

COMMUNITY WEST BANCSHARES /
Form 10-Q
May 14, 2007

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2007

or

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

For the transition period from _____ to _____

Commission File Number: **000-23575**

COMMUNITY WEST BANCSHARES

(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of incorporation
or organization)

77-0446957
(I.R.S. Employer Identification No.)

445 Pine Avenue, Goleta, California
(Address of principal executive offices)

93117
(Zip Code)

(805) 692-5821
(Registrant's telephone number, including area code)

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

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

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

Number of shares of common stock of the registrant outstanding as of May 11, 2007: 5,852,185 shares



TABLE OF CONTENTS

PART I. <u>FINANCIAL INFORMATION</u>	PAGE
ITEM 1. <u>FINANCIAL STATEMENTS (UNAUDITED)</u>	
<u>CONSOLIDATED BALANCE SHEETS</u>	3
<u>CONSOLIDATED INCOME STATEMENTS</u>	4
<u>CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY</u>	5
<u>CONSOLIDATED STATEMENTS OF CASH FLOWS</u>	6
<u>NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS</u>	7

The financial statements included in this Form 10-Q should be read with reference to Community West Bancshares' Annual Report on Form 10-K for the fiscal year ended December 31, 2006.

ITEM 2. <u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	10
ITEM 3. <u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	19
ITEM 4. <u>CONTROLS AND PROCEDURES</u>	19

PART II. OTHER INFORMATION

ITEM 1. <u>LEGAL PROCEEDINGS</u>	20
ITEM 1A <u>RISK FACTORS</u>	20
ITEM 2. <u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	20
ITEM 3. <u>DEFAULTS UPON SENIOR SECURITIES</u>	20
ITEM 4. <u>SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS</u>	20
ITEM 5. <u>OTHER INFORMATION</u>	20
ITEM 6. <u>EXHIBITS</u>	20

SIGNATURES

Table of Contents**PART I - FINANCIAL INFORMATION****ITEM 1.****FINANCIAL STATEMENTS****COMMUNITY WEST BANCSHARES
CONSOLIDATED BALANCE SHEETS**

	March 31, 2007 (unaudited)	December 31, 2006
	(dollars in thousands)	
ASSETS		
Cash and due from banks	\$ 5,181	\$ 4,190
Federal funds sold	19,083	7,153
Cash and cash equivalents	24,264	11,343
Time deposits in other financial institutions	655	536
Investment securities available-for-sale, at fair value; amortized cost of \$21,812 at March 31, 2007 and \$22,340 at December 31, 2006	21,593	22,097
Investment securities held-to-maturity, at amortized cost; fair value of \$11,383 at March 31, 2007 and \$10,437 at December 31, 2006	11,473	10,535
Federal Home Loan Bank stock, at cost	4,621	4,465
Federal Reserve Bank stock, at cost	812	812
Interest only strips, at fair value	1,200	1,314
Loans:		
Loans held for sale, at lower of cost or fair value	82,108	75,795
Loans held for investment, net of allowance for loan losses of \$4,110 at March 31, 2007 and \$3,926 at December 31, 2006	390,778	375,777
Total loans	472,886	451,572
Servicing rights	1,735	1,968
Other real estate owned, net	356	356
Premises and equipment, net	2,811	2,802
Other assets	8,745	8,815
TOTAL ASSETS	\$ 551,151	\$ 516,615
LIABILITIES		
Deposits:		
Non-interest-bearing demand	\$ 38,854	\$ 33,033
Interest-bearing demand	51,013	49,975
Savings	14,762	14,522
Time certificates of \$100,000 or more	195,790	174,666
Other time certificates	99,711	96,551
Total deposits	400,130	368,747
Federal Home Loan Bank advances	98,000	95,000
Other liabilities	5,422	6,048
Total liabilities	503,552	469,795
STOCKHOLDERS' EQUITY		
Common stock, no par value; 10,000,000 shares authorized; 5,846,868 shares issued and outstanding at March 31, 2007 and 5,814,568 at December 31, 2006	31,081	30,794
Retained earnings	16,646	16,169
Accumulated other comprehensive income (loss), net	(128)	(143)
Total stockholders' equity	47,599	46,820

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	551,151	\$	516,615
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See accompanying notes.

3

Table of Contents

COMMUNITY WEST BANCSHARES
CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

	Three Months Ended	
	March 31,	
	2007	2006
	(in thousands, except per share amounts)	
INTEREST INCOME		
Loans	\$ 10,435	\$ 8,516
Investment securities	444	349
Other	169	184
Total interest income	11,048	9,049
INTEREST EXPENSE		
Deposits	4,112	2,840
Other borrowings	1,191	676
Total interest expense	5,303	3,516
NET INTEREST INCOME	5,745	5,533
Provision for loan losses	285	181
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	5,460	5,352
NON-INTEREST INCOME		
Gains from loan sales, net	104	324
Other loan fees	743	644
Other	328	359
Total non-interest income	1,175	1,327
NON-INTEREST EXPENSES		
Salaries and employee benefits	3,602	3,217
Occupancy and equipment expenses	590	569
Other operating expenses	1,007	724
Total non-interest expenses	5,199	4,510
Income before provision for income taxes	1,436	2,169
Provision for income taxes	610	910
NET INCOME	\$ 826	\$ 1,259
INCOME PER SHARE - BASIC		
	\$ 0.14	\$ 0.22
INCOME PER SHARE - DILUTED		
	\$ 0.14	\$ 0.21
Basic weighted average number of common shares outstanding	5,824	5,767
Diluted weighted average number of common shares outstanding	6,030	5,976

See accompanying notes.

Table of Contents

COMMUNITY WEST BANCSHARES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	Common Stock		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount			
(in thousands)					
BALANCES AT					
JANUARY 1, 2007	5,815	\$ 30,794	\$ 16,169	\$ (143)	\$ 46,820
Exercise of stock options	32	203		-	203
Stock-based compensation		44			44
Tax benefit from stock options		40			40
Comprehensive income:					
Net income			826	-	826
Change in unrealized losses on securities available-for-sale, net				15	15
Comprehensive income					841
Cash dividends paid (\$0.06 per share)			(349)		(349)
BALANCES AT					
MARCH 31, 2007	5,847	\$ 31,081	\$ 16,646	\$ (128)	\$ 47,599

See accompanying notes.

Table of Contents

COMMUNITY WEST BANCSHARES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Three Months Ended	
	March 31,	
	2007	2006
	(in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 826	\$ 1,259
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	285	181
Depreciation and amortization	126	121
Stock-based compensation	44	39
Net amortization of discounts and premiums for investment securities	8	6
Gains on:		
Sale of other real estate owned	-	17
Sale of loans held for sale	(104)	(244)
Loans originated for sale and principal collections, net	1,319	8
Changes in:		
Fair value of interest only strips, net of accretion	114	232
Servicing rights, net of amortization and valuation adjustments	233	269
Other assets	46	39
Other liabilities	(571)	595
Net cash provided by operating activities	2,326	2,522
CASHFLOWS FROM INVESTING ACTIVITIES:		
Purchase of held-to-maturity securities	(2,000)	-
Purchase of available-for-sale securities	-	(1,999)
Purchase of Federal Home Loan Bank stock	(94)	-
Federal Home Loan Bank stock dividend	(62)	(31)
Principal paydowns and maturities of held-to-maturity securities	1,052	734
Principal paydowns and maturities of available-for-sale securities	530	2,409
Loan originations and principal collections, net	(22,814)	(1,722)
Proceeds from sale of other real estate owned	-	99
Net (increase) decrease in time deposits in other financial institutions		