

# Community West Bancshares

2011 ANNUAL REPORT



## Moving Forward

## TO OUR SHAREHOLDERS,

Over the past four years, community banks and the U.S. economy have faced unprecedented challenges. Although the economy is starting to improve, the markets remain uncertain about timing of the recovery. We believe the banking industry will be one of the last sectors to benefit from the long-awaited rebound in the economy.

We have been working aggressively to manage the impact the financial crisis has had on Community West Bancshares while making necessary changes to our operations to help us weather this storm over the long term. In addition to adding Shereef Moharram and Eric Onnen, two highly respected local business people to our Boards of Directors, we also recruited Marty Plourd to be the President of the Bank and Steve Rosso to be our Chief Credit Officer. We are pleased to welcome these highly experienced bankers and outstanding community leaders to our team.

We made good progress in improving our deposit mix by increasing core deposits to 70% of total deposits. In addition, nonaccrual loans declined to \$28.7 million, or 5.23% of total loans at December 31, 2011 compared to \$36.6 million, or 6.50% of total loans just three months earlier. The net interest margin increased 27 basis points to 4.84% in the fourth quarter of 2011 compared to the fourth quarter a year ago and the \$8.1 million capital raise completed in 2010 continues to provide a solid base going forward.

We are taking specific actions and implementing new policies to further enhance the soundness of the Bank and comply with all regulatory requirements. These prudent and effective measures will help with the Bank's long-term growth and stability.

Our new operational restructuring plan is aimed at restoring health and stability to the organization. Key highlights of the strategic plan include the following actions:

- Consolidating the SBA division to focus on lending in California;
- Concentrating on producing real estate, manufactured housing and conventional lending in our California Coastal market;
- Expanding commercial and industrial lending and increasing agricultural business programs; and
- Focusing on reducing expenses where appropriate.

This organizational structure will re-position the bank by re-aligning our business initiatives and returning to our community banking roots to optimize the Bank's profit potential. These strategies should lead to fundamental improvements in the Bank's capability to produce operating earnings.



William Peeples,  
Chairman of the Board,  
and Martin Plourd, President and CEO,  
Community West Bancshares

Our financial results in 2011 reflect the effect of current economic

A handwritten signature in black ink, reading "W. R. Peeples". The signature is fluid and cursive, with the first name "William" and last name "Peeples" clearly visible.

**WILLIAM R. PEEPLES**  
Chairman of the Board





## RELATIONSHIP BANKING

Community West Bank is committed to being the bank of choice for its customers, serving them from five branch offices between Santa Maria and Westlake Village. Part of that commitment includes investing in the most experienced bankers in the marketplace. These commercial loan officers, branch managers, and their staff provide knowledge and personalized service to assist with each customer's unique financial needs consistently delivering on the Bank's mission of providing extraordinary customer service.

Community West Bank is proud to be the local community bank with experienced loan officers who ensure that our local communities grow and prosper. Community West Bank's experienced commercial lending and business development officers structure and underwrite credit and handle their customers' on-going business banking needs in our local branches creating a close and continually growing banking relationship. Some of the services business banking customers enjoy include the Bank's door-to-door courier service, on-line banking and bill pay, remote deposit capture, merchant credit card processing, payroll direct deposit and lines of credit. In 2011, Community West Bank launched mobile banking, enabling our customers to access account information from their smart phones.

For consumers, Community West Bank continued offering a high-interest *checking account* to differentiate itself in the marketplace. Great Rate Checking<sup>SM</sup> has become a popular choice for individuals who enjoy conveniences such as using their debit card and on-line banking services.

Year after year, Community West Bank demonstrates its commitment to investing in highly valued banking products and services that help to make its customers' financial lives easier. From its EquityWest<sup>SM</sup> home equity line of credit to health savings accounts to certificates of deposit insured by the FDIC up to \$250,000, to Great Rate Checking<sup>SM</sup>, Community West Bank's consumer and business customers are able to build deeper and fuller banking relationships they can trust due in part to the Bank's experienced staff and the extraordinary service they deliver every day.

## SIGNS OF STRENGTH

- Commercial lenders and branch managers average 25 years of banking experience and tellers and new accounts representatives average 10 years in banking.
- Average account balances for non-interest bearing demand deposits is \$34,000
- 46% of customers have referred Community West Bank to a friend
- 25% of customers have banked with Community West Bank for over 10 years

A recent Community West Bank survey revealed that **96.1%** of respondents felt the service they received was "excellent," and **99.2%** would recommend the Bank to family, friends and co-workers.



## MORTGAGE LENDING

2011 was a year of almost unprecedented turmoil in the National home financing market due to the sudden credit tightening of all real estate financing that resulted from problems in sub-prime lending. However, Community West Bank's role as a traditional residential property lender for the last 15 years has served it and its customers well especially during these unstable times in the residential housing market. While many other lenders have closed their doors or severely curtailed their home lending programs, Community West Bank continues to offer affordable home financing to its customers through both its successful manufactured housing finance program and traditional loans on residential real estate. In 2011 CWB financed \$24,400,000 in manufactured housing loans to 241 borrowers and \$42,900,000 of traditional RE financing to 124 borrowers.

As interest rates and credit markets continue to fluctuate, the Bank is well positioned to continue to provide conventional residential mortgage financing in communities across Santa Barbara and Ventura counties, as well as mobile home financing in California coastal communities. Our experienced mortgage professionals are able to offer competitively priced loan programs to their customers due to the Bank's established relationships with national secondary market lenders as well as its ability to offer loans that are held by the Bank in portfolio.

### SIGNS OF STRENGTH

- No involvement in sub prime lending
- Strong Manufactured Housing Loan Portfolio
- Conforming and Jumbo loan programs available
- Portfolio loan programs offered
- Continued commitment to residential lending in our service areas

Over the last 15 years of residential and manufactured home financing, Community West Bank has helped over **9,950** homeowners realize their dreams.







## SBA LENDING

Given an uncertain economy, Community West Bank's Small Business Administration (SBA) had a strong year in 2011. This is quite a feat considering the tough economic times and is attributed, in part, to the wealth of experienced business development officers that Community West Bank has been able to attract and retain.

Community West Bank and its experienced business development officers are successfully helping communities thrive across the state of California. Whether a developer is looking to purchase commercial property, or a business owner is looking to expand, Community West Bank continues to support the economic vitality of business communities throughout the state.

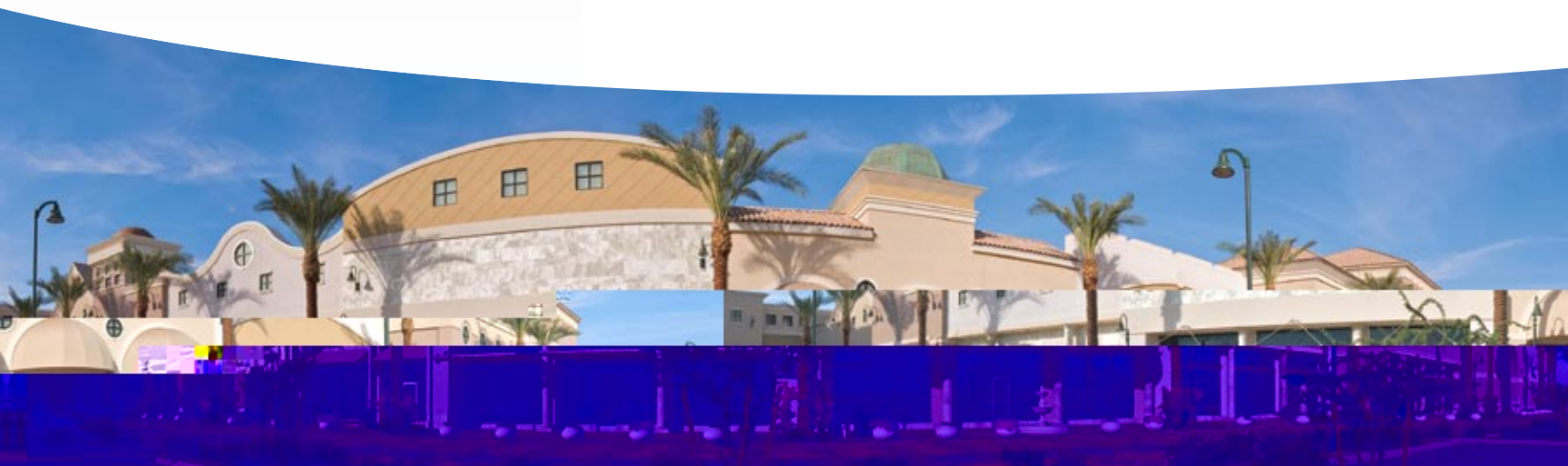
The Bank's SBA division primarily offers 7(a), 504 loan, and conventional programs with partners, which have been provided by Community West Bank for well over a decade. The SBA lending team also offers the United States Department of Agriculture (USDA) Business and Industry (B&I) loan program for businesses in rural areas and provides funding for conventional and investor commercial real estate.

The Bank's SBA division maintains balance in its portfolio by selling some of the guaranteed and unguaranteed portions of the loans into the secondary market... Continuing its plan, the Bank is gradually selling fewer SBA loans.

### SIGNS OF STRENGTH:

- Growing loan portfolio to address long-term strategy of building assets
- The Bank's business development officers average 15 years of industry experience
- Experienced operational and underwriting staff exclusively dedicated to processing and servicing SBA customers
- Diverse product offerings due in part to working with partner lenders who provide the ability to offer a variety of products

Since Community West Bank began its SBA Division, businesses have received over **\$650 million** in funding for commercial space, expansion, and capital improvements.



## AGRICULTURAL LENDING

Whether it's an agricultural mortgage loan for a land acquisition, refinancing existing debt or financing capital improvements, Community West Bank is ready to support your Ag business needs. We understand that the challenges you face are different from other businesses, and require dedication and flexibility from your lender. Community West Bank is locally owned and committed to your success.

Community West Bank can assist with:

**Equipment Loans**  
**Operating Loans**  
**Real Estate Loans**  
**Revolving Lines of Credit**

- **A dedicated relationship** – working together for the long term, not just a transaction
- **Flexibility** – working with you to understand your business
- **Support for your community** – reinvesting in the communities we serve

Community West Bank is an approved lender for the USDA Farm Service Agency, FSA, small farm loans. The Bank provides both production and land financing. The FSA offers a 95% guarantee of the loan amount. Community West Bank has dedicated resources that focus on the opportunities afforded by this program to reach the agricultural sector of Santa Barbara and Ventura counties.

In both Santa Barbara and Ventura Counties, Agriculture continues to thrive as the leading industry. Community West Bank enjoys dedicated partnerships with the agricultural leaders in the counties we serve.



## SIGNS OF STRENGTH

- Agriculture remains the staple of Santa Barbara and Ventura County business.
- Community West Bank's agricultural lenders average over 25 years of experience.



# YOUR COMMUNITY, YOUR BANK

*Community West Bank proudly supports the following non-profit organizations in the markets we serve.*

ALLAN HANCOCK COLLEGE • ALZHEIMER'S ASSOCIATION • AMERICAN CANCER SOCIETY • AMERICAN HEART ASSOCIATION • AMERICAN RED CROSS • ARTS FOR HUMANITY • BIG BROTHERS AND BIG SISTERS OF SANTA BARBARA • BISHOP GARCIA DIEGO HIGH SCHOOL • BOYS & GIRLS CLUB OF SANTA MARIA • BOYS & GIRLS CLUB OF SANTA BARBARA • BOYS AND GIRLS CLUBS OF CONEJO VALLEY • CACHUMA LAKE NATURE CENTER • CAMP WHITTIER • CASA SERENA • CHANNEL ISLANDS YMCA • CHILDREN'S CREATIVE PROJECT • CITY OF VENTURA, MUSIC UNDER THE STARS • COMMUNITY ACCESS PARTNERS OF SAN BUENAVENTURA • COMPUTERS FOR FAMILIES • COURTHOUSE LEGACY FOUNDATION • CREW SACRAMENTO • DIRECT RELIEF INTERNATIONAL • DOMESTIC VIOLENCE SOLUTIONS • DON'S NET CAFÉ • DOS PUEBLOS HIGH SCHOOL BASEBALL • DOS PUEBLOS HIGH SCHOOL • DOS PUEBLOS LITTLE LEAGUE • DREAM FOUNDATION • ELLWOOD SCHOOL PTA • ERNEST RIGHETTI HIGH SCHOOL • FAMILY SERVICE AGENCY • FOOD FROM THE HEART • FOODBANK OF SANTA BARBARA • FOOTHILL TECHNOLOGY • FRIENDS OF SANTA BARBARA PUBLIC LIBRARY • FUTURE LEADERS OF AMERICA • GENSPAN FOUNDATION • GIRLS INC. OF SANTA BARBARA • GOLETA EDUCATION FOUNDATION • GOLETA LIONS CLUB • GOLETA TEEN OF THE YEAR • GOLETA VALLEY BEAUTIFUL • GOLETA VALLEY CHAMBER OF COMMERCE • GOLETA VALLEY COTTAGE HOSPITAL FOUNDATION • GOLETA VALLEY ECONOMIC FORECAST • GOLETA VALLEY SOUTH LITTLE LEAGUE • GVCH FOUNDATION, DR. JOE PRO-AM GOLF TOURNAMENT • HABITAT FOR HUMANITY • I MADONNARI/ CHILDREN'S CREATIVE PROJECT • KCLU RADIO • KIDS AND BIKES FOUNDATION • KIWANIS FOR KIDS • LOMPOC VALLEY CHAMBER FOUNDATION • CCIM ANNUAL SPONSORSHIP • MEADOWLARK SERVICE LEAGUE • SANTA BARBARA MENTAL HEALTH ASSOCIATION • MONTECITO FAMILY YMCA • NATURE CORPS • NAWBO SANTA BARBARA • OLD SPANISH DAYS • ORCUTT UNITED SOCCER LEAGUE • PAGE YOUTH CENTER • PARTNERS IN EDUCATION • PEOPLE'S SELF-HELP HOUSING • RECORDING FOR THE BLIND • ROTARY CLUB OF GOLETA • ROTARY CLUB OF MONTECITO • ROTARY CLUB OF SANTA MARIA • ROTARY CLUB OF SBCC • RUBICON THEATRE COMPANY • SAINT BARBARA GREEK ORTHODOX FESTIVAL • SAINT THERESA • SAN MARCOS HIGH SCHOOL • SAN MARCOS PTSA SPONSOR • SANSUM DIABETES RESEARCH INSTITUTE • SANTA BARBARA 28TH ANNUAL AWA • SANTA BARBARA ASSOCIATION OF REALTORS • SANTA BARBARA ATHLETIC ROUND TABLE • SANTA BARBARA BEAUTIFUL • SANTA BARBARA CHRISTIAN SCHOOL • SANTA BARBARA CITY COLLEGE • SANTA BARBARA COUNTY ANIMAL CARE FOUNDATION • SANTA BARBARA COUNTY EDUCATION • SANTA BARBARA FAMILY • SANTA BARBARA FORESTERS • SANTA BARBARA FOUNDATION • SANTA BARBARA HIGH SCHOOL • SANTA BARBARA KIDS TRIATHALON • SANTA BARBARA MIDDLE SCHOOL • SANTA BARBARA NEIGHBORHOOD CLINICS • SANTA BARBARA OUTRIGGER CANOE • SANTA BARBARA PARTNERS IN EDUCATION • SANTA BARBARA RESCUE MISSION • SANTA BARBARA SOCCER CLUB • SANTA BARBARA SWIM CLUB • SANTA BARBARA YOUTH SYMPHONY • SANTA BARBARA'S JUNIOR MISS • SANTA MARIA CHP • SANTA MARIA HIGH SCHOOL • SANTA MARIA KIWANIS FOR KIDS • SANTA MARIA ROTARY CLUB • SANTA MARIA VALLEY CHAMBER OF COMMERCE • SB MUSEUM OF NATURAL HISTORY • SB REGION CHAMBER OF COMMERCE • SCIENCE & ENGINEERING COUNCIL • SMV BIKE & RUN • SOUTH COAST BUSINESS & TECHNOLOGY AWARDS • SPECIAL OLYMPICS SANTA BARBARA • ST. DEMETRIOS GREEK ORTHODOX CHURCH • ST. JOSEPH HIGH SCHOOL • ST. RAPHAEL SCHOOL DEVELOPMENT FUND • STEPS TOWARD MOBILITY • TEDDY BEAR CANCER FOUNDATION • THE FOUNDATION FOR GIRSH PARK • THE KINGS PAGE • THE LEUKEMIA & LYMPHOMA SOCIETY • THOUSAND OAKS PHILHARMONIC • TRAFFIC SOLUTIONS • TURNING POINT FOUNDATION • UC REGENTS • UCSB CYCLING • UCSB ECONOMIC FORECAST • UNITED WAY OF SANTA BARBARA • UNITED WAY OF SANTA MARIA • UNITY SHOPPE, INC. • VENTURA COUNTY MEDICAL RESOURCE FOUNDATION • VENTURA HIGH SCHOOL • VISITING NURSE & HOSPICE CARE • WESMONT COLLEGE • WESTLAKE HIGH SCHOOL • WOMEN'S ECONOMIC VENTURES



# 2011 FINANCIALS SNAPSHOT

## COMMUNITY WEST BANCSHARES

(in 000's, except per share data)

	Year Ended December 31				
	2011	2010	2009	2008	2007
<b>BALANCE SHEET</b>					
Net loans	\$532,716	\$580,632	\$603,440	\$581,075	\$539,165
Total assets	633,348	667,604	684,216	656,981	609,850
Deposits	511,262	529,893	531,392	475,439	433,739
Common S/H Equity	35,552	46,835	45,767	52,318	50,159
Total Equity	50,626	61,642	60,307	66,618	50,159
<b>INCOME STATEMENT</b>					
Interest income	\$36,512	\$39,234	\$40,903	\$45,532	\$46,841
Interest expense	8,250	9,957	14,945	22,223	22,834
Net interest income	28,262	29,277	25,958	23,309	24,007
Provision for loan losses	14,591	8,743	18,678	5,264	1,297
Net interest income after provision for loan losses	13,671	20,534	7,280	18,045	22,710
Non-interest income	3,144	4,015	4,418	5,081	4,845
Non-interest expenses	23,223	20,991	21,479	20,516	21,000
Income before income taxes	(6,408)	3,558	(9,781)	2,610	6,555
Provision for income taxes	4,077	1,467	(4,018)	1,129	2,766
<b>NET INCOME (LOSS)</b>	<b>\$(10,485)<sup>1</sup></b>	<b>\$2,091</b>	<b>\$(5,763)</b>	<b>\$1,481</b>	<b>\$3,789</b>
Preferred stock dividends	1,047	1,047	1,046	35	-
<b>NET INCOME (LOSS) APPLICABLE TO COMMON SHAREHOLDERS</b>	<b>\$(11,532)</b>	<b>\$1,044</b>	<b>\$(6,809)</b>	<b>\$1,446</b>	<b>\$3,789</b>
Income Statement / Average Assets (ROA)	5.58	5.80	6.05	7.10	8.31
	1.26	1.47	2.21	3.47	4.05
	4.32	4.33	3.84	3.63	4.26
PLL 2.23	1.29	2.76	0.82	0.23	
	2.09	3.04	1.08	2.81	4.03
	0.48	0.59	0.65	0.79	0.86
	3.55	3.10	3.18	3.20	3.73
	(0.98)	0.53	(1.45)	0.40	1.16
	0.62	0.22	(0.59)	0.18	0.49
	(1.60)	0.31	(0.86)	0.22	0.67
<b>PER SHARE DATA (Common)</b>					
Basic	\$(1.93)	\$0.18	\$(1.15)	\$0.24	\$0.65
Diluted	\$(1.93)	\$0.18	\$(1.15)	\$0.24	\$0.63
<b>BOOK VALUE PER COMMON SHARE</b>	<b>\$5.94</b>	<b>\$7.92</b>	<b>\$7.74</b>	<b>\$8.84</b>	<b>\$8.51</b>
<b>CWBC STOCK INFO</b>					
High	\$4.95	\$3.80	\$4.02	\$10.25	\$16.00
Low	1.36	2.34	1.49	3.00	9.26
Period End	1.49	3.60	2.75	3.59	9.26
Price to Earnings (PE)	N/M	20.00	N/M	14.96	14.25
Price to Common Book Value	0.25	0.45	0.36	0.41	1.09
Dividends	\$ -	\$ -	\$ -	\$0.12	\$0.24

1. A portion of the \$10.5 million loss was due to a \$6.7 million deferred tax asset reserve recorded in 2011. It is anticipated that the \$6.7 million will be recovered as profitability is resumed.

## BOARD OF DIRECTORS



**WILLIAM R. PEEPLES**  
*Chairman of the Board,  
Community West Bancshares  
Private Investor*



**MARTIN E. PLOURD**  
*President and  
Chief Executive Officer*



**ROBERT H. BARTLEIN**  
*Chairman of the Board,  
Community West Bank  
President and CEO,  
Bartlein & Company*



**JEAN W. BLOIS**  
*Independent Consultant  
Mayor, City of Goleta*

**JOHN D. ILLGEN**  
*Vice President and Director,  
Simulation Technologies/  
Northrop Grumman*



**SHEREEF MOHARRAM**  
*Partner, Price, Postel  
& Parma LLP*



**ERIC ONNEN**  
*Owner,  
Santa Barbara Airbus*



**JAMES R. SIMS JR.**  
*Real Estate Broker*



**KIRK B. STOVESAND**  
*Partner, Walpole & Co.*



**C. RICHARD WHISTON**  
*Attorney (retired)/  
Business Consultant*

## EXECUTIVE MANAGEMENT TEAM



Community West Bank

**MARTIN E. PLOURD**  
*President and CEO*

**CHARLES G. BALTUSKONIS**  
*Executive Vice President  
and Chief Financial Officer*

**STEVEN A. ROSSO**  
*Executive Vice President  
and Chief Credit Officer*

## SENIOR MANAGEMENT TEAM

**JAMES K. BATTAGLIA**  
*Senior Vice President  
Sales Manager SBA Western Region*

**CYNTHIA M. HOOPER**  
*Senior Vice President  
SBA Lending*

**MICHAEL PHLAUM**  
*Senior Vice President  
Community Banking Officer*

**SHARON K. BROWN**  
*Senior Vice President  
Human Resources*

**CHRIS LEM**  
*Senior Vice President  
Compliance/Risk Management*

**DEBORAH L. SCOTT**  
*Senior Vice President  
Information Technology*

**JAMES D. GRAY**  
*Senior Vice President  
Mortgage Division*

**GREGORY S. MORRISEY**  
*Senior Vice President  
Controller*

**CARLYN SMITH**  
*Senior Vice President  
Director of Operations*

# CORPORATE & BRANCH LOCATIONS

Santa Maria



**SANTA MARIA**  
2615 South Miller St.  
Santa Maria, CA 93455



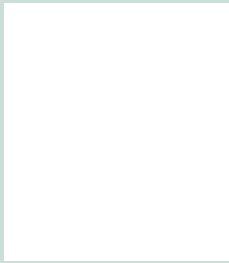
**GOLETA**  
5827 Hollister Ave.  
Goleta, CA 93117



**SANTA BARBARA**  
1501 State Street  
Santa Barbara, CA 93101



**VENTURA**  
1463 S. Victoria Ave.  
Ventura, CA 93003



**WESTLAKE VILLAGE**  
951 Westlake Blvd  
Westlake Village, CA 91361

Goleta

Santa Barbara

Ventura

Westlake  
Village



## CORPORATE INFORMATION

**INVESTOR RELATIONS CONTACT**  
Charles G. Baltuskonis

**ANNUAL MEETING**  
*The Annual Meeting of Shareholders of Community West Bancshares will be held on May 24, 2012 at 6:00 pm, PDT, at the La Cumbre Country Club, 4015 Via Laguna, Santa Barbara, CA 93110*

**TRANSFER AGENT & REGISTRAR**  
Computershare Trust Co., NA  
250 Royall Street  
Canton, MA 02021

**INDEPENDENT AUDITORS**  
Ernst & Young LLP  
725 South Figueroa Street  
Los Angeles, CA 90017

**CORPORATE COUNSEL**  
Horgan, Rosen, Beckham  
& Coren LLP  
23975 Park Sorrento  
TJEMCs/6





**CORPORATE HEADQUARTERS**

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