

[Table of Contents](#)

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

**December 31, 2024**

[  ] 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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	PROV	The NASDAQ Stock Market LLC

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 every Interactive Data File required to be submitted 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 such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

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. As of January 31, 2025, there were 6,690,711 shares of the registrant's common stock, \$0.01 par value per share, outstanding.

[Table of Contents](#)

**PROVIDENT FINANCIAL HOLDINGS, INC.**  
**Table of Contents**

<b>PART 1 - FINANCIAL INFORMATION</b>		<b>Page</b>
<b>ITEM 1 -</b>	Financial Statements. The Unaudited Interim Condensed Consolidated Financial Statements of Provident Financial Holdings, Inc. filed as a part of the report are as follows:	
	<a href="#">Condensed Consolidated Statements of Financial Condition as of December 31, 2024 and June 30, 2024</a>	1
	<a href="#">Condensed Consolidated Statements of Operations for the Quarters and Six Months Ended December 31, 2024 and 2023</a>	2
	<a href="#">Condensed Consolidated Statements of Comprehensive Income for the Quarters and Six Months Ended December 31, 2024 and 2023</a>	3
	<a href="#">Condensed Consolidated Statements of Stockholders' Equity for the Quarters and Six Months Ended December 31, 2024 and 2023</a>	4
	<a href="#">Condensed Consolidated Statements of Cash Flows for the Six Months Ended December 31, 2024 and 2023</a>	6
	<a href="#">Notes to Unaudited Interim Condensed Consolidated Financial Statements</a>	7
<b>ITEM 2 -</b>	<a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations:</a>	
	<a href="#">General</a>	39
	<a href="#">Safe-Harbor Statement</a>	39
	<a href="#">Critical Accounting Estimates</a>	41
	<a href="#">Executive Summary and Operating Strategy</a>	41
	<a href="#">Commitments and Derivative Financial Instruments</a>	42
	<a href="#">Comparison of Financial Condition at December 31, 2024 and June 30, 2024</a>	42
	<a href="#">Comparison of Operating Results for the Quarters and Six Months Ended December 31, 2024 and 2023</a>	44
	<a href="#">Asset Quality</a>	55
	<a href="#">Loan Volume Activities</a>	57
	<a href="#">Liquidity and Capital Resources</a>	57
	<a href="#">Supplemental Information</a>	59
<b>ITEM 3 -</b>	<a href="#">Quantitative and Qualitative Disclosures about Market Risk</a>	60
<b>ITEM 4 -</b>	<a href="#">Controls and Procedures</a>	64
<b>PART II - OTHER INFORMATION</b>		
<b>ITEM 1 -</b>	<a href="#">Legal Proceedings</a>	64
<b>ITEM 1A -</b>	<a href="#">Risk Factors</a>	65
<b>ITEM 2 -</b>	<a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>	65
<b>ITEM 3 -</b>	<a href="#">Defaults Upon Senior Securities</a>	65
<b>ITEM 4 -</b>	<a href="#">Mine Safety Disclosures</a>	65
<b>ITEM 5 -</b>	<a href="#">Other Information</a>	65
<b>ITEM 6 -</b>	<a href="#">Exhibits</a>	66
	<b>SIGNATURES</b>	67

---

[Table of Contents](#)

**PROVIDENT FINANCIAL HOLDINGS, INC.**  
**Condensed Consolidated Statements of Financial Condition**  
(Uaudited)  
In Thousands, Except Share and Per Share Information

	December 31, 2024	June 30, 2024
<b>Assets</b>		
Cash and cash equivalents	\$ 45,539	\$ 51,376
Investment securities - held to maturity, at cost with no allowance for credit losses	118,888	130,051
Investment securities - available for sale, at fair value	1,750	1,849
Loans held for investment, net of allowance for credit losses of \$ 7.0 million and \$ 7.1 million, respectively; includes \$ 1.0 million and \$ 1.0 million of loans held at fair value, respectively; \$ 778.6 million and \$ 861.1 million pledged to Federal Home Loan Bank ("FHLB") - San Francisco, respectively; \$ 169.6 million and \$ 178.6 million pledged to Federal Reserve Bank ("FRB") - San Francisco, respectively	1,053,603	1,052,979
Accrued interest receivable	4,167	4,287
FHLB - San Francisco stock and other equity investments, includes \$ 650 and \$ 540 of other equity investments at fair value, respectively	10,218	10,108
Premises and equipment, net	9,474	9,313
Prepaid expenses and other assets	11,327	12,237
 Total assets	 \$ 1,254,966	 \$ 1,272,200
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities:</b>		
Noninterest-bearing deposits	\$ 85,399	\$ 95,627
Interest-bearing deposits	782,116	792,721
Total deposits	867,515	888,348
 Borrowings	 245,500	 238,500
Accounts payable, accrued interest and other liabilities	13,321	15,411
Total liabilities	1,126,336	1,142,259
 Commitments and Contingencies (Notes 6 and 9)		
<b>Stockholders' equity:</b>		
Preferred stock, \$ 0.01 par value ( 2,000,000 shares authorized; none issued and outstanding)	—	—
Common stock, \$ 0.01 par value, ( 40,000,000 and 40,000,000 shares authorized, 18,229,615 and 18,229,615 shares issued, and 6,705,691 and 6,847,821 shares outstanding, respectively)	183	183
Additional paid-in capital	98,747	98,532
Retained earnings	210,779	209,914
Treasury stock at cost ( 11,523,924 and 11,381,794 shares, respectively)	( 181,094 )	( 178,685 )
Accumulated other comprehensive income (loss), net of tax	15	( 3 )
 Total stockholders' equity	 128,630	 129,941
 Total liabilities and stockholders' equity	 \$ 1,254,966	 \$ 1,272,200

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

[Table of Contents](#)

**PROVIDENT FINANCIAL HOLDINGS, INC.**  
**Condensed Consolidated Statements of Operations**  
(Uaudited)  
In Thousands, Except Per Share Information

	Quarter Ended December 31, 2024	2023	Six Months Ended December 31, 2024	2023
<b>Interest income:</b>				
Loans receivable, net	\$ 13,050	\$ 12,509	\$ 26,073	\$ 24,685
Investment securities	471	524	953	1,048
FHLB - San Francisco stock and other equity investments	213	197	423	376
Interest-earning deposits	287	435	647	898
Total interest income	14,021	13,665	28,096	27,007
<b>Interest expense:</b>				
Checking and money market deposits	51	72	104	129
Savings deposits	117	73	229	111
Time deposits	2,506	2,128	5,165	3,918
Borrowings	2,588	2,618	5,223	4,936
Total interest expense	5,262	4,891	10,721	9,094
Net interest income	8,759	8,774	17,375	17,913
Provision for (recovery of) credit losses	586	( 720 )	( 111 )	( 175 )
Net interest income, after provision for (recovery of) credit losses	8,173	9,494	17,486	18,088
<b>Non-interest income:</b>				
Loan servicing and other fees	60	124	164	103
Deposit account fees	282	299	580	587
Card and processing fees	300	333	620	686
Other	203	119	380	250
Total non-interest income	845	875	1,744	1,626
<b>Non-interest expense:</b>				
Salaries and employee benefits	4,826	4,569	9,459	8,683
Premises and occupancy	917	903	1,868	1,806
Equipment	379	346	722	633
Professional	412	410	838	882
Sales and marketing	187	181	360	349
Deposit insurance premium and regulatory assessments	190	209	373	406
Other	883	726	1,697	1,441
Total non-interest expense	7,794	7,344	15,317	14,200
Income before income taxes	1,224	3,025	3,913	5,514
Provision for income taxes	352	884	1,141	1,611
Net income	\$ 872	\$ 2,141	\$ 2,772	\$ 3,903
Basic earnings per share	\$ 0.13	\$ 0.31	\$ 0.41	\$ 0.56
Diluted earnings per share	\$ 0.13	\$ 0.31	\$ 0.41	\$ 0.56

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

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

	For the Quarter Ended December 31,		For the Six Months Ended December 31,	
	2024	2023	2024	2023
Net income	\$ 872	\$ 2,141	\$ 2,772	\$ 3,903
Change in unrealized holding income on securities available for sale and interest-only strips	1	34	26	44
Income tax expense	—	(10)	(8)	(13)
Other comprehensive income	1	24	18	31
Total comprehensive income	\$ 873	\$ 2,165	\$ 2,790	\$ 3,934

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

[Table of Contents](#)

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

**For the Quarters Ended December 31, 2024 and 2023:**

	Common Stock		Additional Paid-In Capital		Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income, Net of Tax	Total
Shares	Amount							
Balance at September 30, 2024	6,769,247	\$ 183	\$ 98,711	\$ 210,853	\$ (180,155)	\$ 14	\$ 129,606	
Net income					872			872
Other comprehensive income						1	1	
Purchase of treasury stock	( 63,556 )				( 1,030 )		( 1,030 )	
Awards of restricted stock	—		( 91 )		91		—	
Amortization of restricted stock			111				111	
Stock options expense			16				16	
Cash dividends <sup>(1)</sup>				( 946 )			( 946 )	
Balance at December 31, 2024	6,705,691	\$ 183	\$ 98,747	\$ 210,779	\$ (181,094)	\$ 15	\$ 128,630	

<sup>(1)</sup> Cash dividends of \$ 0.14 per share were paid in the quarter ended December 31, 2024.

	Common Stock		Additional Paid-In Capital		Retained Earnings	Treasury Stock	Accumulated Other Comprehensive (Loss) Income, Net of Tax	Total
Shares	Amount							
Balance at September 30, 2023	7,007,058	\$ 183	\$ 99,554	\$ 207,231	\$ (177,732)	\$ ( 31 )	\$129,205	
Net income					2,141			2,141
Other comprehensive income						24	24	
Purchase of treasury stock	( 62,710 )				( 762 )		( 762 )	
Distribution of restricted stock	2,000					—	—	
Awards of restricted stock			( 18 )		18		—	
Amortization of restricted stock			59				59	
Stock options expense			15				15	
Tax effect from stock based compensation			( 45 )				( 45 )	
Cash dividends <sup>(1)</sup>				( 976 )			( 976 )	
Balance at December 31, 2023	6,946,348	\$ 183	\$ 99,565	\$ 208,396	\$ (178,476)	\$ ( 7 )	\$129,661	

<sup>(1)</sup> Cash dividends of \$ 0.14 per share were paid in the quarter ended December 31, 2023.

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

[Table of Contents](#)

**For the Six Months Ended December 31, 2024 and 2023:**

	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive (Loss) Income, Net of Tax	Total
	Shares	Amount				
Balance at June 30, 2024	6,847,821	\$ 183	\$ 98,532	\$ 209,914	\$( 178,685 )	\$ ( 3 ) \$ 129,941
Net income			2,772			2,772
Other comprehensive income					18	18
Purchase of treasury stock <sup>(1)</sup>	( 165,955 )				( 2,494 )	( 2,494 )
Distribution of restricted stock	23,825					—
Awards of restricted stock		( 91 )		91		—
Forfeiture of restricted stock		6		( 6 )		—
Amortization of restricted stock		266				266
Stock options expense		34				34
Cash dividends <sup>(2)</sup>			( 1,907 )			( 1,907 )
Balance at December 31, 2024	6,705,691	\$ 183	\$ 98,747	\$ 210,779	\$( 181,094 )	\$ 15 \$ 128,630

(1) Includes 8,758 shares acquired upon vesting of restricted stock in settlement of employees' withholding tax obligations.

(2) Cash dividends of \$ 0.28 per share were paid in the six month ended December 31, 2024.

	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive (Loss) Income , Net of Tax	Total
	Shares	Amount				
Balance at June 30, 2023	7,043,170	\$ 183	\$ 99,505	\$ 207,274	\$( 177,237 )	\$ ( 38 ) \$ 129,687
Net income			3,903			3,903
Other comprehensive income					31	31
Purchase of treasury stock	( 98,822 )			( 1,257 )		( 1,257 )
Distribution of restricted stock	2,000					—
Awards of restricted stock		( 18 )		18		—
Amortization of restricted stock		102				102
Stock options expense		21				21
Tax effect from stock based compensation		( 45 )				( 45 )
Cash dividends <sup>(1)</sup>			( 1,957 )			( 1,957 )
Adoption of Current Expected Credit Loss ("CECL") standard			( 824 )			( 824 )
Balance at December 31, 2023	6,946,348	\$ 183	\$ 99,565	\$ 208,396	\$( 178,476 )	\$ ( 7 ) \$ 129,661

(1) Cash dividends of \$ 0.28 per share were paid in the six months ended December 31, 2024.

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

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

	<b>Six Months Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 2,772	\$ 3,903
Adjustments to reconcile net income to net cash provided by operating activities :		
Depreciation and amortization	1,816	1,524
Recovery of credit losses	( 111 )	( 175 )
Net unrealized gain on other equity investments	( 110 )	—
Stock-based compensation	300	123
Provision for deferred income taxes	351	175
Decrease in accounts payable, accrued interest and other liabilities	( 1,992 )	( 772 )
Increase in prepaid expenses and other assets	( 143 )	( 1,320 )
<b>Net cash provided by operating activities</b>	<b>2,883</b>	<b>3,458</b>
<b>Cash flows from investing activities:</b>		
Net (increase) decrease in loans held for investment	( 1,251 )	429
Principal payments from investment securities - held to maturity	10,956	12,353
Principal payments from investment securities - available for sale	125	203
Purchase of premises and equipment	( 188 )	( 1,100 )
<b>Net cash provided by investing activities</b>	<b>9,642</b>	<b>11,885</b>
<b>Cash flows from financing activities:</b>		
Net decrease in deposits	( 20,833 )	( 38,591 )
Proceeds from long-term borrowings	62,000	37,500
Repayments of long-term borrowings	( 20,000 )	( 10,009 )
Repayments of short-term borrowings, net	( 35,000 )	( 20,000 )
Treasury stock purchases	( 2,494 )	( 1,257 )
Withholding taxes on stock-based compensation	( 128 )	—
Cash dividends	( 1,907 )	( 1,957 )
<b>Net cash used for financing activities</b>	<b>( 18,362 )</b>	<b>( 34,314 )</b>
Net decrease in cash and cash equivalents	( 5,837 )	( 18,971 )
Cash and cash equivalents at beginning of period	51,376	65,849
<b>Cash and cash equivalents at end of period</b>	<b>\$ 45,539</b>	<b>\$ 46,878</b>
<b>Supplemental information:</b>		
Cash paid for interest	\$ 11,340	\$ 8,902
Cash paid for income taxes	\$ 1,331	\$ 2,115

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

**PROVIDENT FINANCIAL HOLDINGS, INC.**  
**Notes to Unaudited Interim Condensed Consolidated Financial Statements**

December 31, 2024

**Note 1: Basis of Presentation**

The unaudited interim condensed consolidated financial statements included herein reflect all adjustments which are, in the opinion of management, necessary to present a fair statement of the results of operations for the interim periods presented. All such adjustments are of a normal, recurring nature. The condensed consolidated statement of financial condition at June 30, 2024 is derived from the audited consolidated financial statements of Provident Financial Holdings, Inc. and its wholly-owned subsidiary, Provident Savings Bank, F.S.B. (the "Bank") (collectively, the "Corporation"). Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been omitted pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC") with respect to interim financial reporting. It is recommended that these unaudited interim condensed consolidated financial statements be read in conjunction with the audited consolidated financial statements and notes thereto included in the Corporation's Annual Report on Form 10-K for the fiscal year ended June 30, 2024 ("2024 Annual Form 10-K"). The results of operations for the quarter and six months ended December 31, 2024 are not necessarily indicative of results that may be expected for the entire fiscal year ending June 30, 2025.

**Note 2: Accounting Standard Updates ("ASU")**

ASU 2024-03:

In November 2024, the Financial Accounting Standards Board ("FASB") issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. This ASU 2024-03 requires public business entities ("PBEs") to disclose disaggregated information about specific natural expense categories underlying certain income statement expense line items that are considered relevant expense captions because they include one or more of the five natural expense categories identified in this ASU. Such disclosures must be made on an annual and interim basis in a tabular format in the footnotes to the financial statements. The ASU requires entities to disaggregate any relevant expense caption presented on the face of the income statement within continuing operations into the following required natural expense categories, as applicable: (1) purchases of inventory, (2) employee compensation, (3) depreciation, (4) intangible asset amortization, and (5) depreciation, depletion and amortization recognized as part of oil- and gas-producing activities or other depletion expenses. This ASU does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. This ASU is effective for all PBEs for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Corporation is in the process of reviewing the impact of this ASU and has not yet determined the impact of the adoption of this ASU on its consolidated financial statements.

ASU 2023-09:

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This ASU requires PBEs to annually (a) disclose specific categories in the rate reconciliation and (b) provide additional information for reconciling items that meet a quantitative threshold of equal to or greater than five percent of the amount computed by multiplying pretax income or loss by the applicable statutory income tax rate. This ASU is effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The Corporation is in the process of reviewing the impact of this ASU and has not yet determined the impact of the adoption of this ASU on its consolidated financial statements.

[Table of Contents](#)

**ASU 2023-07:**

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This ASU improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The key amendments include: (a) introduce a new requirement to disclose significant segment expenses regularly provided to the chief operating decision maker ("CODM"), (b) extend certain annual disclosures to interim periods, (c) clarify single reportable segment entities must apply ASC 280 in its entirety, (d) permit more than one measure of segment profit or loss to be reported under certain conditions, and (e) require disclosure of the title and position of the CODM. This ASU is effective for public entities fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Corporation is in the process of reviewing the impact of this ASU and has not yet determined the impact of the adoption of this ASU on its consolidated financial statements.

**Note 3: Earnings Per Share**

Basic earnings per share ("EPS") excludes dilution and is computed by dividing income available to common shareholders by the weighted-average number of shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that would then share in the earnings of the Corporation.

As of December 31, 2024 and 2023, there were outstanding stock options to purchase 223,000 shares and 430,000 shares of the Corporation's common stock, respectively. As of December 31, 2024 and 2023, there were 95,000 and 402,000 outstanding stock options, respectively, excluded from the diluted EPS computation as their effect was anti-dilutive. As of December 31, 2024 and 2023, there were outstanding restricted stock awards of 162,200 shares and 51,000 shares, respectively.

The following table provides the basic and diluted EPS computations for the quarters and six months ended December 31, 2024 and 2023, respectively.

(In Thousands, Except Earnings Per Share)	For the Quarter Ended		For the Six Months Ended	
	December 31, 2024	2023	December 31, 2024	2023
<b>Numerator:</b>				
Net income – numerator for basic earnings per share and diluted earnings per share - available to common stockholders				
	\$ 872	\$ 2,141	\$ 2,772	\$ 3,903
<b>Denominator:</b>				
Denominator for basic earnings per share:				
Weighted-average shares	6,745	6,969	6,789	6,993
Less effect of dilutive shares:				
Stock options	13	—	6	—
Restricted stock	35	12	33	11
Denominator for diluted earnings per share:				
Adjusted weighted-average shares and assumed conversions	6,793	6,981	6,828	7,004
Basic earnings per share	\$ 0.13	\$ 0.31	\$ 0.41	\$ 0.56
Diluted earnings per share	\$ 0.13	\$ 0.31	\$ 0.41	\$ 0.56

[Table of Contents](#)

**Note 4: Investment Securities**

The amortized cost and estimated fair value of investment securities as of December 31, 2024 and June 30, 2024 were as follows:

December 31, 2024	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value	Carrying Value
(In Thousands)					
<b>Held to maturity</b>					
U.S. government sponsored enterprise MBS <sup>(1)</sup>	\$ 114,817	\$ 118	\$ ( 13,704 )	\$ 101,231	\$ 114,817
U.S. government sponsored enterprise CMO <sup>(2)</sup>	3,686	—	( 175 )	3,511	3,686
U.S. SBA securities <sup>(3)</sup>	385	—	( 3 )	382	385
Total investment securities - held to maturity	118,888	118	( 13,882 )	105,124	118,888
<b>Available for sale</b>					
U.S. government agency MBS <sup>(1)</sup>	1,147	6	( 1 )	1,152	1,152
U.S. government sponsored enterprise MBS <sup>(1)</sup>	508	10	—	518	518
Private issue CMO <sup>(2)</sup>	81	—	( 1 )	80	80
Total investment securities - available for sale	1,736	16	( 2 )	1,750	1,750
Total investment securities	\$ 120,624	\$ 134	\$ ( 13,884 )	\$ 106,874	\$ 120,638

(1) Mortgage-Backed Securities ("MBS").

(2) Collateralized Mortgage Obligations ("CMO").

(3) Small Business Administration ("SBA").

June 30, 2024	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value	Carrying Value
(In Thousands)					
<b>Held to maturity</b>					
U.S. government sponsored enterprise MBS	\$ 125,883	\$ 76	\$ ( 15,481 )	\$ 110,478	\$ 125,883
U.S. government sponsored enterprise CMO	3,713	—	( 253 )	3,460	3,713
U.S. SBA securities	455	—	—	455	455
Total investment securities - held to maturity	130,051	76	( 15,734 )	114,393	130,051
<b>Available for sale</b>					
U.S. government agency MBS	1,222	—	( 14 )	1,208	1,208
U.S. government sponsored enterprise MBS	548	5	—	553	553
Private issue CMO	91	—	( 3 )	88	88
Total investment securities - available for sale	1,861	5	( 17 )	1,849	1,849
Total investment securities	\$ 131,912	\$ 81	\$ ( 15,751 )	\$ 116,242	\$ 131,900

In the second quarter of fiscal 2025 and 2024, the Corporation received MBS principal payments of \$ 5.3 million and \$ 5.9 million, respectively, and there were no purchases or sales of investment securities during these periods.

For the first six months of fiscal 2025 and 2024, the Corporation received MBS principal payments of \$ 11.1 million and \$ 12.6 million, respectively, and there were no purchases or sales of investment securities during these periods.

[Table of Contents](#)

The Corporation held investments with an unrealized loss position of \$ 13.9 million at December 31, 2024 and \$ 15.8 million at June 30, 2024 as follows:

As of December 31, 2024 (In Thousands)	Unrealized Holding Losses Less Than 12 Months		Unrealized Holding Losses 12 Months or More		Unrealized Holding Losses Total	
	Fair	Unrealized	Fair	Unrealized	Fair	Unrealized
Description of Securities	Value	Losses	Value	Losses	Value	Losses
<b>Held to maturity</b>						
U.S. government sponsored enterprise MBS	\$ —	\$ —	\$ 96,609	\$ 13,704	\$ 96,609	\$ 13,704
U.S. government sponsored enterprise CMO	—	—	3,510	175	3,510	175
U.S. SBA securities	382	3	—	—	382	3
Total investment securities - held to maturity	382	3	100,119	13,879	100,501	13,882
<b>Available for sale</b>						
U.S. government agency MBS	—	—	381	1	381	1
Private issue CMO	64	—	17	1	81	1
Total investment securities - available for sale	64	—	398	2	462	2
Total investment securities	\$ 446	\$ 3	\$ 100,517	\$ 13,881	\$ 100,963	\$ 13,884
As of June 30, 2024 (In Thousands)	Unrealized Holding Losses Less Than 12 Months		Unrealized Holding Losses 12 Months or More		Unrealized Holding Losses Total	
	Fair	Unrealized	Fair	Unrealized	Fair	Unrealized
Description of Securities	Value	Losses	Value	Losses	Value	Losses
<b>Held to maturity</b>						
U.S. government sponsored enterprise MBS	\$ —	\$ —	\$ 105,530	\$ 15,481	\$ 105,530	\$ 15,481
U.S. government sponsored enterprise CMO	—	—	3,460	253	3,460	253
U.S. SBA securities	455	—	—	—	455	—
Total investment securities - held to maturity	455	—	108,990	15,734	109,445	15,734
<b>Available for sale</b>						
U.S. government agency MBS	91	—	1,117	14	1,208	14
U.S. government sponsored enterprise MBS	—	—	8	—	8	—
Private issue CMO	—	—	88	3	88	3
Total investment securities - available for sale	91	—	1,213	17	1,304	17
Total investment securities	\$ 546	\$ —	\$ 110,203	\$ 15,751	\$ 110,749	\$ 15,751

On quarterly basis, the Corporation evaluates the allowance for credit losses for its investment securities held to maturity and the credit losses for its investment securities held for sale based on ASC 326. At December 31, 2024, most of the \$ 13.9 million of unrealized holding losses were in a loss position for 12 months or more, except \$ 3,000 of unrealized holding losses that were in a loss position for less than 12 months; while at June 30, 2024, all \$ 15.8 million of unrealized holding losses were in a loss position for 12 months or more. The unrealized losses on investment securities were attributable to changes in interest rates relative to when the investment securities were purchased and not due to the credit quality of the

[Table of Contents](#)

investment securities, which are predominately U.S. government sponsored enterprise securities that are either explicitly or implicitly guaranteed by the U.S. government and have a long history of no credit losses. Therefore, the Corporation has determined that the unrealized losses are due to the fluctuating nature of interest rates, and not related to any potential credit risks within the investment portfolio. The Bank does not currently intend to sell any investment securities classified as held to maturity recorded at amortized cost or available for sale recorded at fair market value as prescribed by GAAP. As a part of the Corporation's monthly risk assessment, the Corporation runs a number of stressed liquidity scenarios to determine if it is more likely than not that the Bank will be required to sell the investment securities before the recovery of its amortized cost basis. These liquidity scenarios support the Corporation's assessment that the Corporation has the ability to hold these held to maturity securities until maturity or available for sale securities until recovery of the amortized cost is realized and it is not more likely than not that the Corporation will be required to sell the securities prior to recovery of the amortized cost. There was no allowance for credit losses ("ACL") on investment securities held to maturity and there was no impairment of investment securities available for sale at December 31, 2024 and June 30, 2024.

In order to maintain adequate liquidity, the Bank has established borrowing facilities with various counterparties. The Bank had a remaining borrowing capacity of \$ 246.2 million as of December 31, 2024 at the FHLB of San Francisco. In addition, the Bank has secured an estimated \$ 198.5 million discount window facility at the FRB of San Francisco collateralized by investment securities totaling \$ 115.6 million and loans held for investment totaling \$ 169.6 million as of December 31, 2024. As of December 31, 2024, the Bank also has an unsecured borrowing arrangement in the form of a federal funds facility with its correspondent bank for \$ 50.0 million. The Bank had no advances under the Federal Reserve discount window or correspondent bank facility as of December 31, 2024. The total remaining available borrowing capacity across all sources totaled approximately \$ 494.7 million at December 31, 2024.

At June 30, 2024, the Bank had a remaining borrowing capacity of \$ 261.3 million at the FHLB of San Francisco. In addition, the Bank had secured an estimated \$ 208.6 million discount window facility at the FRB of San Francisco collateralized by investment securities totaling \$ 126.6 million and loans held for investment totaling \$ 178.6 million at June 30, 2024. As of June 30, 2024, the Bank also had an unsecured borrowing arrangement in the form of a federal funds facility with its correspondent bank for \$ 50.0 million. The Bank had no advances under the Federal Reserve discount window or the correspondent bank facility as of June 30, 2024. The total remaining available borrowing capacity across all sources totaled approximately \$ 519.9 million at June 30, 2024.

At December 31, 2024 and June 30, 2024, the Corporation did not hold any investment securities held to maturity or investment securities available for sale with the intent to sell and determined it had the ability to hold these investment securities until maturity. It also determined that it was more likely than not that the Corporation would not be required to sell the securities prior to recovery of the amortized cost basis.

Contractual maturities of investment securities as of December 31, 2024 and June 30, 2024 were as follows:

(In Thousands)	December 31, 2024		June 30, 2024	
	Estimated Amortized Cost	Fair Value	Estimated Amortized Cost	Fair Value
<b>Held to maturity</b>				
Due in one year or less	\$ 334	\$ 332	\$ 349	\$ 343
Due after one through five years	3,201	3,117	4,328	4,167
Due after five through ten years	43,776	40,366	49,331	44,830
Due after ten years	71,577	61,309	76,043	65,053
<b>Total investment securities - held to maturity</b>	<b>118,888</b>	<b>105,124</b>	<b>130,051</b>	<b>114,393</b>
<b>Available for sale</b>				
Due in one year or less	—	—	—	—
Due after one through five years	—	—	—	—
Due after five through ten years	1,579	1,593	1,055	1,053
Due after ten years	157	157	806	796
<b>Total investment securities - available for sale</b>	<b>1,736</b>	<b>1,750</b>	<b>1,861</b>	<b>1,849</b>
<b>Total investment securities</b>	<b>\$ 120,624</b>	<b>\$ 106,874</b>	<b>\$ 131,912</b>	<b>\$ 116,242</b>

**Note 5: Loans Held for Investment**

Loans held for investment, net of fair value adjustments, consisted of the following:

(In Thousands)	December 31, 2024	June 30, 2024
<b>Mortgage loans:</b>		
Single-family	\$ 533,140	\$ 518,091
Multi-family	433,724	445,182
Commercial real estate	77,984	83,349
Construction	1,480	2,692
Other	90	95
Commercial business loans	4,371	1,372
Consumer loans	59	65
<b>Total loans held for investment, gross</b>	<b>1,050,848</b>	<b>1,050,846</b>
Advance payments of escrows	321	102
Deferred loan costs, net	9,390	9,096
ACL on loans	( 6,956 )	( 7,065 )
<b>Total loans held for investment, net</b>	<b>\$ 1,053,603</b>	<b>\$ 1,052,979</b>

The following table sets forth information at December 31, 2024 regarding the dollar amount of loans held for investment that are contractually repricing during the periods indicated, segregated between adjustable rate loans and fixed rate loans. At both December 31, 2024 and June 30, 2024, fixed rate loans comprised 10 percent of loans held for investment. Adjustable rate loans that reprice when the index they are tied to reprices (e.g. prime rate index) and checking account overdrafts are reported as repricing within one year. The table does not include any estimate of prepayments which may cause the Corporation's actual repricing experience to differ materially from that shown.

(In Thousands)	Adjustable Rate						Total	
	Within One Year	After One Year		After 3 Years		After 5 Years		
		Through 3 Years	Through 5 Years	Through 10 Years				
<b>Mortgage loans:</b>								
Single-family	\$ 43,222	\$ 41,274	\$ 133,501	\$ 205,724	\$ 109,419	\$ 533,140		
Multi-family	183,799	155,154	92,961	1,717	93	433,724		
Commercial real estate	30,622	32,868	14,113	—	381	77,984		
Construction	1,480	—	—	—	—	1,480		
Other	—	—	—	—	90	90		
Commercial business loans	4,229	—	—	—	142	4,371		
Consumer loans	59	—	—	—	—	59		
<b>Total loans held for investment, gross</b>	<b>\$ 263,411</b>	<b>\$ 229,296</b>	<b>\$ 240,575</b>	<b>\$ 207,441</b>	<b>\$ 110,125</b>	<b>\$ 1,050,848</b>		

[Table of Contents](#)

The following tables present the Corporation's commercial real estate loans by property types and LTVs as of December 31, 2024 and June 30, 2024:

December 31, 2024 (Dollars in Thousands)	Owner Occupied Loan Balance	Non-Owner Occupied Loan Balance	Total Balance	% of Total Commercial Real Estate	Weighted Average LTV <sup>(1)</sup>
Office	\$ 5,785	\$ 20,426	\$ 26,211	34 %	41 %
Mixed use <sup>(2)</sup>	286	15,011	15,297	20	34 %
Retail	—	10,011	10,011	13	30 %
Warehouse	2,050	9,265	11,315	14	30 %
Medical/dental office	2,046	4,509	6,555	8	43 %
Mobile home park	—	6,838	6,838	9	38 %
Restaurant/fast food	685	497	1,182	1	46 %
Automotive - non gasoline	—	575	575	1	26 %
Total commercial real estate	\$ 10,852	\$ 67,132	\$ 77,984	100 %	37 %

(1) Current loan balance as a percentage of the original appraised value.

(2) Mixed use includes \$ 6.9 million in Office/Retail, \$ 4.7 million in Multi-family/Retail, \$ 2.3 million in Other Mixed Use, \$ 747,000 in Multi-family/Commercial and \$ 679,000 in Multi-family/Office.

June 30, 2024 (Dollars in Thousands)	Owner Occupied Loan Balance	Non-Owner Occupied Loan Balance	Total Balance	% of Total Commercial Real Estate	Weighted Average LTV <sup>(1)</sup>
Office	\$ 6,690	\$ 20,084	\$ 26,774	32 %	43 %
Mixed use <sup>(2)</sup>	293	15,797	16,090	19	35 %
Retail	—	12,501	12,501	15	30 %
Warehouse	2,076	9,848	11,924	14	31 %
Mobile home park	—	6,909	6,909	8	38 %
Medical/dental office	2,439	4,645	7,084	9	44 %
Restaurant/fast food	690	500	1,190	2	46 %
Automotive - non gasoline	—	578	578	1	26 %
Live/work	—	299	299	—	13 %
Total commercial real estate	\$ 12,188	\$ 71,161	\$ 83,349	100 %	37 %

(1) Current loan balance as a percentage of the original appraised value.

(2) Mixed use includes \$ 6.9 million in Office/Retail, \$ 4.7 million in Multi-family/Retail, \$ 3.0 million in Other Mixed Use, \$ 754,000 in Multi-family/Commercial and \$ 685,000 in Multi-family/Office.

[Table of Contents](#)

The following tables present the Corporation's commercial real estate loans by geographic concentration as of December 31, 2024 and June 30, 2024:

December 31, 2024 (Dollars in Thousands)	Inland Empire <sup>(1)</sup>		Southern California <sup>(2)</sup>		Other California		Total	
	Balance	%	Balance	%	Balance	%	Balance	%
<b>Owner occupied:</b>								
Office	\$ 690	12 %	\$ 4,907	85 %	\$ 188	3 %	\$ 5,785	100 %
Mixed use	—	— %	—	— %	286	100 %	286	100 %
Warehouse	—	— %	1,670	81 %	380	19 %	2,050	100 %
Medical/dental office	274	13 %	1,772	87 %	—	— %	2,046	100 %
Restaurant/fast food	—	— %	685	100 %	—	— %	685	100 %
<b>Total owner occupied</b>	<b>964</b>	<b>9 %</b>	<b>9,034</b>	<b>83 %</b>	<b>854</b>	<b>8 %</b>	<b>10,852</b>	<b>100 %</b>
<b>Non-owner occupied:</b>								
Office	3,891	19 %	13,666	67 %	2,869	14 %	20,426	100 %
Mixed use	453	3 %	6,291	42 %	8,267	55 %	15,011	100 %
Retail	1,036	10 %	5,433	54 %	3,542	36 %	10,011	100 %
Warehouse	596	7 %	4,390	47 %	4,279	46 %	9,265	100 %
Mobile home park	4,809	70 %	355	5 %	1,674	25 %	6,838	100 %
Medical/dental office	1,747	39 %	2,082	46 %	680	15 %	4,509	100 %
Restaurant/fast food	—	— %	497	100 %	—	— %	497	100 %
Automotive - non gasoline	—	— %	575	100 %	—	— %	575	100 %
<b>Total non-owner occupied</b>	<b>12,532</b>	<b>19 %</b>	<b>33,289</b>	<b>49 %</b>	<b>21,311</b>	<b>32 %</b>	<b>67,132</b>	<b>100 %</b>
<b>Total commercial real estate</b>	<b>\$ 13,496</b>	<b>17 %</b>	<b>\$ 42,323</b>	<b>54 %</b>	<b>\$ 22,165</b>	<b>29 %</b>	<b>\$ 77,984</b>	<b>100 %</b>

(1) Inland Empire comprised of San Bernardino and Riverside counties.

(2) Other than the Inland Empire.

[Table of Contents](#)

June 30, 2024 (Dollars in Thousands)	Inland Empire <sup>(1)</sup>		Southern California <sup>(2)</sup>		Other California		Total	
	Balance	%	Balance	%	Balance	%	Balance	%
Owner occupied:								
Office	\$ 1,540	23 %	\$ 4,959	74 %	\$ 191	3 %	\$ 6,690	100 %
Mixed use	—	— %	—	— %	293	100 %	293	100 %
Warehouse	—	— %	1,689	81 %	387	19 %	2,076	100 %
Medical/dental office	276	11 %	1,791	74 %	372	15 %	2,439	100 %
Restaurant/fast food	—	—	690	100 %	—	— %	690	100 %
Total owner occupied	1,816	15 %	9,129	75 %	1,243	10 %	12,188	100 %
Non-owner occupied:								
Office	2,951	15 %	13,837	69 %	3,296	16 %	20,084	100 %
Mixed use	505	3 %	6,243	40 %	9,049	57 %	15,797	100 %
Retail	1,050	8 %	6,996	56 %	4,455	36 %	12,501	100 %
Warehouse	605	6 %	4,774	49 %	4,469	45 %	9,848	100 %
Mobile home park	4,859	70 %	358	5 %	1,692	25 %	6,909	100 %
Medical/dental office	1,797	39 %	2,159	46 %	689	15 %	4,645	100 %
Restaurant/fast food	—	— %	500	100 %	—	— %	500	100 %
Automotive - non gasoline	—	— %	578	100 %	—	— %	578	100 %
Live/work	—	— %	—	— %	299	100 %	299	100 %
Total non-owner occupied	11,767	16 %	35,445	50 %	23,949	34 %	71,161	100 %
Total commercial real estate	\$ 13,583	16 %	\$ 44,574	54 %	\$ 25,192	30 %	\$ 83,349	100 %

(1) Inland Empire comprised of San Bernardino and Riverside counties.

(2) Other than the Inland Empire.

The Corporation has developed an internal loan grading system to evaluate and quantify loans held for investment with respect to quality and risk. Management continually evaluates the credit quality of the loan portfolio and conducts a quarterly review of the adequacy of the ACL. The Corporation has adopted an internal risk rating policy in which each loan is rated for credit quality with a rating of pass, special mention, substandard, doubtful or loss.

The two primary components that are used during the loan review process to determine the proper allowance levels are individually evaluated allowances and collectively evaluated allowances. The collectively evaluated allowance is based on a pooling method for groups of homogeneous loans sharing similar loan characteristics to calculate an allowance which reflects an estimate of lifetime expected credit losses using historical experience, current conditions, and reasonable and supportable forecasts. Loans identified to be individually evaluated have an allowance that is based upon the appraised value of the collateral, less selling costs or discounted cash flow with an appropriate default factor.

The Corporation categorizes all loans held for investment into risk categories based on relevant information about the ability of the borrower to service their debt such as current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. A description of the general characteristics of the risk grades is as follows:

- Pass – A pass loan ranges from minimal credit risk to average, but still acceptable, credit risk. The likelihood of loss is considered remote.
- Special Mention - A special mention loan has potential weaknesses that may be temporary or, if left uncorrected, may result in a loss. While concerns exist, the Corporation is currently protected and loss is considered unlikely and not imminent.
- Substandard - A substandard loan is inadequately protected by the current financial standing and paying capacity of the borrower or of the collateral pledged, if any. Loans so classified must have a well-defined weakness, or

[Table of Contents](#)

weaknesses, that may jeopardize the liquidation of the debt. A substandard loan is characterized by the distinct possibility that the Corporation will sustain some loss if the deficiencies are not corrected.

- Doubtful - A doubtful loan has all of the weaknesses inherent in one classified as substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of the currently existing facts, conditions and values, highly questionable and improbable.
- Loss - A loss loan is considered uncollectible and of such little value that continuance as an asset of the Corporation is not warranted.

[Table of Contents](#)

The following table presents the Corporation's recorded investment in loans by risk categories and gross charge-offs by year of origination as of December 31, 2024:

December 31, 2024 (In Thousands)	Term Loans by Year of Origination						Revolving Loans	Total		
	2024	2023	2022	2021	2020	Prior				
<b>Mortgage loans:</b>										
Single-family:										
Pass	\$ 64,156	\$ 53,394	\$ 201,366	\$ 145,262	\$ 17,203	\$ 49,246	\$ 8	\$ 530,635		
Special Mention	-	-	-	-	-	-	-	-		
Substandard	-	-	-	531	-	1,974	-	2,505		
Total single-family	64,156	53,394	201,366	145,793	17,203	51,220	8	533,140		
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Multi-family:										
Pass	21,990	28,739	74,938	84,977	59,421	160,951	-	431,016		
Special Mention	-	-	-	-	-	632	-	632		
Substandard	-	-	-	471	-	1,605	-	2,076		
Total multi-family	21,990	28,739	74,938	85,448	59,421	163,188	-	433,724		
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Commercial real estate:										
Pass	5,202	12,784	23,027	3,956	5,377	27,103	-	77,449		
Special Mention	-	-	-	-	-	-	-	-		
Substandard	118	417	-	-	-	-	-	535		
Total commercial real estate	5,320	13,201	23,027	3,956	5,377	27,103	-	77,984		
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Construction:										
Pass	1,480	-	-	-	-	-	-	1,480		
Special Mention	-	-	-	-	-	-	-	-		
Substandard	-	-	-	-	-	-	-	-		
Total construction	1,480	-	-	-	-	-	-	1,480		
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Other:										
Pass	-	-	-	-	-	90	-	90		
Special Mention	-	-	-	-	-	-	-	-		
Substandard	-	-	-	-	-	-	-	-		
Total other	-	-	-	-	-	90	-	90		
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Commercial business loans:										
Pass	-	-	114	-	-	-	4,257	4,371		
Special Mention	-	-	-	-	-	-	-	-		
Substandard	-	-	-	-	-	-	-	-		
Total commercial business loans	-	-	114	-	-	-	4,257	4,371		
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Consumer loans:										
Not graded	17	-	-	-	-	-	-	17		
Pass	-	-	-	-	-	-	42	42		
Special Mention	-	-	-	-	-	-	-	-		
Substandard	-	-	-	-	-	-	-	-		
Total consumer loans	17	-	-	-	-	-	42	59		
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total loans held for investment, gross	\$ 92,963	\$ 95,334	\$ 299,445	\$ 235,197	\$ 82,091	\$ 241,511	\$ 4,307	\$ 1,050,848		
Total current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —		

[Table of Contents](#)

The following table presents the Corporation's recorded investment in loans by risk categories by year of origination as of June 30, 2024:

June 30, 2024 (In Thousands)	Term Loans by Year of Origination						Revolving Loans	Total		
	2024	2023	2022	2021	2020	Prior				
<b>Mortgage loans:</b>										
Single-family:										
Pass	\$ 19,476	\$ 60,688	\$ 205,817	\$ 149,084	\$ 19,606	\$ 59,702	\$ 14	\$ 514,387		
Special Mention	-	-	-	-	-	1,111	-	1,111		
Substandard	-	-	-	-	-	2,593	-	2,593		
Total single-family	19,476	60,688	205,817	149,084	19,606	63,406	14	518,091		
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Multi-family:										
Pass	10,374	28,892	75,876	86,916	60,938	180,119	-	443,115		
Special Mention	-	-	-	-	-	-	-	-		
Substandard	-	-	-	478	-	1,589	-	2,067		
Total multi-family	10,374	28,892	75,876	87,394	60,938	181,708	-	445,182		
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Commercial real estate:										
Pass	3,874	13,763	23,298	4,018	5,450	32,946	-	83,349		
Special Mention	-	-	-	-	-	-	-	-		
Substandard	-	-	-	-	-	-	-	-		
Total commercial real estate	3,874	13,763	23,298	4,018	5,450	32,946	-	83,349		
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Construction:										
Pass	1,480	228	984	-	-	-	-	2,692		
Special Mention	-	-	-	-	-	-	-	-		
Substandard	-	-	-	-	-	-	-	-		
Total construction	1,480	228	984	-	-	-	-	2,692		
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Other:										
Pass	-	-	-	-	-	95	-	95		
Special Mention	-	-	-	-	-	-	-	-		
Substandard	-	-	-	-	-	-	-	-		
Total other	-	-	-	-	-	95	-	95		
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Commercial business loans:										
Pass	-	-	133	-	-	-	1,239	1,372		
Special Mention	-	-	-	-	-	-	-	-		
Substandard	-	-	-	-	-	-	-	-		
Total commercial business loans	-	-	133	-	-	-	1,239	1,372		
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Consumer loans:										
Not graded	23	-	-	-	-	-	-	23		
Pass	-	-	-	-	-	-	42	42		
Special Mention	-	-	-	-	-	-	-	-		
Substandard	-	-	-	-	-	-	-	-		
Total consumer loans	23	-	-	-	-	-	42	65		
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total loans held for investment, gross	\$ 35,227	\$ 103,571	\$ 306,108	\$ 240,496	\$ 86,089	\$ 278,060	\$ 1,295	\$ 1,050,846		
Total current period gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —		

## [Table of Contents](#)

The ACL is a valuation account that is deducted from the related loans' amortized cost basis to present the net amount expected to be collected on the loans. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. The Corporation's ACL is calculated quarterly, with changes in the ACL recorded through an entry to the provision for (recovery of) credit losses. Management calculates the quantitative portion of the collectively evaluated allowance for all loan categories using an average charge-off or loss rate methodology and generally evaluates collectively evaluated loans by the Office of Comptroller of the Currency's Call Report code in order to group and determine portfolio loan segments with similar risk characteristics. The Corporation primarily utilizes historical loss rates for the ACL calculation based on its own specific historical losses and/or with peer loss history where applicable.

The expected loss rates are applied to expected monthly loan balances estimated through the consideration of contractual repayment terms and expected prepayments. The prepayment assumptions applied to expected cash flow over the contractual life of the loans are estimated based on historical and bank-specific experience and the consideration of current and expected conditions and circumstances including the level of interest rates. The prepayment assumptions may be updated by management in the event that changing conditions impact management's estimate or additional historical data gathered has resulted in the need for a reevaluation.

For its reasonable and supportable forecasting of current expected credit losses, the Corporation utilizes a regression model using forecasted economic metrics and historical loss data. The regression model utilized relies upon reasonable and supportable 12-month forecasts of the National Unemployment Rate and change in the Real Gross Domestic Product, after which it reverts to a historical loss rate. Management selected the National Unemployment Rate and the Real Gross Domestic Product as the drivers of the forward look component of the collectively evaluated allowance, primarily as a result of high correlation coefficients identified in regression modeling, the availability of forecasts, including the quarterly Federal Open Market Committee forecast, and the widespread familiarity of these economic metrics.

Management recognizes that there are additional factors impacting risk of loss in the loan portfolio beyond what is captured in the quantitative portion of the allowance on collectively evaluated loans. As current and expected conditions may vary compared with conditions over the historical lookback period, which is utilized in the calculation of the quantitative allowance, management considers whether additional or reduced allowance levels on collectively evaluated loans may be warranted, given the consideration of a variety of qualitative factors. The following qualitative factors ("Q-factors") are considered by management and reflect the regulatory guidance on the Q-factors:

- Changes in the experience, ability, and depth of lending management and other relevant staff.
- Changes in the value of underlying collateral for collateral-dependent loans.
- The existence and effect of any concentrations of credit, and changes in the level of such concentrations.
- Changes in international, national, regional, and local economic and business conditions and developments that affect the collectability of the portfolio, including the condition of various market segments.
- The effect of other external factors such as competition and legal and regulatory requirements on the level of estimated credit losses in the institution's existing portfolio.
- Changes in the volume and severity of past due loans, the volume of non-performing loans, and the volume and severity of adversely classified or graded loans.
- Changes in the quality of the Corporation's loan review system.
- Changes in the nature, volume and terms of loans in the portfolio.
- Changes in lending policies and procedures, including changes in underwriting standards and collection, charge-off, and recovery practices not considered elsewhere in estimating credit losses.

The qualitative portion of the Corporation's allowance on collectively evaluated loans are calculated using management judgment, to determine risk categorizations in each of the Q-factors presented above. The amount of qualitative allowance is also contingent upon the relative weighting of the Q-factors according to management's judgment.

Loans that do not share similar risk characteristics are evaluated on an individual basis. When management determines that foreclosure is probable or the borrower is experiencing financial difficulty, the expected credit losses are based on the fair value of collateral at the reporting date, less selling costs.

[Table of Contents](#)

Accrued interest receivable for loans is included in accrued interest receivable in the Condensed Consolidated Statements of Financial Condition. The Corporation elected not to measure an allowance for accrued interest receivable and instead elected to reverse accrued interest income on loans that are placed on non-performing status. A loan is deemed non-performing when it is 90 days or more delinquent. The Corporation believes this policy results in the timely reversal of potentially uncollectible interest.

Pursuant to ASU 2022-02, "Troubled Debt Restructurings and Vintage Disclosures," the Corporation may agree to different types of modifications, including principal forgiveness, interest rate reductions, term extension, significant payment delay or any combination of modifications noted above. During the quarters and six months ended December 31, 2024 and 2023, there were no loan modifications to borrowers experiencing financial difficulties. At December 31, 2024 and June 30, 2024, there were no loans with modified balances.

Management believes the ACL on loans held for investment is maintained at a level sufficient to provide for expected losses on the Corporation's loans held for investment based on historical loss experience, current conditions, and reasonable and supportable forecasts. The provision for (recovery of) credit losses is charged (credited) against operations on a quarterly basis, as necessary, to maintain the ACL at appropriate levels. Future adjustments to the ACL may be necessary and results of operations could be significantly and adversely affected as a result of economic, operating, regulatory, and other conditions beyond the Corporation's control.

Non-performing loans are charged-off to their fair market values in the period the loans, or portion thereof, are deemed uncollectible, generally after the loan becomes 150 days delinquent for real estate secured first trust deed loans and 120 days delinquent for commercial business or real estate secured second trust deed loans. For loans that were previously modified from their original terms, were re-underwritten and identified as modified loans, the charge-off occurs when the loan becomes 90 days delinquent; and where borrowers file bankruptcy, the charge-off occurs when the loan becomes 60 days delinquent. The amount of the charge-off is determined by comparing the loan balance to the estimated fair value of the underlying collateral, less disposition costs, with the loan balance in excess of the estimated fair value charged-off against the ACL. For modified loans that are less than 90 days delinquent, the ACL is segregated into (a) individually evaluated allowances for those loans with applicable discounted cash flow calculations still in their modification period, classified lower than pass, and containing an embedded loss component or (b) collectively evaluated allowances based on the aggregated pooling method. For non-performing loans less than 60 days delinquent where the borrower has filed bankruptcy, the collectively evaluated allowances are assigned based on the aggregated pooling method. For non-performing commercial real estate loans, an individually evaluated allowance is derived based on the loan's discounted cash flow fair value (for modified loans) or collateral fair value less estimated selling costs and if the fair value is higher than the loan balance, no allowance is required. A non-performing loan can be restored to accrual status when a borrower is current in payments for six consecutive months.

[Table of Contents](#)

The following table discloses additional details for the periods indicated on the Corporation's ACL on loans held for investment:

(Dollars in Thousands)	For the Quarter Ended December 31,		For the Six Months Ended December 31,	
	2024	2023	2024	2023
ACL, beginning of period	\$ 6,329	\$ 7,679	\$ 7,065	\$ 5,946
Impact of ASC 326 CECL adoption (1)	—	—	—	1,197
Provision for (recovery of) credit losses	627	( 679 )	( 109 )	( 143 )
Total recoveries	—	—	—	—
Total charge-offs	—	—	—	—
Net recoveries (charge-offs)	—	—	—	—
ACL, end of period	\$ 6,956	\$ 7,000	\$ 6,956	\$ 7,000
ACL on loans as a percentage of gross loans held for investment	0.66 %	0.65 %	0.66 %	0.65 %
Net (recoveries) charge-offs as a percentage of average loans receivable, net, during the period (annualized)	— %	— %	— %	— %
ACL on loans as a percentage of gross non-performing loans at the end of the period	269.40 %	386.74 %	269.40 %	386.74 %

(1) Represents the impact of adopting ASC 326 on July 1, 2023. Since that date, as a result of adopting ASC 326, the methodology to compute the ACL has been based on CECL methodology, rather than the previously applied incurred loss methodology.

The following tables denote the past due status of the Corporation's loans held for investment, including interest applied to principals, at the dates indicated.

(In Thousands)	December 31, 2024			Total Loans Held for Investment
	Current	30-89 Days Past Due	Non-Performing	
<b>Mortgage loans:</b>				
Single-family	\$ 530,634	\$ —	\$ 2,506	\$ 533,140
Multi-family	433,724	—	—	433,724
Commercial real estate	77,984	—	—	77,984
Construction	1,480	—	—	1,480
Other	90	—	—	90
Commercial business loans	4,371	—	—	4,371
Consumer loans	56	3	—	59
<b>Total loans held for investment</b>	<b>\$ 1,048,339</b>	<b>\$ 3</b>	<b>\$ 2,506</b>	<b>\$ 1,050,848</b>

[Table of Contents](#)

(In Thousands)	June 30, 2024					Total Loans Held for Investment
	Current	30-89 Days Past Due		Non-Performing		
<b>Mortgage loans:</b>						
Single-family	\$ 515,498	\$ —	\$ 2,593	\$ 518,091		
Multi-family	445,182	—	—	—	445,182	
Commercial real estate	83,349	—	—	—	83,349	
Construction	2,692	—	—	—	2,692	
Other	95	—	—	—	95	
Commercial business loans	1,372	—	—	—	1,372	
Consumer loans	64	1	—	—	65	
<b>Total loans held for investment</b>	<b>\$ 1,048,252</b>	<b>\$ 1</b>	<b>\$ 2,593</b>	<b>\$ 1,050,846</b>		

The following tables summarize the Corporation's ACL and recorded investment in gross loans, by portfolio type, at the dates and for the periods indicated.

(Dollars In Thousands)	Quarter Ended December 31, 2024							
	Single-family	Multi-family	Commercial		Commercial			
	Real Estate	Construction	Other	Business	Consumer	Total		
<b>ACL:</b>								
ACL, beginning of period	\$ 5,679	\$ 503	\$ 58	\$ 78	\$ 1	\$ 10	\$ —	\$ 6,329
Provision for (recovery of) credit losses	582	46	1	( 30 )	1	27	—	627
Recoveries	—	—	—	—	—	—	—	—
Charge-offs	—	—	—	—	—	—	—	—
ACL, end of period	<b>\$ 6,261</b>	<b>\$ 549</b>	<b>\$ 59</b>	<b>\$ 48</b>	<b>\$ 2</b>	<b>\$ 37</b>	<b>\$ —</b>	<b>\$ 6,956</b>
<b>ACL:</b>								
Individually evaluated for impairment	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Collectively evaluated for impairment	6,261	549	59	48	2	37	—	6,956
ACL, end of period	<b>\$ 6,261</b>	<b>\$ 549</b>	<b>\$ 59</b>	<b>\$ 48</b>	<b>\$ 2</b>	<b>\$ 37</b>	<b>\$ —</b>	<b>\$ 6,956</b>
<b>Loans held for investment:</b>								
Individually evaluated for impairment	\$ 742	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 742
Collectively evaluated for impairment	532,398	433,724	77,984	1,480	90	4,371	59	1,050,106
Total loans held for investment, gross	<b>\$ 533,140</b>	<b>\$ 433,724</b>	<b>\$ 77,984</b>	<b>\$ 1,480</b>	<b>\$ 90</b>	<b>\$ 4,371</b>	<b>59</b>	<b>\$ 1,050,848</b>
ACL on loans as a percentage of gross loans held for investment	1.17 %	0.13 %	0.08 %	3.24 %	2.22 %	0.85 %	— %	0.66 %
Net (recoveries) charge-offs to average loans receivable, net during the period	— %	— %	— %	— %	— %	— %	— %	— %

[Table of Contents](#)

(Dollars In Thousands)	Quarter Ended December 31, 2023								
	Single- family		Multi- family		Commercial		Commercial		
	Real Estate	Construction	Other	Business	Consumer	Total			
<b>ACL:</b>									
ACL, beginning of period	\$ 6,875	\$ 659	\$ 76	\$ 54	\$ 4	\$ 11	\$ —	\$ —	\$ 7,679
(Recovery of) provision for credit losses	( 640 )	( 17 )	( 3 )	( 18 )	( 2 )	1	—	—	( 679 )
Recoveries	—	—	—	—	—	—	—	—	—
Charge-offs	—	—	—	—	—	—	—	—	—
ACL, end of period	\$ 6,235	\$ 642	\$ 73	\$ 36	\$ 2	\$ 12	\$ —	\$ —	\$ 7,000
<b>ACL:</b>									
Individually evaluated for impairment	\$ 37	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 37
Collectively evaluated for impairment	6,198	642	73	36	2	12	—	—	6,963
ACL, end of period	\$ 6,235	\$ 642	\$ 73	\$ 36	\$ 2	\$ 12	\$ —	\$ —	\$ 7,000
<b>Loans held for investment:</b>									
Individually evaluated for impairment	\$ 810	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 810
Collectively evaluated for impairment	521,134	458,502	88,640	2,534	102	1,616	68	1,072,596	
Total loans held for investment, gross	\$ 521,944	\$ 458,502	\$ 88,640	\$ 2,534	\$ 102	\$ 1,616	\$ 68	\$ 1,073,406	
ACL on loans as a percentage of gross loans held for investment	1.19 %	0.14 %	0.08 %	1.42 %	1.96 %	0.74 %	— %	0.65 %	
Net (recoveries) charge-offs to average loans receivable, net during the period	— %	— %	— %	— %	— %	— %	— %	— %	

[Table of Contents](#)

(Dollars In Thousands)	Six Months Ended December 31, 2024								
	Commercial				Commercial				
	Single-family	Multi-family	Real Estate	Construction	Other	Business	Consumer	Total	
<b>ACL:</b>									
ACL, beginning of period	\$ 6,295	\$ 595	\$ 66	\$ 97	\$ 1	\$ 11	\$ —	\$ 7,065	
(Recovery of) provision for credit losses	( 34 )	( 46 )	( 7 )	( 49 )	1	26	—	( 109 )	
Recoveries	—	—	—	—	—	—	—	—	
Charge-offs	—	—	—	—	—	—	—	—	
ACL, end of period	\$ 6,261	\$ 549	\$ 59	\$ 48	\$ 2	\$ 37	\$ —	\$ 6,956	
<b>ACL:</b>									
Individually evaluated for impairment	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Collectively evaluated for impairment	6,261	549	59	48	2	37	—	6,956	
ACL, end of period	\$ 6,261	\$ 549	\$ 59	\$ 48	\$ 2	\$ 37	\$ —	\$ 6,956	
<b>Loans held for investment:</b>									
Individually evaluated for impairment	\$ 742	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 742
Collectively evaluated for impairment	532,398	433,724	77,984	1,480	90	4,371	59	1,050,106	
Total loans held for investment, gross	\$ 533,140	\$ 433,724	\$ 77,984	\$ 1,480	\$ 90	\$ 4,371	\$ 59	\$ 1,050,848	
ACL on loans as a percentage of gross loans held for investment	1.17 %	0.13 %	0.08 %	3.24 %	2.22 %	0.85 %	— %	0.66 %	
Net (recoveries) charge-offs to average loans receivable, net during the period	— %	— %	— %	— %	— %	— %	— %	— %	

[Table of Contents](#)

(Dollars In Thousands)	Six Months Ended December 31, 2023									Total	
	Commercial				Commercial						
	Single-family	Multi-family	Real Estate	Construction	Other	Business	Consumer				
<b>ACL:</b>											
ACL, beginning of period	\$ 1,720	\$ 3,270	\$ 868	\$ 15	\$ 2	\$ 67	\$ 4	\$ 5,946			
Adjustment to allowance for adoption of ASC 326	4,605	( 2,614 )	( 786 )	47	3	( 54 )	( 4 )	1,197			
Recovery of credit losses	( 90 )	( 14 )	( 9 )	( 26 )	( 3 )	( 1 )	—	( 143 )			
Recoveries	—	—	—	—	—	—	—	—			
Charge-offs	—	—	—	—	—	—	—	—			
ACL, end of period	\$ 6,235	\$ 642	\$ 73	\$ 36	\$ 2	\$ 12	\$ —	\$ 7,000			
<b>ACL:</b>											
Individually evaluated for impairment	\$ 37	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 37			
Collectively evaluated for impairment	6,198	642	73	36	2	12	—	6,963			
ACL, end of period	\$ 6,235	\$ 642	\$ 73	\$ 36	\$ 2	\$ 12	\$ —	\$ 7,000			
<b>Loans held for investment:</b>											
Individually evaluated for impairment	\$ 810	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 810			
Collectively evaluated for impairment	521,134	458,502	88,640	2,534	102	1,616	68	1,072,596			
Total loans held for investment, gross	\$ 521,944	\$ 458,502	\$ 88,640	\$ 2,534	\$ 102	\$ 1,616	\$ 68	\$ 1,073,406			
ACL on loans as a percentage of gross loans held for investment	1.19 %	0.14 %	0.08 %	1.42 %	1.96 %	0.74 %	— %	0.65 %			
Net (recoveries) charge-offs to average loans receivable, net during the period	— %	— %	— %	— %	— %	— %	— %	— %			

[Table of Contents](#)

The following tables identify the Corporation's total recorded investment in non-performing loans, gross by type at the dates and for the periods indicated. Generally, a loan is placed on non-performing status when it becomes 90 days past due as to principal or interest or after considering economic and business conditions and collection efforts, where the borrower's financial condition is such that collection of the contractual principal or interest on the loan is doubtful. In addition, interest income is not recognized on any loan where management has determined that collection is not reasonably assured. A non-performing loan may be restored to accrual status when delinquent principal and interest payments are brought current, the borrower(s) has demonstrated sustained payment performance (generally six-month consecutive payments) and future monthly principal and interest payments are expected to be collected on a timely basis. Loans with a related allowance have been (a) collectively evaluated using a pooling method analysis or (b) individually evaluated using either a discounted cash flow analysis or, for collateral dependent loans, current appraisals less costs to sell, to establish realizable value. This analysis may identify a specific allowance amount needed or may conclude that no allowance is needed.

(In Thousands)	At December 31, 2024						Net Recorded Investment				
	Unpaid Principal Balance	Related Charge-offs	Recorded Investment	ACL <sup>(1)</sup>							
<b>Mortgage loans:</b>											
Single-family:											
With a related allowance	\$ 1,840	\$ —	\$ 1,840	\$ (52)	\$ 1,788						
Without a related allowance <sup>(2)</sup>	767	(25)	742	—	742						
Total single-family loans	2,607	(25)	2,582	(52)	2,530						
<b>Total non-performing loans</b>	<b>\$ 2,607</b>	<b>\$ (25)</b>	<b>\$ 2,582</b>	<b>\$ (52)</b>	<b>\$ 2,530</b>						

(1) ACL, specifically assigned to the individual loan.

(2) There was no related ACL because the loans were charged-off to their fair value or the fair value of the collateral was higher than the loan balance.

(In Thousands)	At June 30, 2024						Net Recorded Investment				
	Unpaid Principal Balance	Related Charge-offs	Recorded Investment	ACL <sup>(1)</sup>							
<b>Mortgage loans:</b>											
Single-family:											
With a related allowance	\$ 2,267	\$ —	\$ 2,267	\$ (73)	\$ 2,194						
Without a related allowance <sup>(2)</sup>	427	(25)	402	—	402						
Total single-family loans	2,694	(25)	2,669	(73)	2,596						
<b>Total non-performing loans</b>	<b>\$ 2,694</b>	<b>\$ (25)</b>	<b>\$ 2,669</b>	<b>\$ (73)</b>	<b>\$ 2,596</b>						

(1) ACL, specifically assigned to the individual loan.

(2) There was no related ACL because the loans were charged-off to their fair value or the fair value of the collateral was higher than the loan balance.

At December 31, 2024, there were no commitments to lend additional funds to those borrowers whose loans were classified as non-performing.

For the quarters ended December 31, 2024 and 2023, the Corporation's average recorded investment in non-performing loans was \$ 2.4 million and \$ 1.4 million, respectively. The Corporation records payments on non-performing loans utilizing the cash basis or cost recovery method of accounting during the periods when the loans are on non-performing status. For the quarters ended December 31, 2024 and 2023, the Bank received \$ 19,000 and \$ 21,000, respectively, in interest payments from non-performing loans, all of which was recognized as interest income for those periods. None of these payments were applied to reduce the loan balances under the cost recovery method.

[Table of Contents](#)

For the six months ended December 31, 2024 and 2023, the Corporation's average recorded investment in non-performing loans was \$ 2.4 million and \$ 1.4 million, respectively. For the six months ended December 31, 2024 and 2023, the Bank received \$ 58,000 and \$ 39,000 , respectively, in interest payments from non-performing loans, all of which was recognized as interest income for those periods. None of these payments were applied to reduce the loan balances under the cost recovery method.

The following tables present the average recorded investment in non-performing loans and the related interest income recognized for the quarters and six months ended December 31, 2024 and 2023:

(In Thousands)	Quarter Ended December 31,			
	2024	Interest Income Recognized	2023	Interest Income Recognized
Without related ACL:				
Mortgage loans:				
Single-family	\$ 743	\$ 1	\$ 73	\$ 8
	743	1	73	8
With related ACL:				
Mortgage loans:				
Single-family	1,688	18	1,347	13
	1,688	18	1,347	13
Total	\$ 2,431	\$ 19	\$ 1,420	\$ 21
Six Months Ended December 31,				
(In Thousands)	2024	Interest Income Recognized	2023	Interest Income Recognized
	Average Recorded Investment	Average Recorded Investment	Interest Income Recognized	Interest Income Recognized
Without related ACL:				
Mortgage loans:				
Single-family	\$ 795	\$ 6	\$ 162	\$ 8
	795	6	162	8
With related ACL:				
Mortgage loans:				
Single-family	1,633	52	1,255	31
	1,633	52	1,255	31
Total	\$ 2,428	\$ 58	\$ 1,417	\$ 39

During the quarters and six months ended December 31, 2024 and 2023, no properties were acquired in the settlement of loans and no previously foreclosed upon properties were sold. A new appraisal is obtained on each of the properties at the time of foreclosure and the fair value is derived by using the lower of the appraised value or the listing price of the property, net of selling costs. Any initial loss upon repossession is recorded as a charge to the ACL before being transferred to real estate owned. Subsequent to transfer to real estate owned, if there is further deterioration in real estate values, specific real estate owned loss reserves are established and charged to the Condensed Consolidated Statements of Operations. In addition, the Corporation records costs to carry real estate owned as real estate owned operating expenses as incurred. As of both December 31, 2024 and June 30, 2024, there was no real estate owned property.

The Bank adjusts the reserve for unfunded loan commitments through the provision for (recovery of) credit losses.

[Table of Contents](#)

The following table provides information regarding the unfunded loan commitment reserve for the quarters and six months ended December 31, 2024 and 2023.

(In Thousands)	For the Quarter Ended December 31,		For the Six Months Ended December 31,	
	2024	2023	2024	2023
Balance, beginning of the period	\$ 96	\$ 51	\$ 57	\$ 42
Recovery of credit losses	(41)	(41)	(2)	(32)
Balance, end of the period	\$ 55	\$ 10	\$ 55	\$ 10

The method for calculating the unfunded commitment reserve is based on a historical funding rate applied to the undisbursed loan amount to estimate an average outstanding amount during the life of the loan commitment. The Corporation applies the same assumptions and methodologies by loan groupings to these unfunded loan commitments as it does for its funded loans held for investment to determine the reserve rate and the allowance. Assumptions are evaluated by management periodically as part of the CECL procedures. The unfunded loan commitment reserve is recorded in accounts payable, accrued interest and other liabilities on the Condensed Consolidated Statements of Financial Condition.

**Note 6: Derivative and Other Financial Instruments with Off-Balance Sheet Risks**

The Corporation is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit in the form of originating loans or providing funds under existing lines of credit, loan sale commitments to third parties and option contracts. These instruments involve, to varying degrees, elements of credit and interest-rate risk in excess of the amount recognized in the accompanying Condensed Consolidated Statements of Financial Condition. The Corporation's exposure to credit loss, in the event of non-performance by the counterparty to these financial instruments, is represented by the contractual amount of these instruments. The Corporation uses the same credit policies in entering into financial instruments with off-balance sheet risk as it does for on-balance sheet instruments. As of December 31, 2024 and June 30, 2024, the Corporation had commitments to extend credit on loans to be held for investment of \$ 8.8 million and \$ 9.4 million, respectively.

The following table provides information regarding unfunded loan commitments, which are comprised of undisbursed loan funds, undisbursed funds to borrowers on existing lines of credit with the Corporation and commitments to originate loans to be held for investment at the dates indicated below.

Commitments	December 31, 2024	June 30, 2024
(In Thousands)		
Undisbursed loan funds – Construction loans	\$ —	\$ 435
Undisbursed loan funds – Single-family loans <sup>(1)</sup>	146	—
Undisbursed lines of credit – Commercial business loans	1,768	2,936
Undisbursed lines of credit – Consumer loans	326	341
Commitments to extend credit on loans to be held for investment	8,797	9,387
<b>Total</b>	<b>\$ 11,037</b>	<b>\$ 13,099</b>

<sup>(1)</sup> Consists of undisbursed loan funds of previously reported construction loans that converted to single-family loans based on their contractual terms.

In accordance with ASC 815, "Derivatives and Hedging," and interpretations of the Derivatives Implementation Group of the FASB, the fair value of the commitments to extend credit on loans to be held for sale, loan sale commitments, to be announced ("TBA") MBS trades, put option contracts and call option contracts are recorded at fair value on the Condensed Consolidated Statements of Financial Condition. The Corporation does not apply hedge accounting to its derivative financial instruments; therefore, all changes in fair value are recorded in earnings. As of December 31, 2024 and June 30, 2024, there were no outstanding derivative financial instruments.

Loans previously sold to the FHLB – San Francisco under the Mortgage Partnership Finance ("MPF") program have a recourse liability. The FHLB – San Francisco absorbs the first four basis points of loss by establishing a first loss account

[Table of Contents](#)

and a credit scoring process is used to calculate the maximum recourse amount for the Bank. All losses above the Bank's maximum recourse amount are the responsibility of the FHLB – San Francisco. The FHLB – San Francisco pays the Bank a credit enhancement fee monthly to compensate the Bank for accepting the recourse obligation. As of December 31, 2024 and June 30, 2024, the Bank serviced \$ 2.9 million and \$ 3.1 million of loans under this program, respectively, and has established a recourse liability of \$ 7,000 and \$ 8,000 , respectively.

Occasionally, the Bank is required to repurchase loans sold to Freddie Mac, Fannie Mae or other investors if it is determined that such loans do not meet the investor's credit requirements, if any party involved in the loan misrepresented pertinent facts, committed fraud, or if the loans became 90-days past due within 120 days of the loan funding date. During the quarters and six months ended December 31, 2024 and 2023, the Bank did not repurchase any loans or settle any repurchase requests. In addition to the specific recourse liability for the MPF program, the Bank established a recourse liability of \$ 16,000 and \$ 18,000 as of December 31, 2024 and June 30, 2024, respectively, for loans sold to other investors.

The following table shows the summary of the recourse liability for the quarters and six months ended December 31, 2024 and 2023:

Recourse Liability (In Thousands)	For the Quarter Ended December 31,		For the Six Months Ended December 31,	
	2024	2023	2024	2023
Balance, beginning of the period	\$ 23	\$ 33	\$ 26	\$ 33
(Recovery) provision for recourse liability	—	( 2 )	( 3 )	( 2 )
Net settlements in lieu of loan repurchases	—	—	—	—
Balance, end of the period	\$ 23	\$ 31	\$ 23	\$ 31

**Note 7: Fair Value of Financial Instruments**

The Corporation adopted ASC 820, "Fair Value Measurements and Disclosures," and elected the fair value option pursuant to ASC 825, "Financial Instruments." ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC 825 permits entities to elect to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis (the "Fair Value Option") at specified election dates. The Corporation elected the fair value option on loans held for investment which were previously originated for sale. At each subsequent reporting date, an entity is required to report unrealized gains and losses on items in earnings for which the fair value option has been elected. The objective of the Fair Value Option is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions.

The following table describes the difference at the dates indicated between the aggregate fair value and the aggregate unpaid principal balance of loans held for investment at fair value:

(In Thousands)	Aggregate Fair Value	Aggregate Unpaid Principal Balance		Net Unrealized Loss
		As of December 31, 2024:	As of June 30, 2024:	
Loans held for investment, at fair value	\$ 1,016	\$ 1,179	\$ 1,200	\$ ( 163 )
Loans held for investment, at fair value	\$ 1,047	\$ 1,200	\$ ( 153 )	

[Table of Contents](#)

ASC 820 establishes a three-level valuation hierarchy that prioritizes inputs to valuation techniques used in fair value calculations. The three levels of inputs are defined as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.
- Level 2 - Observable inputs other than Level 1 such as: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated to observable market data for substantially the full term of the asset or liability. Valuation techniques may include the use of discounted cash flow models and similar techniques.
- Level 3 - Unobservable inputs for the assets or liabilities that use significant assumptions, including assumptions of risks. These unobservable assumptions reflect the Corporation's estimate of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include the use of pricing models, discounted cash flow models and similar techniques.

ASC 820 requires the Corporation to maximize the use of observable inputs and minimize the use of unobservable inputs. If a financial instrument uses inputs that fall in different levels of the hierarchy, the instrument will be categorized based upon the lowest level of input that is significant to the fair value calculation.

The Corporation's financial assets and liabilities measured at fair value on a recurring basis consist of investment securities available for sale, loans held for investment at fair value, other equity investments and interest-only strips; while loans with individually evaluated allowances and mortgage servicing assets ("MSA") are measured at fair value on a nonrecurring basis.

Investment securities - available for sale are primarily comprised of U.S. government agency MBS, U.S. government sponsored enterprise MBS and private issue CMO. The Corporation utilizes quoted prices in active markets for similar securities for its fair value measurement of MBS (Level 2) and broker price indications for similar securities in non-active markets for its fair value measurement of the private issue CMO (Level 3).

Loans held for investment at fair value are primarily single-family loans which have been transferred from loans held for sale. The fair value is determined by management estimates of the specific credit risk attributes of each loan, in addition to the quoted secondary-market prices which account for the interest rate characteristics of each loan (Level 3).

Loans with an individually evaluated allowance that are recorded at fair value on a nonrecurring basis are loans which are inadequately protected by the current financial standing and paying capacity of the borrower(s) or of the collateral pledged. These loans are characterized by the distinct possibility that the Corporation will sustain some loss if the deficiencies are not corrected. The fair value of a loan with an individually evaluated allowance is determined based on the discounted cash flow or current appraised value of the underlying collateral. Appraised and reported values may be discounted based on management's historical knowledge, changes in market conditions from the time of valuation, and/or management's expertise and knowledge of the collateral. For commercial real estate loans with an individually evaluated allowance, the fair value is derived from the appraised value of its collateral. Loans with an individually evaluated allowance are reviewed and evaluated on at least a quarterly basis for additional allowance and adjusted accordingly, based on the same factors identified above (Level 3). This loss is not recorded directly as an adjustment to current earnings or other comprehensive income (loss), but rather as a component in determining the overall adequacy of the ACL. These adjustments to the estimated fair value of loans with an individually evaluated allowance may result in increases or decreases to the provision for (recovery of) credit losses recorded in current earnings.

The fair value of other equity investments is derived from quoted prices in active markets for the equivalent or similar investments (Level 2).

The Corporation uses the amortization method for its MSA, which amortizes the MSA in proportion to the current MSA balance to the original MSA balance and assesses the MSA for impairment based on fair value at each reporting date. The fair value of the MSA is derived using the present value method; which includes a third party's prepayment projections of similar instruments, weighted average coupon rates, estimated servicing costs and discount interest rates (Level 3).

[Table of Contents](#)

The fair value of interest-only strips is derived using the same assumptions that are used to value the related MSA (Level 3).

The Corporation's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Corporation's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following fair value hierarchy tables present information at the dates indicated about the Corporation's assets and liabilities measured at fair value on a recurring basis:

(In Thousands)	Fair Value Measurement at December 31, 2024 Using:				Total
	Level 1	Level 2	Level 3		
<b>Assets:</b>					
Investment securities - available for sale:					
U.S. government agency MBS	\$ —	\$ 1,152	\$ —	\$ 1,152	
U.S. government sponsored enterprise MBS	—	518	—	518	
Private issue CMO	—	—	80	80	
Investment securities - available for sale	—	1,670	80	1,750	
Loans held for investment, at fair value	—	—	1,016	1,016	
Other equity investments, fair value	—	650	—	650	
Interest-only strips	—	—	6	6	
<b>Total assets</b>	<b>\$ —</b>	<b>\$ 2,320</b>	<b>\$ 1,102</b>	<b>\$ 3,422</b>	
<b>Liabilities:</b>					
<b>Total liabilities</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	

(In Thousands)	Fair Value Measurement at June 30, 2024 Using:				Total
	Level 1	Level 2	Level 3		
<b>Assets:</b>					
Investment securities - available for sale:					
U.S. government agency MBS	\$ —	\$ 1,208	\$ —	\$ 1,208	
U.S. government sponsored enterprise MBS	—	553	—	553	
Private issue CMO	—	—	88	88	
Investment securities - available for sale	—	1,761	88	1,849	
Loans held for investment, at fair value	—	—	1,047	1,047	
Other equity investments, fair value	—	540	—	540	
Interest-only strips	—	—	8	8	
<b>Total assets</b>	<b>\$ —</b>	<b>\$ 2,301</b>	<b>\$ 1,143</b>	<b>\$ 3,444</b>	
<b>Liabilities:</b>					
<b>Total liabilities</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	

[Table of Contents](#)

The following tables summarize reconciliations of the beginning and ending balances during the periods shown of recurring fair value measurements recognized in the Condensed Consolidated Statements of Financial Condition using Level 3 inputs:

<b>For the Quarter Ended December 31, 2024</b> <b>Fair Value Measurement</b> <b>Using Significant Other Unobservable Inputs</b> <b>(Level 3)</b>						
(In Thousands)	Private Issue CMO	Loans Held For Investment, at fair value <sup>(1)</sup>	Interest- Only Strips	Total		
Beginning balance at September 30, 2024	\$ 85	\$ 1,082	\$ 6	\$ 1,173		
Total gains or losses (realized/unrealized):						
Included in earnings	—	( 55 )	—	( 55 )		
Included in other comprehensive income	—	—	—	—		
Purchases	—	—	—	—		
Issuances	—	—	—	—		
Settlements	( 5 )	( 11 )	—	( 16 )		
Transfers in and/or out of Level 3	—	—	—	—		
Ending balance at December 31, 2024	\$ 80	\$ 1,016	\$ 6	\$ 1,102		

(1) The valuation of loans held for investment at fair value includes management estimates of the specific credit risk attributes of each loan, in addition to the quoted secondary-market prices which account for the interest rate characteristics of each loan.

<b>For the Quarter Ended December 31, 2023</b> <b>Fair Value Measurement</b> <b>Using Significant Other Unobservable Inputs</b> <b>(Level 3)</b>						
(In Thousands)	Private Issue CMO	Loans Held For Investment, at fair value <sup>(1)</sup>	Interest- Only Strips	Total		
Beginning balance at September 30, 2023	\$ 98	\$ 1,061	\$ 9	\$ 1,168		
Total gains or losses (realized/unrealized):						
Included in earnings	—	66	—	66		
Included in other comprehensive loss	1	—	( 1 )	—		
Purchases	—	—	—	—		
Issuances	—	—	—	—		
Settlements	( 1 )	( 35 )	—	( 36 )		
Transfers in and/or out of Level 3	—	—	—	—		
Ending balance at December 31, 2023	\$ 98	\$ 1,092	\$ 8	\$ 1,198		

(1) The valuation of loans held for investment at fair value includes management estimates of the specific credit risk attributes of each loan, in addition to the quoted secondary-market prices which account for the interest rate characteristics of each loan.

<b>For the Six Months Ended December 31, 2024</b> <b>Fair Value Measurement</b> <b>Using Significant Other Unobservable Inputs</b> <b>(Level 3)</b>						
(In Thousands)	Private Issue CMO	Loans Held For Investment, at fair value <sup>(1)</sup>	Interest- Only Strips	Total		
Beginning balance at June 30, 2024	\$ 88	\$ 1,047	\$ 8	\$ 1,143		
Total gains or losses (realized/unrealized):						
Included in earnings	—	( 10 )	—	( 10 )		
Included in other comprehensive income	2	—	( 2 )	—		
Purchases	—	—	—	—		
Issuances	—	—	—	—		
Settlements	( 10 )	( 21 )	—	( 31 )		
Transfers in and/or out of Level 3	—	—	—	—		
Ending balance at December 31, 2024	\$ 80	\$ 1,016	\$ 6	\$ 1,102		

(1) The valuation of loans held for investment at fair value includes management estimates of the specific credit risk attributes of each loan, in addition to the quoted secondary-market prices which account for the interest rate characteristics of each loan.

[Table of Contents](#)

(In Thousands)	For the Six Months Ended December 31, 2023					Total
	Private Issue CMO	Loans Held For Investment, at fair value <sup>(1)</sup>	Interest-Only Strips	(Level 3)		
Beginning balance at June 30, 2023	\$ 102	\$ 1,312	\$ 9	\$ 1,423		
Adjustment due to ASC 326 CECL adoption	—	28	—	28		
Total gains or losses (realized/ unrealized):						
Included in earnings	—	14	—	14		
Included in other comprehensive loss	—	—	(1)	(1)		
Purchases	—	—	—	—		
Issuances	—	—	—	—		
Settlements	( 4 )	( 262 )	—	( 266 )		
Transfers in and/or out of Level 3	—	—	—	—		
Ending balance at December 31, 2023	\$ 98	\$ 1,092	\$ 8	\$ 1,198		

(1) The valuation of loans held for investment at fair value includes management estimates of the specific credit risk attributes of each loan, in addition to the quoted secondary-market prices which account for the interest rate characteristics of each loan.

The following fair value hierarchy tables present information about the Corporation's assets measured at fair value at the dates indicated on a nonrecurring basis:

(In Thousands)	Fair Value Measurement at December 31, 2024 Using:			
	Level 1	Level 2	Level 3	Total
Mortgage servicing assets	—	—	119	119
Total	\$ —	\$ —	\$ 119	\$ 119
Fair Value Measurement at June 30, 2024 Using:				
(In Thousands)	Level 1	Level 2	Level 3	Total
	\$ —	\$ —	\$ 695	\$ 695
Loans with individually evaluated allowance	—	—	87	87
Mortgage servicing assets	—	—	—	—
Total	\$ —	\$ —	\$ 782	\$ 782

[Table of Contents](#)

The following table presents additional information about valuation techniques and inputs used for assets and liabilities, which are measured at fair value and categorized within Level 3 as of December 31, 2024:

	Fair Value As of December 31, (Dollars In Thousands)	Valuation Techniques	Unobservable Inputs	Range <sup>(1)</sup> (Weighted Average)	Impact to Valuation from an Increase in Inputs <sup>(2)</sup>
<b>Assets:</b>					
Securities available-for-sale: Private issue CMO	\$ 80	Market comparable pricing	Comparability adjustment	( 0.7 %) - ( 2.6 %) ( 1.1 %)	Increase
Loans held for investment, at fair value	\$ 1,016	Relative value analysis	Broker quotes ACL factors	85.8 % - 87.9 % ( 87.2 %) 0.9 % - 1.1 % ( 1.0 %)	Increase Decrease
Mortgage servicing assets	\$ 119	Discounted cash flow	Prepayment speed (CPR) Discount rate	5.8 % - 60.0 % ( 11.5 %) 9.0 % - 10.5 % ( 9.1 %)	Decrease Decrease
Interest-only strips	\$ 6	Discounted cash flow	Prepayment speed (CPR) Discount rate	8.6 % - 20.5 % ( 15.0 %) 9.0 %	Decrease Decrease
<b>Liabilities:</b>					
None					

(1) The range is based on the historical estimated fair values and management estimates.

(2) Unless otherwise noted, this column represents the directional change in the fair value of the Level 3 asset instruments that would result from an increase to the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect. Significant changes in these inputs in isolation could result in significantly higher or lower fair value measurements.

The significant unobservable inputs used in the fair value measurement of the Corporation's assets and liabilities include the following: prepayment speeds, discount rates and broker quotes, among others. Significant increases or decreases in any of these inputs in isolation could result in significantly lower or higher fair value measurement. The various unobservable inputs used to determine valuations may have similar or diverging impacts on valuation.

The carrying amount and fair value of the Corporation's other financial instruments as of December 31, 2024 and June 30, 2024 was as follows:

	December 31, 2024				
(In Thousands)	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
<b>Financial assets:</b>					
Loans held for investment, not recorded at fair value	\$ 1,052,587	\$ 999,462	\$ —	\$ —	\$ 999,462
Investment securities - held to maturity	\$ 118,888	\$ 105,124	\$ —	\$ 105,124	\$ —
FHLB - San Francisco stock	\$ 9,568	\$ 9,568	\$ —	\$ 9,568	\$ —
<b>Financial liabilities:</b>					
Deposits	\$ 867,515	\$ 867,835	\$ —	\$ 867,835	\$ —
Borrowings	\$ 245,500	\$ 245,704	\$ —	\$ 245,704	\$ —

[Table of Contents](#)

(In Thousands)	June 30, 2024				
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
<b>Financial assets:</b>					
Loans held for investment, not recorded at fair value	\$ 1,051,932	\$ 973,453	\$ —	\$ —	\$ 973,453
Investment securities - held to maturity	\$ 130,051	\$ 114,393	\$ —	\$ 114,393	\$ —
FHLB – San Francisco stock	\$ 9,568	\$ 9,568	\$ —	\$ 9,568	\$ —
<b>Financial liabilities:</b>					
Deposits	\$ 888,348	\$ 888,527	\$ —	\$ 888,527	\$ —
Borrowings	\$ 238,500	\$ 237,691	\$ —	\$ 237,691	\$ —

Loans held for investment, not recorded at fair value: For loans that reprice frequently at market rates, the carrying amount approximates the fair value. For fixed-rate loans, the fair value is determined by either (i) discounting the estimated future cash flows of such loans over their estimated remaining contractual maturities using a current interest rate at which similar loans would be made to borrowers, or (ii) quoted market prices.

Investment securities - held to maturity: The investment securities - held to maturity consist of U.S. SBA securities, U.S. government sponsored enterprise MBS and U.S. government sponsored enterprise CMO. For the U.S. SBA securities and U.S. government sponsored enterprise MBS and CMO, the Corporation utilizes quoted prices in active markets for similar securities for its fair value measurement.

FHLB – San Francisco stock: The carrying amount reported for FHLB – San Francisco stock approximates fair value. When redeemed, the Corporation will receive an amount equal to the par value of the stock.

Deposits: The fair value of time deposits is estimated using a discounted cash flow calculation. The discount rate is based upon observable inputs, including rates currently offered for deposits of similar remaining maturities. The fair value of transaction accounts (checking, money market and savings accounts) is equal to the carrying amounts payable on demand.

Borrowings: The fair value of borrowings has been estimated using a discounted cash flow calculation. The discount rate on such borrowings is based upon rates currently offered for borrowings of similar remaining maturities.

The Corporation has various processes and controls in place to ensure that fair value is reasonably estimated. The Corporation generally determines fair value of their Level 3 assets and liabilities by using internally developed models which primarily utilize discounted cash flow techniques and prices obtained from independent management services or brokers. The Corporation performs due diligence procedures over third-party pricing service providers in order to support their use in the valuation process.

While the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. For the second quarter of fiscal 2025, there were no significant changes to the Corporation's valuation techniques that had, or are expected to have, a material impact on its condensed consolidated financial position or results of operations.

**Note 8: Revenue From Contracts With Customers**

In accordance with ASC 606, revenues are recognized when goods or services are transferred to the customer in exchange for the consideration the Corporation expects to be entitled to receive. The largest portion of the Corporation's revenue is from interest income, which is not in the scope of ASC 606. All of the Corporation's revenue from contracts with customers in the scope of ASC 606 is recognized in non-interest income.

If a contract is determined to be within the scope of ASC 606, the Corporation recognizes revenue as it satisfies a performance obligation. Payments from customers are generally collected at the time services are rendered, monthly, quarterly or annually. For contracts with customers within the scope of ASC 606, revenue is either earned at a point in

[Table of Contents](#)

time or revenue is earned over time. Examples of revenue earned at a point in time are automated teller machine ("ATM") transaction fees, wire transfer fees, overdraft fees and interchange fees. Revenue is primarily based on the number and type of transactions that are generally derived from transactional information accumulated by our systems and is recognized immediately as the transactions occur or upon providing the service to complete the customer's transaction. The Corporation is generally the principal in these contracts, except for interchange fees, in which case the Corporation is acting as the agent and records revenue net of expenses paid to the principal. Examples of revenue earned over time, which generally occur monthly, are deposit account maintenance fees, investment advisory fees, merchant revenue, trust and investment management fees and safe deposit box fees. Revenue is generally derived from transactional information accumulated by our systems or those of third-parties and is recognized as the related transactions occur or services are rendered to the customer.

**Disaggregation of Revenue:**

The following table includes the Corporation's non-interest income disaggregated by type of services for the quarters and six months ended December 31, 2024 and 2023:

Type of Services (In Thousands)	Quarter Ended December 31,		Six Months Ended December 31,	
	2024	2023	2024	2023
Loan servicing and other fees <sup>(1)</sup>	\$ 60	\$ 124	\$ 164	\$ 103
Deposit account fees	282	299	580	587
Card and processing fees	300	333	620	686
Other <sup>(2)</sup>	203	119	380	250
<b>Total non-interest income</b>	<b>\$ 845</b>	<b>\$ 875</b>	<b>\$ 1,744</b>	<b>\$ 1,626</b>

(1) Not within the scope of ASC 606.

(2) Includes net BOLI income of \$ 46 thousand, \$ 47 thousand, \$ 92 thousand and \$ 93 thousand, net loss on sale of loans of \$ 20 thousand, \$ 65 thousand, \$ 41 thousand and \$ 65 thousand, and net unrealized gain on other equity investments of \$ 85 thousand, \$ 0 , \$ 110 thousand and \$ 0 for the quarters and six months ended December 31, 2024 and 2023, respectively which are not within the scope of ASC 606.

For both the quarters and six months ended December 31, 2024 and 2023, substantially all of the Corporation's revenues within the scope of ASC 606 are for performance obligations satisfied at a specified date.

**Revenues recognized within the scope of ASC 606:**

**Deposit account fees:** Fees are earned on the Bank's deposit accounts for various products offered to, or services performed for, the Bank's customers. Fees include business account fees, non-sufficient fund fees, ATM fees and other fees. These fees are recognized concurrent with the event on a daily, monthly, quarterly or annual basis, depending on the type of service.

**Card and processing fees:** Debit interchange income represents fees earned when a debit card issued by the Bank is used. The Bank earns interchange fees from cardholder transactions through a third-party payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder. The performance obligation is satisfied and the fees are earned when the merchant transaction is charged to the cardholders' debit card. Certain expenses directly associated with the debit cards are recorded on a net basis with the interchange income.

**Other fees:** Includes asset management fees, stop payment fees, wire services fees, safe deposit box fees and fees earned on other services, such as merchant services or occasional non-recurring type services, and are recognized at the time of the event or the applicable billing cycle. Asset management fees are variable, since they are based on the underlying portfolio value, which is subject to market conditions and amounts invested by customers through a third-party provider. Asset management fees are recognized over the period that services are provided, when the portfolio values are known or

[Table of Contents](#)

can be estimated at the end of each month. These fees are recognized concurrent with the event on a daily, monthly, quarterly or annual basis, depending on the type of service.

**Note 9: Leases**

The Corporation accounts for its leases in accordance with ASC 842 which requires the Corporation to record liabilities for future lease obligations as well as assets representing the right to use the underlying leased assets. The Corporation's leases primarily represent future obligations to make payments for the use of buildings, space or equipment for its operations. Liabilities to make future lease payments are recorded in accounts payable, accrued interest and other liabilities, while right-of-use assets are recorded in premises and equipment in the Corporation's Condensed Consolidated Statements of Financial Condition. At December 31, 2024, all of the Corporation's leases were classified as operating leases and the Corporation did not have any operating leases with an initial term of 12 months or less ("short-term leases"). Liabilities to make future lease payments and right-of-use assets are recorded for operating leases and do not include short-term leases. These liabilities and right-of-use assets are determined based on the total contractual base rents for each lease, which include options to extend or renew each lease, where applicable, and where the Corporation believes it has an economic incentive to extend or renew the lease. Since lease extensions are not reasonably certain, the Corporation generally does not recognize payments occurring during option periods in the calculation of its operating right-of-use lease assets and operating lease liabilities. The Corporation utilizes the FHLB – San Francisco rates as a discount rate for each of the remaining contractual terms at the adoption date as well as for future leases if the discount rate is not stated in the lease. For leases that contain variable lease payments, the Corporation assumes future lease payment escalations based on a lease payment escalation rate specified in the lease or the specified index rate observed at the time of lease commencement. Liabilities to make future lease payments are accounted for using the interest method, being reduced by periodic contractual lease payments net of periodic interest accretion. Right-of-use assets for operating leases are amortized over the term of the associated lease by amounts that represent the difference between periodic straight-line lease expense and periodic interest accretion in the related liability to make future lease payments.

For the quarters and six months ended December 31, 2024 and 2023, expenses associated with the Corporation's leases totaled \$ 203,000 , \$ 247,000 , \$ 419,000 and \$ 494,000 , respectively. Expenses associated with the Corporation's leases are recorded in either premises and occupancy or equipment, as applicable, in the Condensed Consolidated Statements of Operations.

The following tables present supplemental information related to operating leases at the date and for the periods indicated:

(In Thousands)	As of	
	December 31, 2024	June 30, 2024
<b>Condensed Consolidated Statements of Condition:</b>		
Premises and equipment - Operating lease right-of-use assets	\$ 1,766	\$ 1,356
Accounts payable, accrued interest and other liabilities – Operating lease liabilities	\$ 1,810	\$ 1,407

(In Thousands)	Quarter Ended		Six Months Ended	
	December 31,		December 31,	
<b>Condensed Consolidated Statements of Operations:</b>				
Premises and occupancy expenses from operating leases (1)	\$ 168	\$ 212	\$ 350	\$ 425
Equipment expenses from operating leases (1)	35	35	69	69
Total lease expense	\$ 203	\$ 247	\$ 419	\$ 494

(1) Includes immaterial variable lease costs.

(In Thousands)	Six Months Ended		Six Months Ended	
	December 31, 2024		December 31, 2023	
<b>Condensed Consolidated Statements of Cash Flows:</b>				
Operating cash flows from operating leases, net	\$	418	\$	463

[Table of Contents](#)

The following table provides information related to remaining minimum contractual lease payments and other information associated with the Corporation's leases as of December 31, 2024:

<b>Fiscal Year Ending June 30,</b>	<b>Amount<sup>(1)</sup></b> (In Thousands)
Remainder of fiscal 2025	\$ 347
Fiscal 2026	628
Fiscal 2027	439
Fiscal 2028	369
Fiscal 2029	141
Thereafter	11
<b>Total contract lease payments</b>	<b>\$ 1,935</b>
 Total liability to make lease payments	 \$ 1,810
Difference in undiscounted and discounted future lease payments	\$ 125
Weighted average discount rate	3.70 %
Weighted average remaining lease term (years)	3.2

(1) Contractual base rents do not include property taxes and other operating expenses due under respective lease agreements.

**Note 10: Stock Repurchases**

On September 28, 2023, the Corporation's Board of Directors announced a stock repurchase plan, authorizing the purchase of up to 350,353 shares of the Corporation's outstanding common stock over a one-year period. On September 26, 2024, the Board extended the existing stock repurchase plan, which had 99,968 shares remaining available for purchase as of that date, until September 26, 2025 or until completion or cancellation, whichever occurs first.

During the second quarter of fiscal 2025, the Corporation purchased 63,556 shares of its common stock under the existing stock repurchase plan with a weighted average cost of \$ 16.04 per share. For the first six months of fiscal 2025, the Corporation purchased 157,197 shares of its common stock under the existing stock repurchase plan with a weighted average cost of \$ 14.98 per share. As of December 31, 2024, 31,919 shares or nine percent of authorized common stock under the existing plan remain available for purchase.

**Note 11: Subsequent Events**

On January 23, 2025, the Corporation announced that the Board of Directors declared a quarterly cash dividend of \$ 0.14 per share. Shareholders of the Corporation's common stock at the close of business on February 13, 2025 are entitled to receive the cash dividend. The cash dividend will be payable on March 6, 2025.

On January 23, 2025, the Corporation announced that the Board of Directors authorized the repurchase of up to five percent ( 5 %) of the Corporation's common stock, or approximately 334,773 shares. The Corporation plans to purchase the shares from time to time in the open market or through privately negotiated transactions over a one-year period subject to market conditions, the capital requirements of the Corporation, available cash and other relevant factors. Additionally, the stock repurchase program initiated in September 2023, which was extended on September 26, 2024, was terminated effective January 24, 2025. As a result, 21,691 shares that remained eligible for repurchase under the September 2023 program will no longer be repurchased.

**ITEM 2 – Management’s Discussion and Analysis of Financial Condition and Results of Operations**

**General**

Provident Financial Holdings, Inc., a Delaware corporation, was organized in January 1996 for the purpose of becoming the holding company of Provident Savings Bank, F.S.B. (the “Bank”) upon the Bank’s conversion from a federal mutual to a federal stock savings bank (“Conversion”). The Conversion was completed on June 27, 1996. The Corporation is regulated by the Board of Governors of the Federal Reserve System (“Federal Reserve”). At December 31, 2024, the Corporation had total assets of \$1.25 billion, total deposits of \$867.5 million and total stockholders’ equity of \$128.6 million. The Corporation has not engaged in any significant activity other than holding the stock of the Bank. Accordingly, the information set forth in this report, including financial statements and related data, relates primarily to the Bank and its subsidiaries. As used in this report, the terms “we,” “our,” “us,” and “Corporation” refer to Provident Financial Holdings, Inc. and its consolidated subsidiaries, unless the context indicates otherwise.

The Bank, founded in 1956, is a federally chartered stock savings bank headquartered in Riverside, California. The Bank is regulated by the Office of the Comptroller of the Currency (“OCC”), its primary federal regulator, and the Federal Deposit Insurance Corporation (“FDIC”), the insurer of its deposits. The Bank’s deposits are federally insured up to applicable limits by the FDIC. The Bank has been a member of the FHLB System since 1956.

The Corporation operates in a single business segment through the Bank. The Bank’s activities include attracting deposits, offering banking services and originating and purchasing single-family, multi-family, commercial real estate, construction and, to a lesser extent, other mortgage, commercial business and consumer loans. Deposits are collected primarily from 13 banking locations located in Riverside and San Bernardino counties in California. Loans are primarily originated and purchased in California. There are various risks inherent in the Corporation’s business including, among others, the general business environment, interest rates, the California real estate market, the demand for loans, the prepayment of loans, the repurchase of loans previously sold to investors, the secondary market conditions to buy and sell loans, competitive conditions, legislative and regulatory changes, fraud and other risks.

The Corporation began paying quarterly cash dividends during the quarter ended September 30, 2002. On October 24, 2024, the Corporation’s Board of Directors declared a quarterly cash dividend of \$0.14 per share for shareholders of record as of the close of business on November 14, 2024. This dividend was paid on December 5, 2024. Future dividend declarations and payments will be subject to the Board of Directors’ discretion, considering factors such as the Corporation’s financial condition, operational results, tax implications, capital requirements, industry standards, legal restrictions, economic conditions, and other relevant factors, including regulatory limitations that affect the Bank’s ability to pay dividends to the Corporation. Under Delaware law, dividends may be paid from surplus or, in the absence of surplus, from net profits of the current fiscal year and/or the preceding fiscal year in which the dividend is declared.

Management’s Discussion and Analysis of Financial Condition and Results of Operations is intended to assist in understanding the financial condition and results of operations of the Corporation. The information contained in this section should be read in conjunction with the Unaudited Interim Condensed Consolidated Financial Statements and accompanying selected Notes to Unaudited Interim Condensed Consolidated Financial Statements.

**Safe-Harbor Statement**

Certain matters discussed in this Form 10-Q constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to the Corporation’s consolidated statement of financial condition, liquidity, statements of operations, plans, objectives, future performance or business. You should not place undue reliance on these statements as they are subject to various risks and uncertainties. When considering these forward-looking statements, you should keep in mind these risks and uncertainties, as well as any cautionary statements the Corporation may make. Moreover, you should treat these statements as speaking only as of the date they are made and based only on information then actually known to the Corporation.

## [Table of Contents](#)

There are a number of important factors that could cause future results to differ materially from historical performance and these forward-looking statements. Factors which could cause actual results to differ materially from the results anticipated or implied by our forward-looking statements include, but are not limited to:

- adverse economic conditions in our local market areas or other markets where we have lending relationships;
- effects of employment levels, labor shortages, inflation, a recession or slowed economic growth;
- changes in the interest rate environment, including increases or decreases in the Federal Reserve benchmark rate and the duration of such levels, which could adversely affect our revenues and expenses, the value of assets and obligations, and the availability and cost of capital and liquidity;
- the impact of inflation and the Federal Reserve monetary policy;
- the effects of any Federal government shutdown;
- credit risks of lending activities, including loan delinquencies, loan charge-offs, changes in our allowance for credit losses ("ACL"), and provision for credit losses;
- increased competitive pressures among financial services companies, including repricing and competitors' pricing initiatives, and their impact on our market position, loan, and deposit products;
- quality and composition of our securities portfolio and the impact of adverse changes in the securities markets;
- fluctuations in deposits;
- secondary market conditions for loans and our ability to sell loans in the secondary market;
- liquidity issues, including our ability to borrow funds or raise additional capital, if necessary;
- expectations regarding key growth initiatives and strategic priorities;
- the impact of bank failures or adverse developments at other banks and related negative press about the banking industry in general on investor and depositor sentiment;
- results of examinations of us by regulatory authorities, which may include the possibility that any such regulatory authority may, among other things, institute a formal or informal enforcement action against us or our bank subsidiary which could require us to increase our ACL, write down assets, change our regulatory capital position or affect our ability to borrow funds or maintain or increase deposits or impose additional requirements or restrictions on us, any of which could adversely affect our liquidity and earnings;
- legislative and regulatory changes, including changes in banking, securities and tax law, in regulatory policies and principles, or the interpretation of regulatory capital or other rules;
- use of estimates in determining the fair value of assets, which may prove incorrect;
- disruptions or security breaches, or other adverse events, failures or interruptions in or attacks on our information technology systems or on our third-party vendors;
- staffing fluctuations in response to product demand or corporate implementation of strategies;
- our ability to pay dividends on our common stock;
- environmental, social and governance goals;
- the potential imposition of new tariffs or changes to existing trade policies that could affect economic activity or specific industry sectors;
- effects of climate change, severe weather events, natural disasters, pandemics, epidemics and other public health crises, acts of war or terrorism, civil unrest and other external events;
- availability of appropriate insurance products in our market areas;
- and other factors described in our Form 10-K and in this Quarterly Reports on Form 10-Q and other reports filed with and furnished to the Securities and Exchange Commission ("SEC"), which are available on our website at [www.myprovident.com](http://www.myprovident.com) and on the SEC's website at [www.sec.gov](http://www.sec.gov).

Forward-looking statements are based upon management's beliefs and assumptions at the time they are made. We undertake no obligation to publicly update or revise any forward-looking statements included in this document or to update the reasons why actual results could differ from those contained in such statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking statements discussed in this document might not occur, and you should not put undue reliance on any forward-looking statements. These factors could cause our actual results for fiscal 2025 and beyond to differ materially from those expressed in any forward-looking statements by, or on behalf of, us and could negatively affect the Corporation's consolidated financial condition and consolidated results of operations as well as its stock price performance.

## **Critical Accounting Estimates**

The discussion and analysis of the Corporation's financial condition and results of operations is based upon the Corporation's condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities at the date of the condensed consolidated financial statements. Actual results may differ from these estimates under different assumptions or conditions.

The Corporation's critical accounting estimates are described in the Critical Accounting Estimates section of Management's Discussion and Analysis of Financial Condition and Results of Operations and in Note 1 - Organization and Summary of Significant Accounting Policies of the Notes to Consolidated Financial Statements of our Annual Report on Form 10-K for the fiscal year ended June 30, 2024 ("2024 Form 10-K"). There have not been any material changes in the Corporation's critical accounting policies and estimates as compared to the disclosures contained in the Corporation's 2024 Form 10-K.

## **Executive Summary and Operating Strategy**

Provident Savings Bank, F.S.B., established in 1956, is a financial services company committed to serving consumers and small to mid-sized businesses in the Inland Empire region of Southern California. The Bank conducts its business operations as Provident Bank and through its subsidiary, Provident Financial Corp. The business activities of the Corporation, primarily through the Bank, consist of community banking and, to a lesser degree, investment services for customers and trustee services on behalf of the Bank.

Community banking operations primarily consist of accepting deposits from customers within the communities surrounding the Corporation's full service offices and investing those funds in single-family, multi-family and commercial real estate loans. Also, to a lesser extent, the Corporation makes construction, commercial business, consumer and other mortgage loans. The primary source of income in community banking is net interest income, which is the difference between the interest income earned on loans and investment securities, and the interest expense paid on interest-bearing deposits and borrowed funds. Additionally, certain fees are collected from depositors, such as returned check fees, deposit account service charges, ATM fees, IRA/KEOGH fees, safe deposit box fees, wire transfer fees and overdraft protection fees, among others.

The Corporation plans to enhance its community banking business by moderately increasing its total assets, focusing on expanding single-family, multi-family, commercial real estate, construction, and commercial business loans. Additionally, the Corporation aims to reduce the percentage of retail time deposits in its deposit base while increasing the proportion of lower-cost checking and savings accounts. To diversify its deposit instruments, the Corporation will consider utilizing brokered certificates of deposit and the State of California's time deposits, subject to market conditions and its funding needs. This strategy is designed to improve core revenue by achieving a higher net interest margin and, combined with the Corporation's growth, ultimately increase net interest income. While the Corporation's long-term strategy targets moderate growth, management acknowledges that this growth may be influenced by general economic conditions and other factors.

Investment services operations primarily consist of selling alternative investment products such as annuities and mutual funds to the Bank's depositors. Provident Financial Corp ("PFC") performs trustee services for the Bank's real estate secured loan transactions and has in the past held, and may in the future hold, real estate for investment. Investment services and trustee services contribute a very small percentage of gross revenue.

There are a number of risks associated with the business activities of the Corporation, many of which are beyond the Corporation's control as described in the 2024 Form 10-K. The Corporation attempts to mitigate many of these risks through prudent banking practices, such as interest rate risk management, credit risk management, operational risk management, and liquidity risk management.

## [Table of Contents](#)

The California economic environment presents heightened risk for the Corporation primarily with respect to real estate values and loan delinquencies. Since the majority of the Corporation's loans are secured by real estate located within California, significant declines in the value of California real estate may inhibit the Corporation's ability to recover on defaulted loans by selling the underlying real estate. Additionally, the commercial real estate environment, particularly office space of various types, currently presents elevated risk within the banking industry. In response, the Bank has reviewed its existing loans collateralized by office space for any outsized exposure and implemented tighter underwriting standards for this collateral type. At December 31, 2024, our commercial real estate portfolio totaled \$78.0 million, including office space of various types, totaling approximately \$40.4 million or 51.8 percent of the total commercial real estate portfolio and 3.8 percent of the total loan portfolio.

The recent wildfires in California, which began in January 2025, have not materially impacted the Bank's customers or collateral in our market area. However, the statewide economic repercussions of these events may indirectly affect the Corporation. These repercussions include increased insurance premiums, stricter underwriting standards, and potential shifts in property values, which could elevate credit risk. Additionally, the long-term risk of recurring wildfires due to climate change presents ongoing challenges to real estate markets across the state. The Corporation remains committed to prudent risk management practices and continues to monitor these developments to mitigate potential risks and support customers in navigating any financial challenges that may arise. For additional information, see "Asset Quality" below.

### **Commitments and Derivative Financial Instruments**

The Corporation is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, in the form of originating loans or providing funds under existing lines of credit, loan sale agreements to third parties and option contracts. These instruments involve, to varying degrees, elements of credit and interest-rate risk in excess of the amount recognized in the accompanying Condensed Consolidated Statements of Financial Condition. The Corporation's exposure to credit loss, in the event of non-performance by the counterparty to these financial instruments, is represented by the contractual amount of these instruments. The Corporation uses the same credit policies in entering into financial instruments with off-balance sheet risk as it does for on-balance sheet instruments. For a discussion on commitments and derivative financial instruments, see Note 6 of the Notes to Unaudited Interim Condensed Consolidated Financial Statements of this Form 10-Q.

### **Comparison of Financial Condition at December 31, 2024 and June 30, 2024**

Total assets decreased one percent to \$1.25 billion at December 31, 2024 from \$1.27 billion at June 30, 2024. The decrease was primarily attributable to decreases in cash and cash equivalents and investment securities.

Total cash and cash equivalents, primarily excess cash deposited with the FRB of San Francisco, decreased \$5.9 million, or 11 percent, to \$45.5 million at December 31, 2024 from \$51.4 million at June 30, 2024. The decrease in total cash and cash equivalents was primarily attributable to deposit outflows and management's proactive strategy to manage liquidity based upon recent economic conditions.

Investment securities (held to maturity and available for sale) decreased \$11.3 million, or nine percent, to \$120.6 million at December 31, 2024 from \$131.9 million at June 30, 2024. The decrease was primarily the result of scheduled and accelerated principal payments on mortgage-backed and other securities during the first six months of fiscal 2025, with no purchases or sales of investment securities during the period. For further analysis on investment securities, see Note 4 of the Notes to Unaudited Interim Condensed Consolidated Financial Statements of this Form 10-Q.

Loans held for investment increased \$624,000 to \$1.05 billion at December 31, 2024 from June 30, 2024, predominantly due to an increase in single-family loans, partly offset by declines in multi-family and commercial real estate loans. During the first six months of fiscal 2025, the Corporation originated \$65.4 million of loans held for investment, consisting primarily of single-family, multi-family and commercial real estate loans located throughout California. The Corporation did not purchase any loans during the first six months of fiscal 2025. Total loan principal payments during the first six months of fiscal 2025 were \$68.4 million, up 68 percent from \$40.8 million during the comparable period in fiscal 2024. Single-family loans held for investment at December 31, 2024 and June 30, 2024 totaled \$533.1 million and \$518.1

[Table of Contents](#)

million, representing approximately 51 percent and 49 percent of loans held for investment, respectively. Multi-family loans held for investment at December 31, 2024 and June 30, 2024 totaled \$433.7 million and \$445.2 million, respectively, representing approximately 41 percent and 42 percent of loans held for investment, respectively. Commercial real estate loans held for investment at December 31, 2024 and June 30, 2024 totaled \$78.0 million and \$83.3 million, respectively, representing approximately seven percent and eight percent of loans held for investment, respectively.

The tables below describe the geographic dispersion of gross real estate secured loans held for investment at December 31, 2024 and June 30, 2024, as a percentage of the total dollar amount of loans outstanding:

As of December 31, 2024:

Loan Category	Inland Empire <sup>(1)</sup>		Southern California <sup>(2)</sup>		Other California		Other States		Total	
	Balance	Percent	Balance	Percent	Balance	Percent	Balance	Percent	Balance	Percent
Single-family	\$ 146,360	27 %	\$ 173,452	33 %	\$ 213,093	40 %	\$ 235	— %	\$ 533,140	100 %
Multi-family	52,815	12 %	252,507	58 %	128,402	30 %	—	— %	433,724	100 %
Commercial real estate	13,496	17 %	42,323	54 %	22,165	29 %	—	— %	77,984	100 %
Construction	—	— %	1,480	100 %	—	— %	—	— %	1,480	100 %
Other	—	— %	90	100 %	—	— %	—	— %	90	100 %
Total	\$ 212,671	20 %	\$ 469,852	45 %	\$ 363,660	35 %	\$ 235	— %	\$ 1,046,418	100 %

(1) Comprised of Riverside and San Bernardino counties.

(2) Other than the Inland Empire.

As of June 30, 2024:

Loan Category	Inland Empire <sup>(1)</sup>		Southern California <sup>(2)</sup>		Other California		Other States		Total	
	Balance	Percent	Balance	Percent	Balance	Percent	Balance	Percent	Balance	Percent
Single-family	\$ 146,003	29 %	\$ 175,127	34 %	\$ 196,707	37 %	\$ 254	— %	\$ 518,091	100 %
Multi-family	56,693	13 %	256,692	59 %	131,797	28 %	—	— %	445,182	100 %
Commercial real estate	13,583	18 %	44,574	54 %	25,192	28 %	—	— %	83,349	100 %
Construction	228	30 %	1,480	58 %	984	12 %	—	— %	2,692	100 %
Other	—	— %	95	100 %	—	— %	—	— %	95	100 %
Total	\$ 216,507	23 %	\$ 477,968	46 %	\$ 354,680	31 %	\$ 254	— %	\$ 1,049,409	100 %

(1) Comprised of Riverside and San Bernardino counties.

(2) Other than the Inland Empire.

For further analysis on loans held for investment, see Note 5 of the Notes to Unaudited Interim Condensed Consolidated Financial Statements of this Form 10-Q.

Total deposits decreased \$20.8 million, or two percent, to \$867.5 million at December 31, 2024 from \$888.3 million at June 30, 2024, due to decreases in all account categories, except time deposits. The decrease in total deposits was primarily due to customers seeking higher interest rates as competition for deposits in our market area remains strong. Total uninsured deposits were approximately \$134.7 million and \$122.7 million at December 31, 2024 and June 30, 2024, respectively. The amounts of uninsured deposits are based on estimated amounts of uninsured deposits as of the reported period. Such estimates are based on the same methodologies and assumptions used for regulatory reporting requirements.

Transaction account balances or "core deposits" decreased \$21.6 million, or four percent, to \$592.9 million at December 31, 2024 from \$614.5 million at June 30, 2024, while time deposits increased \$753,000 to \$274.6 million at December 31, 2024 from \$273.9 million at June 30, 2024. The increase in time deposits was primarily due to the increase in brokered certificates of deposit, partly offset by a decline in retail time deposits. At December 31, 2024 and June 30, 2024, total brokered certificates of deposit were \$143.8 million and \$131.8 million, respectively. Excluding brokered certificates of deposit, the percentage of time deposits to total deposits was 18 percent and 19 percent at December 31, 2024 and June 30, 2024, respectively.

[Table of Contents](#)

Total borrowings increased \$7.0 million, or three percent, to \$245.5 million at December 31, 2024 from \$238.5 million at June 30, 2024. The increase in borrowings was primarily to fund deposit outflows. At December 31, 2024 and June 30, 2024, borrowings were comprised of short-term and long-term FHLB - San Francisco advances used for liquidity and interest rate risk management purposes.

Total stockholders' equity declined \$1.3 million, or one percent, to \$128.6 million at December 31, 2024 from \$129.9 million at June 30, 2024. The decrease was primarily due to \$1.9 million of cash dividends paid to shareholders and \$2.5 million of stock repurchases, partly offset by net income of \$2.8 million in the first six months of fiscal 2025 and the amortization of stock-based compensation of \$300,000. The Corporation repurchased 157,197 shares of its common stock in the open market at a weighted average cost of \$14.98 per share during the first six months of fiscal 2025 pursuant to its publicly announced stock repurchase program. In addition, the Corporation acquired 8,758 shares of the Corporation common stock at a cost of \$13.24 per share in settlement of employees' withholding tax obligations related to the vesting of restricted stock in the first six months of fiscal 2025.

**Comparison of Operating Results for the Quarters and Six Months Ended December 31, 2024 and 2023**

Net income for the second quarter of fiscal 2025 was \$872,000, down \$1.3 million or 59 percent from \$2.1 million in the same period of fiscal 2024. The decrease was primarily attributable to a \$586,000 provision for credit losses in the second quarter of fiscal 2025 (in contrast to a \$720,000 recovery of credit losses in the same quarter last year) and a \$450,000 increase in non-interest expense.

For the first six months of fiscal 2025, net income was \$2.8 million, down \$1.1 million or 29 percent from \$3.9 million in the same period of fiscal 2024. The decrease was attributable to a \$1.1 million increase in non-interest expense and a \$538,000 decrease in net interest income, partly offset by a \$118,000 increase in non-interest income in the first six months of fiscal 2025 as compared to the same period in fiscal 2024.

The efficiency ratio, defined as non-interest expense divided by the sum of net interest income and non-interest income, was 81.15 percent for the second quarter of fiscal 2025, compared to 76.11 percent in the same period last year. The deterioration of the efficiency ratio during the current quarter compared to the same period last year was primarily due to higher non-interest expenses. For the first six months of fiscal 2025, the efficiency ratio was 80.11 percent, compared to 72.68 percent for the same period of fiscal 2024. The deterioration of the efficiency ratio during the first six months of fiscal 2025 compared to the same period last year was due to both higher non-interest expenses and a lower net interest income, partly offset by a higher non-interest income.

Return on average assets was 0.28 percent in the second quarter of fiscal 2025, down 38 basis points from 0.66 percent in the same period last year. For the first six months of fiscal 2025, return on average assets was 0.45 percent, down 15 basis points from 0.60 percent in the same period last year.

Return on average stockholders' equity was 2.66 percent in the second quarter of fiscal 2025, down from 6.56 percent in the same period last year. For the first six months of fiscal 2025, return on average stockholders' equity was 4.22 percent, down from 5.98 percent in the same period last year.

Diluted earnings per share for the second quarter of fiscal 2025 were \$0.13, down 58 percent from \$0.31 in the same period last year. For the first six months of fiscal 2025, diluted earnings per share were \$0.41, down 27 percent from \$0.56 in the same period last year.

**Net Interest Income:**

**For the Quarters Ended December 31, 2024 and 2023.** Net interest income decreased \$15,000 to \$8.8 million for the second quarter of fiscal 2025 as compared to the same quarter last year. The slight decrease in net interest income was due to a lower average balance of interest-earning assets, partly offset by a higher net interest margin. The average balance of interest-earning assets decreased \$58.2 million, or five percent, to \$1.20 billion in the second quarter of fiscal 2025 from \$1.26 billion the same quarter last year as the average balance of investment securities, loans receivable and interest-earning deposits all declined. The average balance of interest-bearing liabilities decreased \$55.4 million, or five percent,

to \$1.09 billion in the second quarter of fiscal 2025 from \$1.15 billion in the same quarter last year primarily reflecting the decrease in the average balance of deposits. The higher net interest margin was due to the average yield on interest-earning assets rising faster than the average cost of interest-bearing liabilities. The net interest margin during the second quarter of fiscal 2025 increased 13 basis points to 2.91 percent from 2.78 percent in the same quarter last year. The average yield on interest-earning assets increased 33 basis points to 4.66 percent in the second quarter of fiscal 2025 from 4.33 percent in the same quarter last year, while the average cost of interest-bearing liabilities increased 23 basis points to 1.92 percent in the second quarter of fiscal 2025 from 1.69 percent in the same quarter last year.

**For the Six Months Ended December 31, 2024 and 2023.** Net interest income decreased \$538,000 or three percent to \$17.4 million for the first six months of fiscal 2025 from \$17.9 million in the same period in fiscal 2024, as a result of a lower average balance of interest-earning assets, partly offset by a higher net interest margin. The average balance of interest-earning assets decreased \$56.5 million, or four percent, to \$1.21 billion in the first six months of fiscal 2025 from \$1.27 billion in the comparable period of fiscal 2024, primarily reflecting decreases in the average balance of loans receivable, investment securities and interest-earning deposits. The average balance of interest-bearing liabilities decreased by \$53.3 million, or five percent, to \$1.10 billion in the first six months of fiscal 2025 from \$1.15 billion in the same period last year primarily reflecting decreases in the average balance of transaction accounts, partly offset by an increase in the average balance of time deposits, particularly in brokered certificates of deposit. Net interest margin was 2.87 percent in the first six months of fiscal 2025, an increase of four basis points from 2.83 percent in the same period of fiscal 2024. The weighted-average yield on interest-earning assets increased by 37 basis points to 4.64 percent in the first six months of fiscal 2025 from 4.27 percent in the same period last year, while the weighted-average cost of interest-bearing liabilities increased by 37 basis points to 1.94 percent for the first six months of fiscal 2025 as compared to 1.57 percent in the same period last year.

**Interest Income:**

**For the Quarters Ended December 31, 2024 and 2023.** Total interest income increased \$356,000, or three percent, to \$14.0 million for the second quarter of fiscal 2025 from \$13.7 million for the same quarter of fiscal 2024. The increase was due primarily to an increase in interest income from loans receivable, partly offset by decreases in interest income from investment securities and interest-earnings deposits.

Interest income on loans receivable increased \$541,000, or four percent, to \$13.1 million in the second quarter of fiscal 2025 from \$12.5 million in the same quarter of fiscal 2024. The increase was due to a higher average yield, partly offset by a lower average balance. The average yield on loans receivable increased 33 basis points to 4.99 percent in the second quarter of fiscal 2025 from an average yield of 4.66 percent in the same quarter last year. The higher weighted average loan yield was due primarily to the upward repricing of adjustable rate loans and new loan originations with higher weighted average interest rates. Adjustable-rate loans of approximately \$100.7 million were repriced upward in the second quarter of fiscal 2025 by approximately 15 basis points from an average yield of 7.83 percent to 7.98 percent. The average balance of loans receivable decreased \$27.8 million, or three percent, to \$1.05 billion in the second quarter of fiscal 2025 from \$1.07 billion in the same quarter last year. Net deferred loan cost amortization in the second quarter of fiscal 2025 increased 76 percent to \$381,000 from \$217,000 in the same quarter last year. Total loans originated for investment in the second quarter of fiscal 2025 were \$36.4 million, up 80 percent from \$20.2 million in the same quarter last year; while loan principal payments received in the second quarter of fiscal 2025 were \$34.3 million, up 93 percent from \$17.8 million in the same quarter last year.

Interest income from investment securities decreased \$53,000, or 10 percent, to \$471,000 in the second quarter of fiscal 2025 from \$524,000 for the same quarter of fiscal 2024. This decrease was attributable to a lower average balance, partly offset by a higher average yield. The average balance of investment securities decreased \$23.4 million, or 16 percent, to \$123.8 million in the second quarter of fiscal 2025 from \$147.2 million in the same quarter last year. The decrease in the average balance of investment securities was primarily the result of scheduled and accelerated principal payments on mortgage-backed securities. The average yield on investment securities increased 10 basis points to 1.52 percent in the second quarter of fiscal 2025 from 1.42 percent for the same quarter last year. The increase in the average yield was primarily attributable to a lower premium amortization during the current quarter in comparison to the same quarter last year (\$97,000 vs. \$137,000) due to lower total principal repayments (\$5.3 million vs. \$5.9 million) and the upward repricing of adjustable-rate mortgage-backed securities.

[Table of Contents](#)

The Bank received \$213,000 of cash dividends from FHLB – San Francisco stock and other equity investments in the second quarter of fiscal 2025, up eight percent from \$197,000 in the same quarter last year. The average balance of FHLB – San Francisco stock and other equity investments in the second quarter of fiscal 2025 was \$10.2 million, up seven percent from \$9.5 million in the same quarter of fiscal 2024 while the average yield was 8.38 percent, up nine basis points from 8.29 percent.

Interest income from interest-earning deposits, primarily cash deposited at the FRB of San Francisco, was \$287,000 in the second quarter of fiscal 2025, down 34 percent from \$435,000 in the same quarter of fiscal 2024. The decrease was due to a lower average balance and, to a lesser extent, a lower average yield. The average balance of interest-earning deposits decreased \$7.8 million, or 25 percent, to \$23.7 million in the second quarter of fiscal 2025 from \$31.5 million in the same quarter last year primarily due to the Bank decreasing its liquidity position, which was mitigated by robust borrowing capacities. The average yield earned on interest-earning deposits in the second quarter of fiscal 2025 was 4.74 percent, down 67 basis points from 5.41 percent in the same quarter last year, due primarily to a decrease in the interest rate paid on excess reserves.

**For the Six Months Ended December 31, 2024 and 2023.** Total interest income increased \$1.1 million, or four percent, to \$28.1 million for the first six months of fiscal 2025 from \$27.0 million in the same period of fiscal 2024. The increase was due primarily to an increase in interest income from loans receivable, partly offset by decreases in interest income on interest-earning deposits and investment securities.

Interest income from loans receivable increased \$1.4 million, or six percent, to \$26.1 million in the first six months of fiscal 2025 from \$24.7 million for the same period of fiscal 2024. The increase was due to a higher average yield, partly offset by a lower average balance. The average yield on loans receivable increased 38 basis points to 4.98 percent during the first six months of fiscal 2025 from 4.60 percent in the same period last year. The increase in the average yield on loans receivable was primarily attributable to loans repricing upward and new loan originations with a higher average yield, partly offset by an increase in net deferred loan cost amortization to \$736,000 in the first six months of fiscal 2025 from \$409,000 in the same period of fiscal 2024. Adjustable-rate loans of approximately \$222.9 million repriced upward in the first six months of fiscal 2025 by approximately 66 basis points from an average yield of 7.59 percent to 8.25 percent. The average balance of loans receivable decreased by \$25.6 million, or two percent, to \$1.05 billion for the first six months of fiscal 2025 from \$1.07 billion in the same period of fiscal 2024. Total loans originated for investment in the first six months of fiscal 2025 were \$65.4 million, up 69 percent from \$38.7 million in the same period last year. Loan principal payments received in the first six months of fiscal 2025 were \$68.4 million, up 68 percent from \$40.8 million in the same period last year.

Interest income from investment securities decreased \$95,000, or nine percent, to \$953,000 in the first six months of fiscal 2025 from \$1.0 million for the same period of fiscal 2024. This decrease was attributable to a lower average balance, partly offset by a higher average yield. The average balance of investment securities decreased by \$23.7 million, or 16 percent, to \$126.7 million in the first six months of fiscal 2025 from \$150.4 million in the same period of fiscal 2024. The decrease in the average balance of investment securities was primarily the result of scheduled and accelerated principal payments on mortgage-backed securities. The average yield on investment securities increased by 11 basis points to 1.50 percent in the first six months of fiscal 2025 from 1.39 percent in the same period of fiscal 2024. The increase in the average yield was primarily attributable to lower premium amortization (\$208,000 compared to \$292,000) attributable to lower principal repayments (\$11.1 million vs. \$12.6 million) and, to a lesser extent, the upward repricing of adjustable rate mortgage-backed securities.

FHLB – San Francisco cash dividends received in the first six months of fiscal 2025 were \$423,000, up 13 percent from \$376,000 in the same period of fiscal 2024. The average balance of FHLB – San Francisco stock in the first six months of fiscal 2025 was \$10.1 million, up seven percent from \$9.5 million in the same period of fiscal 2024, and the average yield was 8.34 percent, up 43 basis points from 7.91 percent.

Interest income from interest-earning deposits, primarily cash deposited at the FRB of San Francisco, was \$647,000 in the first six months of fiscal 2025, down 28 percent from \$898,000 in the same period of fiscal 2024. The decrease was due to a lower average balance and, to a lesser extent, a lower average yield. The average balance of the interest-earning deposits in the first six months of fiscal 2025 was \$25.0 million, a decrease of \$7.8 million or 24 percent, from \$32.8 million in the same period of fiscal 2024. The average yield earned on interest-earning deposits decreased by 30 basis

points to 5.06 percent in the first six months of fiscal 2025 from 5.36 percent in the comparable period last year, due primarily to a decrease in the interest rate paid on excess reserves.

**Interest Expense:**

**For the Quarters Ended December 31, 2024 and 2023.** Total interest expense increased \$371,000 or eight percent to \$5.3 million in the second quarter of fiscal 2025 from \$4.9 million in the same quarter last year. The increase was attributable primarily to higher interest expense on time deposits.

Interest expense on deposits for the second quarter of fiscal 2025 was \$2.7 million, an 18 percent increase from \$2.3 million for the same quarter last year. The increase in interest expense on deposits was attributable to a higher average cost, partly offset by a lower average balance of deposits. The average cost of deposits was 1.23 percent for the second quarter of fiscal 2025, up 24 basis points from 0.99 percent in the same quarter last year, primarily attributable to the average cost of time deposits (including brokered certificates of deposit) which increased 23 basis points to 3.78 percent for the second quarter of fiscal 2025 from 3.55 percent in the same quarter of fiscal 2024. The average balance of deposits decreased six percent to \$863.1 million in the second quarter of fiscal 2025 from \$914.6 million in the same quarter last year due to decreases in transaction accounts which was partly offset by an increase in time deposits. The average balance of transaction accounts was \$600.2 million in the second quarter of fiscal 2025, down 11 percent from \$677.1 million in the same quarter last year; while the average balance of time deposits (including brokered certificates of deposit) increased 11 percent to \$262.9 million in the second quarter of fiscal 2025 from \$237.6 million in the same quarter last year.

Interest expense on borrowings, consisting of FHLB – San Francisco advances, for the second quarter of fiscal 2025 decreased \$30,000, or one percent, to \$2.6 million as compared to the same quarter last year. The decrease was primarily the result of a lower average balance, partly offset by a higher average cost of borrowings. The average balance of borrowings decreased \$3.8 million or two percent to \$226.7 million in the second quarter of fiscal 2025 from \$230.5 million in the same quarter last year, while the average cost of borrowings increased two basis points to 4.53 percent in the second quarter of fiscal 2025 from 4.51 percent in the same quarter last year.

**For the Six Months Ended December 31, 2024 and 2023.** Total interest expense increased \$1.6 million, or 18 percent to \$10.7 million in the first six months of fiscal 2025 from \$9.1 million in the same period last year. The increase was attributable primarily to higher interest expense on borrowings and time deposits, particularly brokered certificates of deposit.

Interest expense on deposits for the first six months of fiscal 2025 was \$5.5 million, a 32 percent increase from \$4.2 million for the same period last year. The increase was attributable to a higher average cost of total deposits and a higher average balance of time deposits. The average cost of deposits was 1.25 percent, up 36 basis points from 0.89 percent in the same period last year, attributable primarily to time deposits (including brokered certificates of deposit) which increased 51 basis points to 3.87 percent for the first six months of fiscal 2025 from 3.36 percent for same period in fiscal 2024. The average balance of deposits decreased \$55.6 million or six percent to \$871.8 million in the first six months of fiscal 2025 from \$927.4 million in the same period last year due primarily to a decrease of \$89.4 million in the average balance of transaction accounts, partly offset by an increase of \$33.8 million in the average balance of time deposits.

Interest expense on borrowings, consisting primarily of FHLB – San Francisco advances, for the first six months of fiscal 2025 increased \$287,000, or six percent, to \$5.2 million from \$4.9 million in the same period last year. The increase was primarily the result of a higher average cost and, to a lesser extent, a higher average balance. The average cost of borrowings increased 21 basis points to 4.63 percent in the first six months of fiscal 2025 from 4.42 percent in the same period last year and the average balance of borrowings increased by \$2.2 million or one percent to \$223.7 million in the first six months of fiscal 2025 from \$221.5 million in the same period last year.

[Table of Contents](#)

The following table sets forth certain information for the periods regarding average balances of assets and liabilities as well as the total dollar amounts of interest income from average interest-earning assets and interest expense on average interest-bearing liabilities and average yields and costs thereof. Yields and costs for the periods indicated are derived by dividing income or expense by the average monthly balance of corresponding assets or liabilities, respectively, for the periods presented.

**Average Balance Sheets**

(Dollars In Thousands)	Quarter Ended December 31, 2024			Quarter Ended December 31, 2023		
	Average Balance	Interest	Yield/ Cost	Average Balance	Interest	Yield/ Cost
<b>Interest-earning assets:</b>						
Loans receivable, net <sup>(1)</sup>	\$ 1,046,797	\$ 13,050	4.99 %	\$ 1,074,592	\$ 12,509	4.66 %
Investment securities	123,826	471	1.52 %	147,166	524	1.42 %
FHLB – San Francisco stock and other equity investments	10,172	213	8.38 %	9,505	197	8.29 %
Interest-earning deposits	23,700	287	4.74 %	31,473	435	5.41 %
<b>Total interest-earning assets</b>	<b>1,204,495</b>	<b>14,021</b>	<b>4.66 %</b>	<b>1,262,736</b>	<b>13,665</b>	<b>4.33 %</b>
<b>Noninterest-earning assets</b>						
	30,273			30,735		
<b>Total assets</b>	<b>\$ 1,234,768</b>			<b>\$ 1,293,471</b>		
<b>Interest-bearing liabilities:</b>						
Checking and money market accounts <sup>(2)</sup>	\$ 364,038	\$ 51	0.06 %	\$ 413,523	\$ 72	0.07 %
Savings accounts	236,178	117	0.20 %	263,554	73	0.11 %
Time deposits	262,890	2,506	3.78 %	237,552	2,128	3.55 %
<b>Total deposits<sup>(3)</sup></b>	<b>863,106</b>	<b>2,674</b>	<b>1.23 %</b>	<b>914,629</b>	<b>2,273</b>	<b>0.99 %</b>
Borrowings	226,707	2,588	4.53 %	230,546	2,618	4.51 %
<b>Total interest-bearing liabilities</b>	<b>1,089,813</b>	<b>5,262</b>	<b>1.92 %</b>	<b>1,145,175</b>	<b>4,891</b>	<b>1.69 %</b>
<b>Noninterest-bearing liabilities</b>						
	13,820			17,682		
<b>Total liabilities</b>	<b>1,103,633</b>			<b>1,162,857</b>		
Stockholders' equity	131,135			130,614		
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,234,768</b>			<b>\$ 1,293,471</b>		
<b>Net interest income</b>	<b>\$ 8,759</b>			<b>\$ 8,774</b>		
Interest rate spread <sup>(4)</sup>			2.74 %			2.64 %
Net interest margin <sup>(5)</sup>			2.91 %			2.78 %
Ratio of average interest- earning assets to average interest-bearing liabilities			110.52 %			110.27 %
Return on average assets			0.28 %			0.66 %
Return on average equity			2.66 %			6.56 %

(1) Includes the average balance of non-performing loans of \$2.4 million and \$1.4 million and net deferred loan cost amortization of \$381 thousand and \$217 thousand for the quarters ended December 31, 2024 and 2023, respectively.

(2) Includes the average balance of noninterest-bearing checking accounts of \$86.2 million and \$99.4 million during the quarters ended December 31, 2024 and 2023, respectively.

(3) Includes the average balance of uninsured deposits (adjusted lower by collateralized deposits) of approximately \$130.2 million and \$139.3 million in the quarters ended December 31, 2024 and 2023, respectively.

(4) Represents the difference between the weighted-average yield on all interest-earning assets and the weighted-average rate on all interest-bearing liabilities.

(5) Represents net interest income before provision for (recovery of) credit losses as a percentage of average interest-earning assets.

[Table of Contents](#)

(Dollars In Thousands)	Six Months Ended December 31, 2024			Six Months Ended December 31, 2023		
	Average Balance	Interest	Yield/ Cost	Average Balance	Interest	Yield/ Cost
<b>Interest-earning assets:</b>						
Loans receivable, net <sup>(1)</sup>	\$ 1,047,964	\$ 26,073	4.98 %	\$ 1,073,600	\$ 24,685	4.60 %
Investment securities	126,698	953	1.50 %	150,439	1,048	1.39 %
FHLB – San Francisco stock and other equity investments	10,146	423	8.34 %	9,505	376	7.91 %
Interest-earning deposits	25,015	647	5.06 %	32,758	898	5.36 %
<b>Total interest-earning assets</b>	<b>1,209,823</b>	<b>28,096</b>	<b>4.64 %</b>	<b>1,266,302</b>	<b>27,007</b>	<b>4.27 %</b>
<b>Noninterest-earning assets</b>	<b>30,127</b>			<b>30,509</b>		
<b>Total assets</b>	<b>\$ 1,239,950</b>			<b>\$ 1,296,811</b>		
<b>Interest-bearing liabilities:</b>						
Checking and money market accounts <sup>(2)</sup>	\$ 367,654	\$ 104	0.06 %	\$ 423,131	\$ 129	0.06 %
Savings accounts	239,101	229	0.19 %	272,988	111	0.08 %
Time deposits	265,089	5,165	3.87 %	231,287	3,918	3.36 %
<b>Total deposits<sup>(3)</sup></b>	<b>871,844</b>	<b>5,498</b>	<b>1.25 %</b>	<b>927,406</b>	<b>4,158</b>	<b>0.89 %</b>
<b>Borrowings</b>	<b>223,723</b>	<b>5,223</b>	<b>4.63 %</b>	<b>221,501</b>	<b>4,936</b>	<b>4.42 %</b>
<b>Total interest-bearing liabilities</b>	<b>1,095,567</b>	<b>10,721</b>	<b>1.94 %</b>	<b>1,148,907</b>	<b>9,094</b>	<b>1.57 %</b>
<b>Noninterest-bearing liabilities</b>	<b>13,066</b>			<b>17,326</b>		
<b>Total liabilities</b>	<b>1,108,633</b>			<b>1,166,233</b>		
<b>Stockholders' equity</b>	<b>131,317</b>			<b>130,578</b>		
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,239,950</b>			<b>\$ 1,296,811</b>		
<b>Net interest income</b>	<b>\$ 17,375</b>			<b>\$ 17,913</b>		
Interest rate spread <sup>(4)</sup>			2.70 %			2.70 %
Net interest margin <sup>(5)</sup>			2.87 %			2.83 %
Ratio of average interest- earning assets to average interest-bearing liabilities			110.43 %			110.22 %
Return on average assets			0.45 %			0.60 %
Return on average equity			4.22 %			5.98 %

(1) Includes the average balance of non-performing loans of \$2.4 million and \$1.4 million and net deferred loan cost amortization of \$736 thousand and \$409 thousand for the six months ended December 31, 2024 and 2023, respectively.

(2) Includes the average balance of noninterest-bearing checking accounts of \$88.4 million and \$102.8 million during the six months ended December 31, 2024 and 2023, respectively.

(3) Includes the average balance of uninsured deposits (adjusted lower by collateralized deposits) of approximately \$125.7 million and \$139.1 million in the six months ended December 31, 2024 and 2023, respectively.

(4) Represents the difference between the weighted-average yield on all interest-earning assets and the weighted-average rate on all interest-bearing liabilities.

(5) Represents net interest income before provision for (recovery of) credit losses as a percentage of average interest-earning assets.

[Table of Contents](#)

The following table sets forth the effects of changing rates and volumes on interest income and expense for the quarters and six months ended December 31, 2024 and 2023. Information is provided with respect to the effects attributable to changes in volume (changes in volume multiplied by prior rate), the effects attributable to changes in rate (changes in rate multiplied by prior volume) and the effects attributable to changes that cannot be allocated between rate and volume.

**Rate/Volume Variance**

(In Thousands)	Quarter Ended December 31, 2024 Compared To Quarter Ended December 31, 2023			
	Increase (Decrease) Due to			
	Rate	Volume	Rate/Volume	Net
Interest-earning assets:				
Loans receivable <sup>(1)</sup>	\$ 888	\$ (324)	\$ (23)	\$ 541
Investment securities	36	(83)	(6)	(53)
FHLB – San Francisco stock and other equity investments	2	14	—	16
Interest-earning deposits	(56)	(105)	13	(148)
Total net change in income on interest-earning assets	870	(498)	(16)	356
Interest-bearing liabilities:				
Checking and money market accounts	(13)	(9)	1	(21)
Savings accounts	58	(8)	(6)	44
Time deposits	136	227	15	378
Borrowings	14	(44)	—	(30)
Total net change in expense on interest-bearing liabilities	195	166	10	371
Net increase (decrease) in net interest income	\$ 675	\$ (664)	\$ (26)	\$ (15)

<sup>(1)</sup> For purposes of calculating volume, rate and rate/volume variances, non-performing loans were included in the weighted-average balance outstanding.

(In Thousands)	Six Months Ended December 31, 2024 Compared To Six Months Ended December 31, 2023			
	Increase (Decrease) Due to			
	Rate	Volume	Rate/Volume	Net
Interest-earning assets:				
Loans receivable <sup>(1)</sup>	\$ 2,027	\$ (590)	\$ (49)	\$ 1,388
Investment securities	83	(165)	(13)	(95)
FHLB – San Francisco stock and other equity investments	21	25	1	47
Interest-bearing deposits	(55)	(208)	12	(251)
Total net change in income on interest-earning assets	2,076	(938)	(49)	1,089
Interest-bearing liabilities:				
Checking and money market accounts	—	(25)	—	(25)
Savings accounts	151	(14)	(19)	118
Time deposits	587	573	87	1,247
Borrowings	235	50	2	287
Total net change in expense on interest-bearing liabilities	973	584	70	1,627
Net increase (decrease) in net interest income	\$ 1,103	\$ (1,522)	\$ (119)	\$ (538)

<sup>(1)</sup> For purposes of calculating volume, rate and rate/volume variances, non-performing loans were included in the weighted-average balance outstanding.

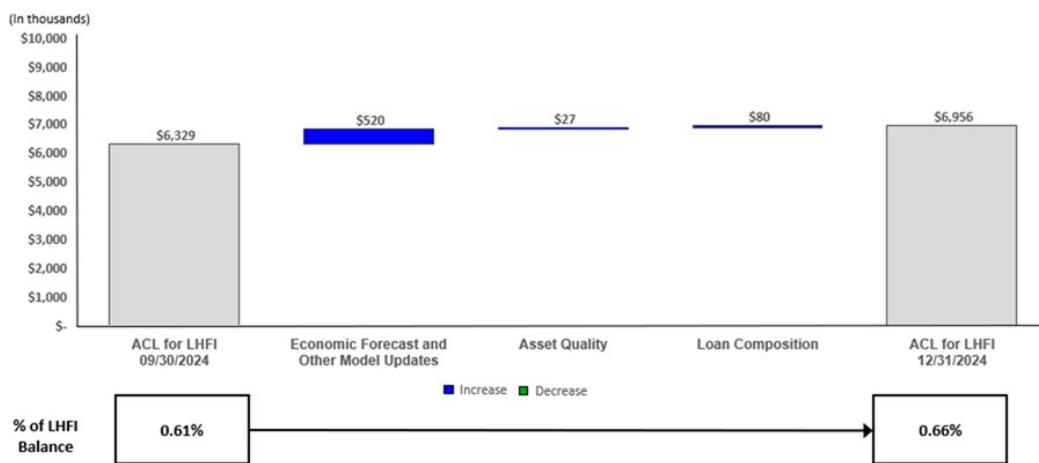
**Provision for (Recovery of) Credit Losses:**

**For the Quarters Ended December 31, 2024 and 2023.** During the second quarter of fiscal 2025, the Corporation recorded a provision for credit losses of \$586,000, in contrast to a \$720,000 recovery of credit losses recorded during the same period last year. The provision for credit losses recorded in the second quarter of fiscal 2025 was primarily attributable to a longer estimated life of the loan portfolio resulting from increased market interest rates and lower loan prepayment estimates.

At December 31, 2024, the ACL on loans held for investment was \$7.0 million, all of which was comprised of collectively evaluated allowances. This represents a 10 percent increase from \$6.3 million at September 30, 2024, which was also entirely comprised of collectively evaluated allowances. The ACL on loans as a percentage of gross loans held for investment was 0.66 percent at December 31, 2024, up from 0.61 percent at September 30, 2024. The increase in the ACL on loans was due primarily to the provision for credit losses recorded in the second quarter of fiscal 2025, totaling \$586,000, which includes a \$41,000 recovery of the unfunded loan commitment reserve.

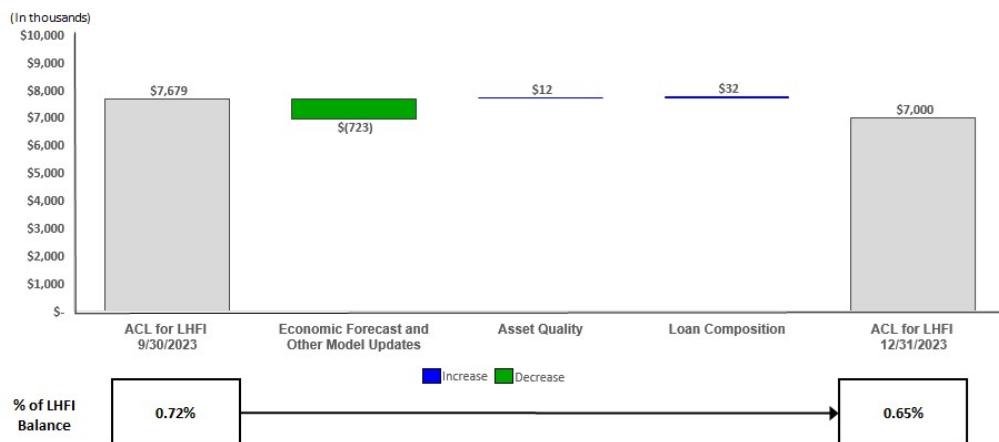
The following chart quantifies the factors contributing to the changes in the ACL on loans held for investment ("LHFI") for the quarters ended December 31, 2024 and 2023.

The changes in the ACL on LHFI for the quarter ended December 31, 2024:



[Table of Contents](#)

The changes in the ACL on LHF1 for the quarter ended December 31, 2023:



**For the Six Months Ended December 31, 2024 and 2023.** During the first six months of fiscal 2025, the Corporation recorded a recovery of credit losses of \$111,000, compared to a recovery of credit losses of \$175,000 in the same period of fiscal 2024.

At December 31, 2024, the ACL on loans held for investment was \$7.0 million, all of which was comprised of collectively evaluated allowances, slightly lower than the \$7.1 million at June 30, 2024, which was comprised of collectively evaluated allowances of \$7.0 million and individually evaluated allowances of \$37,000. The ACL on loans as a percentage of gross loans held for investment was 0.66 percent at December 31, 2024, down slightly from 0.67 percent at June 30, 2024. The decrease in the ACL on loans was due primarily to the recovery of credit losses recorded in the first six months of fiscal 2025, totaling \$111,000, which includes a \$2,000 recovery of the unfunded loan commitment reserve.

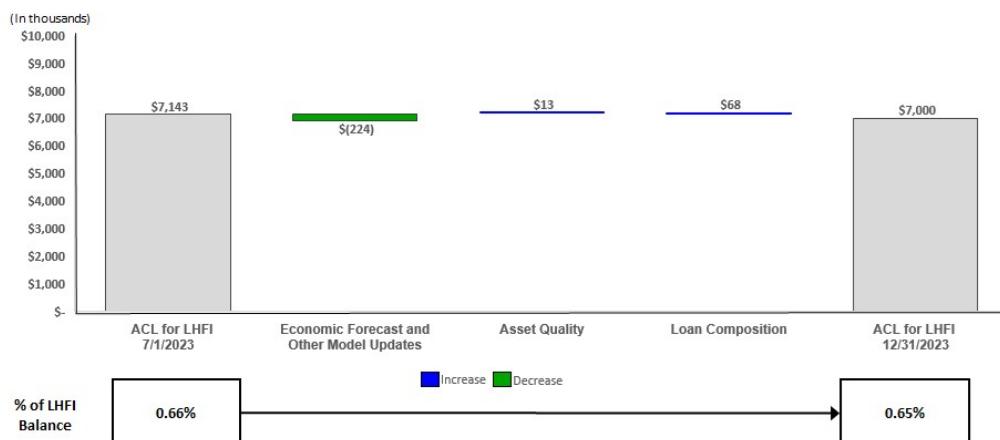
## Table of Contents

The following chart quantifies the factors contributing to the changes in the ACL on loans held for investment ("LHFI") for the six months ended December 31, 2024 and 2023.

The changes in the ACL on LHFI for the six months ended December 31, 2024:



The changes in the ACL on LHFI for the six months ended December 31, 2023:



Management considers, based on currently available information, the ACL on loans sufficient to absorb expected losses in loans held for investment. See "Asset Quality" below and Note 5 of the Notes to Unaudited Interim Condensed Consolidated Financial Statements in this Form 10-Q for additional discussion regarding the ACL on LHFI.

### **Non-Interest Income:**

**For the Quarters Ended December 31, 2024 and 2023.** Non-interest income decreased \$30,000, or three percent, to \$845,000 in the second quarter of fiscal 2025 from \$875,000 in the same period last year, due primarily to decreases in

loan servicing and other fees, deposit account fees and card and processing fees, partly offset by an increase in other non-interest income (mainly attributable to an increase in the unrealized gain on other equity investments).

**For the Six Months Ended December 31, 2024 and 2023.** Non-interest income increased \$118,000, or seven percent, to \$1.7 million in the first six months of fiscal 2025 from \$1.6 million in the same period last year, due primarily to increases in loan servicing and other fees and other non-interest income (mainly attributable to an increase in the unrealized gain on other equity investments), partly offset by a decrease in card and processing fees.

**Non-Interest Expense:**

**For the Quarters Ended December 31, 2024 and 2023.** Non-interest expenses increased \$450,000, or six percent, to \$7.8 million in the second quarter of fiscal 2025 from \$7.3 million in the same quarter last year. The increase was primarily due to increases in salaries and employee benefits expenses and other operating expenses.

Salaries and employee benefits increased \$257,000, or six percent, to \$4.8 million in the second quarter of fiscal 2025 from \$4.6 million in the same quarter of fiscal 2024, representing the largest increase in non-interest expense. The increase was due primarily to higher employee compensation, retirement plan benefits and executive search agency costs, partly offset by a lower accrual adjustment for the supplemental executive retirement plans.

Other operating expenses increased \$157,000, or 22 percent, to \$883,000 in the second quarter of fiscal 2025 from \$726,000 in the same quarter last year. The increase was due primarily to higher deposit related operational costs and loan origination related costs.

**For the Six Months Ended December 31, 2024 and 2023.** Non-interest expenses increased \$1.1 million, or eight percent, to \$15.3 million in the first six months of fiscal 2025 from \$14.2 million in the same period last year. The increase was primarily due to increases in salaries and employee benefits expenses and other operating expenses.

Salaries and employee benefits increased \$776,000, or nine percent, to \$9.5 million in the first six months of fiscal 2025 from \$8.7 million in the same period of fiscal 2024, representing the largest increase in non-interest expense. The increase was due primarily to higher employee compensation, incentive compensation, retirement plan benefits and executive search agency costs, partly offset by a lower accrual adjustment for the supplemental executive retirement plans.

Other operating expenses increased \$256,000, or 18 percent, to \$1.7 million in the first six months of fiscal 2025 from \$1.4 million in the same period last year. The increase was due primarily to higher deposit related operational costs and loan origination related costs.

**Provision for Income Taxes:**

**For the Quarters Ended December 31, 2024 and 2023.** The income tax provision was \$352,000 for the second quarter of fiscal 2025, down 60 percent from \$884,000 in the same quarter last year primarily due to lower pre-tax income. The effective tax rate in the second quarter of fiscal 2025 was 28.8 percent as compared to 29.2 percent in the same quarter last year.

**For the Six Month Ended December 31, 2024 and 2023.** The income tax provision was \$1.1 million for the first six months of fiscal 2025, down 29 percent from \$1.6 million in the same period last year primarily due to lower pre-tax income. The effective tax rate in the first six months of fiscal 2025 and 2024 was 29.2 percent for both periods.

The income tax provision reflects accruals for taxes at the applicable rates for federal income tax and California franchise tax based upon reported pre-tax income, adjusted for the effect of all permanent differences between income for tax and financial reporting purposes, such as non-deductible stock-based compensation and earnings from bank-owned life insurance policies, among others. Therefore, there are fluctuations in the effective income tax rate from period to period based on the relationship of net permanent differences to income before tax.

### Asset Quality

Non-performing assets were comprised solely of 10 non-performing single-family loans at both December 31, 2024 and June 30, 2024. These non-performing loans, net of the ACL, were secured by collateral located in California, and totaled \$2.5 million at December 31, 2024, down three percent from \$2.6 million at June 30, 2024. Non-performing loans as a percentage of LHFI at December 31, 2024 was 0.24 percent, compared to 0.25 percent at June 30, 2024. No interest accruals were made for non-performing loans. There were no accruing loans 90 days or more past due and no real estate owned at either December 31, 2024 or June 30, 2024. For further analysis on non-performing loans, see the tables below and Note 5 of the Notes to Unaudited Interim Condensed Financial Statements of this Form 10-Q.

The recent wildfires in Los Angeles, California did not have a material impact on the Corporation's operations or the Bank's customers. The Bank's branches and facilities remained operational throughout the wildfire events, and there were no significant disruptions to customer services or business activities observed. We are actively monitoring the situation and have identified \$23.7 million dollars or 2.2% of our loans held for investment portfolio located in zip codes within the fire evacuation and evacuation warning zones. Additionally, we are aware of two homes with a combined loan balance of \$658,000 with minor observable damage. Both homes are insured.

The following table sets forth information with respect to the Corporation's non-performing assets, net of ACL, at the dates indicated:

(In Thousands)	At December 31, 2024	At June 30, 2024
Loans on non-performing status		
Mortgage loans:		
Single-family	\$ 2,530	\$ 2,596
Total	2,530	2,596
Accruing loans past due 90 days or more	—	—
 Total non-performing loans	2,530	2,596
Real estate owned, net	—	—
Total non-performing assets	\$ 2,530	\$ 2,596
Non-performing loans as a percentage of LHFI, net of ACL	0.24 %	0.25 %
Non-performing loans as a percentage of total assets	0.20 %	0.20 %
Non-performing assets as a percentage of total assets	0.20 %	0.20 %

[Table of Contents](#)

The following table summarizes classified assets, which is comprised of classified loans, net of ACL and real estate owned, if any, at the dates indicated:

(Dollars In Thousands)	At December 31, 2024		At June 30, 2024	
	Balance	Count	Balance	Count
<b>Special mention loans:</b>				
Mortgage loans:				
Single-family	\$ —	—	\$ 1,099	1
Multi-family	631	1	—	—
<b>Total special mention loans</b>	<b>631</b>	<b>1</b>	<b>1,099</b>	<b>1</b>
<b>Substandard loans:</b>				
Mortgage loans:				
Single-family	2,530	10	2,596	10
Multi-family	2,074	3	2,066	3
Commercial real estate	535	2	—	—
<b>Total substandard loans</b>	<b>5,139</b>	<b>15</b>	<b>4,662</b>	<b>13</b>
<b>Total classified loans</b>	<b>5,770</b>	<b>16</b>	<b>5,761</b>	<b>14</b>
<b>Real estate owned</b>				
<b>Total classified assets</b>	<b>\$ 5,770</b>	<b>16</b>	<b>\$ 5,761</b>	<b>14</b>
<b>Total classified assets as a percentage of total assets</b>	<b>0.46 %</b>		<b>0.45 %</b>	

A decline in real estate values subsequent to the time of origination of the Corporation's real estate secured loans could result in higher loan delinquency levels, foreclosures, provision for credit losses and net charge-offs. Real estate values and real estate markets are beyond the Corporation's control and are generally affected by changes in national, regional or local economic conditions, and other factors. These factors include fluctuations in interest rates and the availability of loans to potential purchasers, changes in tax laws and other governmental statutes, regulations and policies and acts of nature, such as earthquakes, fires and national disasters particular to California where substantially all of the Corporation's real estate collateral is located. If real estate values decline, the value of the real estate collateral securing the Corporation's loans as set forth in the table could be significantly overstated. The Corporation's ability to recover on defaulted loans by foreclosing and selling the real estate collateral would then be diminished and it would be more likely to suffer losses on defaulted loans. The Corporation generally does not update the loan-to-value ratio on its loans held for investment by obtaining new appraisals or broker price opinions (nor does the Corporation intend to do so in the future as a result of the costs and inefficiencies associated with completing the task) unless a specific loan has demonstrated deterioration in which case individually evaluated allowances are established, if required.

[Table of Contents](#)

**Loan Volume Activities**

The following table provides details related to the volume of loan originations, sales and principal payments for the quarters and six months indicated:

(In Thousands)	For the Quarter Ended December 31,		For the Six Months Ended December 31,	
	2024	2023	2024	2023
<b>Loans originated for sale:</b>				
Wholesale originations	\$ 1,203	\$ 4,070	\$ 3,355	\$ 4,070
<b>Total loans originated for sale</b>	<b>1,203</b>	<b>4,070</b>	<b>3,355</b>	<b>4,070</b>
<b>Loans sold:</b>				
Servicing retained	(1,203)	(4,070)	(3,355)	(4,070)
<b>Total loans sold</b>	<b>(1,203)</b>	<b>(4,070)</b>	<b>(3,355)</b>	<b>(4,070)</b>
<b>Loans originated for investment:</b>				
Mortgage loans:				
Single-family	29,583	8,660	52,032	21,112
Multi-family	6,495	6,608	11,685	11,721
Commercial real estate	365	4,936	1,625	5,875
Commercial business loans	—	—	50	—
<b>Total loans originated for investment</b>	<b>36,443</b>	<b>20,204</b>	<b>65,392</b>	<b>38,708</b>
<b>Loan principal payments</b>	<b>(34,340)</b>	<b>(17,775)</b>	<b>(68,371)</b>	<b>(40,763)</b>
<b>Increase in other items, net<sup>(1)</sup></b>	<b>2,867</b>	<b>1,166</b>	<b>3,603</b>	<b>191</b>
<b>Net increase (decrease) in LHFI</b>	<b>\$ 4,970</b>	<b>\$ 3,595</b>	<b>\$ 624</b>	<b>\$ (1,864)</b>

(1) Includes net changes in undisbursed loan funds, deferred loan fees or costs, ACL, fair value of LHFI and advance payments of escrows.

**Liquidity and Capital Resources**

The Corporation's primary sources of funds are deposits, proceeds from principal and interest payments on loans and investment securities, proceeds from the maturity of loans and investment securities, FHLB – San Francisco advances, access to the discount window facility at the FRB of San Francisco and access to a federal funds facility with its correspondent bank. While maturities and scheduled amortization of loans and investment securities are a relatively predictable source of funds, deposit flows and mortgage prepayments are greatly influenced by general interest rates, economic conditions and competition.

The primary investing activity of the Corporation is the origination and purchase of loans held for investment. During the first six months of fiscal 2025 and 2024, the Corporation originated loans held for investment of \$65.4 million and \$38.7 million, respectively, with no loan purchases during either period. At December 31, 2024, the Corporation had loan origination commitments totaling \$8.8 million, undisbursed lines of credit totaling \$2.1 million and undisbursed loan funds totaling \$146,000. The Corporation anticipates having sufficient funds available to meet its current loan funding commitments. During the first six months of fiscal 2025 and 2024, total loan repayments were \$68.4 million and \$40.8 million, respectively.

The Corporation's primary financing activity is gathering deposits and, when needed, borrowings, principally FHLB – San Francisco advances. During the first six months of fiscal 2025, total deposits decreased \$20.8 million, or two percent, to \$867.5 million, due to the declines in all account categories, except time deposits. The time deposits include brokered certificates of deposit totaling \$143.8 million and \$131.8 million at December 31, 2024 and June 30, 2024, respectively. At December 31, 2024, time deposits with a principal amount of \$250,000 or less and scheduled to mature in one year or

[Table of Contents](#)

less were \$200.0 million and total time deposits with a principal amount of more than \$250,000 and scheduled to mature in one year or less were \$39.5 million. Historically, the Corporation has been able to retain most of its time deposits as they mature.

The Corporation must maintain an adequate level of liquidity to ensure the availability of sufficient funds to support loan growth and deposit withdrawals, to satisfy financial commitments and to take advantage of investment opportunities. The Corporation maintains sufficient cash and cash equivalents to meet short-term liquidity needs. At December 31, 2024, total cash and cash equivalents were \$45.5 million, or four percent of total assets. Depending on market conditions and the pricing of deposit products, the Bank may rely on FHLB – San Francisco advances for part of its liquidity needs. As of December 31, 2024, total borrowings were \$245.5 million and the financing availability at the FHLB – San Francisco was limited to 40 percent of total assets. As a result, the remaining borrowing capacity available at the FHLB – San Francisco was \$246.2 million and the remaining available collateral was \$360.7 million at December 31, 2024. In addition, the Bank has secured a \$198.5 million discount window facility at the FRB of San Francisco, collateralized by investment securities and single-family fixed-rate loans with a total balance of \$285.2 million. As of December 31, 2024, the Bank also has a borrowing arrangement in the form of a federal funds facility with its correspondent bank for \$50.0 million. The Bank had no advances under its discount window or correspondent bank facilities as of December 31, 2024.

The Bank continues to work with both the FHLB - San Francisco and FRB of San Francisco to ensure that borrowing capacity is continuously reviewed and updated in order to be accessed seamlessly should the need arise. This includes establishing accounts and pledging assets as needed in order to maximize borrowing capacity and liquidity. The total remaining available borrowing capacity across all sources totaled approximately \$494.7 million at December 31, 2024.

Regulations require the Bank to maintain adequate liquidity to assure safe and sound operations. The Bank's average liquidity ratio (defined as the ratio of average qualifying liquid assets to average deposits and borrowings) for the quarter ended December 31, 2024 was 16.0 percent, a slight decline from 16.6 percent for the quarter ended June 30, 2024.

On September 28, 2023, the Board of Directors approved a stock repurchase plan authorizing the purchase of up to 350,353 shares of the Corporation's outstanding common stock over a one-year period. On September 26, 2024, the Board approved a one-year extension of the plan. On January 23, 2025, subsequent to quarter-end, the Corporation announced that the Board authorized the repurchase of up to five percent (5%) of the Corporation's common stock, or approximately 334,773 shares. The Corporation plans to purchase shares periodically in the open market or through privately negotiated transactions over a one-year period, subject to market conditions, the Corporation's capital requirements, available cash, and other relevant factors. The repurchase program initiated in September 2023 and extended in September 2024 was terminated effective January 24, 2025. As a result, the 21,691 shares that remained eligible for repurchase under the original program will no longer be repurchased.

Provident Financial Holdings is a separate legal entity from the Bank and, on a stand-alone level, must provide for its own liquidity and pay its own operating expenses and cash dividends. Provident Financial Holdings' primary sources of funds consist of capital raised through dividends or capital distributions from the Bank, although there are general regulatory restrictions on the ability of the Bank to pay dividends. We expect to continue our current practice of paying quarterly cash dividends on our common stock subject to our Board of Directors' discretion to modify or terminate this practice at any time and for any reason without prior notice. Our current quarterly common stock dividend rate is \$0.14 per share, as approved by our Board of Directors, which we believe is a dividend rate per share which enables us to balance our multiple objectives of managing and investing in the Bank, and returning a portion of our cash to our shareholders. Assuming continued cash dividend payments during fiscal 2025 at \$0.14 per share, our average total dividend paid each quarter would be approximately \$939,000 based on the number of outstanding shares at December 31, 2024. At December 31, 2024, the Corporation (on an unconsolidated basis) had liquid assets of \$7.6 million.

The Bank, as a federally-chartered, federally insured savings bank, is subject to the capital requirements established by the OCC. Under the OCC's capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weighting and other factors.

[Table of Contents](#)

At December 31, 2024, the Bank exceeded all regulatory capital requirements. The Bank was categorized as "well-capitalized" at December 31, 2024 under the regulations of the OCC. As a bank holding company registered with the Federal Reserve, Provident Financial Holdings, Inc. is also subject to the capital adequacy requirements of the Federal Reserve. For a bank holding company with less than \$3.0 billion in assets, the capital guidelines apply on a bank only basis, and the Federal Reserve expects the holding company's subsidiary bank to be well capitalized under the prompt corrective action regulations.

The Bank's actual and required minimum capital amounts and ratios at the dates indicated are as follows (dollars in thousands):

	Regulatory Requirements					
	Actual		Minimum for Capital Adequacy Purposes		Minimum to Be Well Capitalized	
	Amount	Ratio	Amount	Ratio <sup>(1)</sup>	Amount	Ratio
<b>Provident Savings Bank, F.S.B.:</b>						
<b>As of December 31, 2024</b>						
Tier 1 leverage capital (to adjusted average assets)	\$ 121,094	9.81 %	\$ 49,388	4.00 %	\$ 61,735	5.00 %
CET1 capital (to risk-weighted assets)	\$ 121,094	18.60 %	\$ 45,578	7.00 %	\$ 42,323	6.50 %
Tier 1 capital (to risk-weighted assets)	\$ 121,094	18.60 %	\$ 55,345	8.50 %	\$ 52,090	8.00 %
Total capital (to risk-weighted assets)	\$ 128,105	19.67 %	\$ 68,368	10.50 %	\$ 65,112	10.00 %
<b>As of June 30, 2024 (2)</b>						
Tier 1 leverage capital (to adjusted average assets)	\$ 126,601	10.02 %	\$ 50,555	4.00 %	\$ 63,194	5.00 %
CET1 capital (to risk-weighted assets)	\$ 126,601	19.29 %	\$ 45,934	7.00 %	\$ 42,653	6.50 %
Tier 1 capital (to risk-weighted assets)	\$ 126,601	19.29 %	\$ 55,777	8.50 %	\$ 52,496	8.00 %
Total capital (to risk-weighted assets)	\$ 133,723	20.38 %	\$ 68,900	10.50 %	\$ 65,620	10.00 %

(1) Inclusive of the conservation buffer of 2.50% for Common Equity Tier 1 ("CET1") capital, Tier 1 capital and Total capital ratios.

(2) The Bank elected to recognize the full \$824 thousand adjustment to retained earnings resulting from the adoption of CECL on July 1, 2023 instead of over the permitted three-year phase-in option.

In addition to the minimum CET1, Tier 1 and Total capital ratios, the Bank must maintain a capital conservation buffer consisting of additional CET1 capital greater than 2.5% of risk-weighted assets above the required minimum levels in order to avoid limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses based on percentages of eligible retained income that could be utilized for such actions.

If the Bank does not have the ability to pay dividends to the Corporation, the Corporation may be limited in its ability to pay dividends to its stockholders. The Bank may not declare or pay a cash dividend if the effect thereafter would cause its net worth to be reduced below the regulatory capital requirements imposed by federal regulation. On September 26, 2024, the Bank paid a \$9.0 million cash dividend to the Holding Company.

**Supplemental Information**

	At December 31, 2024	At June 30, 2024	At December 31, 2023
Loans serviced for others (in thousands)	\$ 35,064	\$ 34,598	\$ 34,951
Book value per share	\$ 19.18	\$ 18.98	\$ 18.67

**ITEM 3 – Quantitative and Qualitative Disclosures about Market Risk.**

One of the Corporation's principal financial objectives is to achieve long-term profitability while reducing its exposure to fluctuating interest rates. The Corporation has sought to reduce the exposure of its earnings to changes in interest rates by attempting to manage the repricing mismatch between interest-earning assets and interest-bearing liabilities. The principal element in achieving this objective is to increase the interest-rate sensitivity of the Corporation's interest-earning assets by retaining for its portfolio new loan originations with interest rates subject to periodic adjustment to market conditions.

In addition, the Corporation maintains an investment portfolio, which is largely comprised of U.S. government sponsored enterprise MBS with contractual maturities of up to 30 years that reprice frequently or have a relatively short average life. The Corporation relies on retail deposits as its primary source of funds while utilizing FHLB – San Francisco advances and brokered certificates of deposit as a secondary source of funding. Management believes retail deposits, unlike brokered certificates of deposit, reduces the effects of interest rate fluctuations because they generally represent a more stable source of funds. As part of its interest rate risk management strategy, the Corporation promotes transaction accounts and time deposits with terms up to seven years.

Using an internal interest rate risk model, the Corporation is able to analyze its interest rate risk exposure by measuring the change in net portfolio value ("NPV") over a variety of interest rate scenarios. NPV is defined as the net present value of expected future cash flows from assets, liabilities and off-balance sheet commitments, if any. The calculation is intended to illustrate the change in NPV that would occur in the event of an immediate change in interest rates of -300, -200, -100, +100, +200 and +300 basis points ("bp") with no consideration given to steps that management might take to counter the effect of the interest rate movement. As of December 31, 2024, the targeted federal funds rate range was 4.25% to 4.50%.

The following table is derived from the internal interest rate risk model and represents the NPV based on the indicated changes in interest rates as of December 31, 2024 (dollars in thousands).

Basis Points ("bp") Change in Rates	Net		Portfolio Value of Assets	NPV as Percentage of Portfolio Value Assets <sup>(2)</sup>	Sensitivity Measure <sup>(3)</sup>
	Portfolio Value	NPV Change <sup>(1)</sup>			
+300 bp	\$ 123,587	\$ (23,860)	\$ 1,246,352	9.92 %	-158 bp
+200 bp	\$ 136,878	\$ (10,569)	\$ 1,263,447	10.83 %	-67 bp
+100 bp	\$ 144,347	\$ (3,100)	\$ 1,274,787	11.32 %	-18 bp
Base Case	\$ 147,447	\$ —	\$ 1,281,826	11.50 %	—
-100 bp	\$ 156,505	\$ 9,058	\$ 1,294,892	12.09 %	59 bp
-200 bp	\$ 148,056	\$ 609	\$ 1,290,525	11.47 %	-3 bp
-300 bp	\$ 144,322	\$ (3,125)	\$ 1,290,946	11.18 %	-32 bp

(1) Represents the (decrease) increase of the NPV at the indicated interest rate change to the NPV at December 31, 2024 ("base case").

(2) Derived from the NPV divided by the portfolio value of assets.

(3) Derived from the change in the NPV as a Percentage of Portfolio Value Assets from the base case ratio assuming the indicated change in interest rates (expressed in basis points).

The following table is derived from the interest rate risk model and represents the change in the NPV at a +200 basis point rate shock at both December 31, 2024 and June 30, 2024, each of which scenarios were the most severe shock of plus or minus 200 basis point rate shocks.

	At December 31, 2024	At June 30, 2024
Pre-Shock NPV Ratio: NPV as a % of PV Assets	(+200 bp rate shock) 11.50 %	(+200 bp rate shock) 10.12 %
Post-Shock NPV Ratio: NPV as a % of PV Assets	10.83 %	9.17 %
Sensitivity Measure: Change in NPV Ratio	-67 bp	-95 bp

[Table of Contents](#)

The pre-shock NPV ratio increased 138 basis points to 11.50 percent at December 31, 2024 from 10.12 percent at June 30, 2024 and the post-shock NPV ratio increased 166 basis points to 10.83 percent at December 31, 2024 from 9.17 percent at June 30, 2024. The increase of the pre-shock NPV ratio was primarily attributable to the changes in market interest rates, the composition of the balance sheet and the net income in the first six months of fiscal 2025, partly offset by a \$9.0 million cash dividend distribution from the Bank to Provident Financial Holdings in September 2024.

As with any method of measuring interest rate risk, certain shortcomings are inherent in the method of analysis presented in the foregoing tables. For example, although certain assets and liabilities may have similar maturities or periods to repricing, they may react in different degrees to changes in market interest rates. Also, the interest rates on certain types of assets and liabilities may fluctuate in advance of changes in market interest rates, while interest rates on other types of assets and liabilities may lag changes in market interest rates. Additionally, certain assets, such as adjustable rate mortgage ("ARM") loans, have features that restrict changes in interest rates on a short-term basis and over the life of the loan. Further, in the event of a change in interest rates, expected rates of prepayments on loans and early withdrawals from time deposits could likely deviate significantly from those assumptions used when calculating the results described in the tables above. It is also possible that, as a result of an interest rate increase, the higher mortgage payments required from ARM loans could result in an increase in delinquencies and defaults. Accordingly, the data presented in the tables in this section should not be relied upon as indicative of actual results in the event of changes in interest rates. Furthermore, the NPV presented in the foregoing tables is not intended to present the fair market value of the Corporation, nor does it represent amounts that would be available for distribution to shareholders in the event of the liquidation of the Corporation.

The Corporation measures and evaluates the potential effects of interest rate movements through an interest rate sensitivity "gap" analysis. Interest rate sensitivity reflects the potential effect on net interest income when there is movement in interest rates. For loans held for investment, investment securities, deposits and borrowings with contractual maturities, the table presents contractual repricing or scheduled maturity. For transaction accounts (checking, money market and savings deposits) that have no contractual maturity, the table presents estimated principal cash flows and, as applicable, the Corporation's historical experience, management's judgment and statistical analysis concerning their most likely withdrawal behaviors.

[Table of Contents](#)

The following table represents the interest rate gap analysis of the Corporation's assets and liabilities as of December 31, 2024:

(Dollars In Thousands)	Term to Contractual Repricing, Estimated Repricing, or Contractual Maturity <sup>(1)</sup>					As of December 31, 2024
	12 months or less	Greater than 1 year to 3 years	3 years to 5 years	Greater than 5 years or non-sensitive	Total	
<b>Repricing Assets:</b>						
Cash and cash equivalents	\$ 39,191	\$ —	\$ —	\$ 6,348	\$ 45,539	
Investment securities	6,639	—	—	113,999	120,638	
Loans held for investment	264,265	229,935	241,489	317,914	1,053,603	
FHLB – San Francisco stock and other equity investments	10,218	—	—	—	10,218	
Other assets	4,167	—	—	20,801	24,968	
<b>Total assets</b>	<b>\$ 324,480</b>	<b>\$ 229,935</b>	<b>\$ 241,489</b>	<b>\$ 459,062</b>	<b>\$ 1,254,966</b>	
<b>Repricing Liabilities and Equity:</b>						
Checking deposits - noninterest-bearing	\$ —	\$ —	\$ —	\$ 85,399	\$ 85,399	
Checking deposits - interest bearing	37,654	75,307	75,307	62,756	251,024	
Savings deposits	46,583	93,167	93,167	—	232,917	
Money market deposits	11,764	11,763	—	—	23,527	
Time deposits	239,523	30,007	4,616	502	274,648	
Borrowings	136,500	94,000	15,000	—	245,500	
Other liabilities	1,164	—	—	12,157	13,321	
<b>Stockholders' equity</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>128,630</b>	<b>128,630</b>	
<b>Total liabilities and stockholders' equity</b>	<b>\$ 473,188</b>	<b>\$ 304,244</b>	<b>\$ 188,090</b>	<b>\$ 289,444</b>	<b>\$ 1,254,966</b>	
<b>Repricing gap (negative) positive</b>	<b>\$ (148,708)</b>	<b>\$ (74,309)</b>	<b>\$ 53,399</b>	<b>\$ 169,618</b>	<b>\$ —</b>	
<b>Cumulative repricing gap:</b>						
Dollar amount	\$ (148,708)	\$ (223,017)	\$ (169,618)	\$ —	\$ —	
Percent of total assets	(12)%	(18)%	(14)%	— %	— %	

(1) Cash and cash equivalents are presented as estimated repricing; investment securities and loans held for investment are presented as contractual maturities or contractual repricing (without consideration for prepayments); FHLB - San Francisco stock and other equity investments are presented as contractual repricing; transaction accounts (checking, savings and money market deposits) are presented as estimated repricing; while time deposits (without consideration for early withdrawals) and borrowings are presented as contractual maturities.

The static gap analysis under "12 months or less" duration, "Greater than 1 year to 3 years" duration and "Greater than 3 years to 5 years" duration show negative positions in the "Cumulative repricing gap - dollar amount" category, indicating more liabilities are sensitive to repricing than assets in the short and intermediate terms. Management views noninterest-bearing deposits to be the least sensitive to changes in market interest rates and these accounts are therefore characterized as long-term funding. Interest-bearing checking deposits are considered more sensitive, followed by increased sensitivity for savings and money market deposits. For the purpose of calculating gap, a portion of these interest-bearing deposit balances are assumed to be subject to estimated repricing as follows: interest-bearing checking deposits at 15% per year, savings deposits at 20% per year and money market deposits at 50% in the first and second years.

The gap results presented above could vary substantially if different assumptions are used or if actual experience differs from the assumptions used in the preparation of the gap analysis. Furthermore, the gap analysis provides a static view of

## [Table of Contents](#)

interest rate risk exposure at a specific point in time without taking into account redirection of cash flow activity and deposit fluctuations.

The extent to which the net interest margin will be impacted by changes in prevailing interest rates will depend on a number of factors, including how quickly interest-earning assets and interest-bearing liabilities react to interest rate changes. It is not uncommon for rates on certain assets or liabilities to lag changes in the market interest rates. Additionally, prepayments of loans and early withdrawals of time deposits could cause interest sensitivities to vary. As a result, the relationship between interest-earning assets and interest-bearing liabilities, as shown in the previous table, is only a general indicator of interest rate sensitivity and the effect of changing interest rates on net interest income is likely to be different from that predicted solely on the basis of the interest rate sensitivity analysis set forth in the previous table.

The Corporation also models the sensitivity of net interest income for the 12-month period subsequent to any given month-end assuming a dynamic balance sheet accounting for, among other items:

- The Corporation's current balance sheet and repricing characteristics;
- Forecasted balance sheet growth consistent with the business plan;
- Current interest rates and yield curves and management estimates of projected interest rates;
- Embedded options, interest rate floors, periodic caps and lifetime caps;
- Repricing characteristics for market rate sensitive instruments;
- Loan, investment security, deposit and borrowing cash flows;
- Loan prepayment estimates for each type of loan; and
- Immediate, permanent and parallel movements in interest rates of +300, +200 and +100, and -100, -200 and -300 basis points.

The following table describes the results of the sensitivity of the net interest income analysis at December 31, 2024 and June 30, 2024.

At December 31, 2024		At June 30, 2024	
Basis Point (bp) Change in Rates	Change in Net Interest Income	Basis Point (bp) Change in Rates	Change in Net Interest Income
+300 bp	-0.98%	+300 bp	-8.12%
+200 bp	1.24%	+200 bp	-3.45%
+100 bp	1.16%	+100 bp	-0.51%
-100 bp	-0.89%	-100 bp	-0.67%
-200 bp	-2.30%	-200 bp	-1.15%
-300 bp	-4.73%	-300 bp	-1.86%

At December 31, 2024, the Corporation was in a slightly asset sensitive position as its interest-earning assets were expected to reprice more quickly than its interest-bearing liabilities during the subsequent 12-month period. Therefore, in a rising interest rate environment, the model projects an increase in net interest income over the subsequent 12-month period, except under the +300 basis point scenario. In a falling interest rate environment, the results project a decrease in net interest income over the subsequent 12-month period.

At June 30, 2024, the Corporation was close to neutral with regard to the sensitivity of net interest income as projected net interest income declines slightly under rising or declining interest rates during the subsequent 12-month period.

Management believes that the assumptions used to complete the analysis described in the table above are reasonable. However, past experience has shown that immediate, permanent and parallel movements in interest rates will not necessarily occur. Additionally, while the analysis provides a tool to evaluate the projected net interest income to changes in interest rates, actual results may be substantially different if actual experience differs from the assumptions used to complete the analysis, particularly with respect to the 12-month business plan when asset growth is forecast. Therefore, the model results that the Corporation discloses should be thought of as a risk management tool to compare the trends of the Corporation's current disclosure to previous disclosures, over time, within the context of the actual performance of the treasury yield curve.

**ITEM 4 – Controls and Procedures.**

(a) An evaluation of the Corporation's disclosure controls and procedures (as defined in Section 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934 (the "Act")) was carried out under the supervision and with the participation of the Corporation's Chief Executive Officer (principal executive officer), Chief Financial Officer (principal financial and accounting officer) and the Corporation's Disclosure Committee as of the end of the period covered by this quarterly report. In designing and evaluating the Corporation's disclosure controls and procedures, management recognizes that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Also, because of the inherent limitations in all control procedures, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Corporation have been detected. Additionally, in designing disclosure controls and procedures, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Based on their evaluation, the Corporation's Chief Executive Officer and Chief Financial Officer concluded that the Corporation's disclosure controls and procedures as of December 31, 2024 were effective, at the reasonable assurance level, in ensuring that the information required to be disclosed by the Corporation in the reports it files or submits under the Act is (i) accumulated and communicated to the Corporation's management (including the Chief Executive Officer and Chief Financial Officer) in a timely manner, and (ii) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

(b) There have been no changes in the Corporation's internal control over financial reporting (as defined in Rule 13a-15(f) of the Act) that occurred during the quarter ended December 31, 2024, that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting. The Corporation does not expect that its internal control over financial reporting will prevent all error and all fraud. A control procedure, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control procedure are met. Because of the inherent limitations in all control procedures, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Corporation have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any control procedure is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control procedure, misstatements due to error or fraud may occur and not be detected.

**PART II – OTHER INFORMATION**

**Item 1. Legal Proceedings.**

Periodically, there have been various claims and lawsuits involving the Corporation, such as claims to enforce liens, condemnation proceedings on properties in which the Corporation holds security interests, claims involving the making and servicing of real property loans, employment matters and other issues in the ordinary course of and incidental to the Corporation's business. These proceedings and the associated legal claims are often contested and the outcome of individual matters is not always predictable. Additionally, in some actions, it is difficult to assess potential exposure because the Corporation is still in the early stages of the litigation. The Corporation is not a party to any pending legal proceedings that it believes would have a material adverse effect on its financial condition, operations or cash flows.

**Item 1A. Risk Factors.**

There have been no material changes in the risk factors previously disclosed in Part I, Item 1A of the Corporation's 2024 Annual Report on Form 10-K.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

- (a) Not applicable.
- (b) Not applicable.
- (c) The table below represents the Corporation's purchases of its equity securities for the second quarter of fiscal 2025.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Maximum Number of Shares that May Yet Be Purchased Under the Plan <sup>(1)</sup>
October 1, 2024 – October 31, 2024	6,248	\$ 15.16	6,248	89,227
November 1, 2024 – November 30, 2024	25,067	\$ 15.82	25,067	64,160
December 1, 2024 – December 31, 2024	32,241	\$ 16.37	32,241	31,919
Total	63,556	\$ 16.04	63,556	31,919

<sup>(1)</sup> On September 28, 2023, the Board of Directors approved a stock repurchase plan authorizing the purchase of up to 350,353 shares of the Corporation's outstanding common stock over a one-year period. On September 26, 2024, the Board approved a one-year extension of the plan. On January 23, 2025, subsequent to quarter-end, the Corporation announced that the Board authorized the repurchase of up to five percent (5%) of the Corporation's common stock, or approximately 334,773 shares, over a one year period. The repurchase program initiated in September 2023 and extended in September 2024 was terminated effective January 24, 2025. As a result, the shares that remained eligible for repurchase at that date under the original program will no longer be repurchased.

**Item 3. Defaults Upon Senior Securities.**

Not applicable.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

- (a) Not applicable.
- (b) Not applicable.
- (c) Trading Plans. During the quarter ended December 31, 2024, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Corporation adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

**Item 6. Exhibits.**

Exhibits:

- 3.1 [Amended and Restated Certificate of Incorporation of Provident Financial Holdings, Inc. as filed with the Delaware Secretary of State on November 24, 2009 \(incorporated by reference to Exhibit 3.1 to the Corporation's Quarterly Report on Form 10-Q filed on November 9, 2010\)](#)
- 3.2 [Amended and Restated Bylaws of Provident Financial Holdings, Inc. \(incorporated by reference to Exhibit 3.2 to the Corporation's Form 8-K filed on November 30, 2022\)](#)
- 4.1 Form of Certificate of Provident's Common Stock (incorporated by reference to the Corporation's Registration Statement on Form S-1 (333-2230) filed on March 11, 1996)
- 4.2 [Description of Capital Stock of Provident Financial Holdings, Inc. \(incorporated by reference to Exhibit 4.2 to the Corporation's Annual Report on Form 10-K for the year ended June 30, 2019\)](#)
- 10.1 [Employment Agreement with Donavon P. Ternes \(incorporated by reference to Exhibit 10.14 to the Corporation's Form 8-K dated October 31, 2023\)](#)
- 10.2 [Form of Amended Severance Agreement with Avedis Demirdjian, Glee A. Harris, TamHao B. Nguyen, Robert "Scott" Ritter, Lilian Salter, David S. Weiant and Gwendolyn L. Wertz \(incorporated by reference to Exhibit 10.3 to the Corporation's Form 10-Q dated May 8, 2024\)](#)
- 31.1 [Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 31.2 [Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- 32.1 [Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 32.2 [Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 101 The following materials from the Corporation's Quarterly Report on Form 10-Q for the quarter ended December 31, 2024, formatted in Extensible Business Reporting Language (XBRL): (1) Condensed Consolidated Statements of Financial Condition; (2) Condensed Consolidated Statements of Operations; (3) Condensed Consolidated Statements of Comprehensive Income; (4) Condensed Consolidated Statements of Stockholders' Equity; (5) Condensed Consolidated Statements of Cash Flows; and (6) Selected Notes to Condensed Consolidated Financial Statements.
- 104 Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Provident Financial Holdings, Inc.

Date: February 7, 2025

/s/ Donavon P. Ternes

Donavon P. Ternes  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: February 7, 2025

/s/ TamHao B. Nguyen

TamHao B. Nguyen  
Senior Vice President and  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**  
**PURSUANT TO**  
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Donavon P. Ternes, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Provident Financial Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2025

/s/ Donavon P. Ternes

Donavon P. Ternes  
President and Chief Executive Officer

---

---

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**  
**PURSUANT TO**  
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, TamHao B. Nguyen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Provident Financial Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2025

/s/ TamHao B. Nguyen  
TamHao B. Nguyen  
Senior Vice President and  
Chief Financial Officer

---

---

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Quarterly Report on Form 10-Q of Provident Financial Holdings, Inc. (the "Corporation") for the quarter ended December 31, 2024 (the "Report"), I, Donavon P. Ternes, in my capacity as President and Chief Executive Officer of the Corporation, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation as of the dates and for the periods presented in the financial statements included in such Report.

Date: February 7, 2025

/s/ Donavon P. Ternes

Donavon P. Ternes

President and Chief Executive Officer

---

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Quarterly Report on Form 10-Q of Provident Financial Holdings, Inc. (the "Corporation") for the quarter ended December 31, 2024 (the "Report"), I, TamHao B. Nguyen, in my capacity as Senior Vice President and Chief Financial Officer of the Corporation, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation as of the dates and for the periods presented in the financial statements included in such Report.

Date: February 7, 2025

/s/ TamHao B. Nguyen  
TamHao B. Nguyen  
Senior Vice President and  
Chief Financial Officer

---

---