardino County. The complaint names as defendants the members of our board of directors and also refers to unnamed defendants allegedly responsible for the conduct alleged. The Company is included as a nominal defendant. The complaint alleges breaches of fiduciary duties, abuse of control, gross mismanagement and corporate waste. Specifically, the complaint alleges, among other things, that defendants engaged in accounting manipulations in order to falsely portray the Company s financial results in connection with its commercial real estate portfolio. Plaintiff seeks compensatory and exemplary damages to be paid by the defendants and awarded to the Company, as well as other relief.

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On June 20, 2011, defendants filed a demurrer requesting dismissal of the derivative complaint. Following the filing by each side of additional motions, the parties have subsequently filed repeated notices to postpone the Court s hearing on the defendants demurrer, pending resolution of the federal securities shareholder class action complaint. On July 30, 2013, the Court signed a Minute Order agreeing to the parties stipulation to further extend the postponement of the derivative action hearing, at least to the date of any ruling by the Ninth Circuit Court of Appeals in connection with the pending appeal in the federal class action securities case, subject to brief status conferences every six months or so, with the next status update scheduled for March 25, 2015.

Because the outcome of these proceedings is uncertain, we cannot predict any range of loss or even if any loss is probable related to the actions described above.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors as previously disclosed in Item 1A. to Part I of our Annual Report on Form 10-K for the year ended December 31, 2013. The materiality of any risks and uncertainties identified in our Forward Looking Statements contained in this report together with those previously disclosed in the Form 10-K and any subsequent Form 10-Q or those that are presently unforeseen could result in significant adverse effects on our financial condition, results of operations and cash flows. See Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations in this Quarterly Report on Form 10-Q. California has recently experienced a number of years with precipitation at relatively low levels. As a result, Governor Brown has declared an extreme drought condition and has asked for a 20% decrease in consumption levels. The drought conditions and the availability to access adequate levels of water may have negative financial effects on individuals and businesses in our marketplace.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On July 16, 2008, our Board of Directors approved a program to repurchase up to 10,000,000 shares of our common stock (such number will not be adjusted for stock splits, stock dividends, and the like) in the open market or in privately negotiated transactions, at times and at prices considered appropriate by us, depending upon prevailing market conditions and other corporate and legal considerations. There is no expiration date for our current stock repurchase program. We did not repurchase any shares during the third quarter of 2014. As of September 30, 2014, we had 7,420,678 shares of our common stock remaining available for repurchase.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

Exhibit No.	Description of Exhibits
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CVB FINANCIAL CORP.

(Registrant)

Date: November 10, 2014

/s/ Richard C. Thomas
Duly Authorized Officer and
Chief Financial Officer