COMMUNITY WEST BANCSHARES / Form 10-O November 06, 2017

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 September 30, 2017 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) (I.R.S. Employer Identification No.)

77-0446957

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, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting 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

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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 8,178,539 as of October 31, 2017.

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Item 1. Financial Statements

COMMUNITY WEST BANCSHARES CONSOLIDATED BALANCE SHEETS

| Assets: amounts) Cash and due from banks \$ 2,356 \$ 2,385 Federal funds sold 13 16 Interest-earning demand in other financial institutions 49,202 31,715 Cash and cash equivalents 51,571 34,116 Investment securities - available-for-sale, at fair value; amortized cost of \$29,808 29,927 22,681 Investment securities - available-for-sale, at fair value; amortized cost of \$29,808 29,927 22,681 Investment securities - held-to-mattrity, at amortized cost; fair value of \$8,384 at 51,571 34,116 Federal Home Loan Bank stock, at cost 1,373 1,373 1,373 Loans: - - - Fedderal Home Loan Bank stock, at cost 1,373 1,373 1,373 Loans: - - - - Pedido raske, at lower of cost or fair value 58,561 61,416 Held for sale, at lower of cost or fair value 58,522 561,939 Total loans 714,4383 623,355 50 Other assets acquired through foreclosure, net 486 137 | | September 30, 2017 (unaudited) (in thousands, ex | December 31, 2016 |
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| Certificates of deposit (\$250,000 or more) $81,160$ $77,509$ Other certificates of deposit $218,370$ $167,325$ Total deposits $697,154$ $612,236$ Other borrowings $55,843$ $29,000$ Other liabilities $6,387$ $4,000$ Total liabilities $759,384$ $645,236$ Stockholders' equity: $759,384$ $645,236$ Common stock — no par value, $60,000,000$ shares authorized; $8,169,439$ shares issued and outstanding at September 30, 2017 and $8,096,039$ at December 31, 2016 $42,376$ $41,575$ Retained earnings $27,320$ $23,790$ | - | | |
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| Total deposits $697,154$ $612,236$ Other borrowings $55,843$ $29,000$ Other liabilities $6,387$ $4,000$ Total liabilities $759,384$ $645,236$ Stockholders' equity: Common stock — no par value, $60,000,000$ shares authorized; $8,169,439$ shares issued and outstanding at September 30, 2017 and $8,096,039$ at December 31, 2016 $42,376$ $41,575$ Retained earnings $27,320$ $23,790$ | | , | |
| Other borrowings55,84329,000Other liabilities6,3874,000Total liabilities759,384645,236Stockholders' equity: Common stock — no par value, 60,000,000 shares authorized; 8,169,439 shares issued and outstanding at September 30, 2017 and 8,096,039 at December 31, 201642,37641,575Retained earnings27,32023,790 | | | |
| Other liabilities6,3874,000Total liabilities759,384645,236Stockholders' equity: Common stock — no par value, 60,000,000 shares authorized; 8,169,439 shares issued and outstanding at September 30, 2017 and 8,096,039 at December 31, 201642,37641,575Retained earnings27,32023,790 | - | | |
| Total liabilities759,384645,236Stockholders' equity: Common stock — no par value, 60,000,000 shares authorized; 8,169,439 shares issued and outstanding at September 30, 2017 and 8,096,039 at December 31, 201642,37641,575201642,37641,575Retained earnings27,32023,790 | | | |
| Common stock — no par value, 60,000,000 shares authorized; 8,169,439 shares issued and outstanding at September 30, 2017 and 8,096,039 at December 31, 201642,37641,575Retained earnings27,32023,790 | | | |
| Common stock — no par value, 60,000,000 shares authorized; 8,169,439 shares issued and outstanding at September 30, 2017 and 8,096,039 at December 31, 201642,37641,575Retained earnings27,32023,790 | Stockholders' equity: | | |
| 201642,37641,575Retained earnings27,32023,790 | | | |
| 201642,37641,575Retained earnings27,32023,790 | issued and outstanding at September 30, 2017 and 8,096,039 at December 31, | | |
| Retained earnings27,32023,790 | | 42,376 | 41,575 |
| | | | |
| | | | |

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| Total stockholders' equity | 69,766 | 65,336 |
|--------------------------------------------|------------|------------|
| Total liabilities and stockholders' equity | \$ 829,150 | \$ 710,572 |

See the accompanying notes.

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<u>Table of Contents</u> COMMUNITY WEST BANCSHARES CONSOLIDATED INCOME STATEMENTS (unaudited)

| | Three Months | | | |
|-----------------------------------------------------|--------------|-------------|-------------------|----------|
| | Ended | | Nine Months Ended | |
| | September | r 30, | September 30, | |
| | 2017 | 2016 | 2017 | 2016 |
| Interest income: | (in thousa | nds, except | t per share a | amounts) |
| Loans, including fees | \$9,340 | \$8,228 | \$26,570 | \$22,817 |
| Investment securities and other | 355 | 288 | 894 | 817 |
| Total interest income | 9,695 | 8,516 | 27,464 | 23,634 |
| Interest expense: | | | | |
| Deposits | 1,185 | 733 | 2,984 | 2,088 |
| Other borrowings | 134 | 74 | 294 | 219 |
| Total interest expense | 1,319 | 807 | 3,278 | 2,307 |
| Net interest income | 8,376 | 7,709 | 24,186 | 21,327 |
| Provision (credit) for loan losses | 159 | 22 | 423 | (164) |
| Net interest income after provision for loan losses | 8,217 | 7,687 | 23,763 | 21,491 |
| Non-interest income: | | | | |
| Other loan fees | 354 | 270 | 999 | 827 |
| Document processing fees | 146 | 130 | 430 | 381 |
| Service charges | 118 | 100 | 326 | 292 |
| Other | 98 | 59 | 299 | 215 |
| Total non-interest income | 716 | 559 | 2,054 | 1,715 |
| Non-interest expenses: | | | | |
| Salaries and employee benefits | 3,839 & | :# | | |