

Edgar Filing: COMMUNITY WEST BANCSHARES / - Form 8-K

COMMUNITY WEST BANCSHARES /
Form 8-K
September 07, 2001

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): September 7, 2001

Community West Bancshares

(Exact Name of Registrant as Specified in its Charter)

California	000-23575	77-0446957
-----	-----	-----
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification Number)

445 Pine Avenue, Goleta, California,	93117
-----	-----
(Address of Principal Executive Offices)	(Zip Code)

(805) 692-1862

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Exhibit Index at Page: 2
Total No. of Pages: 7

ITEM 2. DISPOSITION OF ASSETS

Community West Bancshares (the "Registrant") filed a Current Report on Form 8-K dated August 24, 2001 to report the sale of its subsidiary, Palomar Community Bank to Centennial First Financial Services (OTCBB:CFEX). This Current Report on Form 8-K is being submitted to provide and exhibit pro forma financial statements for informational purposes and to comply with SEC guidelines.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

Edgar Filing: COMMUNITY WEST BANCSHARES / - Form 8-K

- (a) Not applicable
- (b) Pro Forma Financial Information

Introduction to Unaudited Pro Forma Consolidated Financial Statements
Unaudited Pro Forma Consolidated Balance Sheet as of June 30, 2001
Notes to Unaudited Pro Forma Consolidated Balance Sheet
Unaudited Pro Forma Consolidated Statement of Operations for the year ended
December 31, 2000
Unaudited Pro Forma Consolidated Statement of Operations for the six months
ended June 30, 2001
Notes to Unaudited Pro Forma Consolidated Statement of Operations

- (c) Not applicable

SIGNATURES

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

Date: September 7, 2001

COMMUNITY WEST BANCSHARES

By: /s/ Lynda Pullon Radke

Lynda Pullon Radke
Senior Vice President and
Chief Financial Officer

INTRODUCTION TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS REFLECTING
THE DISPOSITION OF ASSETS

The following unaudited pro forma consolidated balance sheet was prepared from the unaudited consolidated balance sheet of Community West Bancshares for the six months ended June 30, 2001.

The following unaudited pro forma consolidated statements of operations were prepared from the audited consolidated statement of operations of Community West Bancshares for the year ended December 31, 2000 and from the unaudited consolidated statement of operations of Community West Bancshares for the six months ended June 30, 2001.

The asset disposition of Palomar Community Bank is assumed to have occurred on June 30, 2001 for the unaudited pro forma consolidated balance sheet and statement of operations and for the statement of operations year ended December 31, 2000. To conform with SEC guidance with regards to pro forma presentation, the pro forma statements of operations for the year ended December 31, 2000 and June 30, 2001 do not reflect asset impairments, gain or losses associated with the disposition of Palomar Community Bank. The impairment charge reflected in the audited December 31, 2000 statement of operations has been eliminated to arrive at the unaudited pro forma consolidated statement of operations for the year ended December 31, 2000.

The unaudited pro forma consolidated financial statements are for

Edgar Filing: COMMUNITY WEST BANCSHARES / - Form 8-K

informational purposes and do not provide guarantees of future performance. The following unaudited consolidated pro forma financial statements should be read in conjunction with the accompanying notes. The pro forma financial statements are based on Community West Bancshares Annual Report on Form 10-K for the year ended December 31, 2000, and Quarterly Report on Form 10Q for the six months ended June 30, 2001.

3

The following is a preliminary calculation of the estimated impact to the statement of operations resulting in the disposition of Palomar Community Bank:

	Community West Bancshares
Cash Proceeds	\$ 10,500,000.00
Less: Net book value of equity disposed of	\$ (7,320,691.00)
Less: Net other comprehensive income	\$ (14,461.00)
Less: Estimated goodwill, net of accumulated amortization	\$ (3,341,746.00)

Estimated gain before income taxes	\$ (176,898.00)

Less: Estimated income taxes	\$ (1,000,000.00)

Estimated loss	\$ (1,176,898.00)

4

COMMUNITY WEST BANCSHARES
UNAUDITED PRO FORMA
CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2001

	Community West Bancshares Consolidated	P
	-----	-----
ASSETS		
Cash and due from banks	\$ 7,940,790	\$
Federal funds sold	21,347,553	

Cash and cash equivalents	29,288,343	
Time deposits in other financial institutions	3,555,000	
Federal Reserve Bank and Federal Home Loan Bank stock, at cost	1,084,173	
Investment securities held-to-maturity	400,260	

Edgar Filing: COMMUNITY WEST BANCSHARES / - Form 8-K

Investment securities available-for-sale	3,239,699
Interest only strips, at fair value	9,292,441
Loans:	
Held for sale, at lower of cost or fair market value	43,701,233
Securitized loans, net of allowance for loan losses	165,409,777
Held for investment, net of allowance for loan losses	132,248,871
Servicing assets	2,676,015
Other real estate owned, net	237,852
Premises and equipment, net	3,648,143
Intangible assets, net	3,341,746
Accrued interest receivable and other assets	9,871,702

TOTAL ASSETS	-----	\$	407,594,995	\$	-----
					=====

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES:

Deposits:

Noninterest-bearing demand	\$	40,921,236	\$
Interest-bearing demand		35,701,052	
Savings		16,916,494	
Time certificates of \$100,000 or more		79,183,888	
Other time certificates		74,519,667	

TOTAL DEPOSITS	-----	247,242,337	-----
----------------	-------	-------------	-------

Bonds payable in connections with securitized loans, net of issuance costs	111,158,454
Other borrowings	5,500,000
Accrued interest payable and other liabilities	4,040,919

TOTAL LIABILITIES	-----	367,941,710	-----
-------------------	-------	-------------	-------

COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS' EQUITY

Common stock	31,443,599
Retained earnings	8,595,485

Accumulated other comprehensive gain (loss)	-----	14,461	-----
---	-------	--------	-------

TOTAL STOCKHOLDERS' EQUITY	-----	40,053,545	-----
----------------------------	-------	------------	-------

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	407,995,255	\$	-----
				=====

Community West Bancshares
Pro Forma Consolidated

ASSETS

Cash and due from banks	\$16,499,318
-------------------------	--------------

Edgar Filing: COMMUNITY WEST BANCSHARES / - Form 8-K

Federal funds sold		9,480,000

Cash and cash equivalents		25,979,318
Time deposits in other financial institutions		786,000
Federal Reserve Bank and Federal Home Loan Bank stock, at cost		775,073
Investment securities held-to-maturity		400,260
Investment securities available-for-sale		-
Interest only strips, at fair value		9,292,441
Loans:		
Held for sale, at lower of cost or fair market value		43,701,233
Securitized loans, net of allowance for loan losses		165,409,777
Held for investment, net of allowance for loan losses		77,565,230
Servicing assets		2,676,015
Other real estate owned, net		237,852
Premises and equipment, net		3,403,321
Intangible assets, net		-
Accrued interest receiveable and other assets		8,909,305

TOTAL ASSETS	\$	338,735,565
		=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits:		
Noninterest-bearing demand	\$	30,932,888
Interest-bearing demand		18,998,646
Savings		11,378,505
Time certificates of \$100,000 or more		70,596,189
Other time certificates		47,924,298

TOTAL DEPOSITS		179,830,526
Bonds payable in connections with securitized loans, net of issuance costs		111,158,454
Other borrowings		5,500,000
Accrued interest payable and other liabilities		2,770,198

TOTAL LIABILITIES		299,259,178

COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock		18,958,251
Retained earnings		20,918,396
Accumulated other comprehensive gain (loss)		-

TOTAL STOCKHOLDERS' EQUITY		39,876,647

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	339,135,825
		=====

Edgar Filing: COMMUNITY WEST BANCSHARES / - Form 8-K

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

December 2000, the Registrant entered into a definitive agreement to sell its subsidiary, Palomar Community Bank for \$10.5 in cash.

The transaction closed in August of 2001. Pursuant to pro forma presentation guidelines, the unaudited pro forma consolidated balance sheet as of June 30, 2001 is presented as if the transaction had occurred on June 30, 2001.

The following adjustments have been made to the unaudited pro forma consolidated balance sheet:

- (a) To record the sale proceeds of \$10,500,000 for the sale of Palomar Community Bank
- (b) Elimination of Palomar Community Bank assets/liabilities and equity
- (c) To record the write-off of goodwill associated with Palomar Community Bank, net of accumulated amortization

5

COMMUNITY WEST BANCSHARES
 PRO FORMA CONSOLIDATED
 STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED DECEMBER 31, 2000

	Community West Bancshares Consolidated	Less: Palomar Community Bank (a)	Pro For Adjustme
	-----	-----	-----
INTEREST INCOME:			
Loans, including fees	\$ 49,765,279	\$ (5,050,612)	
Federal funds sold	1,405,179	(320,401)	
Investment securities	497,495	(388,724)	
Time deposits in other financial institutions	113,236	(113,236)	
	-----	-----	-----
Total interest income	51,781,189	(5,872,973)	
	-----	-----	-----
INTEREST EXPENSE:			
Deposits	11,334,050	(2,530,653)	
Bonds payable and other borrowings	14,726,064	-	
	-----	-----	-----
Total interest expense	26,060,114	(2,530,653)	
	-----	-----	-----
NET INTEREST INCOME	25,721,075	(3,342,320)	
	-----	-----	-----
PROVISION FOR LOAN LOSSES	6,793,812	(210,232)	
	-----	-----	-----

Edgar Filing: COMMUNITY WEST BANCSHARES / - Form 8-K

NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	18,927,263	(3,132,088)	
OTHER INCOME:			
Gains from loan sales, net	7,491,243	(45,333)	
Income from sale of interest in subsidiary	2,080,000	-	
Loan servicing fees	2,790,151	(87,574)	
Other loan fees - sold or brokered loans	1,825,703	(77,913)	
Document processing fees	1,116,556	-	
Service charges	559,142	(80,495)	
Gain from sale of servicing asset	186,531	(186,531)	
Other income	234,052	(59,683)	
Total other income	16,283,378	(537,529)	
OTHER EXPENSES:			
Salaries and employee benefits	15,241,058	(1,366,784)	
Occupancy expenses	2,401,450	(299,406)	
Depreciation expenses	1,517,218	(121,208)	
Other operating expenses	3,288,969	(241,654)	
Loan servicing and collection expense	2,325,770	-	
Professional services	949,416	(127,193)	
Advertising expense	705,566	(93,085)	
Data processing/ATM processing	345,173	(211,361)	
Postage & freight	294,994	(32,097)	
Office supply expense	391,022	(48,456)	
Amortization of intangible assets	404,099	(391,708)	
Impairment of goodwill	2,110,303	(2,110,303)	2,110,
Total other expenses	29,975,038	(5,043,255)	2,110,
INCOME BEFORE PROVISION (BENEFIT FROM) FOR INCOME TAXES	5,235,603	1,373,638	\$ (2,110,
PROVISION (BENEFIT FROM) FOR INCOME TAXES	\$ 2,538,466	\$ (450,800)	\$
NET INCOME	\$ 2,697,137	\$ 1,824,438	\$ (2,110,
EARNINGS PER SHARE - BASIC	\$ 0.44		
EARNINGS PER SHARES - DILUTED	\$ 0.43		

Edgar Filing: COMMUNITY WEST BANCSHARES / - Form 8-K

STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2001

	Community West Bancshares Consolidated	Less: Palomar Community Bank (a)	Pro Fo Adjustm
INTEREST INCOME:			
Loans, including fees	\$ 20,621,184	\$ (2,437,861)	
Federal funds sold	730,544	(356,650)	
Investment securities	211,569	(143,556)	
Time deposits in other financial institutions	69,325	(53,578)	
Total interest income	21,632,622	(2,991,645)	
INTEREST EXPENSE:			
Deposits	5,460,884	(1,170,744)	
Bonds payable and other borrowings	5,583,630	-	
Total interest expense	11,044,514	(1,170,744)	
NET INTEREST INCOME	10,588,108	(1,820,901)	
PROVISION FOR LOAN LOSSES	5,003,117	(115,214)	
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	5,584,991	(1,705,687)	
OTHER INCOME:			
Gains from loan sales, net	3,417,806	(1,720)	
Loan servicing fees	1,950,128	(2,130)	
Loan origination fees - sold or brokered items	1,573,360	(48,228)	
Document processing fees	922,818	-	
Service charges	330,841	(53,995)	
Other income	657,367	(32,676)	
Proceeds from legal settlement	7,000,000	-	
Total other income	15,852,320	(138,749)	
OTHER EXPENSES:			
Salaries and employee benefits	8,795,184	(710,779)	
Occupancy expenses	1,832,747	(223,834)	
Other operating expenses	1,303,522	(200,001)	
Professional services	594,094	(36,828)	
Loan servicing and collection expense	583,445	-	
Advertising expense	311,456	(54,612)	
Data processing/ATM processing	206,347	(104,021)	
Postage & freight	181,284	(26,540)	
Office supply expense	183,428	(27,060)	
Amortization of intangible assets	142,384	(142,384)	
Professional expenses associated with			

Edgar Filing: COMMUNITY WEST BANCSHARES / - Form 8-K

legal settlement	2,392,000	-	
	-----	-----	-----
Total other expenses	16,525,891	(1,526,059)	
	-----	-----	-----
INCOME BEFORE PROVISION (BENEFIT FROM)	\$ 4,911,420	\$ (318,377)	\$
	=====	=====	=====
FOR INCOME TAXES			
PROVISION (BENEFIT FROM) FOR INCOME TAXES	\$ (146,685)	\$ (176,700)	\$
	=====	=====	=====
NET INCOME	\$ 5,058,105	\$ (141,677)	\$
	=====	=====	=====
EARNINGS PER SHARE - BASIC	\$ 0.83		
	=====		
EARNINGS PER SHARES - DILUTED	\$ 0.83		
	=====		

The unaudited pro forma consolidated statement of operations for the year ended December 31, 2000, and the six months ended June 30, 2001 are presented as if the disposition of Palomar Community Bank had taken place on January 1, 2000.

In accordance with SEC guidelines the impairment writedown accounted for year ending 2000, has been eliminated from the December 31, 2000 statement of operations. Any operational income subsequent to the period ending December 31, 2000 has been identified and reflected in these pro forma statements of operations.

The following adjustments have been made to the unaudited pro forma consolidated statement of operations:

- (a) To eliminate Palomar Community Bank income from operations
- (b) Elimination of the impairment of goodwill relating to Palomar Community Bank