



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

May 21, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Community West Bank, National Association
Charter Number 21699**

**5827 Hollister Avenue
Goleta, CA 93116**

**Comptroller of the Currency
Southern California North Field Office
550 North Brand Boulevard, Suite 500
Glendale, CA 91203**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

COMMUNITY REINVESTMENT ACT (CRA) RATING: Community West Bank, N. A. is rated Satisfactory.

The Lending Test is rated Satisfactory.

The Community Development Test is rated Satisfactory.

- The bank's loan-to-deposit ratio exceeds the standards for satisfactory performance.
- The bank meets the standards for satisfactory performance in lending within its assessment areas.
- The performance for lending to individuals of different income levels and businesses of different sizes meets the standards for satisfactory performance.
- The performance for the geographic distribution of loans for both home loans and small business loans exceeds the standards for satisfactory performance.
- The performance for meeting the community needs through community development loans, qualified investments and community development services meets the standards for satisfactory performance.

SCOPE OF EXAMINATION

This Performance Evaluation (PE) assesses the bank's performance since the previous evaluation dated February 5, 2004. We evaluated both the bank's reported Home Mortgage Disclosure Act (HMDA) data and the small business loan data from January 1, 2004 thru December 31, 2006. We also evaluated the community development loans, investments, and services.

We performed a data integrity examination in September 2006 to determine the accuracy of HMDA and small business loan data. During this CRA evaluation, we performed an expanded verification and data integrity examination on the small business loan portfolio. The level of exceptions and/or errors was not significant and within the required thresholds.

We evaluated the bank's CRA performance using Intermediate Small Bank CRA procedures. We performed a full-scope examination of both the Santa Barbara County and the Ventura County assessment areas.

DESCRIPTION OF INSTITUTION

Community West Bank, N.A. (CWB) is a full-service bank headquartered in Goleta, California. CWB was chartered in August 1989, as Goleta National Bank (GNB). In December 1997, Community West Bancshares (CWBC) acquired 100 percent of GNB. In September 2004, GNB's name was changed to Community West Bank, N.A.

CWB operates five full-service branches located in Santa Barbara and Ventura Counties. Branches are located in the California cities of Goleta, Westlake Village, Santa Barbara, Santa Maria and Ventura. The bank offers 24-hour banking services through on-site automated teller machines (ATMs) at all branch locations, except Santa Barbara. The bank operates six California-based mortgage offices located in Roseville, Santa Maria, Tahoe, Goleta, Ventura and Westlake Village. The Ventura and Westlake Village offices are situated in branch locations. CWB also has 13 Small Business Administration (SBA) Loan Production Offices (LPOs) located in ten states. In 1995, the SBA designated the bank as a "Preferred Lender".

As of December 31, 2006, CWB reported \$517 million in total assets, \$452 million in total loans, \$372 million in total deposits, and \$43 million in equity capital. Total loans represented 87 percent of total assets. Commercial real estate and construction loans totaled \$147 million or 32 percent of total loans. Manufactured housing loans totaled \$142 million, representing 31 percent of total loans. SBA and commercial business loans represented 18 and 12 percent of total loans at \$84 and \$54 million, respectively.

CWB's primary credit products are: 1) commercial real estate and construction, 2) manufactured housing (residential home loans), 3) commercial business, and 4) small business loans under the SBA programs. In 1998, the bank established the manufactured housing loan program to provide affordable housing primarily in Santa Barbara and Ventura Counties. Since 2004, the bank has expanded this program into Los Angeles, Orange, San Diego and Sacramento Counties. The bank also offers 7(a) Loan Guaranty and Certified Development Company (CDC)/504 SBA loan products. In 2001, the bank began offering business and industrial loans guaranteed by the U.S. Department of Agriculture.

The bank received a "Satisfactory" rating at the prior CRA evaluation dated February 5, 2004. During the February 2004 evaluation, CWB was evaluated under the name Goleta National Bank, using Large Bank criteria. Currently, there are no legal, financial, regulatory, or other factors impeding the bank's ability to meet the credit needs of its assessment areas.

DESCRIPTION OF THE SANTA BARBARA COUNTY AND VENTURA COUNTY ASSESSMENT AREAS

CWB has two assessment areas (AAs) that consist of two continuous California counties, Santa Barbara and Ventura. The Santa Barbara County and Ventura County AAs are located in the Santa Barbara-Santa Maria-Goleta Metropolitan Statistical Area (MSA)-("Santa Barbara AA") and the Oxnard-Thousand Oaks-Ventura MSA-("Ventura AA"), respectively. Both designated AAs meet regulatory requirements and do not arbitrarily exclude low- and moderate-income geographies or individuals. Community contacts indicated the following needs within each AA: 1) affordable housing, 2) business education/counseling, and 3) start-up or expansion business loans.

CWB faces strong competition. As of the most recent Deposit Market Share Report dated June 30, 2006, there were 24 institutions operating 103 branches within the Santa Barbara AA and 33 institutions operating 166 branches within the Ventura AA. CWB operated four branches in Santa Barbara County and one branch in Ventura County. The bank's deposit market share was 3.29 and 1.67 percent for Santa Barbara County and Ventura County, respectively. The top five ranking institutions hold 56 percent of the deposit market share for both AAs. The major competing institutions in both AAs include Pacific Capital Bank, N.A., Bank of America, N.A., Washington Mutual Bank, and World Savings Bank, FSB.

The tables below detail the number and percentage of census tracts by income level, and the population by number and percentage within those tracts.

Santa Barbara AA				
Income	# of	% of Census Tracts	Populatio	% of
Lo	4	4.7	24,26	6.1
Moderat	26	30.6	126,06	31.5
Middl	28	32.9	132,49	33.2
Upper	27	31.8	116,51	29.2
Tota	85	100.0	399,34	100.0

Sources: 2000 US Census Report and 2006 FFIEC Census Report

Ventura AA				
Income	# of	% of Census Tracts	Populatio	% of
Lo	7	4.5	29,076	3.8
Moderat	36	23.2	180,61	24.0
Middl	71	45.8	334,47	44.4
Upper	41	26.5	209,04	27.8
Total	155	100.0	753,19	100.0

Sources: 2000 US Census Report and 2006 FFIEC Census Report

The median family income (MFI) is used to determine the income level for each census tract for the purpose of evaluating the geographic distribution of the institution’s lending among low-, moderate-, middle-, and upper-income census tracts. Based on estimates from the Department of Housing and Urban Development, the 2004, 2005, and 2006 adjusted MFI of the two MSAs are as follows:

	2006	2005	2004
Santa Barbara	\$ 65,800	\$ 63,700	\$ 54,109
Ventura	\$ 79,500	\$ 76,750	\$ 64,779

Economic Data

Santa Barbara, CA

Santa Barbara County is projected to experience positive, annual real economic growth over the next year. Data from 2005 indicates that the strongest job market in Santa Barbara County is the Santa Maria Valley. While the labor market growth rate has been weak, the County’s 3.9 percent unemployment rate is a well below the 4.7 percent national rate.

The top ten employers in the AA are: University of California-Santa Barbara, Vandenberg Air Force Base, Santa Barbara Cottage Hospital, Santa Barbara City College, Raytheon, Marian Medical Center, Lockheed Martin, Sansum Medical Clinic, Allan Hancock College, and Pacific Capital Bank, NA.

The median home price growth rate for existing single family homes slowed between 2004 and 2006, with continued slowing expected for 2007. The real growth rate is expected to remain near 10 percent during the next few years.

The Santa Barbara County commercial real estate market has been improving and the positive trend is expected to continue. The industrial markets in Santa Barbara are forecasted to continue to be strong. However, the large industrial market in Goleta will remain a challenge.

While the Santa Barbara area will feel the effects of the housing slowdown, the overall economy will marginally outperform the nation over the extended forecast horizon.

Ventura, CA

The economic outlook for Ventura County area is positive, with annual economic growth forecasted to reach 4.1 percent. The employment and population growth rates were projected to increase to 2.0 and 1.5 percent, respectively in 2006. The area’s unemployment rate has increased over the past few years and is now just below the national rate of 4.7 percent.

The top ten employers are: Ventura County Naval Base, Amgen, Inc., Boeing, Countrywide Home Loans, WellPoint Health Networks, Verizon Communications, Ventura County Health Care Agency, St. John's Regional Medical Center, Technicolor Video Services, and Los Robles Regional Medical Center.

The median home price growth rates for existing single family homes have slowed since 2004, and the slow price growth rate is expected to continue in 2007, with the real growth rate averaging between 5.0 and 7.0 percent.

In 2005 commercial real estate vacancy rates fell and net absorption was greater than in 2004. Office net absorption was relatively small. Office and retail lease rates increased, while industrial leases remained relatively flat.

In the longer term, above average population growth, a skilled labor force, and a prime location will be the area's main competitive advantages. The metro area's technology base will also be a growth driver. The expansion of the port area and the new California State Channel Island University campus could also benefit the area in coming years. As a result the Ventura area economy is expected to mildly outperform the nation.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Lending Tests - Satisfactory

Loan-to-Deposit Ratio - Outstanding

The bank's loan-to-deposit (LTD) ratio exceeds the standards for satisfactory performance. CWB's LTD ratio is more than reasonable given the size, financial condition, and credit needs of the AAs. The quarterly average LTD ratio for the previous ten quarters ending December 31, 2006, was 112 percent.

For the purpose of this evaluation, we compared similarly situated banks located in the same counties as CWB, with roughly the same asset size. We used two domestic commercial banks. The two bank's average LTD ratios were 78 percent for the same time period.

Lending in the Assessment Areas - Satisfactory

The bank’s lending in the AAs meets the standard for satisfactory performance. A majority of loans are in the bank’s AAs. The bank originated and/or purchased 2,663 loans during the evaluation period. Of those loans, 51 percent, both by number and by total dollar value were within the AAs. Refer to Table 1.

Table 1: Lending in Santa Barbara and Ventura AAs										
Loans	Number of Loans					Dollar Value of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
TOTAL	1,353	51%	1,310	49%	2,663	\$294,408	51%	\$285,907	49%	\$580,315 *

Source: Bank Data

* Note: Total loan balance refers to total loans made during the evaluation period, not total loans as of December 31, 2006.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes - Satisfactory

The overall performance of lending to borrowers of different incomes and to business of different sizes meets the standards for satisfactory performance. The performance of lending to borrowers of different incomes meets the standards for outstanding performance. Lending to businesses of different sizes meets the standards of satisfactory performance.

Residential Home Loans

CWB’s lending performance for home loans to low- and moderate-income borrowers is excellent. Residential home loan (manufactured loans) activity meets or exceeds the standards for satisfactory performance. Refer to Tables 2A and 2B regarding the ratio analysis for each AA.

Table 2A - Borrower Distribution of Residential Home Loans in the Santa Barbara AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home	4%	5%	27%	27%	36%	27%	33%	32%

Sources: 2000 US Census and Bank Reported HMDA-LAR information

Note: 9% of bank borrowers did not report income information

Table 2B - Borrower Distribution of Residential Home Loans in the Ventura AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home	3%	17%	21%	33%	44%	19%	32%	25%

Sources: 2000 US Census and Bank Reported HMDA-LAR information

Note: 6% of bank borrowers did not report income information

Small Business Loans

Lending performance to businesses with less than \$1 million in revenues is reasonable in both AAs and meets the standards for satisfactory performance given the strong competitive environment and other comparative factors. Refer to Tables 2C and 2D.

Table 2C - Borrower Distribution of Loans to Businesses in the Santa Barbara AA		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	68%	5%
% of Bank Loans by Number	64%	36%
% of Bank Loans by Dollar	61%	39%

*27% was not reported

Sources: 2006 Business Geodemographic Data and Verified Bank Reports

Table 2D - Borrower Distribution of Loans to Businesses in the Ventura AA		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	68%	5%
% of Bank Loans by Number	59%	41%
% of Bank Loans by Dollar	48%	52%

*27% not reported

2006 Business Geodemographic Data and Verified Bank Reports

Sources:

Geographic Distribution of Loans - Outstanding

The overall performance in the geographic distribution of loans exceeds the standards for satisfactory performance. The geographic distribution of loans for both home loans and small business loans reflects excellent dispersion throughout both AAs.

Residential Home Loans

CWB’s residential home loan lending performance exceeds the standards for satisfactory performance. Lending to low- and moderate-income borrowers either meets or exceeds the percentage of low- and moderate-income owner occupied housing for each AA. See the Tables 3A and 3B.

Table 3A - Geographic Distribution of Residential Home Loans in the Santa Barbara AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home	1%	0%	17%	19%	40%	53%	42%	28%

Sources: 2000 US Census and Bank Reported HMDA-LAR information

Table 3B - Geographic Distribution of Residential Real Estate Loans in the Ventura AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home	1%	1%	15%	19%	46%	68%	38%	12%

Sources: 2000 US Census and Bank Reported HMDA-LAR information

Small Business Loans

CWB's lending performance to small businesses in low- and moderate-income geographies exceeds the standards for satisfactory. Lending to small businesses located in low- and moderate-income tracts either meets or exceeds the percentage of AA businesses in the low- and moderate-income tracts for each AA. See the Tables 3C and 3D.

Table 3C - Geographic Distribution of Loans to Businesses in the Santa Barbara AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
	3%	1%	37%	46%	31%	26%	29%	27%

Sources: 2006 Business Geodemographic Data and Verified Bank Reports

Table 3D - Geographic Distribution of Loans to Businesses in the Ventura AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
	4%	9%	19%	30%	50%	53%	27%	8%

Sources: 2006 Business Geodemographic Data and Verified Bank Reports

Responses to Complaints – Not Rated

This assessment factor did not influence this evaluation. Neither the bank nor the OCC received any CRA related complaints during the evaluation period.

Community Development Tests - Satisfactory

CWB's responsiveness through community development lending, investments, and services is satisfactory.

Community Development Loans - Satisfactory

CWB's community development loans reflect adequate responsiveness to the needs within its AAs. The bank made seven community development loans totaling \$13.8 million that provided housing to low- and moderate-income individuals, medical and dental services in the low- and moderate-income geographies, and revitalization projects in low- and moderate-income geographies.

As a SBA "Preferred Lender", the bank funded 429 SBA loans totaling \$135.8 million. Of these loans, 22 (\$8.8 million) were extended within the bank's AAs. Three of the loans, totaling \$4.6 million qualified for community development consideration. The 407 loans made outside the bank's AAs were within the ten states where the SBA LPOs are located.

CWB partners with California Coastal Rural Development Corporation, a California chartered financial development corporation that promotes small businesses job creation and retention for low- and moderate-income individuals. The bank extended 27 loans in its AAs totaling \$6.4 million. However, none of these loans qualified for community development consideration because each loan amount was less than the minimum \$1 million necessary for CRA purposes.

Community Development Investments - Satisfactory

CWB's community development investments reflect their responsiveness to the needs within its AAs. During the evaluation period, the bank purchased three mortgage-backed security (MBS) pools. Of these MBS pools, two totaling \$3.1 million qualified for community development consideration as the proceeds benefited low- and moderate-income borrowers.

CWB made donations totaling \$266 thousand to over 175 community organizations within its AAs. Of these donations, \$22.7 thousand were donated to 13 organizations that meet the standards for community service consideration. Community organizations provided the following services: 1) affordable housing options or alternatives to low- and moderate-income individuals, 2) food bank services for low-income or homeless individuals, and 3) financial and economic development education services.

Community Development Services - Satisfactory

CWB's community development services program demonstrates their responsiveness to the needs within its AAs. We evaluated both the bank's retail banking services and community development services.

The distribution of CWB's branches and service delivery systems are satisfactory and accessible to individuals of different income levels in both AAs. The bank has five full-service branch locations that, except for the Santa Barbara branch, have full service ATMs. Branch hours are convenient to individuals. The bank offers 24-hour internet banking services.

The bank opened three branches during this evaluation period, two in the Santa Barbara AA and one in the Ventura AA. The Goleta and Santa Barbara branches are in moderate-income geographies. Three branches are located in middle- and upper-income geographies, but within close proximity of the low- and moderate-income census tracts. The bank has not closed any branches since the previous CRA evaluation.

Both the extent and innovativeness of the bank's community development services are reasonable. Bank employees are involved in numerous volunteer services and activities. Eleven of these volunteer services and activities meet the qualifications for community development services. A sample of activities performed include bank personnel 1) training women to become economically self-sufficient, 2) providing career development to low- and moderate-income individuals, 3) teaching courses about SBA, community development loans, money management and credit, and 4) providing guidance to loan applicants in completing loan packages for economic development loans.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.