

PROVIDENT FINANCIAL HOLDINGS INC  
Form 10-Q  
November 09, 2012

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 ..... September 30, 2012

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 .

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

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 |
| [ X ]                       |                   |
| 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). Yes  
. No X .

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 November 1, 2012 |
| Common stock, \$ 0.01 par value, per share | 10,690,585 shares      |

---

PROVIDENT FINANCIAL HOLDINGS, INC.

Table of Contents

|           |   |      |
|-----------|---|------|
| PART 1 -  | FINANCIAL INFORMATION   |      |
| ITEM 1 -  | Financial Statements. The Unaudited Interim Condensed Consolidated Financial Statements of Provident Financial Holdings, Inc. filed as a part of the report are as follows: |      |
|           |   | Page |
|           | Condensed Consolidated Statements of Financial Condition<br>as of September 30, 2012 and June 30, 2012  | 1    |
|           | Condensed Consolidated Statements of Operations<br>for the Quarters Ended September 30, 2012 and 2011   | 2    |
|           | Condensed Consolidated Statements of Comprehensive Income<br>for the Quarters Ended September 30, 2012 and 2011   | 3    |
|           | Condensed Consolidated Statements of Stockholders' Equity<br>for the Quarters Ended September 30, 2012 and 2011   | 4    |
|           | Condensed Consolidated Statements of Cash Flows<br>for the Three Months Ended September 30, 2012 and 2011   | 5    |
|           | Notes to Unaudited Interim Condensed Consolidated Financial Statements  | 6    |
| ITEM 2 -  | Management's Discussion and Analysis of Financial Condition and Results of Operations:  |      |
|           | General   | 30   |
|           | Safe-Harbor Statement   | 31   |
|           | Critical Accounting Policies  | 32   |
|           | Executive Summary and Operating Strategy  | 34   |
|           | Off-Balance Sheet Financing Arrangements and Contractual Obligations  | 35   |
|           | Comparison of Financial Condition at September 30, 2012 and June 30, 2012   | 36   |
|           | Comparison of Operating Results<br>for the Quarters Ended September 30, 2012 and 2011   | 37   |
|           | Asset Quality   | 43   |
|           | Loan Volume Activities  | 51   |
|           | Liquidity and Capital Resources   | 52   |
|           | Commitments and Derivative Financial Instruments  | 53   |
|           | Supplemental Information  | 53   |
| ITEM 3 -  | Quantitative and Qualitative Disclosures about Market Risk  | 54   |
| ITEM 4 -  | Controls and Procedures   | 55   |
| PART II - | OTHER INFORMATION   |      |
| ITEM 1 -  | Legal Proceedings   | 56   |
| ITEM 1A - | Risk Factors  | 56   |
| ITEM 2 -  | Unregistered Sales of Equity Securities and Use of Proceeds   | 57   |
| ITEM 3 -  | Defaults Upon Senior Securities   | 57   |

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

|            |                         |    |
|------------|-------------------------|----|
| ITEM 4 -   | Mine Safety Disclosures | 57 |
| ITEM 5 -   | Other Information       | 57 |
| ITEM 6 -   | Exhibits                | 57 |
| SIGNATURES |                         | 59 |

---

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

|   | September 30,<br>2012 | June 30,<br>2012    |
|---|-----------------------|---------------------|
| <b>Assets</b>   |                       |                     |
| Cash and cash equivalents   | \$ 98,489             | \$ 145,136          |
| Investment securities – available for sale, at fair value   | 22,149                | 22,898              |
| Loans held for investment, net of allowance for loan losses of<br>\$20,118 and \$21,483, respectively   | 776,844               | 796,836             |
| Loans held for sale, at fair value  | 307,319               | 231,639             |
| Accrued interest receivable   | 3,274                 | 3,277               |
| Real estate owned, net  | 5,189                 | 5,489               |
| Federal Home Loan Bank (“FHLB”) – San Francisco stock   | 21,107                | 22,255              |
| Premises and equipment, net   | 6,566                 | 6,600               |
| Prepaid expenses and other assets   | 30,547                | 26,787              |
| <b>Total assets</b>   | <b>\$ 1,271,484</b>   | <b>\$ 1,260,917</b> |
| <b>Liabilities and Stockholders’ Equity</b>   |                       |                     |
| <b>Liabilities:</b>   |                       |                     |
| Non interest-bearing deposits   | \$ 54,653             | \$ 55,688           |
| Interest-bearing deposits   | 902,162               | 905,723             |
| <b>Total deposits</b>   | <b>956,815</b>        | <b>961,411</b>      |
| <b>Borrowings</b>   | <b>126,533</b>        | <b>126,546</b>      |
| Accounts payable, accrued interest and other liabilities  | 37,318                | 28,183              |
| <b>Total liabilities</b>  | <b>1,120,666</b>      | <b>1,116,140</b>    |
| <b>Commitments and Contingencies</b>  |                       |                     |
| <b>Stockholders’ equity:</b>  |                       |                     |
| Preferred stock, \$.01 par value (2,000,000 shares authorized;<br>none issued and outstanding)  | -                     | -                   |
| Common stock, \$.01 par value (40,000,000 shares authorized;<br>17,647,865 and 17,619,865 shares issued; 10,690,585 and<br>10,856,027 shares outstanding, respectively) | 176                   | 176                 |
| Additional paid-in capital  | 87,173                | 86,758              |
| Retained earnings   | 164,748               | 156,560             |
| Treasury stock at cost (6,957,280 and 6,763,838 shares,<br>respectively)  | (101,904 )            | (99,343 )           |
| Accumulated other comprehensive income, net of tax  | 625                   | 626                 |
| <b>Total stockholders’ equity</b>   | <b>150,818</b>        | <b>144,777</b>      |
| <b>Total liabilities and stockholders’ equity</b>   | <b>\$ 1,271,484</b>   | <b>\$ 1,260,917</b> |

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

---

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

In Thousands, Except Per Share Information  
Quarter Ended

September 30,  
2012

September 30,