

Edgar Filing: PROVIDENT FINANCIAL HOLDINGS INC - Form 10-Q

PROVIDENT FINANCIAL HOLDINGS INC  
Form 10-Q  
May 11, 2015  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q  
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, 2015  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number  
000-28304

PROVIDENT FINANCIAL HOLDINGS, INC.  
(Exact name of registrant as specified in its charter)  
Delaware  
(State or other jurisdiction of  
incorporation or organization)

33-0704889  
(I.R.S. Employer  
Identification  
No.)

3756 Central Avenue, Riverside, California 92506  
(Address of principal executive offices and zip code)

(951) 686-6060  
(Registrant's telephone number, including area code)

\_\_\_\_\_  
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See 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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

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Yes      No    ü .

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of class:	As of May 4, 2015
Common stock, \$ 0.01 par value, per share	8,718,929 shares

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PROVIDENT FINANCIAL HOLDINGS, INC.

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PROVIDENT FINANCIAL HOLDINGS, INC.  
Condensed Consolidated Statements of Financial Condition  
In Thousands, Except Share Information

	(Unaudited)	
	March 31, 2015	June 30, 2014
Assets		
Cash and cash equivalents	\$30,675	\$118,937
Investment securities – held to maturity (fair value \$800 and \$800, respectively)	800	800
Investment securities – available for sale, at fair value	14,986	16,347
Loans held for investment, net of allowance for loan losses of \$8,712 and \$9,744, respectively	819,636	772,141
Loans held for sale, at fair value	307,054	158,883
Accrued interest receivable	2,855	2,483
Real estate owned, net	3,190	2,467
Federal Home Loan Bank (“FHLB”) – San Francisco stock	7,732	7,056
Premises and equipment, net	5,617	6,369
Prepaid expenses and other assets	21,246	20,146
<b>Total assets</b>	<b>\$1,213,791</b>	<b>\$1,105,629</b>
Liabilities and Stockholders’ Equity		
Liabilities:		
Non interest-bearing deposits	\$62,824	\$58,654
Interest-bearing deposits	855,076	839,216
Total deposits	917,900	897,870
Borrowings	131,384	41,431
Accounts payable, accrued interest and other liabilities	22,649	20,466
Total liabilities	1,071,933	959,767
Commitments and Contingencies		
Stockholders’ equity:		
Preferred stock, \$.01 par value (2,000,000 shares authorized; none issued and outstanding)	—	—
Common stock, \$.01 par value (40,000,000 shares authorized; 17,718,365 and 17,714,365 shares issued; 8,718,929 and 9,312,269 shares outstanding, respectively)	177	177
Additional paid-in capital	87,552	88,259
Retained earnings	186,762	182,458
Treasury stock at cost (8,999,436 and 8,402,096 shares, respectively)	(133,030)	(125,418)
Accumulated other comprehensive income, net of tax	397	386
<b>Total stockholders’ equity</b>	<b>141,858</b>	<b>145,862</b>

Total liabilities and stockholders' equity	\$1,213,791	\$1,105,629
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The accompanying notes are an integral part of these condensed consolidated financial statements.

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PROVIDENT FINANCIAL HOLDINGS, INC.  
Condensed Consolidated Statements of Operations  
(Unaudited)

In Thousands, Except Per Share Information

	Quarter Ended March 31,		Nine Months Ended March 31,	
	2015	2014	2015	2014
Interest income:				
Loans receivable, net	\$9,689	\$8,731	\$28,260	\$27,522
Investment securities	70	82	218	260
FHLB – San Francisco stock	126	203	402	615
Interest-earning deposits	52	142	222	390
Total interest income	9,937	9,158	29,102	28,787
Interest expense:				
Checking and money market deposits	101	94	315	292
Savings deposits	160	153	477	452
Time deposits	910	1,058	2,826	3,492
Borrowings	388	403	1,059	1,485
Total interest expense	1,559	1,708	4,677	5,721
Net interest income	8,378	7,450	24,425	23,066
Recovery from the allowance for loan losses	(111)	(849)	(1,283)	(2,689)
Net interest income, after recovery from the allowance for loan losses	8,489	8,299	25,708	25,755
Non-interest income:				
Loan servicing and other fees	264	252	823	778
Gain on sale of loans, net	9,754	5,291	25,448	17,777
Deposit account fees	607	628	1,837	1,868
Gain (loss) on sale and operations of real estate owned acquired in the settlement of loans, net	58	45	(12)	15
Card and processing fees	338	336	1,030	997
Other	248	239	750	683
Total non-interest income	11,269	6,791	29,876	22,118
Non-interest expense:				
Salaries and employee benefits	10,950	8,811	30,481	28,175
Premises and occupancy	1,106	1,099	3,604	3,362
Equipment	420	435	1,306	1,389
Professional expenses	671	383	1,628	1,314
Sales and marketing expenses	458	418	1,188	1,224
Deposit insurance premiums and regulatory assessments	227	251	738	694
Other	1,336	1,156	3,874	3,796
Total non-interest expense	15,168	12,553	42,819	39,954
Income before income taxes	4,590	2,537	12,765	7,919
Provision for income taxes	1,990	1,138	5,447	3,404
Net income	\$2,600	\$1,399	\$7,318	\$4,515

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Basic earnings per share	\$0.29	\$0.14	\$0.80	\$0.45
Diluted earnings per share	\$0.29	\$0.14	\$0.79	\$0.44
Cash dividends per share	\$0.11	\$0.10	\$0.33	\$0.30

The accompanying notes are an integral part of these condensed consolidated financial statements.

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PROVIDENT FINANCIAL HOLDINGS, INC.  
 Condensed Consolidated Statements of Comprehensive Income  
 (Unaudited)  
 In Thousands

	For the Quarters Ended March 31,		For the Nine Months Ended March 31,	
	2015	2014	2015	2014
Net income	\$2,600	\$1,399	\$7,318	\$4,515
Change in unrealized holding (loss) gain on securities available for sale	(60	)17	19	(148 )
Reclassification of (gains) losses to net income	—	—	—	—
Other comprehensive (loss) income, before income taxes	(60	)17	19	(148 )
Income tax (benefit) expense	(25	)7	8	(62 )
Other comprehensive (loss) income	(35	)10	11	(86 )
Total comprehensive income	\$2,565	\$1,409	\$7,329	\$4,429

The accompanying notes are an integral part of these condensed consolidated financial statements.

PROVIDENT FINANCIAL HOLDINGS, INC.  
Condensed Consolidated Statements of Stockholders' Equity  
(Unaudited)  
In Thousands, Except Share Information

For the Quarters and Nine Months Ended March 31, 2015 and 2014:

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss), Total Net of Tax	
	Shares	Amount					
Balance at December 31, 2014	8,995,149	\$ 177	\$87,153	\$ 185,148	\$(128,560)	\$432	\$ 144,350
Net income				2,600			2,600
Other comprehensive loss						(35)	(35)
Purchase of treasury stock	(278,220)				(4,457)		(4,457)
Exercise of stock options	2,000	—	14				14
Amortization of restricted stock			177				177
Forfeiture of restricted stock			13		(13)		—
Stock options expense			190				190
Tax effect from stock based compensation			5				5
Cash dividends				(986)			(986)
Balance at March 31, 2015	8,718,929	\$ 177	\$87,552	\$ 186,762	\$(133,030)	\$397	\$ 141,858

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income, Total Net of Tax	
	Shares	Amount					
Balance at December 31, 2013	9,851,765	\$ 177	\$88,358	\$ 180,897	\$(117,440)	\$458	\$ 152,450
Net income				1,399			1,399
Other comprehensive income						10	10
Purchase of treasury stock	(194,888)				(2,983)		(2,983)
Exercise of stock options	9,000	—	66				66
Amortization of restricted stock			50				50
Awards of restricted stock			(130)		130		—
Stock options expense			76				76
Tax effect from stock based compensation			(130)				(130)
Cash dividends				(981)			(981)
Balance at March 31, 2014	9,665,877	\$ 177	\$88,290	\$ 181,315	\$(120,293)	\$468	\$ 149,957

The accompanying notes are an integral part of these condensed consolidated financial statements.

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	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income, Net of Tax	Total
	Shares	Amount					
Balance at June 30, 2014	9,312,269	\$ 177	\$88,259	\$ 182,458	\$(125,418)	\$386	\$ 145,862
Net income				7,318			7,318
Other comprehensive income						11	11
Purchase of treasury stock	(597,340 )				(9,240 )		(9,240 )
Exercise of stock options	4,000	—	28				28
Amortization of restricted stock			418				418
Awards of restricted stock			(1,641 )		1,641		—
Forfeitures of restricted stock			13		(13 )		—
Stock options expense			486				486
Tax effect from stock based compensation			(11 )				(11 )
Cash dividends				(3,014 )			(3,014 )
Balance at March 31, 2015	8,718,929	\$ 177	\$87,552	\$ 186,762	\$(133,030)	\$397	\$ 141,858

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss), Net of Tax	Total
	Shares	Amount					
Balance at June 30, 2013	10,386,399	\$ 177	\$87,742	\$ 179,816	\$(108,315)	\$554	\$ 159,974
Net income				4,515			4,515
Other comprehensive loss						(86 )	(86 )
Purchase of treasury stock	(770,022 )				(12,057 )		(12,057 )
Exercise of stock options	49,500	—	362				362
Amortization of restricted stock			152				152
Awards of restricted stock			(130 )		130		—
Forfeitures of restricted stock			51		(51 )		—
Stock options expense			235				235
Tax effect from stock based compensation			(122 )				(122 )
Cash dividends				(3,016 )			(3,016 )
Balance at March 31, 2014	9,665,877	\$ 177	\$88,290	\$ 181,315	\$(120,293)	\$468	\$ 149,957

The accompanying notes are an integral part of these condensed consolidated financial statements.

PROVIDENT FINANCIAL HOLDINGS, INC.  
Condensed Consolidated Statements of Cash Flows  
(Unaudited - In Thousands)

	Nine Months Ended	
	March 31,	
	2015	2014
Cash flows from operating activities:		
Net income	\$7,318	\$4,515