

PROVIDENT FINANCIAL HOLDINGS INC
Form 8-K
April 24, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15 (d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 24, 2003

PROVIDENT FINANCIAL HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

000-28304

(File number)

33-0704889

(I.R.S. Employer
Identification No.)

3756 Central Avenue, Riverside, California

(Address of principal executive office)92506

(Zip Code)

Registrant's telephone number, including area code: (909) 686-6060

(Former name or former address, if changed since last report)

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Item 7. Financial Statements and Exhibit

(c) Exhibit

99.1 Press Release of Provident Financial Holdings, Inc. on April 24, 2003.

Item 9. Regulation FD Disclosure

On April 24, 2003, Provident Financial Holdings, Inc. issued its earnings release for the third quarter ended March 31, 2003. A copy of the earnings release is attached hereto as Exhibit 99.1, which is incorporated herein by reference.

The information being furnished under this "Item 9. Regulation FD Disclosure" is intended to be furnished under "Item 12. Disclosure of Results of Operations and Financial Condition."

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 24, 2003

Provident Financial Holdings, Inc.

/s/ Craig G. Blunden

Craig G. Blunden
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

/s/ Donavon P. Ternes

Donavon P. Ternes
Chief Financial Officer
(Principal Financial and Accounting Officer)

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Exhibit 99.1

<PAGE>

Provident Financial Holdings, Inc.
3756 Central Avenue
Riverside, CA 92506
(909) 686- 6060

Contacts:
Craig G. Blunden, CEO
Donavon P. Ternes, CFO

**PROVIDENT FINANCIAL HOLDINGS, INC. REPORTS
RECORD THIRD QUARTER RESULTS**

Riverside, California, April 24, 2003- Provident Financial Holdings, Inc. (NASDAQ/PROV), the holding company for Provident Savings Bank, FSB, today announced record earnings (see Note 1) for the third quarter of fiscal 2003. Net income totaled \$4.59 million, an increase of 130 percent from net income of \$2.00 million for the third quarter of fiscal 2002; and diluted earnings per share for the third quarter of fiscal 2003 increased 55 cents, or 149 percent, to 92 cents from 37 cents for the third quarter of fiscal 2002. Return on average assets for the third quarter of fiscal 2003 was 1.56 percent, as compared to 0.76 percent for the same period of fiscal 2002. Return on average stockholders' equity for the third quarter of fiscal 2003 was 18.34 percent, as compared to 7.88 percent in the comparable period of fiscal 2002.

On a sequential quarter basis, net income increased \$699,000, or 18 percent, from \$3.89 million in the second quarter of fiscal 2003; and diluted earnings per share increased 16 cents, or 21 percent, from 76 cents in the second quarter of fiscal 2003. Return on average assets increased 20 basis points to 1.56 percent from 1.36 percent in the second quarter of fiscal 2003, while return on average equity increased 304 basis points to 18.34 percent from 15.30 percent in the second quarter of fiscal 2003.

For the nine months ended March 31, 2003, net income totaled \$12.17 million, an increase of 82 percent from net income of \$6.68 million for the nine months ended March 31, 2002; and diluted earnings per share for the nine months of fiscal 2003 increased

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\$1.13, or 92 percent, to \$2.36 from \$1.23 for the comparable period of fiscal 2002. Return on average assets for the nine months ended March 31, 2003 was 1.46 percent as compared to 0.83 percent for the nine-month period a year earlier, an increase of 63 basis points. Return on average stockholders' equity for the nine months ended March 31, 2003 was 15.94 percent as compared to 8.92 percent for the nine-month period a year earlier, an increase of 702 basis points.

Net interest income after provision for loan losses increased \$1.63 million to \$7.96 million in the third quarter of fiscal 2003 from \$6.33 million for the same period in fiscal 2002; non-interest income increased \$3.02 million to \$6.70 million in the third quarter of fiscal 2003 from \$3.68 million in the comparable period of fiscal 2002; and non-interest expense increased \$389,000 to \$6.98 million in the third quarter of fiscal 2003 from \$6.59 million in the comparable period in fiscal 2002.

The average balance of loans outstanding increased by \$103.9 million to \$767.6 million in the third quarter of fiscal 2003 from \$663.7 million for the same quarter of fiscal 2002, while the average yield decreased by 75 basis points to 6.49 percent in the third quarter of fiscal 2003 from an average yield of 7.24 percent for the same quarter of fiscal 2002. Total portfolio loan originations (including purchased loans) in the third quarter of fiscal 2003 were \$117.8 million, which consisted primarily of single-family, commercial real estate and construction loans. This compares to total portfolio loan originations (including purchased loans) of \$89.4 million in the third quarter of fiscal 2002. The outstanding balance of "preferred loans" (multi-family, construction, commercial real estate and commercial business loans) increased by \$42.1 million, or 27 percent, to \$198.6 million at March 31, 2003 from \$156.5 million at March 31, 2002 and

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now comprise 28 percent of portfolio loans, up from 27 percent at March 31, 2002. Loan prepayments in the third quarter of fiscal 2003 were \$89.0 million, down 10 percent from \$98.7 million in the same quarter of fiscal 2002.

The average balance of deposits increased by \$30.4 million to \$726.7 million and the average cost of deposits decreased by 95 basis points to 2.17 percent in the third quarter of fiscal 2003, as compared to the average balance of \$696.3 million and an average cost of 3.12 percent in the same quarter last year. Total transaction account balances increased by \$104.8 million, or 32 percent, to \$431.7 million at March 31, 2003 from \$326.9 million at March 31, 2002; while total time deposits decreased \$56.9 million, or 15 percent, to \$311.2 million at March 31, 2003 from \$368.1 million at March 31, 2002.

The average balance of FHLB advances increased by \$76.8 million to \$305.5 million and the average cost of advances decreased 228 basis points to 3.94 percent in the third quarter of fiscal 2003, as compared to the average balance of \$228.7 million and an average cost of 6.22 percent in the same quarter of fiscal 2002. The decrease in the average cost of the FHLB advances was primarily a result of the use of overnight advances with an average balance of \$95.1 million and an average cost of 1.37 percent in the third quarter of fiscal 2003 as compared to no overnight advances in the same quarter of fiscal 2002.

The net interest margin during the third quarter of fiscal 2003 increased to 2.96 percent as compared to 2.59 percent during the same quarter last year, an improvement of 37 basis points. On a sequential quarter basis, the net interest margin in the third quarter of fiscal 2003 increased 3 basis points from 2.93 percent in the second quarter of fiscal

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2003. For the nine months ended March 31, 2003, the net interest margin increased to 2.94 percent as compared to 2.59 percent during the same period last year.

During the third quarter of fiscal 2003, the loan loss provision was \$205,000 as compared to \$129,000 during the same period of fiscal 2002. The increased provision was recorded as a result of the sequential quarter growth in the loan portfolio, the higher percentage of "preferred loans" in the loan portfolio and the downgrade in classification of two construction loans totaling \$1.0 million.

The increase in non-interest income in the third quarter of fiscal 2003 as compared to the same period of fiscal 2002 was primarily the result of an increase in the gain on sale of loans and an increase in the gain on sale of investment securities. The gain on sale of loans increased \$2.6 million, or 113 percent, to \$4.9 million, primarily

attributable to a higher average loan sale margin (1.42 percent vs. 0.89 percent) and a higher volume of loans originated for sale (\$302.2 million vs. \$269.1 million). The gain on sale of investment securities increased to \$428,000 from \$21,000 in the third quarter of fiscal 2002 as a result of the sale of \$15.4 million of mortgage-backed securities and \$4.0 million of agency securities.

In the third quarter of fiscal 2003, the net impact of derivative financial instruments (Statement of Financial Accounting Standards No. 133) on the consolidated statement of operations was a gain of \$208,000 compared to a gain of \$63,000 in the same period last year.

Non-interest expense for the third quarter of fiscal 2003 increased \$389,000 to \$7.0 million, as compared to \$6.6 million for the same quarter in fiscal 2002. The higher non-interest expense was primarily the result of the costs associated with increased loan

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production volume in the Mortgage Banking Division. This is reflected in increased commissions and loan production incentives in the third quarter of fiscal 2003, which were \$534,000 higher than the same period in fiscal 2002.

The Corporation's efficiency ratio for the third quarter of fiscal 2003 improved to 47 percent compared to 65 percent in the third quarter of 2002, a result of the increase in revenue which significantly outpaced the increase in non-interest expense. For the nine months ended March 31, 2003 the efficiency ratio improved to 49 percent from 63 percent during the same period in 2002.

Non-performing assets declined to \$1.0 million, or 0.09 percent of total assets, at March 31, 2003, as compared to \$3.0 million, or 0.29 percent of total assets, at March 31, 2002. The allowance for loan losses was \$7.4 million at March 31, 2003, or 1.04 percent of gross loans held for investment as compared to \$6.5 million, or 1.08 percent of gross loans held for investment, at March 31, 2002.

"We continue to effectively execute our operating strategy in a very favorable mortgage banking environment. However, our mortgage banking results make it easy to overlook the fundamental improvements that we have made in our community banking business. Our net interest income has improved significantly, the result of solid growth in interest earning assets and an improved net interest margin in comparison to last year. Our transaction account (core deposits) growth has been exceptional and non-interest expenses have been held in check," commented Craig G. Blunden, Chairman, President and Chief Executive Officer.

During the quarter the Corporation repurchased 151,800 shares of its common stock at an average price of \$27.89 per share for a total cost of \$4.2 million. Currently,

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there are 110,800 shares remaining under the existing 10 percent share repurchase authorization.

Provident Savings Bank, FSB currently operates 11 retail/business banking offices in Riverside County and San Bernardino County along with nine Provident Bank Mortgage loan production offices located throughout Southern California.

The Corporation will host a conference call for institutional investors and bank analysts on Friday, April 25, 2003 at 10:00 a.m. (Pacific Time) to discuss its financial results. The conference call can be accessed by dialing (888) 273-9885 and requesting the Provident Financial Holdings Earnings Release Conference Call. An audio replay of the conference call will be available through Friday, May 2, 2003 by dialing (800) 475-6701 and referencing access code number 679549.

Note 1: The record high earnings and the record high diluted earnings per share for the current quarter is determined by comparing current earnings to prior quarters' earnings, excluding the non-recurring property gain of \$3.57 million (net of taxes) reported in the fourth quarter of fiscal 1999.

Forward-Looking Statement

Certain matters in this News Release and the conference call noted above may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may relate to, among others, expectations of the business environment in which the Corporation operates, projections of future performance, perceived opportunities in the market, potential future credit experience, and statements regarding the Corporation's mission and vision. These forward-looking statements are based upon current management expectations, and may, therefore, involve risks and uncertainties. The Corporation's actual results, performance, or achievements may differ materially from those suggested, expressed, or implied by forward-looking statements due to a wide range of factors including, but not limited to, the general business environment, interest rates, the California real estate market, competitive conditions between banks and non-bank financial services providers, regulatory changes, and other risks detailed in the Corporation's reports filed with the Securities and Exchange Commission, including the Annual Report on Form 10-K for the fiscal year ended June 30, 2002.

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

(Unaudited- In Thousands)

| | March 31, 2003 | June 30, 2002 |
|---|---------------------------|--------------------------|
| Assets | | |
| Cash | \$ 32,276 | \$ 27,700 |
| Investment securities- held to maturity (fair value \$107,533 and \$157,705, respectively) . | 107,137 | 157,122 |
| Investment securities- available for sale at fair value | 202,086 | 114,826 |
| Loans held for investment, net of allowance for loan losses of \$7,350 and \$6,579, respectively | 701,908 | 593,554 |
| Loans held for sale, at lower of cost or market | 6,367 | 1,747 |
| Receivable from sale of loans | 82,923 | 67,241 |
| Accrued interest receivable | 5,633 | 5,591 |
| Real estate held for investment, net | 10,783 | 11,150 |
| Real estate owned, net | 228 | 313 |
| Federal Home Loan Bank stock | 18,352 | 13,000 |
| Premises and equipment, net | 8,013 | 8,119 |

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| | | |
|---|--------------|--------------|
| Prepaid expenses and other assets | 6,433 | 4,955 |
| Total assets | \$ 1,182,139 | \$ 1,005,318 |
| Liabilities and Stockholders' Equity | | |
| Liabilities: | | |
| Non-interest bearing deposits | \$ 40,855 | \$ 31,076 |
| Interest bearing deposits | 701,978 | 646,372 |
| Total deposits | 742,833 | 677,448 |
| Borrowings | 312,945 | 202,466 |
| Accounts payable, accrued interest and other liabilities | 24,992 | 22,373 |
| Total liabilities | 1,080,770 | 902,287 |
| Stockholders' equity: | | |
| Preferred stock, \$.01 par value; authorized 2,000,000 shares; none issued and outstanding | - | - |
| Common stock, \$.01 par value; authorized 15,000,000 shares; issued 7,814,040 and 7,712,515 shares, respectively; outstanding 4,968,894 and 5,463,199 shares, respectively) | 78 | 77 |
| Additional paid-in capital | 53,858 | 52,178 |
| Retained earnings. | 94,192 | 82,805 |
| Treasury stock at cost (2,845,146 and 2,249,316 shares, respectively) | (45,349) | (30,027) |
| Unearned stock compensation | (2,568) | (2,866) |
| Accumulated other comprehensive income, net of tax | 1,158 | 864 |
| Total stockholders' equity | 101,369 | 103,031 |
| Total liabilities and stockholders' equity | \$ 1,182,139 | \$ 1,005,318 |

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PROVIDENT FINANCIAL HOLDINGS, INC.
Consolidated Statement of Operations

(Unaudited - In Thousands, Except Earnings Per Share)

| | Quarter Ended | | Nine months Ended | |
|-----------------------|---------------|-----------|-------------------|-----------|
| | March 31, | | March 31, | |
| | 2003 | 2002 | 2003 | 2002 |
| Interest income: | | | | |
| Loans receivable, net | \$ 12,450 | \$ 12,015 | \$ 36,655 | \$ 39,570 |
| Investment securities | 2,346 | 2,704 | 7,503 | 9,339 |
| FHLB stock | 234 | 196 | 627 | 579 |

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| | | | | |
|---|----------|----------|-----------|----------|
| Interest earning deposits | 1 | 408 | 10 | 1,220 |
| Total interest income | 15,031 | 15,323 | 44,795 | 50,708 |
| Interest expense: | | | | |
| Checking and money market deposits | 367 | 509 | 1,183 | 1,951 |
| Savings deposits | 1,080 | 750 | 3,004 | 2,330 |
| Time deposits | 2,447 | 4,096 | 8,413 | 14,930 |
| Borrowings | 2,968 | 3,506 | 9,120 | 11,573 |
| Total interest expense | 6,862 | 8,861 | 21,720 | 30,784 |
| Net interest income | 8,169 | 6,462 | 23,075 | 19,924 |
| Provision for loan losses | 205 | 129 | 970 | 375 |
| Net interest income after provision for loan losses | 7,964 | 6,333 | 22,105 | 19,549 |
| Non-interest income | | | | |
| Loan servicing and other fees | 363 | 538 | 1,323 | 1,578 |
| Gain on sale of loans, net | 4,935 | 2,285 | 13,954 | 7,414 |
| Real estate operations, net | 177 | 181 | 529 | 472 |
| Deposit account fees | 438 | 416 | 1,312 | 1,219 |
| Gain on sale of investment securities | 428 | 21 | 694 | 154 |
| Other | 359 | 242 | 1,185 | 875 |
| Total non-interest income | 6,700 | 3,683 | 18,997 | 11,712 |
| Non-interest expense | | | | |
| Salaries and employee benefits | 4,557 | 4,256 | 13,394 | 12,408 |
| Premises and occupancy | 606 | 559 | 1,860 | 1,646 |
| Equipment | 556 | 553 | 1,516 | 1,668 |
| Professional expenses | 157 | 172 | 513 | 534 |
| Sales and marketing expenses | 203 | 109 | 651 | 555 |
| Other | 901 | 942 | 2,822 | 2,993 |
| Total non-interest expense | 6,980 | 6,591 | 20,756 | 19,804 |
| Income before taxes | 7,684 | 3,425 | 20,346 | 11,457 |
| Provision for income taxes | 3,096 | 1,428 | 8,175 | 4,776 |
| Net income | \$ 4,588 | \$ 1,997 | \$ 12,171 | \$ 6,681 |
| Basic earnings per share | \$ 0.99 | \$ 0.39 | \$ 2.54 | \$ 1.29 |
| Diluted earnings per share | \$ 0.92 | \$ 0.37 | \$ 2.36 | \$ 1.23 |
| Cash dividends per share | \$ 0.05 | - | \$ 0.15 | - |

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PROVIDENT FINANCIAL HOLDINGS, INC.
Consolidated Statement of Operations- Sequential Quarter

(Unaudited - In Thousands, Except Earnings Per Share)

Quarter Ended

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| | March 31, 2003 | December 31, 2002 |
|---|-------------------|----------------------|
| Interest income: | | |
| Loans receivable, net | \$ 12,450 | \$ 12,471 |
| Investment securities | 2,346 | 2,478 |
| FHLB stock | 234 | 201 |
| Interest-earning deposits | 1 | 3 |
| Total interest income | 15,031 | 15,153 |
| Interest expense: | | |
| Checking and money market deposits | 367 | 380 |
| Savings deposits | 1,080 | 993 |
| Time deposits | 2,447 | 2,810 |
| Borrowings | 2,968 | 3,135 |
| Total interest expense | 6,862 | 7,318 |
| Net interest income | 8,169 | 7,835 |
| Provision for loan losses | 205 | 565 |
| Net interest income after provision for loan losses | 7,964 | 7,270 |
| Non-interest income: | | |
| Loan servicing and other fees | 363 | 471 |
| Gain on sale of loans, net | 4,935 | 4,909 |
| Real estate operations, net | 177 | 144 |
| Deposit account fees | 438 | 431 |
| Gain on sale of investment securities | 428 | - |
| Other | 359 | 281 |
| Total non-interest income | 6,700 | 6,236 |
| Non-interest expense: | | |
| Salaries and employee benefits | 4,557 | 4,560 |
| Premises and occupancy | 606 | 637 |
| Equipment | 556 | 470 |
| Professional expenses | 157 | 189 |
| Sales and marketing expenses | 203 | 216 |
| Other | 901 | 1,009 |
| Total non-interest expense | 6,980 | 7,081 |
| Income before taxes | 7,684 | 6,425 |
| Provision for income taxes | 3,096 | 2,536 |
| Net income | \$ 4,588 | \$ 3,889 |
| Basic earnings per share | \$ 0.99 | \$ 0.82 |
| Diluted earnings per share | \$ 0.92 | \$ 0.76 |
| Cash dividends per share | \$ 0.05 | \$ 0.05 |

PROVIDENT FINANCIAL HOLDINGS, INC.
Financial Highlights

(Unaudited)

| | Quarter Ended March 31, | | Nine months Ended March 31, | |
|---|----------------------------|-----------|--------------------------------|-----------|
| | 2003 | 2002 | 2003 | 2002 |
| SELECTED FINANCIAL RATIOS: | | | | |
| Return on average assets | 1.56% | 0.76% | 1.46% | 0.83% |
| Return on average stockholders' equity | 18.34% | 7.88% | 15.94% | 8.92% |
| Stockholders' equity to total assets | 8.58% | 9.77% | 8.58% | 9.77% |
| Net interest spread | 2.75% | 2.26% | 2.73% | 2.29% |
| Net interest margin | 2.96% | 2.59% | 2.94% | 2.59% |
| Efficiency ratio | 46.94% | 64.97% | 49.33% | 62.60% |
| Average interest earning assets to average interest bearing liabilities | 106.83% | 107.88% | 107.53% | 107.54% |
| SELECTED FINANCIAL DATA: | | | | |
| Basic earnings per share | \$ 0.99 | \$ 0.39 | \$ 2.54 | \$ 1.29 |
| Diluted earnings per share | \$ 0.92 | \$ 0.37 | \$ 2.36 | \$ 1.23 |
| Book value per share | \$ 20.40 | \$ 18.30 | \$ 20.40 | \$ 18.30 |
| Shares used for basic EPS computation | 4,624,092 | 5,123,959 | 4,789,298 | 5,148,137 |
| Shares used for diluted EPS computation | 4,982,031 | 5,395,321 | 5,162,126 | 5,396,282 |
| Total shares issued and outstanding | 4,968,894 | 5,560,699 | 4,968,894 | 5,560,699 |
| ASSET QUALITY RATIOS: | | | | |
| Non-performing loans to loans held for investment, net | 0.11% | 0.27% | | |
| Non-performing assets to total assets | 0.09% | 0.29% | | |
| Allowance for loan losses to non-performing loans | 943.52% | 403.56% | | |
| Allowance for loan losses to gross loans held for investments | 1.04% | 1.08% | | |
| REGULATORY CAPITAL RATIOS: | | | | |
| Tangible equity ratio | 6.63% | 8.46% | | |
| Tier 1 (core) capital ratio | 6.63% | 8.46% | | |
| Total risk-based capital ratio | 13.50% | 17.32% | | |
| Tier 1 risk-based capital ratio | 12.39% | 16.16% | | |

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| | 2003 | | As of March 31, 2002 | |
|--|------------|--------|----------------------|--------|
| | Balance | Rate | Balance | Rate |
| INVESTMENT SECURITIES: | | | | |
| Held to maturity: | | | | |
| U.S. government agency securities | \$ 104,254 | 2.87% | \$ 110,210 | 5.36% |
| U.S. government mortgage-backed securities | 8 | 15.28% | 10 | 22.20% |
| Corporate bonds | 2,775 | 7.09% | 2,758 | 7.18% |
| Time deposits at other banks | 100 | | | 1.19% |
| | | | | - |
| | | | | - |
| Total investment securities held to maturity | | | 107,137 | |
| | | | | 2.98% |
| | | | 112,978 | |
| | | | | 5.41% |
| Available for sale (at fair value): | | | | |
| U.S. government agency securities | | | 36,991 | |
| | | | | 2.74% |

| | |
|---|---------|
| | 59,438 |
| | 3.62% |
| U.S. government agency mortgage-backed securities | |
| | 155,379 |
| | 4.30% |
| | 47,673 |
| | 4.99% |
| Collateralized mortgage obligations | |
| | 9,053 |
| | 4.45% |
| | - |
| | - |
| Freddie Mac common stock | |
| | 637 |
| | 1,141 |
| Fannie Mae common stock | |

26

31

Total investment securities available for sale

202,086

4.01%

108,283

4.18%

Total investment securities

\$ 309,223

3.65%

\$ 221,261

4.81%

LOANS HELD FOR INVESTMENT:

Single-family (1 to 4 units)

\$ 493,664

| | |
|--------------------------------|------------|
| | 5.93% |
| | \$ 413,055 |
| | 6.89% |
| Multi-family (5 or more units) | 47,260 |
| | 5.98% |
| | 35,499 |
| | 6.63% |
| Commercial real estate | 84,878 |
| | 6.84% |
| | 57,179 |
| | 7.45% |
| Construction | 91,760 |
| | 6.22% |

| | |
|---------------------|--------|
| | 90,114 |
| | 7.78% |
| Commercial business | 22,980 |
| | 7.48% |
| | 24,833 |
| | 7.39% |
| Consumer | 11,253 |
| | 8.00% |
| | 22,341 |
| | 8.21% |
| Other | 5,386 |
| | 7.64% |
| | 2,953 |

| | |
|---------------------------------|---------|
| | 8.45% |
| Total loans held for investment | 757,181 |
| | 6.16% |
| | 645,974 |
| | 7.12% |
| Undisbursed loan funds | (48,311 |
|) | |
| | (51,122 |
|) | |
| Deferred loan fees | 388 |
| | 143 |
| Unearned discounts | - |
| | (14 |
| | 16 |

)

Allowance for loan losses

(7,350

)

(5,746

)

Total loans held for investment, net

\$ 701,908

\$ 589,235

Purchased loans serviced by others included above

\$ 46,143

6.56%

\$ 35,410

7.44%

DEPOSITS :

Checking accounts- non-interest bearing

| | |
|-------------------------------------|-----------|
| | \$ 40,855 |
| | \$ 29,471 |
| Checking accounts- interest bearing | 99,752 |
| | 0.77% |
| | 97,507 |
| | 0.78% |
| Savings accounts | 243,699 |
| | 1.88% |
| | 148,924 |
| | 2.20% |
| Money market accounts | 47,349 |
| | 1.48% |
| | 50,952 |

| | |
|----------------|------------|
| | 2.12% |
| Time deposits | 311,178 |
| | 2.98% |
| | 368,105 |
| | 4.19% |
| Total deposits | \$ 742,833 |
| | 2.06% |
| | \$ 694,959 |
| | 2.95% |

Note: The interest rate described in the rate column is the weighted-average interest rate of all instruments, which are included in the balance of the respective line item.

PROVIDENT FINANCIAL HOLDINGS, INC.
Financial Highlights

(Unaudited - Dollars In Thousands)

| | As of March 31, | | | |
|--|-----------------|------|---------|------|
| | 2003 | | 2002 | |
| | Balance | Rate | Balance | Rate |

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BORROWINGS:

| | | | | |
|--------------------------------|------------|-------|------------|-------|
| Overnight | \$ 102,000 | 1.44% | \$. | |
| Six month or less | 2,000 | 7.45% | 36,000 | 7.05% |
| Over six months to one year | 18,031 | 5.78% | 51,500 | 6.42% |
| Over one year to two years | 25,000 | 5.92% | 20,031 | 5.94% |
| Over two years to three years | 27,000 | 4.33% | 25,000 | 5.92% |
| Over three years to four years | - | - | 15,000 | 5.84% |
| Over four years to five years | 52,000 | 3.81% | - | - |
| Over five years | 86,914 | 5.39% | 74,941 | 5.73% |
| Total borrowings | \$ 312,945 | 3.83% | \$ 222,472 | 6.15% |

| SELECTED AVERAGE BALANCE SHEETS: | Quarter Ended March 31, | | Nine months Ended March 31, | |
|------------------------------------|----------------------------|-----------------|--------------------------------|-----------------|
| | 2003 Balance | 2002 Balance | 2003 Balance | 2002 Balance |
| Loans receivable, net (1) | \$ 767,646 | \$ 663,655 | \$ 730,527 | \$ 708,053 |
| Investment securities | 316,573 | 223,135 | 298,225 | 229,074 |
| FHLB stock | 18,139 | 14,873 | 15,536 | 15,516 |
| Interest earning deposits | 301 | 96,330 | 929 | 72,391 |
| Total interest earning assets | \$1,102,659 | \$ 997,993 | \$1,045,217 | \$1,025,034 |
| Deposits | \$ 726,658 | \$ 696,321 | \$ 707,064 | \$ 707,123 |
| Borrowings | 305,522 | 228,736 | 264,974 | 245,060 |
| Total interest bearing liabilities | \$1,032,180 | \$ 925,057 | \$ 972,038 | \$ 952,183 |

| SELECTED AVERAGE BALANCE SHEETS: | Quarter Ended March 31, | | Nine months Ended March 31, | |
|------------------------------------|----------------------------|--------------------|--------------------------------|--------------------|
| | 2003 Yield/Cost | 2002 Yield/Cost | 2003 Yield/Cost | 2002 Yield/Cost |
| Loans receivable, net (1) | 6.49% | 7.24% | 6.69% | 7.45% |
| Investment securities | 2.96% | 4.85% | 3.35% | 5.44% |
| FHLB stock | 5.16% | 5.27% | 5.38% | 4.98% |
| Interest earning deposits | 1.33% | 1.69% | 1.44% | 2.25% |
| Total interest earning assets | 5.45% | 6.14% | 5.71% | 6.60% |
| Deposits | 2.17% | 3.12% | 2.37% | 3.62% |
| Borrowings | 3.94% | 6.22% | 4.58% | 6.29% |
| Total interest bearing liabilities | 2.70% | 3.88% | 2.98% | 4.31% |

(1) Includes loans held for sale.

Note: The interest rate/yield described in the rate/yield column is the weighted-average interest rate/yield of all instruments, which are included in the balance of the respective line item.