

COMMUNITY WEST BANCSHARES /
Form S-1
March 31, 2010

As filed with the Securities and Exchange Commission on March 31, 2010

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

COMMUNITY WEST BANCSHARES
(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of incorporation or organization)

6712
(Primary Standard Industrial Classification Code Number)

77-0446957
(I.R.S. Employer Identification Number)

445 Pine Avenue
Goleta, California 93117
(805) 692-5821
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Lynda J. Nahra
President and Chief Executive Officer
445 Pine Avenue
Goleta, California 93117
(805) 692-5821
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Lynda J. Nahra
President and Chief Executive Officer
445 Pine Avenue
Goleta, California 93117
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23975 Park Sorrento, Suite 200
Calabasas, California 91302
(818) 591-2121

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-accelerated Filer Smaller Reporting Company

Calculation of Registration Fee

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Subordinated Debentures(1)	6,000	\$1,000	\$6,000,000	\$427.80
Common Stock, no par value (2)	2,000,000	--	--	N/A
Subscription Rights to Acquire Subordinated Debentures (3)	325	--	--	N/A
Total				\$427.80

- (1) There is being registered hereunder an aggregate amount of \$6,000,000 of 9% Subordinated Convertible Debentures due [MATURITY DATE] (the "Debentures") of Community West Bancshares (the "Company.") Each Debenture will be in the principal amount of \$1,000 (or an integral multiple thereof) and each Debenture will be convertible, in whole or in part, into shares of the Company's no par value common stock (the "Common Stock") at \$3.00 per share if converted on or before July 1, 2013, at \$4.50 per share if converted during the period from July 2, 2013 to July 1, 2016, and at \$6.00 per share if converted during the period from July 2, 2016 to [MATURITY DATE]. The registration fee is calculated in accordance with Section 457(e) of the Securities Act of 1933.
- (2) There is being registered 2,000,000 shares of Common Stock issuable upon conversion of the Debentures, and any shares of Common Stock issuable in connection with certain adjustments, including subdivisions, redivisions, reductions, combinations, or consolidations of the Company's outstanding Common Stock. Pursuant to Rule 457(i) of the Securities Act of 1933, no additional registration fee is required as the shares of Common Stock are being registered at the same time as the Debentures.
- (3) The Company is granting to each holder of Common Stock as of March 31, 2010, at no cost to the shareholder, non-transferable subscription rights (the "Rights") to purchase Debentures in this Offering. The Debentures are first be offered to the shareholders of the Company as of March 31, 2010 who will be granted one Right to purchase a Debenture in the principal amount of \$1,000 for every 1,000 shares of Common Stock, or a fraction thereof, held on March 31, 2010, subject to rounding-up and oversubscription privileges. Any Debentures not purchased by the shareholders will be offered to the public on the same terms. Pursuant to Rule 457(g) no additional registration fee is required.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a), may determine.

SUBJECT TO COMPLETION, DATED MARCH 31, 2010

The information in this prospectus is not complete and may be changed or supplemented. We may not sell these securities until the registration statement that we have filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell the securities and it is not a solicitation of an offer to buy the securities in any jurisdiction where an offer or sale thereof is not permitted.

Preliminary Prospectus

COMMUNITY WEST BANCSHARES

UP TO \$6,000,000 IN

9% CONVERTIBLE SUBORDINATED DEBENTURES DUE [MATURITY DATE]

AND

UP TO 2,000,000 SHARES OF COMMON ISSUABLE UPON CONVERSION OF THE 9% CONVERTIBLE
SUBORDINATED DEBENTURES DUE [MATURITY DATE]

We are offering an aggregate of \$6,000,000 in 9% Convertible Subordinated Debentures due [MATURITY DATE] (the "Debentures"). Each Debenture will be sold in the principal amount of \$1,000 (or a principal amount that is an integral multiple of \$1,000) and will pay simple interest at the annual rate of 9% per annum, calculated through the last day of each calendar quarter and payable quarterly on January 15, April 15, July 15 and October 15. The Debentures are convertible at any time prior to maturity, unless previously redeemed, in whole or in part, into shares of our no par value Common Stock (the "Common Stock") at the election of the holder. Upon surrender of any or all of the Debentures along with a completed notice of conversion, a shareholder may convert that portion of the principal amount of the Debentures so surrendered into shares of Common Stock at \$3.00 per share if converted on or before July 1, 2013, at \$4.50 per share if converted during the period from July 2, 2013 to July 1, 2016, and at \$6.00 per share if converted during the period from July 2, 2016 to [MATURITY DATE], subject to certain adjustments, including subdivisions, redivisions, reductions, combinations, or consolidations of our outstanding Common Stock. We may, at our option, call all or any part of the Debentures for payment and redeem the same at any time and from time to time after January 1, 2014 for face amount plus any interest accrued and unpaid to the date of redemption. The Debentures are unsecured obligations of Community West Bancshares, are subordinate to all our other present and future debts and obligations, are not deposits at, or other obligations of, a bank or savings associations, and are not insured or guaranteed by the Federal Deposit Insurance Corporation (the "FDIC").

The Debentures will not be listed for trading on any stock exchange or market; consequently, there is no established trading market for the Debentures and none is likely to emerge. The Common Stock is quoted on the NASDAQ Global Market under the symbol "CWBC." On April [___], 2010, the last reported sale price of the Common Stock was \$[___] per share.

The Debentures will only be offered in principal amounts of \$1,000 or an integral multiple thereof and will first be offered to shareholders of record on March 31, 2010 (the "Record Date") who will be granted one subscription right (a "Right") to subscribe for and to purchase \$1,000 principal amount of Debentures for every 1,000 shares of Common Stock, or a fraction thereof, held on the Record Date (the "Rights Offering"). Record Date shareholders may "round-up" the number of shares of Common Stock held by them to the nearest integral of 1,000 and purchase a Debenture in like principal amount (the "Rounding-Up Privilege"). Any shareholder who fully exercises such shareholder's Right (including the Rounding-Up Privilege) will be entitled to subscribe for additional Debentures pursuant to "Over-Subscription Privileges," subject to the discretion of our Board to accept or reject subscriptions for Debentures pursuant to Over-Subscription Privileges. The Rights Offering will expire on [45 DAYS FROM EFFECTIVE DATE] (the "Rights Offering Expiration Date"). All remaining Debentures not subscribed for in the Rights Offering will be

offered to the general public and existing shareholders alike (the “Public Offering”). The Public Offering will run concurrently with the Rights Offering and will terminate on [60 DAYS FROM EFFECTIVE DATE] (the “Public Offering Expiration Date”), although we will not accept subscriptions for Debentures in the Public Offering if the maximum principal amount of Debentures we are offering are subscribed for and purchased in the Rights Offering.

The Date of this Prospectus is _____, 2010

INVESTING IN THE DEBENTURES INVOLVES VARIOUS RISKS. See “RISK FACTORS” on beginning Page [] of this prospectus.

THE SECURITIES OFFERED HEREBY ARE NOT SAVINGS ACCOUNTS OR DEPOSITS AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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You should rely only on the information contained in this prospectus. We have not, and nor has our subscription agent, Computershare Trust Company, N.A, authorized anyone to provide you with different information. The information contained in this prospectus is accurate only as of the date of this prospectus regardless of the time of delivery of this prospectus or any exercise of the subscription rights. Our business, financial condition, results of operations and prospects may have changed since those dates. We are not making an offer of these securities in any state or jurisdiction where the offer is not permitted.

No action is being taken in any jurisdiction outside the United States to permit a public offering of the common stock or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus applicable to those jurisdictions.

Unless the context indicates otherwise, all references in this prospectus to the "Company," "we," "our" and "us" refer to Community West Bancshares and our subsidiary, Community West Bank, National Association; except that in the discussion of our subscription rights and capital stock and related matters these terms refer solely to Community West Bancshares and not to any of our subsidiaries. In this prospectus, we sometimes refer to Community West Bank as the "Bank" and we will refer to the Rights Offering and the Public Offering collectively as the "Offering ."

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QUESTIONS AND ANSWERS ABOUT THE OFFERING

Q: Who is Community West Bancshares?

A: We are a bank holding company and we provide management and shareholder services to Community West Bank, National Association (herein, the “Bank”), our sole bank subsidiary. The Bank is a national banking association chartered under the laws of the United States and offers a range of commercial and retail financial services to professionals, small to mid-sized businesses and individual households. These services include various loan and deposit products and other financial services.

Q: What kind of offering is this?

A: We are offering up to \$6,000,000 in the principal amount of 9% Convertible Subordinated Debentures. The Debentures will first be offered to our holders of our Common Stock as of March 31, 2010, the Record Date for determining shareholders who will be granted a Right to subscribe for Debentures. Any Debentures not subscribed for in the Rights Offering will be offered to the general public and to existing shareholders alike in the Public Offering. See “THE OFFERING” for more information.

Q: What is a Subordinated Debenture?

A: A Debenture is our promise to repay your principal investment plus accrued but unpaid interest on the maturity date of the Debenture. The Debentures are our general unsecured obligations and are subordinated in right of payment to all of our present and future senior indebtedness. Subordinated means that if we are unable to pay our debts as they come due, all of the senior indebtedness would be paid first, before any payment would be made on the Debentures. As of December 31, 2009, while we did not have any debt outstanding that ranks equal with or senior to the Debentures, however, the Company did have \$15,600,000 of Series A Fixed Rate Cumulative Perpetual Preferred Stock outstanding to the U.S. Treasury which ranks senior to the Debenture.

We expect to incur additional debt in the future, including, without limitation, the Debentures offered pursuant to this prospectus.

Q: Is my investment in the Debentures insured?

A: No. The Debentures are not certificates of deposit or similar obligations or guaranteed by any depository institution, and they are not insured by the FDIC or any governmental or private insurance fund, or any other entity. They are backed only by the faith and credit of our company and our operations.

Q: How is interest calculated and paid to me?

A: The interest rate is 9%, and interest is compounded daily (based on a 365-day year). Interest earned on the Debentures is calculated through the last day of each calendar quarter (i.e., December 31, March 31, June 30 and September 30) and payable quarterly on January 15, April 15, July 15 and October 15 of each year the Debenture remains outstanding. However, if any payment of principal or interest becomes due on a day that is not a business day, we will make payment on the next succeeding business day.

Q: Do the Debentures have a maturity date?

A: Yes. The Debentures will mature on [MATURITY DATE].

Q: Can you force me to redeem my Debenture?

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A: Yes, we may call your Debenture for redemption at any and from time to time after June 30, 2015. Any such redemption by us will be for a price equal to the principal amount plus accrued interest to the date of redemption.

Q: Can I convert my Debenture and acquire shares of the Company's Common Stock?

A: Yes. The Debentures are convertible into shares of our Common Stock. Upon surrender of any or all of a Debenture along with a completed notice of conversion, a shareholder may convert that portion of the principal amount of the Debenture so surrendered into shares of Common Stock at \$3.00 per share if converted on or before July 1, 2013, at \$4.50 per share if converted during the period from July 2, 2013 to July 1, 2016, and at \$6.00 per share if converted during the period from July 2, 2016 to [MATURITY DATE]. The number of shares of Common Stock issuable upon conversion of a Debenture is subject to certain adjustments, including subdivisions, redivisions, reductions, or combinations of our outstanding Common Stock.

For example, in the event we effectuate a two for one stock split and increase our outstanding Common Stock from 5,915,130 to 11,830,260, the conversion price would be proportionately reduced by one-half to \$1.50 per share if converted on or before July 1, 2013, to \$2.25 per share if converted during the period from July 2, 2013 to July 1, 2016, and to \$3.00 per share if converted during the period from July 2, 2016 to [MATURITY DATE]. Similarly, if we effectuate a one for two reverse stock split and reduce our outstanding common stock from 5,915,130 to 2,957,565, the conversion price would be proportionately increased to \$6.00 per share if converted on or before July 1, 2013, to \$9.00 per share if converted during the period from July 2, 2013 to July 1, 2016, and to \$12.00 per share if converted during the period from July 2, 2016 to [MATURITY DATE].

We will not issue fractional shares of Common Stock or to pay any cash adjustment in lieu of any fractional shares of Common Stock upon the conversion of a Debenture. Any fractions will be rounded to the nearest whole number with fractions of one-half or greater being rounded to the next higher whole number and fractions of less than one-half being rounded to the next lower whole number.

Under the terms of the Debentures, the Debentures are not convertible and you will be prohibited from converting your Debenture to the extent that you would be deemed or presumed to have acquired "control" of the Company or the Bank unless and until such time that you receive prior regulatory approval to acquire the shares subject to a proposed conversion or partial conversion. See "DESCRIPTION OF DEBENTURES – Conversion" herein.

Q: What will you do with the proceeds raised from this Offering?

A: If all the Debentures offered by this prospectus are sold, we expect to receive approximately \$5,875,000 in net proceeds after deducting all costs and expenses associated with this Offering. We intend to use the net proceeds from the offering of the Debentures for general working capital and administrative expenses. While we intend to downstream \$3,875,000 of the net proceeds to the Bank to support its ongoing operations, our management will have broad discretion in the application of the net proceeds and shareholders and potential investors will be relying upon the judgment of our management regarding the application of these proceeds. We reserve the right to change the use of these proceeds. See "USE OF PROCEEDS" herein.

Q: What is a Right?

A: We will first offer the Debentures to our shareholders as of March 31, 2010, the Record Date for determining which shareholders will receive one non-transferable subscription Right to purchase \$1,000 in Debentures for every 1,000 shares, or a fraction thereof, held on the Record Date. We call this the "Basic Subscription Privilege." Debentures will only be issued in denominations of \$1,000 (and integral multiples thereof) in principal amount. Therefore, a holder of a Right may "round up" their shares in exercise to the nearest integral of 1,000 and purchase a Debenture in

principal like amount. We call this the “Rounding-Up Privilege.” See “THE RIGHTS OFFERING – Rounding-Up Privileges” herein.

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For example, if you own 100 shares of Common Stock on the Record Date, your Basic Subscription and Rounding-Up Privileges entitle you to “round-up” your shares to purchase one Debenture in the principal amount of \$1,000. Similarly, if you own 1,050 shares of Common Stock on the Record Date, your Basic Subscription and Rounding-Up Privileges entitle you to purchase a Debenture in the principal amount of \$2,000, although you may also “round-down” to purchase a Debenture in the principal amount of only \$1,000.

Q: May Shareholders purchase shares in addition to the Basic Subscription Privilege?

A: If you hold a Right and fully exercise your Basic Subscription and Rounding-Up Privileges to subscribe to purchase the largest authorized Debenture denomination available to you, you may also subscribe for an unlimited amount of additional Debentures (subject to availability and rejection as described herein) pursuant to "Over-Subscription Privileges." You should indicate on the Subscription Certificate that you submit with respect to the exercise of your Right how much additional principal amount of Debentures (in denominations of \$1,000 or integral multiples of \$1,000) you wish to acquire pursuant to the Over-Subscription Privilege. See “THE RIGHTS OFFERING - Over-Subscription Privileges” herein for more information.

Q: Why are we conducting the Offering?

A: We are conducting the Offering in order to provide the financing necessary to support the capital and growth of our Company and the Bank and for other general corporate purposes.

Q: How soon must I act?

A: If you hold a Right, your Right will expire at 5:00 p.m. Pacific time on [45 DAYS FROM EFFECTIVE DATE], unless we extend the Rights Offering Expiration Date in our discretion. In order to participate in the Rights Offering, you must ensure that the subscription agent actually receives all required documents and payments before that time and date.

Any Debentures remaining after conclusion of the Rights Offering will be offered to the general public and to all shareholder of the Company alike in the Public Offering. The Public Offering will commence on the date hereof and will expire on [60 DAYS FROM EFFECTIVE DATE], unless extended in our discretion for up to two additional 30-day periods, although we will not accept subscriptions for Debentures in the Public Offering until the Rights Offering has expired.

Q: Has the Board of Directors made a recommendation regarding this Offering?

A: Our Board of Directors does not make any recommendations about an investment in our Debentures or whether shareholders should exercise their Rights.

Q: What forms and payment are required to purchase shares?

A: A form of Subscription Certificate and a form of Subscription Agreement are included with this prospectus.

If you are shareholder and you hold a Right, please carefully read the Subscription Certificate and the instructions included therein on how to exercise your Right to subscribe for and to purchase the Debentures. The Subscription Certificate must be properly filled out and delivered to the subscription agent before expiration of the Rights Offering with full payment for Debentures you wish to purchase.

If you are participating in the Public Offering, please carefully read the Subscription Agreement and the instructions included therein on how to subscribe for and to purchase the Debentures. The Subscription Agreement must be properly filled out and delivered to the subscription agent before expiration of the Public Offering with full payment for Debentures you wish to purchase.

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See “THE OFFERING – Acceptable Forms of Payment When Subscribing for Debentures” herein for more information.

Q: What if a broker, bank or other nominee is the record holder of my shares?

A: If you hold your shares through a broker, bank or other nominee and you wish to purchase Debentures in the Rights Offering, please promptly contact the broker, bank or other entity holding your shares. Your broker or other nominee holder is the record holder of the shares you own and must either exercise the Subscription Certificate on your behalf for Debentures you wish to purchase or arrange for a Subscription Certificate issued in your name. We have requested all known brokers and banks to contact you for instructions on exercising your Right. See “THE RIGHTS OFFERING – Participation by Shareholders Whose Shares Are Held of Record by Nominees.”

Q: May I transfer my Right?

A: No. You may not sell or transfer your subscription Right to anyone.

Q: Must I pay the Subscription Price in cash?

A: In order to participate in the Offering, you must timely pay for the Debentures you are purchasing by certified or cashier’s check drawn on a U.S. bank, or personal check for which good funds are received before expiration of the Rights Offering or the expiration of the Public Offering, as applicable.

Q: Will my money be returned if the Offering is canceled?

A: Yes, but without any payment of interest.

Q: May I change or cancel my subscription after I send in the required forms?

A: No. Your election to exercise your Right in the Rights Offering or your subscription for Debentures in the Public Offering may not be revoked after it has been received by the subscription agent.

Q: Are there any limits on the principal amount of Debentures that I may purchase in the Rights Offering or in the Public Offering?

A: No. However, you should be aware that the Debentures may not be convertible as to you and you will be prohibited from converting your Debentures to the extent that you would be deemed or presumed to have acquired “control” of the Company or the Bank unless and until such time that you receive prior regulatory approval to acquire the shares subject to a proposed conversion or partial conversion. See “DESCRIPTION OF DEBENTURES – Conversion” herein.

Q: How do I know if I will acquire “control” of the Company or the Bank upon conversion of a Debenture?

A: Generally, the federal banking laws and regulations define “control” as the power, directly or indirectly, to direct the management or policies, or to vote 25% or more of any class of voting securities of a bank. If you are a bank holding company, you are deemed to have acquired “control” of the Company or the Bank if the shares issuable under the Debenture, if then convertible, taken together with all shares of our Common Stock then owned or controlled by you, results in you controlling more than 5% of the outstanding shares of any class of voting securities of our Company or the Bank. If you are an individual, bank, corporation, partnership, trust, association, joint venture, pool, syndicate, sole proprietorship, unincorporated organization, or any other form of entity (other than a bank

holding company), you are presumed to have acquired control if the shares issuable under the Debenture, if then convertible, taken together with all shares of our Common Stock then owned or controlled by you (including shares underlying securities convertible into our Common Stock), results in you controlling more than 10% of the outstanding shares of any class of voting securities of our Company or the Bank. In either case, the Debenture will not be convertible as to you and you will be prohibited from converting your Debentures to the extent that you would be deemed or presumed to have acquired “control” of the Company or the Bank without first obtaining regulatory approval. See “DESCRIPTION OF DEBENTURES – Conversion” herein.

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Q: What are some of the significant risks of my investment in the Debentures?

A: You should carefully read and consider all risk factors detailed under Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2009 and the risk factors beginning on page [__] of the prospectus prior to investing in the Debentures.

Q: To whom may I direct questions or send forms and payment?

A: If you have other questions regarding the Company, the Bank or the Offering, you may call Mr. Charles G. Baltuskonis, Executive Vice President and Chief Financial Officer, at (805) 692-5821, Monday through Friday (except bank holidays), between 10:00 a.m. and 4:00 p.m., Pacific Time.

If you have other questions regarding the Company, the Bank or the Offering, a Subscription Certificate or a Subscription Agreement or submitting payment in the Offering, please contact Mr. Charles G. Baltuskonis, our Executive Vice President and Chief Financial Officer, at (805) 692-5821, Monday through Friday (except bank holidays), between 8:00 a.m. and 5:00 p.m., Pacific Time.

You should return your subscription documents and payments to Compushare Trust Company, N.A., our subscription agent, at the address indicated in the instructions forwarded with this prospectus.

PROSPECTUS SUMMARY

This following summary consists of basic information about us and this Offering and is qualified in its entirety by information contained elsewhere or incorporated by reference in this prospectus. This summary is not intended to be complete description of Community West Bancshares or a statement of all of the features of the Offering. You should carefully read the entire prospectus, including the "RISK FACTORS" section as well as the other documents to which we refer before deciding to invest in the Debentures. See "WHERE TO FIND MORE INFORMATION" on page [__].

Community West Bancshares

Community West Bancshares (the "Company") was incorporated in the State of California on November 26, 1996, for the purpose of becoming a bank holding company. On December 31, 1997, Community West acquired a 100% interest in Community West Bank, National Association (formerly, Goleta National Bank) (the "Bank"). Effective that date, shareholders of the Bank became shareholders of Community West in a one-for-one exchange. Community West and the Bank are collectively referred to herein as the "Company," "we" "us" or "our."

Community West is a bank holding company and the Bank is its sole bank subsidiary. Community West provides management and shareholder services to the Bank. The Bank offers a range of commercial and retail financial services to professionals, small to mid-sized businesses and individual households. These services include various loan and deposit products and other financial services and products.

Our principal executive offices are located at 445 Pine Avenue, Goleta, California 93117. Our telephone number is (805) 692-5821.

The Offering

Securities Offered

We are offering up to \$6,000,000 in aggregate principal amount of our 9% Convertible Subordinated Debentures. The Debentures do not have the benefit of a sinking fund. See “DESCRIPTION OF DEBENTURES” herein.

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Offering Price	100% of principal amount
Manner of Offering	We will offer the Debentures in a Rights Offering to holders of our Common Stock as of March 31, 2010, and thereafter to all shareholders and the general public alike in the Public Offering.
Denominations	The Debentures will be offered in the principal amount of \$1,000, or any principal amount that is an integral multiple of \$1,000.
Minimum Investment	The minimum investment is \$1,000 in the principal amount of Debentures.
Form of Investment	Investments in Debentures may be made by certified or cashier's check drawn on a U.S. bank, or by personal check. (SEE "THE OFFERING – Acceptable Forms of Payment When Subscribing for Debentures" herein.
Rights Offering	If you are a shareholder as of the Record Date (i.e., you were a record holder of our Common Stock at the close of business on March 31, 2010), you will receive one non-transferable subscription Right. This Right will entitle you to purchase, subject to all of the terms and conditions included in this prospectus, \$1,000 in principal amount of Debentures for every 1,000 shares of Common Stock, or a fraction thereof, held by you as of the Record Date. We refer to this as the "Basic Subscription Privilege." See "THE RIGHTS OFFERING," herein.
Rounding-Up Privilege	Shareholders who hold a Right may "round-up" the number of shares of Common Stock owned on the Record Date to 1,000 if they own less than 1,000 shares on the Record Date, or to the nearest integral of 1,000 if they owned more than 1,000 shares on the Record Date, and purchase a Debenture in the principal amount equal to number obtained as a result thereof. We refer to this as the "Rounding-Up Privilege." See "THE RIGHTS OFFERING – Rounding-Up Privileges" herein.
Over-Subscription Privilege	If you hold a Right and fully exercise your Basic Subscription and Rounding-Up Privileges to subscribe to purchase the largest authorized Debenture denomination available to you, you may also subscribe for an unlimited amount of additional Debentures (subject to availability and approval or rejection, in whole or in part, by the Board of Directors in its sole discretion, as described herein) pursuant to "Over-Subscription Privileges." See "THE RIGHTS OFFERING – Over-Subscription Privileges" herein.
Aggregate Amount of the Rights Offering	All Rights, in the aggregate, will entitle the holders thereof to subscribe to purchase an aggregate of approximately \$6,000,000 principal amount of Debentures, ignoring the operation of the Rounding-Up Privileges. Subject to our Right to terminate the Offering, including the Rights Offering, for any reason prior to accepting any subscriptions, we intend to issue and sell up to \$6,000,000 in aggregate principal amount of Debentures pursuant to subscriptions timely received by the subscription agent pursuant to the exercise of Rights, including pursuant to the Rounding-Up Privileges and the Over-Subscription Privileges. There is no minimum number of Rights which must be exercised in order for the Offering to close.

Possible Increase in Size of
Offering if Over-Subscribed

If, as a result of the exercise of the Rounding-Up Privilege, more than \$6,000,000 in principal amount of Debentures is subscribed to be purchased by Rights holders, we will issue and sell additional Debentures to cover all subscriptions for Debentures pursuant to the Rounding-Up Privilege (but not more than an additional \$600,000, for an aggregate total Offering not to exceed \$6,600,000 in principal amount) to satisfy all of the excess subscriptions. In addition, if, after all Rights holders have exercised their Basic Subscription and Rounding-Up Privileges, more than \$6,000,000 in principal amount of Debentures is subscribed to be purchased pursuant to the exercise of Over-Subscription Privileges or by investors in the Public Offering, we may, but are not obligated to, increase the maximum principal amount of Debentures by up to \$600,000 for an aggregate total Offering not to exceed \$6,600,000.

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Transferability of Right	The Rights are not transferable.
Rights Offering Expiration	The Rights Offering will expire at 5:00 p.m., Pacific Time, on [45 DAYS FROM EFFECTIVE DATE], unless we decide, in our sole discretion, to extend the expiration date for the Rights Offering.
Public Offering	All Debentures remaining after the Rights Offering has expired will be offered to the general public and to all shareholders alike in the Public Offering. Although the Public Offering will commence at the same time as the Rights Offering, we will not accept subscriptions for the Debentures in the Public Offering prior to [45 DAYS FROM EFFECTIVE DATE], the date for the expiration of the Rights Offering.
Acceptance of Subscriptions	<p>Subscriptions for Debentures are not binding unless accepted by us. Subscriptions received in the Rights Offering will be rejected, in whole or in part, to the extent that subscriptions are received to purchase a dollar amount of Debentures that is in excess of the dollar amount that we have agreed to accept. We reserve the right, in our sole discretion, to reject any subscription received in the Public Offering in whole or in part.</p> <p>If we do not accept, in whole or in part, any particular subscription for Debentures, we will mail a refund to that subscriber in an amount equal to the purchase price for the Debentures as to which such subscription is not accepted. We will not pay any interest on funds submitted with subscriptions. All refunds will be mailed promptly after the expiration of the applicable subscription period. See “THE OFFERING – Return of Payments for Rejected Subscriptions” herein.</p>
Public Offering Expiration	The Public Offering and the Offering will expire at 5:00 p.m., Pacific Time, on [60 DAYS FROM EFFECTIVE DATE], unless extended for up to two additional 30-day periods, in our sole discretion and without notice.
No Revocation	Shareholders who exercise a Right in the Rights Offering and potential investors (and existing shareholders alike) who subscribe for Debentures in the Public Offering are not allowed to revoke or reduce the principal amount of Debentures subscribed for or receive from us a refund of monies paid.
Procedure for Exercising a Right or Subscribing for Debentures	To exercise a Right in the Rights Offerings or otherwise subscribe for any Debentures in the Public Offering, complete the applicable subscription document and deliver it to the subscription agent with full payment for the Debentures you elect to purchase. We must receive the proper forms and payments on or before the applicable expiration date. See “THE OFFERING – Subscription Procedures” herein.

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Nominee Accounts	If you are a shareholder as of the Record Date and wish to exercise your Right to subscribe for a Debenture and your Common Stock is held by a broker, dealer, custodian bank or other nominee, then you should promptly contact your broker, dealer, custodian bank or other nominee and request that they exercise the Right on your behalf. You may also contact the nominee and request that the nominee send a separate subscription agreement to you.
Plan of Distribution	The Offering is being conducted on a best efforts basis by our directors and officers. The Offering is not underwritten, and we have not employed any brokers, dealers or agents to participate in the Offering. Debentures not purchased pursuant to the Rights Offering will be made available in the Public Offering to members of the general public and existing shareholders alike.
Use of Proceeds	We intend to use the net proceeds from the offering of the Debentures for general working capital and administrative expenses. Our management will have broad discretion in the application of the net proceeds and shareholders and potential investors will be relying upon the judgment of our management regarding the application of these proceeds. If all the Debentures are sold, we anticipate downstreaming \$3,875,000 of the net proceeds from this Offering to our banking subsidiary, the Bank, and retaining the remaining \$2,000,000 at the Company to permit the Company to meet its payment obligations under the Debentures and to support the ongoing operations of the Company. Notwithstanding however, our Board of Directors reserves the right to change the use of these proceeds. See "USE OF PROCEEDS" herein.
NASDAQ Symbol	CWBC
Risk Factors	See "Risk Factors" included in our discussion under Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2009 and "Risk Factors" beginning on page [__] and other information included in this prospectus and any prospectus supplement for a discussion of factors you should carefully consider before investing in the Debentures.
Subscription Agent	Computershare Trust Company, National Association, will act as the subscription agent in connection with this Offering.
Corporate Information	Our corporate headquarters are located at 445 Pine Avenue, Goleta, California 93117. Our telephone number is (805) 692-5821.

Securities being Offered	\$6,000,000 in aggregate principal amount of our 9% Convertible Subordinated Debentures
Issuer of the Securities	Community West Bancshares, a California corporation
Interest Rate	The Debentures will accrue interest in the principal amount thereof at the annual rate of 9%, compounded daily based on a 365-day year.
Payment of Interest	Interest on the Debentures will be calculated through the last day of each calendar quarter and payable quarterly on January 15, April 15, July 15 and October 15 of each year the Debenture remains outstanding; provided, however, that if any payment of principal or interest becomes due on a day that is not a business day, we will make payment on the next succeeding business day. We may defer interest payments for so long as such deferral is required by our federal banking regulators. See “DESCRIPTION OF DEBENTURES – Interest Payments” herein.

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Maturity	The Debentures will mature on [MATURITY DATE].
Redemption	The Debentures are not redeemable prior to January 1, 2014 and are redeemable in whole or in part at our option on or after January 1, 2014, at the principal face amount thereof plus accrued and unpaid interest to the date of redemption.
Subordination	The Debentures are subordinated, in all rights to payment and in all other respects, to all of our debt except for debt that by its terms expressly provides that such debt is not senior in right to payment of the Debentures. Senior debt includes, without limitation, all of our bank debt and any line of credit we may obtain in the future. This means that if we are unable to pay our debts when due, all of the senior indebtedness would be paid first, before any payment would be made on the Debentures. See also “DESCRIPTION OF DEBENTURES - Subordination” herein.
Event of Default	Under the terms of the Debentures, an event of default includes, among other things (i) the failure to pay interest for two consecutive calendar quarters when due provided such failure is not the result of compliance with any law, regulation, policy, pronouncement, statement or action of any bank regulatory agency; (ii) the failure to pay on the Maturity Date any principal, interest or other amount payable under the Debenture provided such failure is not the result of compliance with any law, regulation, policy, pronouncement, statement or action of any bank regulatory agency; (iii) the failure to reserve a sufficient number of shares of Common Stock to permit conversion of the Debentures; (iv) a breach of the listing requirements of NASDAQ that is not cured within 60 day; and (v) Company becoming subject to certain events of bankruptcy or insolvency. See also “DESCRIPTION OF DEBENTURES – Events of Default” and “– Enforcement Agent” herein.
Enforcement Agent	Holders of a majority in principal of the Debentures adversely affected by the occurrence of an event of default are entitled to appoint an enforcement agent to enforce the collective rights of such holders. The enforcement agent is charged with, among other things, declaring an acceleration of payment obligations under the Debentures and instituting collection proceedings on behalf of such holders. See also “DESCRIPTION OF DEBENTURES – Events of Default” and “– Enforcement Agent” herein.
Convertibility	The Debentures are convertible, in whole or in part, into shares of our Common Stock at the election of the holder. Upon surrender of any or all of the Debentures along with a completed notice of conversion, a shareholder may convert that portion of the principal amount of the Debentures so surrendered into shares of Common Stock at \$3.00 per share if converted on or before July 1, 2013, at \$4.50 per share if converted during the period from July 2, 2013 to July 1, 2016, and at \$6.00 per share if converted during the period from July 2, 2016 to [MATURITY DATE], subject to certain adjustments. See also “DESCRIPTION OF DEBENTURES – Conversion” herein.
Regulatory Limitation on Conversion of Debentures	A Debenture is not convertible and the holder thereof will be prohibited from converting a Debenture to the extent a conversion or partial conversion would result in the Debenture holder being deemed or presumed to have acquired “control”

of the Company or the Bank, as determined under federal banking laws and regulations, unless and until such time that holder has received approval from the federal banking regulators to acquire the shares subject to a proposed conversion or partial conversion. See also “DESCRIPTION OF DEBENTURES – Conversion” herein.

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Unsecured obligations; no sinking fund; no federal deposit insurance	The performance of our obligations under the Debentures will not be secured by a pledge of, or other security interest in, any of our assets. The Debentures will not be entitled to the benefit of any sinking fund. The Debentures are not savings accounts, deposits or other obligations of any bank and are not insured by the Federal Deposit Insurance Corporation or by any other governmental agency or insurance company or third party.
No Investment Rating	The Debentures are not expected to be rated by any securities rating agency.
No Trading Market	The Debentures are not listed on any securities exchange, there is no trading market for these Debentures and no active trading market is expected to develop.

RISK FACTORS

Investing in the Debentures involve significant risks, including the risks described below. In addition to the risks, uncertainties and risk factors set forth in the documents and reports that the Company files with the SEC that are incorporated by reference into this prospectus, you should carefully consider the following risks, uncertainties and risk factors together with the other information contained in this prospectus before purchasing the Debentures. Additional risks presently unknown to us or that we currently consider immaterial or unlikely to occur could also impair our operations. In addition, there are risks beyond our control. If any of these risks actually occurs, our business, financial condition or results of operations could be negatively affected, and you could lose part or all of your investment.

Business Risks

Reserve for credit losses may not be adequate to cover actual loan losses.

The risk of nonpayment of loans is inherent in all lending activities, and nonpayment, if it occurs, may have an adverse effect on our financial condition and/or results of operation. We maintain a reserve for credit losses to absorb estimated probable credit losses inherent in the loan and commitment portfolios as of the balance sheet date. After a provision of \$18.7 million for the year ended as of December 31, 2009, as of that date, our allowance for loan losses was \$13.7 million or 2.67% of loans held for investment. In addition, as of December 31, 2009, we had \$40,265,000 in loans on nonaccrual \$24,088,000 of which were the SBA guaranteed, and \$17,686,000 in loans 30 to 90 days past due with interest accruing. In determining the level of the reserve for credit losses, our management makes various assumptions and judgments about the loan portfolio. We rely on an analysis of our loan portfolio based on historical loss experience, volume and types of loans, trends in classifications, volume and trends in delinquencies and non-accruals, national and local economic conditions and other pertinent information known at the time of the analysis. If management's assumptions are incorrect, the reserve for credit losses may not be sufficient to cover losses, which could have a material adverse effect on our financial condition and/or results of operations. While the allowance was determined to be adequate at December 31, 2009, based on the information available to us at the time, there can be no assurance that the allowance will be adequate in the future.

All of our lending involves underwriting risks.

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As of December 31, 2009, commercial business loans represented 10.0% of our total loan portfolio, real estate loans represented 32.7% of our total loan portfolio, SBA loans represented 22.6% of our total loan portfolio and manufactured housing loans represented 31.7% of our total portfolio. All such lending, even when secured by the assets of a business, involves considerable risk of loss in the event of failure of the business. To reduce such risk, we typically take additional security interests in other collateral of the borrower, such as real property, certificates of deposit or life insurance, and/or obtain personal guarantees. In light of the economic downturn, our efforts to reduce risk of loss may not prove sufficient as the value of the additional collateral or personal guarantees may be significantly reduced. There can be no assurances that we have taken sufficient collateral or the values thereof will be sufficient to repay loans in accordance with their terms.

Our dependence on real estate concentrated in the State of California.

As of December 31, 2009, approximately \$202.4 million, or 32.8%, of our loan portfolio is secured by various forms of real estate, including residential and commercial real estate. A further decline in current economic conditions or rising interest rates could have an adverse effect on the demand for new loans, the ability of borrowers to repay outstanding loans and the value of real estate and other collateral securing loans. The real estate securing our loan portfolio is concentrated in California. The decline in real estate values could harm the financial condition of our borrowers and the collateral for our loans will provide less security and we would be more likely to suffer losses on defaulted loans.

Curtailment of government guaranteed loan programs could affect a segment of our business.

A major segment of our business consists of originating and periodically selling government guaranteed loans, in particular those guaranteed by the Small Business Administration. From time to time, the government agencies that guarantee these loans reach their internal limits and cease to guarantee loans. In addition, these agencies may change their rules for loans or Congress may adopt legislation that would have the effect of discontinuing or changing the loan programs. Non-governmental programs could replace government programs for some borrowers, but the terms might not be equally acceptable. Therefore, if these changes occur, the volume of loans to small business, industrial and agricultural borrowers of the types that now qualify for government guaranteed loans could decline. Also, the profitability of these loans could decline. As the funding of the guaranteed portion of 7(a) loans is a major portion of our business, the long-term resolution to the funding for the 7(a) loan program may have an unfavorable impact on our future performance and results of operations.

Our small business customers may lack the resources to weather a downturn in the economy.

One of the primary focal points of our business development and marketing strategy is serving the banking and financial services needs of small- and medium-sized businesses and professional organizations. Small businesses generally have fewer financial resources in terms of capital or borrowing capacity than do larger entities. If economic conditions are generally unfavorable in our service areas, the businesses of our lending clients and their ability to repay outstanding loans may be negatively affected. As a consequence, our results of operations and financial condition may be adversely affected.

Recession and changes in domestic and foreign financial markets have had, and may continue to have, a material negative impact on our results of operations and financial condition.

The recession, which is generally believed to have begun in the fourth quarter of 2007, continued impacting the economy throughout 2009. While there are signs of modest improvement, economic activity remains at low levels with a difficult job market, declining demand for loans and demand for commercial and industrial space still losing momentum.

In addition, in the past year, the domestic and foreign financial markets, securities trading markets and economies generally have experienced significant turmoil including, without limitation, government takeovers of troubled institutions, government brokered mergers of such firms to avoid bankruptcy or failures, bankruptcies of securities trading firms and insurance companies, failures of financial institutions and securities brokerage firms, significant declines in real property values, and wide fluctuations in energy prices, all of which have contributed to reduced availability of credit for businesses and consumers, significant levels of foreclosures on residential and commercial properties, falling home prices, reduced liquidity and a lack of stability across the entire financial sector. These recent events and the corresponding uncertainty and decline in financial markets are likely to continue for the foreseeable future. The full extent of the repercussions to our nation's economy in general and our business in particular are not fully known at this time. Such events are likely to have a negative effect on (i) our ability to service our existing customers and attract new customers, (ii) the ability of our borrowers to operate their business as successfully as in the past, (iii) the financial security and net worth of our customers, and (iv) the ability of our customers to repay their loans with us in accordance with the terms thereof. Even though we have enhanced our total shareholders' equity with the proceeds of the \$15.6 million we received in funds from the Treasury under its Troubled Asset Relief Program – Capital Purchase Program (“TARP-CPP”) (discussed below), such developments could have a material negative impact on our results of operations and financial condition.

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Legislative and regulatory initiatives to address difficult market and economic conditions may not stabilize the U.S. banking system.

The Emergency Economic Stabilization Act (“EESA”), the Financial Stability Plan (“FSP”), the American Recovery and Reinvestment Act (“ARRA”) and the Homeowner Affordability and Stabilization Plan (“HASP”), and the numerous actions by the Board of Governors of the Federal Reserve System, the Treasury, the Federal Deposit Insurance Corporation (“FDIC”), the Securities and Exchange Commission (“SEC”) and others are intended to address the liquidity and credit crisis, and to stabilize the U.S. banking, financial securities and housing markets. These measures include homeowner relief that encourage loan restructuring and modification; the establishment of significant liquidity and credit facilities for financial institutions and investment banks; the lowering of the federal funds rate; emergency action against short selling practices; a temporary guaranty program for money market funds; the establishment of a commercial paper funding facility to provide “back-stop” liquidity to commercial paper issuers; and coordinated international efforts to address illiquidity and other weaknesses in the banking sector. The EESA and the other regulatory initiatives described above may not have their desired effects. If the volatility in the markets continues and economic conditions fail to improve or worsen, our business, financial condition and results of operations could be materially and adversely affected.

Current levels of market volatility are unprecedented.

The capital and credit markets have been experiencing volatility and disruption for more than a year. In recent months, the volatility and disruption has reached unprecedented levels. The markets have produced downward pressure on stock prices and credit availability for certain issuers without regard to those issuers’ underlying financial strength. If current levels of market disruption and volatility continue or worsen, there can be no assurance that we will not experience an adverse effect, which may be material, on our ability to access capital and on our business, financial condition and results of operations.

Regulatory Risks

We operate in a highly regulated industry and government regulations significantly affect our business.

The banking industry is extensively regulated with regulations intended primarily to protect depositors, consumers and the Deposit Insurance Fund of the FDIC and not stockholders. We are subject to regulation and supervision by the Board of Governors of the Federal Reserve System, or Federal Reserve Board (FRB) and the Bank is also subject to regulation and supervision by the Office of the Comptroller of the Currency (OCC). Regulatory requirements affect our lending practices, capital structure, investment practices, asset allocations, operating practices, growth and dividend policy.

The bank regulatory agencies have broad authority to prevent or remedy unsafe or unsound practices or violations of law. Recently, regulators have intensified their focus on the USA PATRIOT Act’s anti-money laundering and Bank Secrecy Act compliance requirements resulting in an increased burden to us. There is also increased scrutiny of our compliance with the rules enforced by the Office of Foreign Assets Control (OFAC). We are also subject to regulatory capital requirements, and a failure to meet minimum capital requirements or to comply with other regulations could result in actions by regulators that could adversely affect our business. In addition, changes in law, regulations and regulatory practices affecting the banking industry may limit the manner in which we may conduct our business.

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FDIC deposit insurance premiums have increased substantially and may increase further, which will adversely affect our results of operations

Our FDIC insurance expense for the years ended December 31, 2009, 2008 and 2007 amounted to \$1.6 million, \$369,000 and \$230,000, respectively. The expense for the 2009 period included a \$306,000 million special assessment imposed in June 2009. We expect deposit insurance premiums will continue to increase for all banks, including the possibility of additional special assessments, due to recent strains on the FDIC deposit insurance fund resulting from the cost of recent bank failures and an increase in the number of banks likely to fail over the next few years. Our current level of FDIC insurance expense as well as any further increases thereto will continue to adversely affect our operating results.

We rely on the dividends we receive from the Bank.

The Company is a separate and distinct legal entity from the Bank, and a substantial portion of the revenues it receives consists of dividends from the Bank. The Company has raised working capital in the past through the sale of preferred stock to the U.S. Treasury and has down streamed the resulting proceeds from such transactions to the Bank as capital investments.

Various federal and state laws and regulations limit the amount of dividends that a bank may pay to its parent company. In addition, the Company's right to participate in a distribution of assets upon the liquidation or reorganization of a subsidiary may be subject to the prior claims of the subsidiary's creditors. If the Bank is unable to pay dividends to the Company for any reason, in turn the Company may not be able to service its debt, pay its other obligations, or pay dividends on its common and preferred stock, which could have a material adverse effect on our business and your investment in the Debentures being offered in this prospectus.

Accounting, Systems and Internal Control Risks

Changes in accounting standards may affect our performance.

Our accounting policies and procedures are fundamental to how we record and report our financial condition and results of operations. From time to time, there are changes in the financial accounting and reporting standards that govern the preparation of financial statements in accordance with GAAP. These changes can be difficult to predict and can materially impact how we record and report our financial condition and statements of operations. The Financial Accounting Standards Board (FASB) has and continues to issue a large number of accounting standards that necessarily require all companies to exercise significant judgment and interpretation in their application of those standards. For example, banks now need to use "significant" judgment when assessing the estimated fair value of the assets and liabilities sitting on their balance sheets even though market values can change rapidly day to day and or may not be representative due to the inactivity of certain markets. These judgments and estimates could lead to inaccuracy and/or incomparability of financial statements in the banking industry. Future changes in financial accounting and reporting standards could require us to apply a new or revised standard retroactively, which could result in a material adverse effect on our financial condition or could even require us to restate prior period financial statements.

Failure to maintain an effective system of internal control over financial reporting may not allow us to be able to accurately report our financial results or prevent fraud.

We regularly review and update our internal control over financial reporting, disclosure controls and procedures, and corporate governance policies and procedures. We maintain controls and procedures to mitigate against risks such as processing system failures and errors, and customer or employee fraud, and maintains insurance coverage for certain

of these risks. Any system of controls and procedures, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Events could occur which are not prevented or detected by our internal controls or are not insured against or are in excess of our insurance limits. Any failure or circumvention of our controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on our business, results of operations and financial condition.

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A breach of information security could negatively affect our business.

We depend upon data processing, communication and information exchange on a variety of computing platforms and networks, including over the internet. Communications and information systems are essential to the conduct of our business, as we use such systems to manage our customer relationships, general ledger, deposits, and loans.

We cannot be certain that all of our systems are entirely free from vulnerability to attack, despite safeguards we have instituted. We also rely on the services of a variety of vendors to meet our data processing and communication needs. If information security is breached, information can be lost or misappropriated and could result in financial loss or costs to us or damages to others. These costs or losses could materially exceed the amount of insurance coverage, if any, which would adversely affect our earnings. Our ability to meet the needs of our customers competitively, and in a cost-efficient manner, is dependent on our ability to keep pace with technological advances and to invest in new technology as it becomes available. Many of our competitors have greater resources to invest in technology than we do and may be better equipped to market new technology-driven products and services. The ability to keep pace with technological change is important, and the failure to do so on our part could also have a material adverse impact on our business and therefore on our financial condition and results of operations.

We are subject to several restrictions including restrictions on our ability to declare or pay dividends and repurchase our shares as well as restrictions on our executive compensation.

We have participated in the U.S Treasury's Capital Purchase Program and are subject to various restrictions as defined therein, including the Treasury's standards for executive compensation and corporate governance for as long as the Treasury holds our Series A preferred stock, or any Common Stock that may be issued to it pursuant to the warrant it holds. These standards generally apply to our Chief Executive Officer, Chief Financial Officer and the three next most highly compensated senior executive officers. The standards include (1) ensuring that incentive compensation for senior executives does not encourage unnecessary and excessive risks that threaten the value of the financial institution; (2) required clawback of any bonus or incentive compensation paid to a senior executive based on statements of earnings, gains or other criteria that are later proven to be materially inaccurate; (3) prohibiting golden parachute payments to senior executives; and (4) agreement not to deduct for tax purposes executive compensation in excess of \$500,000 for each senior executive. This deductibility limit on executive compensation will increase the overall cost of our compensation programs in future periods and we could potentially be subject to the above restrictions for a ten-year time period. Pursuant to the American Recovery and Reinvestment Act of 2009, further compensation restrictions, including significant limitations on incentive compensation and "golden parachute" payments, have been imposed on our most highly compensated employees, which may make it more difficult for us to retain and recruit qualified personnel.

Risks Relating to this Offering and the Debentures

You may not receive interest payments for two successive quarters and any missed interest payments do not accrue interest.

Although, under the terms of the Debentures, interest payments are calculated through the last day of each calendar quarter and payable quarterly on January 15, April 16, July 15 and October 15 of each year in which the Debentures are outstanding, an event of default with respect to the failure to pay interest when due does not occur unless the failure to pay interest when due continues for two successive quarters. In addition, interest will not accrue on the amount of any missed interest payments. Therefore, there is a potential that we may fail to pay interest on the Debentures for two successive quarters and such failure to pay will not constitute an "Event of Default" under the terms of the Debentures. Accordingly, you may have to wait 6 months before declaring a default under the Debentures and instituting collection proceedings or seeking other remedies with respect such default.

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We are not required to pay principal, interest or other amount payable under the Debenture when due if such failure to pay results from compliance with any law, regulation, policy, pronouncement, statement or action of any bank regulatory agency.

Generally, a failure to pay principal, interest or other amount payable under the Debenture when due constitutes an “Event of Default” under the terms the Debentures, subject to applicable cure periods as set forth therein. However, a failure to pay principal, interest or other amount payable under the Debenture when due that results from compliance with, any law, regulation, policy, pronouncement statement or action of any bank regulatory agency will not constitute an “Event of Default.” Therefore, there is the potential that we will not make interest payments on the Debenture or pay the principal and any accrued interest on the Debenture on the maturity date if we are prohibited from making any such payments as a result of, or our failure to make such payments when due is intended to comply with, any law, regulation, policy, pronouncement, statement or action of any bank regulatory agency. No assurances can be given as to the length of any such prohibition on interest payments or principal repayment, which could be substantial. In addition, during the period that we are prohibited from making such interest payments, the missed interest payments will not accrue interest.

The Debenture may not be convertible.

The provisions of the Bank Holding Company Act of 1956 and the Change in Bank Control Act and the regulations promulgated thereunder generally require the prior approval of the federal banking regulators for any person or persons acting in concert to acquire “control” of our Company or the Bank. Generally, “control” means the power, directly or indirectly, to direct the management or policies, or to vote 25% or more of any class of voting securities, of a bank. The federal banking regulators presume that a person “controls” our Company or the Bank if such person has the power to vote 10% or more of our outstanding Common Stock after taking into account all shares of Common Stock then held by such holder and all shares of Common Stock issuable upon conversion or exercise of any security exercisable for or convertible into our Common Stock, including options and warrants. Therefore, if you own a Debenture, the Debenture may not be convertible and you will be prohibited from converting your Debenture unless and until such time that you receive regulatory approval to acquire the shares subject to a proposed conversion or partial conversion. No assurances can be given that the federal banking regulators will approve a holder acquiring the shares issuable upon conversion of a Debenture, or if so, in such amounts as the holder hopes to acquire in connection with a proposed conversion or partial conversion. For more information, see “DESCRIPTION OF DEBENTURES – Conversion” herein.

We have broad discretion to use the proceeds of this Offering.

We expect to use a significant portion of the net proceeds from this Offering for the down streaming of working capital to the Bank (see the section “Use of Proceeds” in this prospectus). Accordingly, we will have broad discretion as to the application of such proceeds. You will not have an opportunity to evaluate the economic, financial or other information on which we base our decisions on how to use the net proceeds from this Offering. Our failure to use these funds effectively could have a material adverse effect on our financial condition and results of operations.

The Debentures being offered are not FDIC insured bank deposits and are subject to market risk.

The Debentures are not deposits, savings accounts or other obligations of our subsidiaries or any other depository institution, are not guaranteed by us or any other entity, and are not insured by the FDIC or any other governmental agency. The Debentures offered may lose part or all of their value.

The Debentures are junior to our other indebtedness, and our holding company structure effectively subordinates any claims of our subordinated Debenture holders against us to those of the Bank’s creditors.

Our obligations under the Debentures are unsecured and will rank junior in priority of payment to our existing and future senior indebtedness. Because we are a holding company, the creditors of the Bank, including depositors of the Bank, also will have priority over the claims of our Debenture holders in any distribution of the Bank's assets in liquidation, reorganization or otherwise. Accordingly, the Debentures will be effectively subordinated to all existing and future liabilities of the Bank. As of December 31, 2009, we had approximately \$624 million outstanding principal amount of consolidated liabilities (including deposit liabilities of the Bank), to all of which the Debentures are expressly or effectively subordinated. The issuance of the Debentures does not limit our ability or the ability of the Bank to incur additional indebtedness, guarantees or other liabilities.

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We have made only limited covenants in the Debentures, which may not protect your investment in the event we experience significant adverse changes in our financial condition or results of operations.

The terms of the Debentures do not require us to maintain any financial ratios or specified levels of net worth, revenues, income, cash flow or liquidity, and therefore does not protect holders of the Debentures in the event we experience significant adverse changes in our financial condition or results of operations. The terms of the Debentures do not prevent us or the Bank from borrowing money, issuing securities, or otherwise incurring future indebtedness that has rights to payment that are expressly or effectively senior to, or equal with, the rights of payment of the holders of the Debentures.

Absence of a public market for the Debentures will limit your opportunities to sell your Debentures in the future.

The Debentures are new securities for which there is no trading market. We do not intend to apply for listing of the Debentures on any securities exchange or for quotation through an automated quotation system. There can be no assurance that a market may develop in the future, and there can be no assurance as to the ability of holders of Debentures to sell their Debentures. If such a market were to exist, the Debentures could trade at prices that may be higher or lower than their principal amount depending on many factors, including prevailing interest rates, the market for similar debt instruments and our financial performance. Accordingly, investors should consider an investment in our Debentures to be illiquid relative to securities of other companies.

We are a holding company, and we may not have access to the cash flow and other assets of the Bank that may be needed to make payments principal and interest on the Debentures.

There is no sinking fund for retirement of the Debentures at or prior to their maturity. Although all our business is conducted principally through the Bank, the Bank is not obligated to make funds available to us for payment of principal and interest on the Debentures. Accordingly, our ability to make payments on the Debentures is dependent on the earnings and the distribution of funds from the Bank. If the Bank cannot pay us dividends for any reason, we may be unable to make the principal and interest payments on the Debentures as they come due. We cannot assure you that we will have access to cash flows sufficient to fund such payments when due. Further, our ability to receive dividends from the Bank is subject to extensive government regulation. The Debentures are subordinated and unsecured obligations of ours. As a result, if we are unable to pay the Debentures at their maturity, your ability to recover the principal amount of the Debentures and any outstanding interest may be limited.

Holders of our Debentures will have no say over our management and affairs.

Our executive officers and directors will make all decisions with respect to our management. Holders of our Debentures have no right or power to take part in management. Prospective investors will be entirely reliant on our executive officers and directors and will not be able to evaluate for themselves the merits of the proposed use and investment of the Debenture proceeds. The interests of our directors and executive officers may differ from the interests of the Debenture holders. Accordingly, no person should purchase Debentures unless he or she is willing to entrust all aspects of our management to our executive officers and directors.

In the event we redeem the Debentures before [MATURITY DATE], you may not be able to reinvest your principal at the same or a higher rate of return.

We may redeem the Debentures, in whole or in part, and without premium or penalty, at any time on or after January 1, 2014, subject to certain conditions. You should assume that we will exercise our redemption option if we are able to obtain capital at a lower cost than we must pay on the Debentures or if it is otherwise in our interest to redeem the Debentures. If the Debentures are redeemed, you may be required to reinvest your principal at a time when you may

not be able to earn a return that is as high as you were earning on the Debentures.

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The Offering prices are not necessarily an indication of the value of our Debentures.

The Offering price of the Debentures does not necessarily bear any relationship to the book value of our assets, past operations, cash flows and ability to repay the Debentures, losses, financial condition or any other established criteria for value. Our directors determined the Offering price, including the interest rate to be paid per annum and other terms after considering general market conditions and other factors.

You will not receive any interest on funds paid to us with your subscriptions unless and until we have issued Debentures to you upon acceptance of your subscriptions.

We will not pay any interest on funds paid to us with subscriptions. We intend to issue the Debentures to subscribers as soon as practicable following the applicable expiration date, and we will not pay interest on the Debentures until the date that the Debentures are issued. [Because you will not receive any interest on your subscription funds prior to the issuance of the Debentures to you, we do not encourage you to submit your subscriptions earlier than is necessary to assure that we timely receive your subscription and payment before the expiration date of the Offering.]

If we cancel this Offering, or if your subscription is not accepted because of the oversubscription of the Offering, we will not have any obligation to you except to return your subscription payments.

We may withdraw or terminate this Offering at any time before the applicable expiration date for any reason. In addition, we will increase the maximum amount offered herein by not more than \$600,000 to \$6,600,000 in principal amount of Debentures to accommodate all shareholders who exercise their Basic Subscription and Rounding-Up Privileges. However, if, after all Rights holders have exercised their Basic Subscription and Rounding-Up Privileges, more than \$6,000,000 in principal amount of Debentures is subscribed to be purchased pursuant to the exercise of Over-Subscription Privileges and/or by investors in the Public Offering, we may, but are not obligated to, increase the maximum principal amount of Debentures by up to \$600,000 for an aggregate total Offering not to exceed \$6,600,000. Our Board of Directors will allocate the Debentures that remain after shareholders have exercised their Basic Subscription and Rounding-Up Privileges among shareholders exercising their Over-Subscription Privilege and investors subscribing for Debentures in the Public Offering as our Board of Directors determines in its sole and absolute discretion. Therefore, there can be no assurances given that shareholders will receive the principal amount of Debentures they subscribe for in exercising their Over-Subscription Privilege. If we withdraw or terminate this Offering, or we reject your subscription in connection with your Over-Subscription Privilege, in whole or in part, we will not have any obligation with respect to your Right that you have exercised except to return, without interest or deduction, any subscription payments that the subscription agent has received from you.

If you hold Rights and do not act on a timely basis and follow subscription instructions, your exercise of Rights may be rejected.

Holders of Rights who desire to purchase Debentures in the Rights Offering must act on a timely basis to ensure that all required forms and payments are actually received by the subscription agent prior to 5:00 p.m., Pacific Time, on [45 DAYS FROM EFFECTIVE DATE], unless extended in our discretion. If you are a beneficial owner of shares of Common Stock and you wish to exercise your Rights, you must act promptly to ensure that your broker, custodian bank or other nominee acts for you and that all required forms and payments are actually received by your broker, custodian bank or other nominee in sufficient time to deliver such forms and payments to the subscription agent to exercise the Rights granted in the Rights Offering that you beneficially own prior to 5:00 p.m., Pacific Time on [45 DAYS FROM EFFECTIVE DATE], unless extended. We will not be responsible if your broker, custodian or nominee fails to ensure that all required forms and payments are actually received by the subscription agent prior to 5:00 p.m., Pacific Time on [45 DAYS FROM EFFECTIVE DATE], unless extended.

If you fail to complete and sign the required subscription forms, send an incorrect payment amount, or otherwise fail to follow the subscription procedures that apply to your exercise in this Offering, we may, depending on the circumstances, reject your subscription or accept it only to the extent of the payment received. We do not undertake to contact you concerning an incomplete or incorrect subscription form or payment, nor are we under any obligation to correct such forms or payment. We have the sole discretion to determine whether a subscription exercise properly follows the subscription procedures.

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If you make payment of the subscription price by uncertified check, your check may not clear in sufficient time to enable you to purchase shares in this Rights Offering.

Any uncertified check used to pay for Debentures must clear prior to the expiration date of this Rights Offering or the Public Offering, as applicable, and the clearing process may require five or more business days. If you hold Rights and choose to exercise your Rights, in whole or in part, or if you participate in the Public Offering and subscribe for Debenture and choose to pay for Debentures by uncertified check and your check has not cleared prior to the applicable expiration date, you will not have satisfied the conditions necessary to subscribe for and to purchase the Debentures.

FORWARD-LOOKING STATEMENTS

The Company from time to time in its oral and written communications makes statements relating to its expectations regarding the future. These types of statements are considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements can include statements about the Company's net interest income or net interest margin; adequacy of allowance for loan losses, and the quality of the Company's loans, investment securities and other assets; simulations of changes in interest rates; litigation results; dividend policy; estimated cost savings, plans and objectives for future operations; and expectations about the Company's financial and business performance and other business matters as well as economic and market conditions and trends. All statements other than statements of historical fact included in this report, including statements regarding our financial position, business strategy and the plans and objectives of our management for future operations, are forward-looking statements. When used in this prospectus, words such as "anticipate," "believe," "estimate," "expect," "intend" and similar expressions, as they relate to us or our management, identify forward-looking statements.

Such forward-looking statements are based on the beliefs of our management, as well as assumptions made by and information currently available to our management, and are subject to risks, uncertainties, and other factors.

Actual results may differ materially and adversely from the expectations of the Company that are expressed or implied by any forward-looking statement. The discussions in Item 1A, "Risk Factors," and in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of our annual report on Form 10-K for the year ended December 31, 2009, list some of the factors that could cause the Company's actual results to vary materially from those expressed or implied by any forward-looking statements. Other risks, uncertainties, and factors that could cause the Company's actual results to vary materially from those expressed or implied by any forward-looking statement include but not limited to:

- the unknown future direction of interest rates and the timing and magnitude of any changes in interest rates;
 - changes in competitive conditions;
- the introduction, withdrawal, success and timing of asset/liability management strategies or of mergers and acquisitions and other business initiatives and strategies;
 - changes in customer borrowing, repayment, investment and deposit practices;
 - changes in fiscal, monetary and tax policies;
 - changes in financial and capital markets;

- continued deterioration in general economic conditions, either nationally or locally, resulting in, among other things, credit quality deterioration;

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- capital management activities, including possible future sales of new securities, or possible repurchases or redemptions by the Company of outstanding debt or equity securities;
 - factors driving impairment charges on investments;
 - the impact, extent and timing of technological changes;
- litigation liabilities, including related costs, expenses, settlements and judgments, or the outcome of matters before regulatory agencies, whether pending or commencing in the future;
 - actions of the Federal Reserve Board;
 - changes in accounting principles and interpretations;
- actions of the Department of the Treasury and the Federal Deposit Insurance Corporation under the Emergency Economic Stabilization Act of 2008 and the Federal Deposit Insurance Act and other legislative and regulatory actions and reforms; and
- the continued availability of earnings and excess capital sufficient for the lawful and prudent declaration and payment of cash dividends.

Such statements reflect our views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the operations, results of operations, growth strategy and liquidity of the Company. Readers are cautioned not to place undue reliance on these forward-looking statements. It is intended that these forward-looking statements speak only as of the date they are made. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect future events or circumstances or to reflect the occurrence of unanticipated events.

THE OFFERING

The Debentures

We are offering an aggregate of \$6,000,000 in 9% Convertible Subordinated Debentures, due [MATURITY DATE]. The Debentures will pay simple interest at the annual rate of 9% per annum, calculated through the last day of each calendar quarter and payable quarterly on January 15, April 15, July 15 and October 15 of each year the Debenture remains outstanding. However, if any payment of principal or interest becomes due on a day that is not a business day, we will make payment on the next succeeding business day and will include this extension of the payment due date when computing interest in connection with such payment. The Debentures will be convertible, in whole or in part, into shares of our Common Stock at the election of the holder. Upon surrender of any or all of the Debentures along with a completed notice of conversion, a shareholder may convert that portion of the principal amount of the Debentures so surrendered into shares of Common Stock at \$3.00 per share if converted on or before July 1, 2013, at \$4.50 per share if converted during the period from July 2, 2013 to July 1, 2016, and at \$6.00 per share, if converted during the period from July 2, 2016 to [MATURITY DATE], subject to adjustments, including subdivisions, redivisions, reductions, combinations, or consolidations of the Company's outstanding Common Stock. See "DESCRIPTION OF DEBENTURES – Conversion" herein.

All Debentures offered hereby will mature on [MATURITY DATE]. We may, at our option, call all or any part of the Debentures for payment and redeem the same at any time and from time to time after January 1, 2014 for face amount plus any interest accrued and unpaid to the date of redemption. See "DESCRIPTION OF DEBENTURES – Redemption"

herein.

The Debentures will be issued only in denominations of \$1,000 (and integral multiples thereof). Shareholders who hold a Right may “round up” the number of shares to 1,000, if they owned less than 1,000 shares as of the Record Date, or to the nearest integral multiple thereof, if they owned more than 1,000 shares as of the Record Date, and subscribe to purchase a Debenture in the principal amount obtained as a result thereof. See “THE RIGHTS OFFERING – Rounding-Up Privileges” herein.

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The Rights Offering and the Public Offering