

COMMUNITY WEST BANCSHARES /
Form 10-Q
August 03, 2018

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 June 30, 2018 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 77-0446957
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

445 Pine Avenue, Goleta, California 93117
(Address of principal executive offices) (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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock of the registrant issued and outstanding of 8,253,582 as of July 27, 2018.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

COMMUNITY WEST BANCSHARES
CONSOLIDATED BALANCE SHEETS

	June 30, 2018 (unaudited) (in thousands, except share amounts)	December 31, 2017
Assets:		
Cash and due from banks	\$ 3,376	\$ 3,639
Federal funds sold	9	12
Interest-earning demand in other financial institutions	50,977	42,218
Cash and cash equivalents	54,362	45,869
Investment securities - available-for-sale, at fair value; amortized cost of \$26,858 at June 30, 2018 and \$28,742 at December 31, 2017	26,685	28,783
Investment securities - held-to-maturity, at amortized cost; fair value of \$6,837 at June 30, 2018 and \$7,671 at December 31, 2017	6,856	7,565
Investment securities - measured at fair value; amortized cost of \$66 at June 30, 2018 and December 31, 2017.	179	—
Federal Home Loan Bank stock, at cost	2,714	2,347
Federal Reserve Bank stock, at cost	1,373	1,373
Loans:		
Held for sale, at lower of cost or fair value	52,886	55,094
Held for investment, net of allowance for loan losses of \$8,622 at June 30, 2018 and \$8,420 at December 31, 2017	698,382	671,095
Total loans	751,268	726,189
Other assets acquired through foreclosure, net	213	372
Premises and equipment, net	5,976	5,581
Other assets	15,501	15,236
Total assets	\$ 865,127	\$ 833,315
Liabilities:		
Deposits:		
Non-interest-bearing demand	\$ 107,168	\$ 108,500
Interest-bearing demand	260,708	256,717
Savings	14,515	14,085
Certificates of deposit (\$250,000 or more)	88,752	81,985
Other certificates of deposit	231,460	238,397
Total deposits	702,603	699,684
Other borrowings	81,843	56,843
Other liabilities	7,233	6,718
Total liabilities	791,679	763,245
Stockholders' equity:		
Common stock — no par value, 60,000,000 shares authorized; 8,253,582 shares issued and outstanding at June 30, 2018 and 8,193,339 at December 31, 2017	43,117	42,604
Retained earnings	30,442	27,441

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Accumulated other comprehensive income (loss)	(111)	25
Total stockholders' equity	73,448		70,070
Total liabilities and stockholders' equity	\$ 865,127		\$ 833,315

See the accompanying notes.

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COMMUNITY WEST BANCSHARES

CONSOLIDATED INCOME STATEMENTS (unaudited)

	Three Months		Six Months Ended	
	Ended June 30, 2018	2017	June 30, 2018	2017
	(in thousands, except per share amounts)			
Interest income:				
Loans, including fees	\$ 10,020	\$ 8,788	\$ 19,671	\$ 17,230
Investment securities and other	381	278	718	539
Total interest income	10,401	9,066	20,389	17,769
Interest expense:				
Deposits	1,708	941	3,151	1,799
Other borrowings	382	89	577	160
Total interest expense	2,090	1,030	3,728	1,959
Net interest income	8,311	8,036	16,661	15,810
Provision (credit) for loan losses	117	120	(27)	264
Net interest income after provision for loan losses	8,194	7,916	16,688	15,546
Non-interest income:				
Other loan fees	323	342	619	645
Document processing fees	130	151	247	284
Service charges	122	112	238	208
Other	113	92	223	201
Total non-interest income	688	697	1,327	1,338
Non-interest expenses:				
Salaries and employee benefits	4,042			