

PROVIDENT FINANCIAL HOLDINGS INC
Form 10-Q
May 08, 2006

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, 2006**

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
33-0704889

(State or other jurisdiction of
incorporation or organization)

(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)

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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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [] Accelerated filer [] Non-accelerated filer []

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

Yes No

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 April 30, 2006

Common stock, \$ 0.01 par value, per share **7,122,506 shares***

* Includes 304,335 shares held by the Employee Stock Ownership Plan that have not been released, committed to be released, or allocated to participant accounts; and 9,588 shares held by the Management Recognition Plan that have been committed to be released and allocated to participant accounts.

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PROVIDENT FINANCIAL HOLDINGS, INC.

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PROVIDENT FINANCIAL HOLDINGS, INC.
Condensed Consolidated Statements of Financial Condition

(Unaudited)
Dollars in Thousands

	March 31, 2006	June 30, 2005
Assets		
Cash and due from banks	\$ 15,095	\$ 20,342
Federal funds sold	7,200	5,560
Cash and cash equivalents	22,295	25,902

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Investment securities - held to maturity (fair value \$49,912 and \$51,327, respectively)	51,130	52,228
Investment securities - available for sale, at fair value	139,135	180,204
Loans held for investment, net of allowance for loan losses of \$10,554 and \$9,215, respectively	1,205,090	1,131,905
Loans held for sale, at lower of cost or market	4,019	5,691
Receivable from sale of loans	76,294	167,813
Accrued interest receivable	6,378	6,294
Real estate held for investment, net	653	9,853
Federal Home Loan Bank ("FHLB") - San Francisco stock	38,873	37,130
Premises and equipment, net	7,040	7,443
Prepaid expenses and other assets	12,388	7,659
Total assets	\$ 1,563,295	\$ 1,632,122
Liabilities and Stockholders' Equity		
Liabilities:		
Non-interest-bearing deposits	\$ 53,913	\$ 48,173
Interest-bearing deposits	878,310	870,458
Total deposits	932,223	918,631
Borrowings	469,819	560,845
Accounts payable, accrued interest and other liabilities	24,368	29,657
Total liabilities	1,426,410	1,509,133
Commitments and Contingencies	-	-
Stockholders' equity:		
Preferred stock, \$.01 par value (2,000,000 shares authorized; none issued and outstanding)	-	-
Common stock, \$.01 par value (15,000,000 shares authorized; 12,325,572 and 11,973,340 shares issued, respectively; 7,089,006 and 6,956,815 shares outstanding, respectively)		
Additional paid-in capital	65,832	59,497
Retained earnings	140,097	126,380
Treasury stock at cost (5,236,566 and 5,016,525 shares, respectively)	(68,120)	(62,046)
Unearned stock compensation	(840)	(1,272)
Accumulated other comprehensive (loss) income, net of tax	(207)	309
Total stockholders' equity	136,885	122,989
Total liabilities and stockholders' equity	\$ 1,563,295	\$ 1,632,122

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 March 31,		Nine Months Ended March 31,	
	2006	2005	2006	2005
Interest income:				
Loans receivable, net	\$ 19,214	\$ 17,057	\$ 57,250	\$ 47,506
Investment securities	1,676	2,089	5,214	6,293
FHLB - San Francisco stock	483	367	1,345	1,040
Interest-earning deposits	33	7	126	18
Total interest income	21,406	19,520	63,935	54,857
Interest expense:				
Checking and money market deposits	310	290	908	879
Savings deposits	741	1,076	2,483	3,483
Time deposits	4,361	2,777	12,450	7,264
Borrowings	4,803	4,346	14,967	11,873
Total interest expense	10,215	8,489	30,808	23,499
Net interest income, before provision for loan losses	11,191	11,031	33,127	31,358
Provision for loan losses	1,301	404	1,339	1,306
Net interest income, after provision for loan losses	9,890	10,627	31,788	30,052
Non-interest income:				
Loan servicing and other fee	503	326	1,937	1,175
Gain on sale of loans, net	2,655	4,187	10,404	13,648
Real estate operations, net	15	101	(6)	372
Deposit account fees	542	455	1,586	1,330
Gain on sale of investment securities	-	-	-	384
Gain on sale of real estate	52	-	6,335	-
Other	451	301	1,328	1,051
Total non-interest income	4,218	5,370	21,584	17,960
Non-interest expense:				
Salaries and employee benefits	5,105	5,289	15,286	15,680
Premises and occupancy	655	661	2,166	1,965
Equipment	439	364	1,244	1,155
Professional expenses	354	270	991	775
Sales and marketing expenses	242	227	716	678
Other	1,247	1,136	3,561	3,343
Total non-interest expense	8,042	7,947	23,964	23,596
Income before taxes	6,066	8,050	29,408	24,416
Provision for income taxes	2,666	3,470	12,692	10,547
Net income	\$ 3,400	\$ 4,580	\$ 16,716	\$ 13,869

Basic earnings per share	\$ 0.51	\$ 0.69	\$ 2.54	\$ 2.10
Diluted earnings per share	\$ 0.49	\$ 0.64	\$ 2.43	\$ 1.95
Cash dividends per share	\$ 0.15	\$ 0.14	\$ 0.43	\$ 0.38

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 Changes in Stockholders' Equity

(Unaudited)

Dollars in Thousands

For the Quarters Ended March 31, 2006 and 2005

	Common Stock Shares	Additional Paid-In Capital Amount	Retained Earnings \$	Treasury Stock \$	Unearned Stock Compensation \$	Accumulated Other Compre- hensive (Loss) Income	Total \$	
Balance at December 31, 2005	6,823,796	\$ 120	\$ 61,298	137,756	(67,486)	\$ (973)	\$ (210)	130,505
Comprehensive income:								
Net income			3,400					3,400
Unrealized holding gain on securities available for sale, net of tax expense of \$2						3		3
Total comprehensive income								3,403
Purchase of treasury stock	(21,590)			(634)				(634)
Exercise of stock options	286,800	3	2,027					2,030
Amortization of MRP (1)					18			18
Amortization of stock options			101					101
Tax benefit from non-qualified Equity compensation			2,028					2,028
Allocations of contribution to ESOP (2)			378		68			446

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Prepayment of ESOP loan						47		47
Cash dividends					(1,059)			(1,059)

Balance at March 31, 2006	7,089,006	\$ 123	\$ 65,832	140,097	\$ (68,120)	\$ (840)	\$ (207)	\$ 136,885
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- (1) Management Recognition Plan ("MRP").
(2) Employee Stock Ownership Plan ("ESOP").

	Common Stock Shares	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Unearned Stock Compensation	Accumulated Other Compre- hensive Income (Loss)	Total
Balance at December 31, 2004	7,011,935	\$ 119	\$ 58,177	118,931	(59,427)	\$ (1,581)	\$ 116,432
Comprehensive income:							
Net income			4,580				4,580
Unrealized holding loss on securities available for sale, net of tax benefit of \$274						(379)	(379)
Total comprehensive income							4,201
Purchase of treasury stock	(28,470)			(795)			(795)
Exercise of stock options	10,125	-	88				88
Amortization of MRP						34	34
Tax benefit from non-qualified equity compensation			61				61
Allocations of contribution to ESOP			369			68	437
Prepayment of ESOP loan						53	