

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, 2025

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

Accelerated filer

Non-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, 2026, there were 6,375,020 shares of the registrant's common stock, \$0.01 par value per share, outstanding.

PROVIDENT FINANCIAL HOLDINGS, INC.
Table of Contents

PART 1 - FINANCIAL INFORMATION	Page
ITEM 1 - Financial Statements. The Unaudited Interim Condensed Consolidated Financial Statements of Provident Financial Holdings, Inc. filed as a part of the report are as follows:	
Condensed Consolidated Statements of Financial Condition as of December 31, 2025 and June 30, 2025	1
Condensed Consolidated Statements of Operations for the Quarters and Six Months ended December 31, 2025 and 2024	2
Condensed Consolidated Statements of Comprehensive Income for the Quarters and Six Months ended December 31, 2025 and 2024	3
Condensed Consolidated Statements of Stockholders' Equity for the Quarters and Six Months ended December 31, 2025 and 2024	4
Condensed Consolidated Statements of Cash Flows for the Six Months ended December 31, 2025 and 2024	6
Notes to Unaudited Interim Condensed Consolidated Financial Statements	7
ITEM 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations:	
General	43
Safe-Harbor Statement	43
Critical Accounting Estimates	45
Executive Summary and Operating Strategy	45
Commitments and Derivative Financial Instruments	46
Comparison of Financial Condition at December 31, 2025 and June 30, 2025	46
Comparison of Operating Results for the Quarters and Six Months ended December 31, 2025 and 2024	48
Asset Quality	58
Loan Volume Activities	60
Liquidity and Capital Resources	60
Supplemental Information	62
ITEM 3 - Quantitative and Qualitative Disclosures about Market Risk	62
ITEM 4 - Controls and Procedures	67
PART II - OTHER INFORMATION	
ITEM 1 - Legal Proceedings	67
ITEM 1A - Risk Factors	68
ITEM 2 - Unregistered Sales of Equity Securities and Use of Proceeds	68
ITEM 3 - Defaults Upon Senior Securities	68
ITEM 4 - Mine Safety Disclosures	68
ITEM 5 - Other Information	68
ITEM 6 - Exhibits	69
SIGNATURES	70

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

	December 31, 2025	June 30, 2025
Assets		
Cash and cash equivalents	\$ 54,370	\$ 53,090
Investment securities - held to maturity, at cost with no allowance for credit losses	98,899	109,399
Investment securities - available for sale, at fair value	1,404	1,607
Loans held for investment, net of allowance for credit losses of \$5.6 million and \$6.4 million, respectively; includes \$1.0 million and \$1.0 million of loans held at fair value, respectively; \$642.3 million and \$734.4 million pledged to Federal Home Loan Bank ("FHLB") - San Francisco, respectively; \$310.0 million and \$227.0 million pledged to Federal Reserve Bank ("FRB") - San Francisco, respectively	1,037,655	1,045,745
Accrued interest receivable	4,106	4,215
FHLB - San Francisco stock and other equity investments, includes \$721 and \$730 of other equity investments at fair value, respectively	10,289	10,298
Premises and equipment, net	9,836	9,324
Prepaid expenses and other assets	11,333	11,935
Total assets	\$ 1,227,892	\$ 1,245,613
Liabilities and Stockholders' Equity		
Liabilities:		
Noninterest-bearing deposits	\$ 75,316	\$ 83,566
Interest-bearing deposits	797,118	805,206
Total deposits	872,434	888,772
Borrowings	213,060	213,073
Accounts payable, accrued interest and other liabilities	14,907	15,223
Total liabilities	1,100,401	1,117,068
Commitments and Contingencies (Notes 6 and 9)		
Stockholders' equity:		
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 6,414,751 and 6,577,718 shares outstanding, respectively)	183	183
Additional paid-in capital	99,434	99,149
Retained earnings	213,693	212,403
Treasury stock at cost (11,814,864 and 11,651,897 shares, respectively)	(185,836)	(183,207)
Accumulated other comprehensive income, net of tax	17	17
Total stockholders' equity	127,491	128,545
Total liabilities and stockholders' equity	\$ 1,227,892	\$ 1,245,613

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

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

	Quarter Ended		Six Months Ended	
	December 31,		December 31,	
	2025	2024	2025	2024
Interest income:				
Loans receivable, net	\$ 13,072	\$ 13,050	\$ 26,203	\$ 26,073
Investment securities	411	471	841	953
FHLB - San Francisco stock and other equity investments	214	213	425	423
Interest-earning deposits	253	287	627	647
Total interest income	13,950	14,021	28,096	28,096
Interest expense:				
Checking and money market deposits	56	51	107	104
Savings deposits	197	117	368	229
Time deposits	2,672	2,506	5,436	5,165
Borrowings	2,101	2,588	4,331	5,223
Total interest expense	5,026	5,262	10,242	10,721
Net interest income	8,924	8,759	17,854	17,375
(Recovery of) provision for credit losses	(158)	586	(784)	(111)
Net interest income, after (recovery of) provision for credit losses	9,082	8,173	18,638	17,486
Non-interest income:				
Loan servicing and other fees	176	60	322	164
Deposit account fees	273	282	538	580
Card and processing fees	286	300	588	620
Other	182	203	282	380
Total non-interest income	917	845	1,730	1,744
Non-interest expense:				
Salaries and employee benefits	4,783	4,826	9,553	9,459
Premises and occupancy	851	917	1,798	1,868
Equipment	479	379	885	722
Professional	442	412	856	838
Sales and marketing	158	187	306	360
Deposit insurance premium and regulatory assessments	177	190	342	373
Other	1,059	883	1,843	1,697
Total non-interest expense	7,949	7,794	15,583	15,317
Income before income taxes	2,050	1,224	4,785	3,913
Provision for income taxes	614	352	1,668	1,141
Net income	\$ 1,436	\$ 872	\$ 3,117	\$ 2,772
Basic earnings per share	\$ 0.22	\$ 0.13	\$ 0.48	\$ 0.41
Diluted earnings per share	\$ 0.22	\$ 0.13	\$ 0.47	\$ 0.41

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		For the Six Months Ended	
	December 31,		December 31,	
	2025	2024	2025	2024
Net income	\$ 1,436	\$ 872	\$ 3,117	\$ 2,772
Change in unrealized holding (loss) income on securities available for sale and interest-only strips	(1)	1	—	26
Income tax expense	—	—	—	(8)
Other comprehensive (loss) income	(1)	1	—	18
Total comprehensive income	\$ 1,435	\$ 873	\$ 3,117	\$ 2,790

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

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

For the Quarters Ended December 31, 2025 and 2024:

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss), Net of Tax	Total
	Shares	Amount					
Balance at September 30, 2025	6,511,011	\$ 183	\$ 99,306	\$ 213,163	\$ (184,300)	\$ 18	\$ 128,370
Net income				1,436			1,436
Other comprehensive loss						(1)	(1)
Purchase of treasury stock	(96,260)				(1,536)		(1,536)
Amortization of restricted stock			102				102
Stock options expense			26				26
Cash dividends ⁽¹⁾				(906)			(906)
Balance at December 31, 2025	6,414,751	\$ 183	\$ 99,434	\$ 213,693	\$ (185,836)	\$ 17	\$ 127,491

(1) Cash dividends of \$0.14 per share were paid in the quarter ended December 31, 2025.

	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 ⁽¹⁾				(946)			(946)
Balance at December 31, 2024	6,705,691	\$ 183	\$ 98,747	\$ 210,779	\$ (181,094)	\$ 15	\$ 128,630

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

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

[Table of Contents](#)

For the Six Months Ended December 31, 2025 and 2024:

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income, Net of Tax	Total
	Shares	Amount					
Balance at June 30, 2025	6,577,718	\$ 183	\$ 99,149	\$ 212,403	\$ (183,207)	\$ 17	\$ 128,545
Net income				3,117			3,117
Other comprehensive income						—	—
Purchase of treasury stock	(162,967)				(2,595)		(2,595)
Forfeiture of restricted stock			34		(34)		—
Amortization of restricted stock			205				205
Stock options expense			46				46
Cash dividends ⁽¹⁾				(1,827)			(1,827)
Balance at December 31, 2025	6,414,751	\$ 183	\$ 99,434	\$ 213,693	\$ (185,836)	\$ 17	\$ 127,491

(1) Cash dividends of \$0.28 per share were paid during the six months ended December 31, 2025.

	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 ⁽¹⁾	(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 ⁽²⁾				(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 during 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
(Unaudited - In Thousands)

	Six Months Ended	
	December 31,	
	2025	2024
Cash flows from operating activities:		
Net income	\$ 3,117	\$ 2,772
Adjustments to reconcile net income to net cash provided by operating activities :		
Depreciation and amortization	1,832	1,816
Recovery of credit losses	(784)	(111)
Net unrealized loss (gain) on other equity investments	9	(110)
Stock-based compensation	251	300
Provision for deferred income taxes	124	351
Decrease in accounts payable, accrued interest and other liabilities	(1,512)	(1,992)
Decrease (increase) in prepaid expenses and other assets	678	(143)
Net cash provided by operating activities	3,715	2,883
Cash flows from investing activities:		
Net decrease (increase) in loans held for investment	8,006	(1,251)
Principal payments from investment securities - held to maturity	10,363	10,956
Principal payments from investment securities - available for sale	202	125
Purchase of premises and equipment	(231)	(188)
Net cash provided by investing activities	18,340	9,642
Cash flows from financing activities:		
Net decrease in deposits	(16,338)	(20,833)
Proceeds from long-term borrowings	54,000	62,000
Repayments of long-term borrowings	(46,015)	(20,000)
Repayments of short-term borrowings, net	(8,000)	(35,000)
Treasury stock purchases	(2,595)	(2,494)
Withholding taxes on stock-based compensation	—	(128)
Cash dividends	(1,827)	(1,907)
Net cash used for financing activities	(20,775)	(18,362)
Net increase (decrease) in cash and cash equivalents	1,280	(5,837)
Cash and cash equivalents at beginning of period	53,090	51,376
Cash and cash equivalents at end of period	\$ 54,370	\$ 45,539
Supplemental information:		
Cash paid for interest	\$ 10,751	\$ 11,340
Cash paid for income taxes	\$ 1,280	\$ 1,331

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, 2025

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, 2025 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, 2025 ("2025 Annual Form 10-K"). The results of operations for the quarter and six months ended December 31, 2025 are not necessarily indicative of results that may be expected for the entire fiscal year ending June 30, 2026.

Note 2: Accounting Standard Updates (“ASU”)

ASU 2025-08:

In November 2025, the Financial Accounting Standards Board (“FASB”) issued ASU 2025-08 to update ASC 326: Financial Instruments – Credit Losses to address concerns regarding complexity and lack of comparability in the accounting for purchased loans under the current credit loss standard (Topic 326). This ASU removes the previous distinction in accounting between purchased credit-deteriorated (“PCD”) assets and non-PCD assets by applying the gross-up accounting method; formerly used only for PCD assets, to most acquired loans. These loans will now be designated as purchased seasoned loans (“PSLs”). This change eliminates the Day-1 credit loss expense on PSLs, which the industry considered a double-count of expected losses on acquired performing loans, by recognizing expected credit losses at acquisition without immediate impact to earnings. This new guidance is effective for annual reporting periods beginning after December 15, 2026, including interim periods within those fiscal years. Early adoption is permitted in an interim or annual reporting period in which financial statements have not yet been issued or made available for issuance. If an entity adopts the amendments in an interim reporting period, it should apply the amendments as of the beginning of that interim reporting period or the beginning of the annual reporting period that includes that interim reporting period. 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 2024-03:

In November 2024, the 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.

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, 2025 and 2024, there were outstanding stock options to purchase 229,000 shares and 223,000 shares of the Corporation’s common stock, respectively. As of December 31, 2025 and 2024, there were 89,000 and 95,000 outstanding stock options, respectively, excluded from the diluted EPS computation as their effect was anti-dilutive. As of

[Table of Contents](#)

December 31, 2025 and 2024, there were outstanding restricted stock awards of 140,900 shares and 162,200 shares, respectively.

The following table provides the basic and diluted EPS computations for the quarters and six months ended December 31, 2025 and 2024, respectively.

(In Thousands, Except Earnings Per Share)	For the Quarter Ended		For the Six Months Ended	
	December 31,		December 31,	
	2025	2024	2025	2024
Numerator:				
Net income – numerator for basic earnings per share and diluted earnings per share - available to common stockholders	\$ 1,436	\$ 872	\$ 3,117	\$ 2,772
Denominator:				
Denominator for basic earnings per share:				
Weighted-average shares	6,462	6,745	6,514	6,789
Less effect of dilutive shares:				
Stock options	12	13	10	6
Restricted stock	57	35	54	33
Denominator for diluted earnings per share:				
Adjusted weighted-average shares and assumed conversions	6,531	6,793	6,578	6,828
Basic earnings per share	\$ 0.22	\$ 0.13	\$ 0.48	\$ 0.41
Diluted earnings per share	\$ 0.22	\$ 0.13	\$ 0.47	\$ 0.41

Note 4: Investment Securities

The amortized cost and estimated fair value of investment securities as of December 31, 2025 and June 30, 2025 were as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value	Carrying Value
December 31, 2025					
(In Thousands)					
Held to maturity					
U.S. government sponsored enterprise MBS ⁽¹⁾	\$ 94,281	\$ 144	\$ (8,197)	\$ 86,228	\$ 94,281
U.S. government sponsored enterprise CMO ⁽²⁾	4,404	18	(56)	4,366	4,404
U.S. SBA securities ⁽³⁾	214	—	(2)	212	214
Total investment securities - held to maturity	98,899	162	(8,255)	90,806	98,899
Available for sale					
U.S. government agency MBS ⁽¹⁾	932	11	—	943	943
U.S. government sponsored enterprise MBS ⁽¹⁾	378	9	—	387	387
Private issue CMO ⁽²⁾	74	—	—	74	74
Total investment securities - available for sale	1,384	20	—	1,404	1,404
Total investment securities	\$ 100,283	\$ 182	\$ (8,255)	\$ 92,210	\$ 100,303

(1) Mortgage-Backed Securities (“MBS”)

(2) Collateralized Mortgage Obligations (“CMO”)

(3) Small Business Administration (“SBA”)

[Table of Contents](#)

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value	Carrying Value
June 30, 2025					
(In Thousands)					
Held to maturity					
U.S. government sponsored enterprise MBS	\$ 104,549	\$ 127	\$ (10,305)	\$ 94,371	\$ 104,549
U.S. government sponsored enterprise CMO	4,525	14	(108)	4,431	4,525
U.S. SBA securities	325	—	(1)	324	325
Total investment securities - held to maturity	109,399	141	(10,414)	99,126	109,399
Available for sale					
U.S. government agency MBS	1,072	10	—	1,082	1,082
U.S. government sponsored enterprise MBS	436	10	—	446	446
Private issue CMO	79	—	—	79	79
Total investment securities - available for sale	1,587	20	—	1,607	1,607
Total investment securities	\$ 110,986	\$ 161	\$ (10,414)	\$ 100,733	\$ 111,006

In the second quarter of fiscal 2026 and 2025, the Corporation received MBS principal payments of \$5.1 million and \$5.3 million, respectively, and there were no purchases or sales of investment securities during both periods.

For the first six months of fiscal 2026 and 2025, the Corporation received MBS principal payments of \$10.6 million and \$11.1 million, respectively, and there were no purchases or sales of investment securities during these periods.

The Corporation held investments with an unrealized loss position of \$8.3 million at December 31, 2025 and \$10.4 million at June 30, 2025 as follows:

As of December 31, 2025 (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
	Value	Losses	Value	Losses	Value	Losses
Held to maturity						
U.S. government sponsored enterprise MBS	\$ —	\$ —	\$ 82,396	\$ 8,197	\$ 82,396	\$ 8,197
U.S. government sponsored enterprise CMO	—	—	3,365	56	3,365	56
U.S. SBA securities	—	—	212	2	212	2
Total investment securities - held to maturity	—	—	85,973	8,255	85,973	8,255
Available for sale						
U.S. government agency MBS	31	—	13	—	44	—
Private issue CMO	—	—	16	—	16	—
Total investment securities - available for sale	31	—	29	—	60	—
Total investment securities	\$ 31	\$ —	\$ 86,002	\$ 8,255	\$ 86,033	\$ 8,255

[Table of Contents](#)

As of June 30, 2025 (In Thousands)	Unrealized Holding Losses Less Than 12 Months		Unrealized Holding Losses 12 Months or More		Unrealized Holding Losses Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Held to maturity						
U.S. government sponsored enterprise MBS	\$ —	\$ —	\$ 90,022	\$ 10,305	\$ 90,022	\$ 10,305
U.S. government sponsored enterprise CMO	—	—	3,435	108	3,435	108
U.S. SBA securities	324	1	—	—	324	1
Total investment securities - held to maturity	324	1	93,457	10,413	93,781	10,414
Available for sale						
U.S government agency MBS	37	—	13	—	50	—
Private issue CMO	—	—	17	—	17	—
Total investment securities - available for sale	37	—	30	—	67	—
Total investment securities	\$ 361	\$ 1	\$ 93,487	\$ 10,413	\$ 93,848	\$ 10,414

On a 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 Accounting Standards Codification (“ASC”) 326, “Financial Instruments – Credit Losses.” At December 31, 2025, all of the \$8.3 million of unrealized holding losses were in a loss position for 12 months or more; while at June 30, 2025, all \$10.4 million of unrealized holding losses were in a loss position for 12 months or more, except \$1,000 of unrealized holding losses that were in a loss position for less than 12 months. 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 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 part of the Corporation’s monthly risk assessment, the Corporation prepares 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. The results of 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, 2025 and June 30, 2025.

In order to maintain adequate liquidity, the Bank has established borrowing facilities with various counterparties. As of December 31, 2025, the Bank had a remaining borrowing capacity of \$213.1 million at the FHLB of San Francisco and an estimated \$193.3 million discount window facility at the FRB of San Francisco. In addition, 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, 2025. The total remaining available borrowing capacity across all sources totaled approximately \$456.4 million at December 31, 2025.

At June 30, 2025, the Bank had a remaining borrowing capacity of \$282.3 million at the FHLB of San Francisco and an estimated \$142.5 million discount window facility at the FRB of San Francisco. In addition, 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, 2025. The total remaining available borrowing capacity across all sources totaled approximately \$474.8 million at June 30, 2025.

[Table of Contents](#)

Contractual maturities of investment securities as of December 31, 2025 and June 30, 2025 were as follows:

(In Thousands)	December 31, 2025		June 30, 2025	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Held to maturity				
Due in one year or less	\$ 152	\$ 150	\$ 69	\$ 68
Due after one through five years	17,682	16,951	4,921	4,760
Due after five through ten years	49,505	45,779	40,773	38,224
Due after ten years	31,560	27,926	63,636	56,074
Total investment securities - held to maturity	98,899	90,806	109,399	99,126
Available for sale				
Due in one year or less	—	—	—	—
Due after one through five years	—	—	—	—
Due after five through ten years	1,288	1,307	1,483	1,501
Due after ten years	96	97	104	106
Total investment securities - available for sale	1,384	1,404	1,587	1,607
Total investment securities	\$ 100,283	\$ 92,210	\$ 110,986	\$ 100,733

[Table of Contents](#)

Note 5: Loans Held for Investment

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

(In Thousands)	December 31, 2025	June 30, 2025
Mortgage loans:		
Single-family	\$ 553,311	\$ 544,425
Multi-family	408,289	423,417
Commercial real estate	70,942	72,766
Construction	812	402
Other	88	89
Commercial business loans	22	1,267
Consumer loans	58	57
Total loans held for investment, gross	1,033,522	1,042,423
Advance payments of escrows	196	293
Deferred loan costs, net	9,571	9,453
ACL on loans	(5,634)	(6,424)
Total loans held for investment, net	\$ 1,037,655	\$ 1,045,745

The following table sets forth information at December 31, 2025 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, 2025 and June 30, 2025, 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				Fixed Rate	Total
	Within One Year	After One Year Through 3 Years	After 3 Years Through 5 Years	After 5 Years Through 10 Years		
Mortgage loans:						
Single-family	\$ 51,057	\$ 74,378	\$ 122,473	\$ 200,087	\$ 105,316	\$ 553,311
Multi-family	220,982	122,349	61,380	3,488	90	408,289
Commercial real estate	27,461	34,266	8,849	—	366	70,942
Construction	812	—	—	—	—	812
Other	—	—	—	—	88	88
Commercial business loans	—	—	—	—	22	22
Consumer loans	58	—	—	—	—	58
Total loans held for investment, gross	\$ 300,370	\$ 230,993	\$ 192,702	\$ 203,575	\$ 105,882	\$ 1,033,522

[Table of Contents](#)

The following tables present the Corporation's commercial real estate loans by property types and loan-to-value ("LTV") ratio as of December 31, 2025 and June 30, 2025:

December 31, 2025 (Dollars in Thousands)	Owner Occupied Loan Balance	Non-Owner Occupied Loan Balance	Total Balance	% of Total Commercial Real Estate	Weighted Average LTV ⁽¹⁾
Office	\$ 5,226	\$ 18,537	\$ 23,763	33 %	39 %
Mixed use ⁽²⁾	272	15,410	15,682	22	34 %
Retail	—	8,333	8,333	12	33 %
Warehouse	1,312	7,175	8,487	12	29 %
Medical/dental office	2,485	3,782	6,267	9	41 %
Mobile home park	—	6,678	6,678	9	37 %
Restaurant/fast food	675	491	1,166	2	45 %
Automotive - non gasoline	—	566	566	1	26 %
Total commercial real estate	\$ 9,970	\$ 60,972	\$ 70,942	100 %	36 %

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

(2) Mixed use includes \$6.3 million in Office/Retail, \$5.8 million in Multi-family/Retail, \$2.4 million in Other Mixed Use, \$732 thousand in Multi-family/Commercial and \$385 thousand in Multi-family/Office.

June 30, 2025 (Dollars in Thousands)	Owner Occupied Loan Balance	Non-Owner Occupied Loan Balance	Total Balance	% of Total Commercial Real Estate	Weighted Average LTV ⁽¹⁾
Office	\$ 5,666	\$ 19,895	\$ 25,561	35 %	41 %
Mixed use ⁽²⁾	279	14,330	14,609	20	33 %
Retail	—	8,001	8,001	11	31 %
Warehouse	1,332	7,869	9,201	13	30 %
Mobile home park	—	6,761	6,761	9	37 %
Medical/dental office	2,511	4,377	6,888	9	43 %
Restaurant/fast food	681	493	1,174	2	46 %
Automotive - non gasoline	—	571	571	1	26 %
Total commercial real estate	\$ 10,469	\$ 62,297	\$ 72,766	100 %	37 %

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

(2) Mixed use includes \$6.4 million in Office/Retail, \$5.3 million in Multi-family/Retail, \$1.6 million in Other Mixed Use, \$739 thousand in Multi-family/Commercial and \$559 thousand 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, 2025 and June 30, 2025:

December 31, 2025 (Dollars in Thousands)	Inland Empire⁽¹⁾		Southern California⁽²⁾		Other California		Total	
	Balance	%	Balance	%	Balance	%	Balance	%
Owner occupied:								
Office	\$ 244	5 %	\$ 4,802	92 %	\$ 180	3 %	\$ 5,226	100 %
Mixed use	—	— %	—	— %	272	100 %	272	100 %
Warehouse	—	— %	945	72 %	367	28 %	1,312	100 %
Medical/dental office	267	11 %	2,218	89 %	—	— %	2,485	100 %
Restaurant/fast food	—	— %	675	100 %	—	— %	675	100 %
Total owner occupied	511	5 %	8,640	87 %	819	8 %	9,970	100 %
Non-owner occupied:								
Office	4,248	23 %	11,777	63 %	2,512	14 %	18,537	100 %
Mixed use	1,023	7 %	6,517	42 %	7,870	51 %	15,410	100 %
Retail	1,015	12 %	3,720	45 %	3,598	43 %	8,333	100 %
Warehouse	472	7 %	3,911	54 %	2,792	39 %	7,175	100 %
Mobile home park	4,694	70 %	347	5 %	1,637	25 %	6,678	100 %
Medical/dental office	1,220	32 %	1,901	50 %	661	18 %	3,782	100 %
Restaurant/fast food	—	— %	491	100 %	—	— %	491	100 %
Automotive - non gasoline	—	— %	566	100 %	—	— %	566	100 %
Total non-owner occupied	12,672	21 %	29,230	48 %	19,070	31 %	60,972	100 %
Total commercial real estate	\$ 13,183	19 %	\$ 37,870	53 %	\$ 19,889	28 %	\$ 70,942	100 %

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

(2) Other than the Inland Empire.

[Table of Contents](#)

June 30, 2025 (Dollars in Thousands)	Inland Empire ⁽¹⁾		Southern California ⁽²⁾		Other California		Total	
	Balance	%	Balance	%	Balance	%	Balance	%
Owner occupied:								
Office	\$ 630	11 %	\$ 4,852	86 %	\$ 184	3 %	\$ 5,666	100 %
Mixed use	—	— %	—	— %	279	100 %	279	100 %
Warehouse	—	— %	959	72 %	373	28 %	1,332	100 %
Medical/dental office	271	11 %	2,240	89 %	—	— %	2,511	100 %
Restaurant/fast food	—	—	681	100 %	—	— %	681	100 %
Total owner occupied	901	9 %	8,732	83 %	836	8 %	10,469	100 %
Non-owner occupied:								
Office	3,837	19 %	13,488	68 %	2,570	13 %	19,895	100 %
Mixed use	449	3 %	6,297	44 %	7,584	53 %	14,330	100 %
Retail	1,026	13 %	3,296	41 %	3,679	46 %	8,001	100 %
Warehouse	1,064	13 %	3,992	51 %	2,813	36 %	7,869	100 %
Mobile home park	4,754	70 %	351	5 %	1,656	25 %	6,761	100 %
Medical/dental office	1,713	39 %	1,993	46 %	671	15 %	4,377	100 %
Restaurant/fast food	—	— %	493	100 %	—	— %	493	100 %
Automotive - non gasoline	—	— %	571	100 %	—	— %	571	100 %
Total non-owner occupied	12,843	21 %	30,481	49 %	18,973	30 %	62,297	100 %
Total commercial real estate	\$ 13,744	19 %	\$ 39,213	54 %	\$ 19,809	27 %	\$ 72,766	100 %

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

(2) Other than the Inland Empire.

Management continually evaluates the credit quality of the loan portfolio and conducts a quarterly review of the adequacy of the ACL. The two primary components that are used during the loan review process to determine the proper ACL 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 may 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 adopted an internal risk rating policy which categorizes all loans held for investment into risk categories of pass, special mention, substandard, doubtful or loss 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 with respect to credit quality of each loan 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 sound worth and paying capacity of the borrower and/or of the collateral pledged, if any. Such loans exhibit one or more well-defined weaknesses that 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.

[Table of Contents](#)

- 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, 2025:

December 31, 2025 (In Thousands)	Term Loans by Year of Origination						Revolving Loans	Total
	2025	2024	2023	2022	2021	Prior		
Mortgage loans:								
Single-family:								
Pass	\$ 77,817	\$ 43,555	\$ 48,171	\$ 188,867	\$ 138,365	\$ 56,001	\$ -	\$ 552,776
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	535	-	535
Total single-family	77,817	43,555	48,171	188,867	138,365	56,536	-	553,311
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Multi-family:								
Pass	31,744	21,550	23,237	67,545	81,549	181,182	-	406,807
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	461	1,021	-	1,482
Total multi-family	31,744	21,550	23,237	67,545	82,010	182,203	-	408,289
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial real estate:								
Pass	5,913	5,033	12,332	22,470	3,828	21,366	-	70,942
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total commercial real estate	5,913	5,033	12,332	22,470	3,828	21,366	-	70,942
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction:								
Pass	606	206	-	-	-	-	-	812
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total construction	606	206	-	-	-	-	-	812
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other:								
Pass	-	-	-	-	-	88	-	88
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total other	-	-	-	-	-	88	-	88
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial business loans:								
Pass	-	-	-	-	-	-	22	22
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total commercial business loans	-	-	-	-	-	-	22	22
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Consumer loans:								
Not graded	15	-	-	-	-	-	-	15
Pass	-	-	-	-	-	-	43	43
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total consumer loans	15	-	-	-	-	-	43	58
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total loans held for investment, gross	\$ 116,095	\$ 70,344	\$ 83,740	\$ 278,882	\$ 224,203	\$ 260,193	\$ 65	\$ 1,033,522
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, 2025:

June 30, 2025 (In Thousands)	Term Loans by Year of Origination					Prior	Revolving Loans	Total
	2025	2024	2023	2022	2021			
Mortgage loans:								
Single-family:								
Pass	\$ 39,385	\$ 55,276	\$ 52,083	\$ 194,501	\$ 141,614	\$ 60,282	\$ 5	\$ 543,146
Special Mention	-	-	-	-	-	62	-	62
Substandard	-	-	-	-	-	1,217	-	1,217
Total single-family	39,385	55,276	52,083	194,501	141,614	61,561	5	544,425
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Multi-family:								
Pass	13,412	21,687	27,255	73,495	83,224	201,660	-	420,733
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	467	2,217	-	2,684
Total multi-family	13,412	21,687	27,255	73,495	83,691	203,877	-	423,417
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial real estate:								
Pass	2,149	5,429	12,609	22,750	3,889	24,936	-	71,762
Special Mention	-	-	-	-	-	1,004	-	1,004
Substandard	-	-	-	-	-	-	-	-
Total commercial real estate	2,149	5,429	12,609	22,750	3,889	25,940	-	72,766
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction:								
Pass	196	206	-	-	-	-	-	402
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total construction	196	206	-	-	-	-	-	402
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other:								
Pass	-	-	-	-	-	89	-	89
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total other	-	-	-	-	-	89	-	89
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial business loans:								
Pass	-	-	-	-	-	-	1,267	1,267
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total commercial business loans	-	-	-	-	-	-	1,267	1,267
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Consumer loans:								
Not graded	17	-	-	-	-	-	-	17
Pass	-	-	-	-	-	-	40	40
Special Mention	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-
Total consumer loans	17	-	-	-	-	-	40	57
Current period gross charge-off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total loans held for investment, gross	\$ 55,159	\$ 82,598	\$ 91,947	\$ 290,746	\$ 229,194	\$ 291,467	\$ 1,312	\$ 1,042,423
Total current period gross charge-offs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

[Table of Contents](#)

Under ASC 326, 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 any difference between the calculated ACL and the recorded ACL recognized through an adjustment to the provision for (or recovery of) credit losses. Management estimates 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 Call Report code 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 loss experience and, where appropriate, incorporates peer loss history to supplement its data set.

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 upon implementation of ASC 326 and as of December 31, 2025 and June 30, 2025, is based on reasonable and supportable 12-month forecasts of the National Unemployment Rate and the 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 looking 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") considered by management 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 for collectively evaluated loans is determined based on management's judgment in assessing the risk levels associated with each of the Q-factors presented above. The amount of qualitative allowance reflects management's evaluation of the relative weighting assigned to each Q-factor and its estimated impact on credit losses.

[Table of Contents](#)

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.

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. 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. 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 the modifications noted above. During the quarters and six months ended December 31, 2025 and 2024, there were no loan modifications to borrowers experiencing financial difficulties.

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 portions thereof, are deemed uncollectible. This generally occurs 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, re-underwritten and identified as modified loans, the charge-off occurs when the loan becomes 90 days delinquent. In cases 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 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 consecutive payments) and future monthly principal and interest payments are expected to be collected on a timely basis.

[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,	
	2025	2024	2025	2024
ACL, beginning of period	\$ 5,780	\$ 6,329	\$ 6,424	\$ 7,065
(Recovery of) provision for credit losses	(146)	627	(790)	(109)
Total recoveries	—	—	—	—
Total charge-offs	—	—	—	—
Net recoveries (charge-offs)	—	—	—	—
ACL, end of period	\$ 5,634	\$ 6,956	\$ 5,634	\$ 6,956
ACL on loans as a percentage of gross loans held for investment	0.55 %	0.66 %	0.55 %	0.66 %
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	565.66 %	269.40 %	565.66 %	269.40 %

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

(In Thousands)	December 31, 2025			Total Loans Held for Investment
	Current	30-89 Days Past Due	Non-Accrual ⁽¹⁾	
Mortgage loans:				
Single-family	\$ 552,776	\$ —	\$ 535	\$ 553,311
Multi-family	407,828	—	461	408,289
Commercial real estate	70,942	—	—	70,942
Construction	812	—	—	812
Other	88	—	—	88
Commercial business loans	22	—	—	22
Consumer loans	57	1	—	58
Total loans held for investment	\$ 1,032,525	\$ 1	\$ 996	\$ 1,033,522

⁽¹⁾ All loans 90 days or greater past due are placed on non-accrual status.

[Table of Contents](#)

(In Thousands)	June 30, 2025			Total Loans Held for Investment
	Current	30-89 Days Past Due	Non-Accrual ⁽¹⁾	
Mortgage loans:				
Single-family	\$ 543,496	\$ —	\$ 929	\$ 544,425
Multi-family	422,951	—	466	423,417
Commercial real estate	72,766	—	—	72,766
Construction	402	—	—	402
Other	89	—	—	89
Commercial business loans	1,267	—	—	1,267
Consumer loans	55	2	—	57
Total loans held for investment	\$ 1,041,026	\$ 2	\$ 1,395	\$ 1,042,423

(1) All loans 90 days or greater past due are placed on non-accrual status.

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, 2025							
	Single-family	Multi-family	Commercial Real Estate	Construction	Other	Commercial Business	Consumer	Total
ACL:								
ACL, beginning of period	\$ 5,126	\$ 584	\$ 53	\$ 12	\$ 1	\$ 4	\$ —	\$ 5,780
(Recovery of) provision for credit losses	(92)	(55)	(2)	7	—	(4)	—	(146)
Recoveries	—	—	—	—	—	—	—	—
Charge-offs	—	—	—	—	—	—	—	—
ACL, end of period	\$ 5,034	\$ 529	\$ 51	\$ 19	\$ 1	\$ —	\$ —	\$ 5,634
ACL:								
Individually evaluated for impairment	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Collectively evaluated for impairment	5,034	529	51	19	1	—	—	5,634
ACL, end of period	\$ 5,034	\$ 529	\$ 51	\$ 19	\$ 1	\$ —	\$ —	\$ 5,634
Loans held for investment:								
Individually evaluated for impairment	\$ —	\$ 461	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 461
Collectively evaluated for impairment	553,311	407,828	70,942	812	88	22	58	1,033,061
Total loans held for investment, gross	\$ 553,311	\$ 408,289	\$ 70,942	\$ 812	\$ 88	\$ 22	\$ 58	\$ 1,033,522
ACL on loans as a percentage of gross loans held for investment	0.91 %	0.13 %	0.07 %	2.34 %	1.14 %	— %	— %	0.55 %
Net (recoveries) charge-offs to average loans receivable, net during the period	— %	— %	— %	— %	— %	— %	— %	— %

[Table of Contents](#)

Quarter Ended December 31, 2024								
(Dollars In Thousands)	Single-family	Multi-family	Commercial Real Estate	Construction	Other	Commercial Business	Consumer	Total
ACL:								
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	\$ 6,261	\$ 549	\$ 59	\$ 48	\$ 2	\$ 37	\$ —	\$ 6,956
ACL:								
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
Loans held for investment:								
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](#)

Six Months Ended December 31, 2025									
(Dollars In Thousands)	Single-family	Multi-family	Commercial Real Estate	Construction	Other	Commercial Business	Consumer	Total	
ACL:									
ACL, beginning of period	\$ 5,734	\$ 615	\$ 55	\$ 12	\$ 2	\$ 6	\$ —	\$ 6,424	
(Recovery of) provision for credit losses	(700)	(86)	(4)	7	(1)	(6)	—	(790)	
Recoveries	—	—	—	—	—	—	—	—	
Charge-offs	—	—	—	—	—	—	—	—	
ACL, end of period	\$ 5,034	\$ 529	\$ 51	\$ 19	\$ 1	\$ —	\$ —	\$ 5,634	
ACL:									
Individually evaluated for impairment	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Collectively evaluated for impairment	5,034	529	51	19	1	—	—	5,634	
ACL, end of period	\$ 5,034	\$ 529	\$ 51	\$ 19	\$ 1	\$ —	\$ —	\$ 5,634	
Loans held for investment:									
Individually evaluated for impairment	\$ —	\$ 461	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 461	
Collectively evaluated for impairment	553,311	407,828	70,942	812	88	22	58	1,033,061	
Total loans held for investment, gross	\$ 553,311	\$ 408,289	\$ 70,942	\$ 812	\$ 88	\$ 22	\$ 58	\$ 1,033,522	
ACL on loans as a percentage of gross loans held for investment	0.91 %	0.13 %	0.07 %	2.34 %	1.14 %	— %	— %	0.55 %	
Net (recoveries) charge-offs to average loans receivable, net during the period	— %	— %	— %	— %	— %	— %	— %	— %	

[Table of Contents](#)

Six Months Ended December 31, 2024									
(Dollars In Thousands)	Single-family	Multi-family	Commercial Real Estate	Construction	Other	Commercial Business	Consumer	Total	
ACL:									
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	
ACL:									
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	
Loans held for investment:									
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](#)

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 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.

At December 31, 2025						
(In Thousands)	Unpaid Principal Balance	Related Charge-offs	Recorded Investment	ACL ⁽¹⁾	Net Recorded Investment	
Mortgage loans:						
Single-family:						
With a related allowance	\$ 535	\$ —	\$ 535	\$ (6)	\$ 529	
Without a related allowance ⁽²⁾	25	(25)	—	—	—	
Total single-family loans	560	(25)	535	(6)	529	
Multi-family:						
Without a related allowance ⁽²⁾	461	—	461	—	461	
Total multi-family loans	461	—	461	—	461	
Total non-performing loans	\$ 1,021	\$ (25)	\$ 996	\$ (6)	\$ 990	

(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 June 30, 2025						
(In Thousands)	Unpaid Principal Balance	Related Charge-offs Related	Recorded Investment	ACL ⁽¹⁾	Net Recorded Investment	
Mortgage loans:						
Single-family:						
With a related allowance	\$ 560	\$ —	\$ 560	\$ (7)	\$ 553	
Without a related allowance ⁽²⁾	420	(25)	395	—	395	
Total single-family loans	980	(25)	955	(7)	948	
Multi-family:						
Without a related allowance ⁽²⁾	466	—	466	—	466	
Total multi-family loans	466	—	466	—	466	
Total non-performing loans	\$ 1,446	\$ (25)	\$ 1,421	\$ (7)	\$ 1,414	

(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, 2025, there were no commitments to lend additional funds to those borrowers whose loans were classified as non-performing.

For the quarters ended December 31, 2025 and 2024, the Corporation's average recorded investment in non-performing loans was \$946,000 and \$2.4 million, respectively. The Corporation records payments on non-performing loans utilizing

[Table of Contents](#)

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, 2025 and 2024, the Bank received \$34,000 and \$19,000, 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.

For the six months ended December 31, 2025 and 2024, the Corporation's average recorded investment in non-performing loans was \$1.2 million and \$2.4 million, respectively. For the six months ended December 31, 2025 and 2024, the Bank received \$58,000 and \$58,000, 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, 2025 and 2024:

(In Thousands)	Quarter Ended December 31,			
	2025		2024	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
Without related ACL:				
Mortgage loans:				
Single-family	\$ 63	\$ 2	\$ 743	\$ 1
Multi-family	462	16	—	—
	525	18	743	1
With related ACL:				
Mortgage loans:				
Single-family	421	16	1,688	18
	421	16	1,688	18
Total	\$ 946	\$ 34	\$ 2,431	\$ 19

(In Thousands)	Six Months Ended December 31,			
	2025		2024	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
Without related ACL:				
Mortgage loans:				
Single-family	\$ 129	\$ 11	\$ 795	\$ 6
Multi-family	606	24	—	—
	735	35	795	6
With related ACL:				
Mortgage loans:				
Single-family	463	23	1,633	52
	463	23	1,633	52
Total	\$ 1,198	\$ 58	\$ 2,428	\$ 58

During the quarters and six months ended December 31, 2025 and 2024, no properties were acquired in the settlement of loans and no previously foreclosed properties were sold. A new appraisal is obtained for each property at the time of

[Table of Contents](#)

foreclosure, and fair value is derived by using the lower of the appraised value or the listing price of the property, net of estimated selling costs. Any initial loss upon repossession is recorded as a charge to the ACL prior to transferring the asset to real estate owned. Subsequent to transfer to real estate owned, if there is further deterioration in the property's value, 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, 2025 and June 30, 2025, the Corporation held no real estate owned property.

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

The following table provides information regarding the unfunded loan commitment reserve for the quarters and six months ended December 31, 2025 and 2024.

(In Thousands)	For the Quarter Ended December 31,		For the Six Months Ended December 31,	
	2025	2024	2025	2024
Balance, beginning of the period	\$ 50	\$ 96	\$ 32	\$ 57
(Recovery of) provision for credit losses	(12)	(41)	6	(2)
Balance, end of the period	\$ 38	\$ 55	\$ 38	\$ 55

The method for calculating the unfunded loan 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 its 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, 2025 and June 30, 2025, the Corporation had commitments to extend credit on loans to be held for investment of \$10.1 million and \$6.1 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, 2025	June 30, 2025
(In Thousands)		
Undisbursed loan funds – Construction loans	\$ 119	\$ 529
Undisbursed loan funds – Single-family loans ⁽¹⁾	—	53
Undisbursed lines of credit - Mortgage loans	—	8
Undisbursed lines of credit – Commercial business loans	953	2,208
Undisbursed lines of credit – Consumer loans	302	320
Commitments to extend credit on loans to be held for investment	10,087	6,061
Total	\$ 11,461	\$ 9,179

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

[Table of Contents](#)

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 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, 2025 and June 30, 2025, 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 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, 2025 and June 30, 2025, the Bank serviced \$2.4 million and \$2.6 million of loans under this program, respectively, and recorded a recourse liability of \$6,000 at both dates.

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, 2025 and 2024, 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 \$17,000 as of both December 31, 2025 and June 30, 2025 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, 2025 and 2024:

Recourse Liability	For the Quarter Ended		For the Six Months Ended	
	December 31,		December 31,	
	2025	2024	2025	2024
(In Thousands)				
Balance, beginning of the period	\$ 23	\$ 23	\$ 23	\$ 26
Recovery for recourse liability	—	—	—	(3)
Net settlements in lieu of loan repurchases	—	—	—	—
Balance, end of the period	\$ 23	\$ 23	\$ 23	\$ 23

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 and other equity investments. 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.

[Table of Contents](#)

The following table presents, as of the dates indicated, the difference between the fair value and the unpaid principal balance of loans held for investment and the base cost of other equity investments for which the Corporation has elected the fair value option:

(In Thousands)	Fair Value	Unpaid Principal or Base Cost	Net Unrealized (Loss) Gain
As of December 31, 2025:			
Loans held for investment, at fair value	\$ 1,006	\$ 1,136	\$ (130)
Other equity investments, at fair value	\$ 721	\$ —	\$ 721
As of June 30, 2025:			
Loans held for investment, at fair value	\$ 1,018	\$ 1,158	\$ (140)
Other equity investments, at fair value	\$ 730	\$ —	\$ 730

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 individually evaluated allowances that are recorded at fair value on a nonrecurring basis are loans which are inadequately protected by the current sound worth and paying capacity of the borrowers and/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

[Table of Contents](#)

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 and over the period of estimated net servicing income 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).

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, 2025 Using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Investment securities - available for sale:				
U.S. government agency MBS	\$ —	\$ 943	\$ —	\$ 943
U.S. government sponsored enterprise MBS	—	387	—	387
Private issue CMO	—	—	74	74
Investment securities - available for sale	—	1,330	74	1,404
Loans held for investment, at fair value	—	—	1,006	1,006
Other equity investments, at fair value	—	721	—	721
Interest-only strips	—	—	5	5
Total assets	\$ —	\$ 2,051	\$ 1,085	\$ 3,136
Liabilities:	\$ —	\$ —	\$ —	\$ —
Total liabilities	\$ —	\$ —	\$ —	\$ —

[Table of Contents](#)

(In Thousands)	Fair Value Measurement at June 30, 2025 Using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Investment securities - available for sale:				
U.S. government agency MBS	\$ —	\$ 1,082	\$ —	\$ 1,082
U.S. government sponsored enterprise MBS	—	446	—	446
Private issue CMO	—	—	79	79
Investment securities - available for sale	—	1,528	79	1,607
Loans held for investment, at fair value				
Other equity investments, at fair value	—	730	—	730
Interest-only strips	—	—	6	6
Total assets	\$ —	\$ 2,258	\$ 1,103	\$ 3,361
Liabilities:				
Total liabilities	\$ —	\$ —	\$ —	\$ —

[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:

For the Quarter Ended December 31, 2025
Fair Value Measurement
Using Significant Other Unobservable Inputs
(Level 3)

(In Thousands)	Private Issue CMO	Loans Held For Investment, at fair value ⁽¹⁾	Interest- Only Strips	Total
Beginning balance at September 30, 2025	\$ 75	\$ 1,010	\$ 5	\$ 1,090
Total gains or losses (realized/unrealized):				
Included in earnings	—	7	—	7
Included in other comprehensive income	—	—	—	—
Purchases	—	—	—	—
Issuances	—	—	—	—
Settlements	(1)	(11)	—	(12)
Transfers in and/or out of Level 3	—	—	—	—
Ending balance at December 31, 2025	\$ 74	\$ 1,006	\$ 5	\$ 1,085

(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.

For the Quarter Ended December 31, 2024
Fair Value Measurement
Using Significant Other Unobservable Inputs
(Level 3)

(In Thousands)	Private Issue CMO	Loans Held For Investment, at fair value ⁽¹⁾	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.

For the Six Months Ended December 31, 2025
Fair Value Measurement
Using Significant Other Unobservable Inputs
(Level 3)

(In Thousands)	Private Issue CMO	Loans Held For Investment, at fair value ⁽¹⁾	Interest- Only Strips	Total
Beginning balance at June 30, 2025	\$ 79	\$ 1,018	\$ 6	\$ 1,103
Total gains or losses (realized/unrealized):				
Included in earnings	—	10	—	10
Included in other comprehensive income	—	—	(1)	(1)
Purchases	—	—	—	—
Issuances	—	—	—	—
Settlements	(5)	(22)	—	(27)
Transfers in and/or out of Level 3	—	—	—	—
Ending balance at December 31, 2025	\$ 74	\$ 1,006	\$ 5	\$ 1,085

(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](#)

For the Six Months Ended December 31, 2024
Fair Value Measurement
Using Significant Other Unobservable Inputs
(Level 3)

(In Thousands)	Private Issue CMO	Loans Held For Investment, at fair value ⁽¹⁾	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.

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:

Fair Value Measurement at December 31, 2025 Using:

(In Thousands)	Level 1	Level 2	Level 3	Total
Mortgage servicing assets	\$ —	\$ —	\$ 108	\$ 108
Total	\$ —	\$ —	\$ 108	\$ 108

Fair Value Measurement at June 30, 2025 Using:

(In Thousands)	Level 1	Level 2	Level 3	Total
Mortgage servicing assets	\$ —	\$ —	\$ 88	\$ 88
Total	\$ —	\$ —	\$ 88	\$ 88

[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, 2025:

(Dollars In Thousands)	Fair Value As of December 31, 2025	Valuation Techniques	Unobservable Inputs	Range ⁽¹⁾ (Weighted Average)	Impact to Valuation from an Increase in Inputs ⁽²⁾
Assets:					
Securities available-for sale: Private issue CMO	\$ 74	Market comparable pricing	Comparability adjustment	(0.9%) - 0.0% (0.2%)	Increase
Loans held for investment, at fair value	\$ 1,006	Relative value analysis	Broker quotes	87.3% - 90.9% (89.5%)	Increase
			Credit risk factor	0.9% - 1.1% (1.0%)	Decrease
MSAs	\$ 108	Discounted cash flow	Prepayment rate (CPR)	5.8% - 60.0% (12.9%)	Decrease
			Discount rate	9.0% - 10.5% (9.0%)	Decrease
Interest-only strips	\$ 5	Discounted cash flow	Prepayment rate (CPR)	10.2% - 23.9% (20.1%)	Decrease
			Discount rate	9.0%	Decrease
Liabilities:					
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 rates, 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. For the six months ended December 31, 2025, there were no significant changes to the Corporation's valuation techniques and inputs that had, or are expected to have, a material impact on its consolidated financial position or results of operations.

The carrying amount and fair value of the Corporation's other financial instruments as of December 31, 2025 and June 30, 2025 was as follows:

(In Thousands)	December 31, 2025				
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Loans held for investment, not recorded at fair value	\$ 1,036,649	\$ 1,000,479	\$ —	\$ —	\$ 1,000,479
Investment securities - held to maturity	\$ 98,899	\$ 90,806	\$ —	\$ 90,806	\$ —
FHLB – San Francisco stock	\$ 9,568	\$ 9,568	\$ —	\$ 9,568	\$ —
Financial liabilities:					
Deposits	\$ 872,434	\$ 873,075	\$ —	\$ 873,075	\$ —
Borrowings	\$ 213,060	\$ 213,559	\$ —	\$ 213,559	\$ —

	June 30, 2025				
(In Thousands)	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Loans held for investment, not recorded at fair value	\$ 1,044,727	\$ 996,332	\$ —	\$ —	\$ 996,332
Investment securities - held to maturity	\$ 109,399	\$ 99,126	\$ —	\$ 99,126	\$ —
FHLB – San Francisco stock	\$ 9,568	\$ 9,568	\$ —	\$ 9,568	\$ —
Financial liabilities:					
Deposits	\$ 888,772	\$ 889,115	\$ —	\$ 889,115	\$ —
Borrowings	\$ 213,073	\$ 213,505	\$ —	\$ 213,505	\$ —

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 such 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 (Level 2).

FHLB – San Francisco stock: FHLB – San Francisco stock is carried at cost or par value and represents its 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 six months ended December 31, 2025, there were no significant changes to the Corporation's valuation techniques that had, or are expected to have, a material impact on its 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,

[Table of Contents](#)

quarterly or annually. For contracts with customers within the scope of ASC 606, revenue is either earned at a point in 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, non-sufficient fund fees and interchange fees. Revenue is primarily based on the number and type of transactions that are generally derived from transactional information accumulated by the Corporation's 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 on a monthly basis, 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 the Corporation's 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, 2025 and 2024:

Type of Services	Quarter Ended		Six Months Ended	
	December 31,		December 31,	
	2025	2024	2025	2024
(In Thousands)				
Loan servicing and other fees ⁽¹⁾	\$ 176	\$ 60	\$ 322	\$ 164
Deposit account fees	273	282	538	580
Card and processing fees	286	300	588	620
Other ⁽²⁾	182	203	282	380
Total non-interest income	\$ 917	\$ 845	\$ 1,730	\$ 1,744

(1) Not within the scope of ASC 606.

(2) Includes net BOLI income of \$46 thousand, \$46 thousand, \$92 thousand and \$92 thousand, net loss on sale of loans of \$0, \$20 thousand, \$34 thousand and \$41 thousand, net unrealized gain (loss) on other equity investments of \$19 thousand, \$85 thousand, \$(9) thousand and \$110 thousand, for the quarters and six months ended December 31, 2025 and 2024, respectively which are not within the scope of ASC 606.

For the quarters and six months ended December 31, 2025 and 2024, substantially all 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: The Bank earns fees on its deposit accounts for various products and services provided to customers. These fees include account fees, non-sufficient fund fees, ATM fees and other similar charges. Fees are recognized concurrently with the related event and are recorded 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 cost of the 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: The Bank earns fees from asset management services, stop payment fees, wire transfer services, safe deposit boxes, merchant services, and other occasional or non-recurring services. 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 and when the portfolio values can be determined or reasonably estimated at the end of each month. These fees are recognized

concurrently with the related event and are recorded on daily, monthly, quarterly or annual basis, depending on the type of services.

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 for operating leases and borrowings for finance leases, while right-of-use assets are recorded in premises and equipment in the Corporation's Condensed Consolidated Statements of Financial Condition. At December 31, 2025, the Corporation's leases were classified as operating leases and finance leases; and the Corporation did not have any operating or finance 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 finance 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 right-of-use lease assets and 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 lease term in amounts that represent the difference between straight-line lease expense and interest accretion on the related liability. For finance leases, right-of-use assets are amortized on a straight-line basis over the useful life of the underlying asset, while the interest accretion on the lease liability is recognized as interest expense in the Corporation's Condensed Statements of Operations.

For the quarters ended December 31, 2025 and 2024, expenses associated with the Corporation's leases totaled \$177,000, and \$203,000, respectively. For the six months ended December 31, 2025 and 2024, expenses associated with the Corporation's leases totaled \$351,000, and \$419,000, respectively. Lease expenses for operating leases are recorded in premises and occupancy or equipment expense; while expenses for finance leases are recorded in equipment expense and interest expense on borrowings, as applicable, in the Condensed Consolidated Statements of Operations.

[Table of Contents](#)

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

(In Thousands)	At December 31, 2025		At June 30, 2025	
Condensed Consolidated Statements of Condition:				
Operating Leases:				
Premises and equipment - Operating lease right-of-use assets	\$	2,383	\$	1,651
Accounts payable, accrued interest and other liabilities – Operating lease liabilities	\$	2,404	\$	1,682
Finance Leases:				
Premises and equipment at cost	\$	84	\$	84
Accumulated amortization		(18)		(9)
Premises and equipment - Finance lease right-of-use assets	\$	66	\$	75
Borrowings - Finance lease liabilities	\$	60	\$	73

(In Thousands)	Quarter Ended December 31,		Six Months Ended December 31,	
	2025	2024	2025	2024
Condensed Consolidated Statements of Operations:				
Operating lease expense:				
Premises and occupancy expenses from operating leases ⁽¹⁾	\$ 170	\$ 168	\$ 337	\$ 350
Equipment expenses from operating leases ⁽¹⁾	—	35	—	69
Total operating lease expense	170	203	337	419
Finance lease expense:				
Equipment expenses from finance leases ⁽¹⁾	6	—	12	—
Interest on finance lease liabilities	1	—	2	—
Total finance lease expense	7	—	14	—
Total lease expense	\$ 177	\$ 203	\$ 351	\$ 419

⁽¹⁾ Includes immaterial variable lease costs.

(In Thousands)	Six Months Ended December 31, 2025		Six Months Ended December 31, 2024	
Condensed Consolidated Statements of Cash Flows:				
Operating cash used for operating leases, net	\$	347	\$	418
Operating cash used for finance leases, net	\$	4	\$	—
Financing cash used for finance leases, net	\$	13	\$	—
Right-of-use assets obtained in exchange for lease obligations:				
Operating leases	\$	1,035	\$	795

[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, 2025:

Fiscal Year Ending June 30,	Operating Leases Amount⁽¹⁾ (In Thousands)	Finance Leases Amount⁽¹⁾ (In Thousands)
Remainder of fiscal 2026	\$ 348	\$ 15
Fiscal 2027	703	30
Fiscal 2028	672	18
Fiscal 2029	377	—
Fiscal 2030	247	—
Thereafter	275	—
Total contract lease payments	\$ 2,622	\$ 63
Total liability to make lease payments	\$ 2,404	\$ 60
Difference in undiscounted and discounted future lease payments	\$ 218	\$ 3
Weighted average discount rate	4.08 %	4.50 %
Weighted average remaining lease term (years)	4.2	2.1

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

Note 10: Stock Repurchases

On January 23, 2025, the Corporation's Board of Directors announced a stock repurchase plan, authorizing the purchase of up to 334,773 shares of the Corporation's outstanding common stock over a one-year period.

During the second quarter of fiscal 2026, the Corporation purchased 96,260 shares of its common stock under the stock repurchase plans with a weighted average cost of \$15.80 per share. For the first six months of fiscal 2026, the Corporation purchased 162,967 shares of its common stock under the existing stock repurchase plan with a weighted average cost of \$15.78 per share. As of December 31, 2025, 54,061 shares or 16 percent of authorized common stock under this plan were available for purchase.

On January 22, 2026, subsequent to quarter-end, the Corporation's Board of Directors announced a new stock repurchase program authorizing the repurchase of up to 318,875 shares of the Corporation's outstanding common stock over a one-year period. The prior repurchase program, which was initiated on January 23, 2025, was terminated effective January 23, 2026. As a result, the 16,825 shares that remained available for repurchase under the prior program will no longer be eligible for repurchase.

Note 11: Segment Reporting

The Corporation operates as a single reportable segment, providing a broad range of banking and financial services to individuals, businesses, and institutional clients. These services include primarily commercial and consumer lending, deposit products, and to a lesser extent, loan servicing and wealth management services. The commercial and consumer lending primarily consists of single-family, multi-family and commercial real estate mortgage lending and, to a lesser extent, construction, commercial business, other mortgage and consumer lending. The Corporation's chief operating decision maker ("CODM") is the Chief Executive Officer. The CODM relies on the Senior Management Committee, which includes the Senior Vice President – Chief Financial Officer, Senior Vice President – Chief Lending Officer, Senior Vice President – Retail Banking, Senior Vice President – Single Family, and others, to provide detailed financial and operational reports. The CODM regularly evaluates the financial performance of the Corporation and allocates resources accordingly. Key financial performance metrics used by the CODM include net interest income, provision for (recovery of) credit losses, non-interest income, non-interest expenses, net income, diluted earnings per share, return on average assets, return on average equity, net interest margin, efficiency ratio, loans held for investment and deposit balance growth,

[Table of Contents](#)

loans held for investment as a percentage of total deposits, core deposits as a percentage of total deposits, Tier 1 leverage capital ratio, non-performing assets as a percentage of loans held for investment, among others.

The following table presents the financial performance measures that the CODM reviews as of or for the periods indicated:

(Dollars In Thousands, Except Per Share Information)	At or For the Quarter Ended December 31,		At or For the Six Months Ended December 31,	
	2025	2024	2025	2024
Interest income	\$ 13,950	\$ 14,021	\$ 28,096	\$ 28,096
Interest expense	5,026	5,262	10,242	10,721
Net interest income	8,924	8,759	17,854	17,375
(Recovery of) provision for credit losses	(158)	586	(784)	(111)
Net interest income, after (recovery of) provision for credit losses	9,082	8,173	18,638	17,486
Non-interest income	917	845	1,730	1,744
Non-interest expense	7,949	7,794	15,583	15,317
Income before taxes	2,050	1,224	4,785	3,913
Provision for income taxes	614	352	1,668	1,141
Net income	\$ 1,436	\$ 872	\$ 3,117	\$ 2,772
Diluted earnings per share	\$ 0.22	\$ 0.13	\$ 0.47	\$ 0.41
Return on average assets	0.47 %	0.28 %	0.51 %	0.45 %
Return on average equity	4.44 %	2.66 %	4.81 %	4.22 %
Net interest margin	3.03 %	2.91 %	3.01 %	2.87 %
Efficiency ratio	80.77 %	81.15 %	79.57 %	80.11 %
Loans held for investment growth	(0.40)%	0.47 %	(0.77)%	0.06 %
Deposit growth	(0.27)%	0.42 %	(1.84)%	(2.35)%
Loans held for investment as a percentage of total deposits	118.94 %	121.45 %	118.94 %	121.45 %
Core deposits as a percentage of total deposits	64.05 %	68.34 %	64.05 %	68.34 %
Tier 1 leverage capital ratio	9.79 %	9.81 %	9.79 %	9.81 %
Non-performing assets as a percentage of total assets	0.08 %	0.20 %	0.08 %	0.20 %

Note 12: Subsequent Events

On January 22, 2026, 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 12, 2026 are entitled to receive the cash dividend. The cash dividend will be payable on March 5, 2026.

On January 22, 2026, subsequent to quarter-end, the Corporation's Board of Directors approved a new stock repurchase program authorizing the repurchase of up to five percent (5%) of the Corporation's outstanding common stock, or approximately 318,875 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. The prior repurchase program, which was initiated on January 23, 2025, was terminated effective January 23, 2026. As a result, the 16,825 shares that remained available for repurchase under the prior program will no longer be eligible for repurchase.

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. Provident Financial Holdings, Inc. is regulated by the Board of Governors of the Federal Reserve System (“Federal Reserve”). At December 31, 2025, Provident Financial Holdings, Inc., on a consolidated basis, had total assets of \$1.23 billion, total deposits of \$872.4 million and total stockholders’ equity of \$127.5 million. Provident Financial Holdings, Inc. 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 23, 2025, 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 13, 2025. This dividend was paid on December 4, 2025. 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 financial condition, liquidity, results 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 those express or implied by these forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to:

- adverse economic conditions in our local market areas or other markets where we have lending relationships;
- changes in employment levels, labor shortages, persistent inflation, recessionary pressures or slowing economic growth;
- changes in interest rate levels and volatility, and the timing and pace of such changes, including actions by the Federal Reserve, 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 related monetary and fiscal policy responses, and their effect on consumer and business behavior;
- the effects of a federal government shutdown, debt ceiling standoff, or other fiscal policy uncertainty;
- credit risks associated with 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 and loan and deposit products;
- the 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;
- our ability to successfully implement key growth initiatives and strategic priorities;
- the impact of bank failures or adverse developments at other banks and related negative publicity about the banking industry on investor and depositor sentiment;
- results of examinations by regulatory authorities, including the possibility that regulatory authorities 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;
- the ability to adapt to rapid technological changes, including advancements related to artificial intelligence, digital banking platforms, and cybersecurity;
- legislative or regulatory changes, including but not limited to changes in capital requirements, banking regulation, tax laws, or consumer protection laws;
- the use of estimates in determining the fair value of assets, which may prove inaccurate;
- vulnerabilities in information systems or third-party service providers, including disruptions, breaches, or cyberattacks;
- geopolitical developments and international conflicts, or the imposition of new or increased tariffs and trade restrictions, which could disrupt financial markets, global supply chains, commodity prices, or economic activity;
- staffing fluctuations in response to changes in product demand or corporate implementation of strategies;
- our ability to pay dividends on our common stock;
- environmental, social and governance matters;
- effects of climate change, severe weather events, natural disasters, pandemics, epidemics and other public health crises, acts of war or terrorism, domestic political 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 Report on Form 10-Q and other reports filed with or furnished to the Securities and Exchange Commission (“SEC”), which are available on our website at www.myprovident.com and on the SEC’s website at 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, except as may be required by law. 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 2026 and beyond to differ materially

[Table of Contents](#)

from those expressed or implied 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, 2025 ("2025 Annual 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 2025 Annual 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 ("PFC"). 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 non-sufficient funds fees, deposit account service charges, ATM fees, IRA/KEOGH fees, safe deposit box fees, and wire transfer fees, among others.

The Corporation plans to enhance its community banking operations through moderate asset growth, with a strategic focus on expanding its single-family, multi-family, commercial real estate, construction, and commercial business lending portfolios. In parallel, the Corporation plans to improve the composition of its deposit base by reducing reliance on retail time deposits and increasing the proportion of lower-cost checking and savings accounts. To further diversify its funding sources, the Corporation utilizes brokered certificates of deposit and government deposits, as appropriate based on market conditions and funding requirements. This strategy is designed to strengthen core revenue by improving the net interest margin and, in conjunction with asset growth, increase overall net interest income. While the Corporation's long-term strategy targets moderate and sustainable growth, management recognizes that the pace and success of this growth will be influenced by general economic conditions and other external factors.

Investment services operations primarily consist of selling alternative investment products such as annuities and mutual funds to the Bank's depositors. 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 2025 Annual Form 10-K. The Corporation attempts to mitigate many of these

[Table of Contents](#)

risks through prudent banking practices, such as interest rate risk management, credit risk management, operational risk management, and liquidity risk management.

The California economic environment presents heightened risk to the Corporation, particularly with respect to real estate values and loan delinquencies. Because the majority of the Corporation's loans are secured by real estate located in California, significant declines in California property values could limit the Corporation's ability to recover on defaulted loans through the sale of the underlying collateral. Within commercial real estate, the office sector continues to face elevated risk, driven by higher vacancy rates, slower leasing activity, and downward pressure on rental rates in certain California markets. These trends may negatively affect collateral values and the repayment capacity of the borrowers. In response, the Bank has evaluated its existing loans collateralized by office space for outsized concentrations and has implemented tighter underwriting standards for such collateral. At December 31, 2025, our commercial real estate portfolio totaled \$70.9 million, including office properties of various types, totaling approximately \$36.7 million or 51.8 percent of the total commercial real estate portfolio and 3.5 percent of the total loan portfolio. While current credit performance within the office segment remains satisfactory, management continues to monitor the portfolio closely in light of evolving market conditions.

The Corporation remains committed to prudent risk management practices 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, 2025 and June 30, 2025

Total assets decreased one percent to \$1.23 billion at December 31, 2025 from \$1.25 billion at June 30, 2025. The decrease was primarily attributable to decreases in investment securities and loans held for investment.

Total cash and cash equivalents, primarily excess cash deposited with the FRB of San Francisco, increased \$1.3 million, or two percent, to \$54.4 million at December 31, 2025 from \$53.1 million at June 30, 2025. The increase was primarily attributable to the changes in its earning assets and funding sources, and reflects management's proactive strategy to manage liquidity in response to prevailing economic conditions.

Investment securities (held to maturity and available for sale) decreased \$10.7 million, or 10 percent, to \$100.3 million at December 31, 2025, from \$111.0 million at June 30, 2025. 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 2026, 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 decreased \$8.1 million to \$1.04 billion at December 31, 2025 from June 30, 2025, predominantly due to a decrease in multi-family loans, partly offset by an increase in single-family loans. During the first six months of fiscal 2026, the Corporation originated \$71.8 million of loans held for investment, consisting primarily of single-family and multi-family loans located throughout California, compared to \$65.4 million originated during the first six months of fiscal 2025. The Corporation did not purchase any loans during the first six months of fiscal 2026 or 2025. Total loan principal payments during the first six months of fiscal 2026 were \$81.2 million, up 19 percent from \$68.4 million during

[Table of Contents](#)

the comparable period in fiscal 2025, reflecting elevated payoff and amortization activity. Single-family loans held for investment at December 31, 2025 and June 30, 2025 totaled \$553.3 million and \$544.4 million, representing approximately 54 percent and 52 percent of loans held for investment, respectively. Multi-family loans held for investment at December 31, 2025 and June 30, 2025 totaled \$408.3 million and \$423.4 million, respectively, representing approximately 40 percent and 41 percent of loans held for investment, respectively. Commercial real estate loans held for investment at December 31, 2025 and June 30, 2025 totaled \$70.9 million and \$72.8 million, respectively, each representing approximately seven percent of loans held for investment.

The tables below describe the geographic dispersion of gross real estate secured loans held for investment at December 31, 2025 and June 30, 2025, as a percentage of the total dollar amount of loans outstanding:

As of December 31, 2025:

Loan Category	Inland Empire ⁽¹⁾		Southern California ⁽²⁾		Other California		Other States		Total	
	Balance	Percent	Balance	Percent	Balance	Percent	Balance	Percent	Balance	Percent
Single-family	\$ 145,973	26 %	\$ 180,589	33 %	\$ 226,528	41 %	\$ 221	— %	\$ 553,311	100 %
Multi-family	50,138	12 %	230,935	57 %	127,216	31 %	—	— %	408,289	100 %
Commercial real estate	13,183	19 %	37,870	53 %	19,889	28 %	—	— %	70,942	100 %
Construction	—	— %	812	100 %	—	— %	—	— %	812	100 %
Other	—	— %	88	100 %	—	— %	—	— %	88	100 %
Total	\$ 209,294	20 %	\$ 450,294	44 %	\$ 373,633	36 %	\$ 221	— %	\$ 1,033,442	100 %

(1) Comprised of Riverside and San Bernardino counties.

(2) Other than the Inland Empire.

As of June 30, 2025:

Loan Category	Inland Empire ⁽¹⁾		Southern California ⁽²⁾		Other California		Other States		Total	
	Balance	Percent	Balance	Percent	Balance	Percent	Balance	Percent	Balance	Percent
Single-family	\$ 143,217	26 %	\$ 179,162	33 %	\$ 221,819	41 %	\$ 227	— %	\$ 544,425	100 %
Multi-family	50,450	12 %	243,790	58 %	129,177	30 %	—	— %	423,417	100 %
Commercial real estate	13,744	19 %	39,213	54 %	19,809	27 %	—	— %	72,766	100 %
Construction	—	— %	402	100 %	—	— %	—	— %	402	100 %
Other	—	— %	89	100 %	—	— %	—	— %	89	100 %
Total	\$ 207,411	20 %	\$ 462,656	44 %	\$ 370,805	36 %	\$ 227	— %	\$ 1,041,099	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 \$16.4 million, or two percent, to \$872.4 million at December 31, 2025 from \$888.8 million at June 30, 2025, reflecting continued competitive pressures for deposits in the Bank's market area as customers sought higher-yielding alternatives.

Core deposit balances, consisting of noninterest-bearing and interest-bearing transaction accounts, decreased by \$17.7 million, or three percent, to \$558.8 million at December 31, 2025, from \$576.5 million at June 30, 2025. Time deposits (including brokered certificates of deposit) increased \$1.4 million to \$313.7 million from \$312.3 million over the same period, attributable primarily to an increase in retail time deposits as the Bank actively managed deposit pricing and funding costs. At December 31, 2025, total brokered certificates of deposit were \$129.2 million, down \$1.8 million, or one percent, from \$131.0 million at June 30, 2025. Excluding brokered certificates of deposit, retail time deposits represented 21 percent of total deposits at December 31, 2025, compared to 20 percent at June 30, 2025.

[Table of Contents](#)

Total uninsured deposits were approximately \$166.4 million (of which, \$52.6 million were collateralized) and \$158.7 million (of which, \$54.0 million were collateralized) at December 31, 2025 and June 30, 2025, respectively. 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.

Total borrowings remained virtually unchanged at \$213.1 million at December 31, 2025 and June 30, 2025. At December 31, 2025 and June 30, 2025, 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 \$1.0 million, or one percent, to \$127.5 million at December 31, 2025, from \$128.5 million at June 30, 2025. The decrease was primarily due to \$1.8 million of cash dividends paid to shareholders and \$2.6 million of stock repurchases, partly offset by net income of \$3.1 million and the amortization of stock-based compensation of \$251,000 in the first six months of fiscal 2026. The Corporation repurchased 162,967 shares of its common stock in the open market at a weighted average price of \$15.78 per share during the first six months of fiscal 2026 pursuant to its publicly announced stock repurchase program. For further analysis on stock repurchases, see Note 10 of the Notes to Unaudited Interim Condensed Consolidated Financial Statements of this Form 10 Q.

Comparison of Operating Results for the Quarters and Six Months ended December 31, 2025 and 2024

Net income for the second quarter of fiscal 2026 was \$1.4 million, up \$564,000 or 65 percent from \$872,000 in the same period of fiscal 2025. The increase was attributable to a \$158,000 recovery of credit losses in contrast to a \$586,000 provision for credit losses in the prior period, a \$165,000 increase in net interest income and a \$72,000 increase in non-interest income, partly offset by a \$155,000 increase in non-interest expense.

For the first six months of fiscal 2026, net income was \$3.1 million, up \$345,000 or 12 percent from \$2.8 million in the same period of fiscal 2025. The increase was primarily attributable to a \$673,000 higher recovery of credit losses and a \$479,000 increase in net interest income, partly offset by a \$266,000 increase in non-interest expense.

The efficiency ratio, defined as non-interest expense divided by the sum of net interest income and non-interest income, was 80.77 percent for the second quarter of fiscal 2026, an improvement from 81.15 percent in the same period last year. For the first six months of fiscal 2026, the efficiency ratio was 79.57 percent, compared to 80.11 percent for the same period of fiscal 2025. The improvement of the efficiency ratios during the current quarter and first six months of fiscal 2026 compared to the same periods last year was due to the increase in total income outpacing the increase in non-interest expenses.

Return on average assets was 0.47 percent in the second quarter of fiscal 2026, up 19 basis points from 0.28 percent in the same period last year. For the first six months of fiscal 2026, return on average assets was 0.51 percent, up six basis points from 0.45 percent in the same period last year.

Return on average stockholders' equity was 4.44 percent in the second quarter of fiscal 2026, up from 2.66 percent in the same period last year. For the first six months of fiscal 2026, return on average stockholders' equity was 4.81 percent, up from 4.22 percent in the same period last year.

Diluted earnings per share for the second quarter of fiscal 2026 were \$0.22, up 69 percent from \$0.13 in the same period last year. For the first six months of fiscal 2026, diluted earnings per share were \$0.47, up 15 percent from \$0.41 in the same period last year.

Net Interest Income:

For the Quarters Ended December 31, 2025 and 2024. Net interest income increased \$165,000, or two percent, to \$8.9 million for the second quarter of fiscal 2026 from \$8.8 million in the same quarter last year. The increase was due to a higher net interest margin, partly offset by a lower average balance of interest-earning assets. The net interest margin during the second quarter of fiscal 2026 increased 12 basis points to 3.03 percent from 2.91 percent in the same quarter last year. The increase was primarily driven by a higher average yield on interest-earning assets, which increased seven

basis points to 4.73 percent from 4.66 percent, and a lower average cost of interest-bearing liabilities, which decreased five basis points to 1.87 percent from 1.92 percent, with the combined impact reflecting the relative composition of assets and liabilities. The average balance of interest-earning assets decreased \$24.5 million, or two percent, to \$1.18 billion in the second quarter of fiscal 2026 from \$1.20 billion in the same quarter last year as the average balance of both investment securities and loans receivable declined, partly offset by an increase in the average balance of interest-earning deposits. Similarly, the average balance of interest-bearing liabilities decreased \$23.5 million, or two percent, to \$1.07 billion in the second quarter of fiscal 2026 from \$1.09 billion in the same quarter last year primarily reflecting decreases in the average balance of transaction accounts and borrowings, partly offset by an increase in the average balance of time deposits.

For the Six Months Ended December 31, 2025 and 2024. Net interest income increased \$479,000 or three percent to \$17.9 million for the first six months of fiscal 2026 from \$17.4 million in the same period in fiscal 2025, as a result of a higher net interest margin, partly offset by a lower average balance of interest-earning assets. The net interest margin was 3.01 percent in the first six months of fiscal 2026, an increase of 14 basis points from 2.87 percent in the same period of fiscal 2025. The weighted-average yield on interest-earning assets increased 10 basis points to 4.74 percent in the first six months of fiscal 2026 from 4.64 percent in the same period last year, while the weighted-average cost of interest-bearing liabilities decreased four basis points to 1.90 percent for the first six months of fiscal 2026 as compared to 1.94 percent in the same period last year. The average balance of interest-earning assets decreased \$23.8 million, or two percent, to \$1.19 billion in the first six months of fiscal 2026 from \$1.21 billion in the comparable period of fiscal 2025, primarily reflecting decreases in the average balance of loans receivable and investment securities, partly offset by an increase in interest-earning deposits. The average balance of interest-bearing liabilities decreased \$23.5 million, or two percent, to \$1.07 billion in the first six months of fiscal 2026 from \$1.10 billion in the same period last year primarily reflecting decreases in the average balance of transaction accounts and borrowings, partly offset by an increase in the average balance of time deposits.

Interest Income:

For the Quarters Ended December 31, 2025 and 2024. Total interest income decreased \$71,000, or one percent, to \$14.0 million for the second quarter of fiscal 2026 from the same quarter of fiscal 2025. The decrease was due primarily to decreases in interest income from investment securities and interest-earning deposits, partly offset by an increase in interest income from loans receivable.

Interest income on loans receivable increased \$22,000 to \$13.1 million in the second quarter of fiscal 2026 from the same quarter of fiscal 2025. The increase was due to a higher average yield, partly offset by a lower average balance. The average yield on loans receivable increased three basis points to 5.02 percent in the second quarter of fiscal 2026 from an average yield of 4.99 percent in the same quarter last year. The higher average loan yield was due primarily to the upward repricing of adjustable-rate loans, partly offset by an increase in deferred loan cost amortization. Adjustable-rate loans of approximately \$111.8 million repriced upward in the second quarter of fiscal 2026 by approximately 23 basis points, from a weighted average rate of 6.74 percent to 6.97 percent. Net deferred loan cost amortization in the second quarter of fiscal 2026 increased 40 percent to \$534,000 from \$381,000 in the same quarter last year. The average balance of loans receivable decreased \$5.6 million, or one percent, to \$1.04 billion in the second quarter of fiscal 2026 from \$1.05 billion in the same quarter last year. Total loans originated for investment in the second quarter of fiscal 2026 were \$42.1 million, up 16 percent from \$36.4 million in the same quarter last year; while loan principal payments received in the second quarter of fiscal 2026 were \$46.7 million, up 36 percent from \$34.3 million in the same quarter last year.

Interest income from investment securities decreased \$60,000, or 13 percent, to \$411,000 in the second quarter of fiscal 2026 from \$471,000 for the same quarter of fiscal 2025. This decrease was attributable to a lower average balance, partly offset by a higher average yield. The average balance of investment securities decreased \$20.5 million, or 17 percent, to \$103.3 million in the second quarter of fiscal 2026 from \$123.8 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 and other securities. The average yield on investment securities increased seven basis points to 1.59 percent in the second quarter of fiscal 2026 from 1.52 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 (\$66,000 vs. \$97,000) due to lower total principal repayments (\$5.1 million vs. \$5.3 million) and the upward repricing of adjustable-rate mortgage-backed securities.

[Table of Contents](#)

The Bank received \$214,000 of cash dividends from FHLB – San Francisco stock and other equity investments in the second quarter of fiscal 2026, slightly higher than the \$213,000 in the same quarter last year. The average balance of FHLB – San Francisco stock and other equity investments in the second quarter of fiscal 2026 was \$10.3 million, up one percent from \$10.2 million in the same quarter of fiscal 2025, while the average yield was 8.34 percent, down four basis points from 8.38 percent.

Interest income from interest-earning deposits, primarily cash deposited at the FRB of San Francisco, was \$253,000 in the second quarter of fiscal 2026, down 12 percent from \$287,000 in the same quarter of fiscal 2025. The decrease was due to a lower average yield, partly offset by a higher average balance. The average yield earned on interest-earning deposits in the second quarter of fiscal 2026 was 3.92 percent, down 82 basis points from 4.74 percent in the same quarter last year, due primarily to decreases in the interest rates paid on excess reserves as the Federal Reserve reduced the federal funds rate. The average balance of interest-earning deposits increased \$1.6 million, or seven percent, to \$25.3 million in the second quarter of fiscal 2026 from \$23.7 million in the same quarter last year due to management’s proactive strategy to manage liquidity in response to prevailing economic conditions.

For the Six Months Ended December 31, 2025 and 2024. Total interest income was \$28.1 million for the first six months of fiscal 2026, unchanged from the same period of fiscal 2025. The increase in interest income on loans receivable was offset by decreases in interest income on investment securities and interest-earning deposits.

Interest income from loans receivable increased \$130,000 to \$26.2 million in the first six months of fiscal 2026 from \$26.1 million for the same period of fiscal 2025. The increase was due to a higher average yield, partly offset by a lower average balance. The average yield on loans receivable increased six basis points to 5.04 percent during the first six months of fiscal 2026 from 4.98 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 \$874,000 in the first six months of fiscal 2026 from \$736,000 in the same period of fiscal 2025. Adjustable-rate loans of approximately \$232.1 million repriced upward in the first six months of fiscal 2026 by approximately 24 basis points from an average yield of 6.92 percent to 7.16 percent. The average balance of loans receivable decreased by \$7.6 million, or one percent, to \$1.04 billion for the first six months of fiscal 2026 from \$1.05 billion in the same period of fiscal 2025. Total loans originated for investment in the first six months of fiscal 2026 were \$71.8 million, up 10 percent from \$65.4 million in the same period last year. Loan principal payments received in the first six months of fiscal 2026 were \$81.2 million, up 19 percent from \$68.4 million in the same period last year.

Interest income from investment securities decreased \$112,000, or 12 percent, to \$841,000 in the first six months of fiscal 2026 from \$953,000 for the same period of fiscal 2025. This decrease was attributable to a lower average balance, partly offset by a higher average yield. The average balance of investment securities decreased \$20.7 million, or 16 percent, to \$106.0 million in the first six months of fiscal 2026 from \$126.7 million in the same period of fiscal 2025. 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 nine basis points to 1.59 percent in the first six months of fiscal 2026 from 1.50 percent in the same period of fiscal 2025. The increase in the average yield was primarily attributable to lower premium amortization (\$140,000 compared to \$208,000) attributable to lower principal repayments (\$10.6 million vs. \$11.1 million) and, to a lesser extent, the upward repricing of adjustable-rate mortgage-backed securities.

Cash dividends from FHLB – San Francisco stock and other equity investments received in the first six months of fiscal 2026 were \$425,000, up \$2,000 from \$423,000 in the same period of fiscal 2025. The average balance of FHLB – San Francisco stock and other equity investments in the first six months of fiscal 2026 was \$10.3 million, up one percent from \$10.1 million in the same period of fiscal 2025, and the average yield was 8.27 percent, down seven basis points from 8.34 percent.

Interest income from interest-earning deposits, primarily cash deposited at the FRB of San Francisco, was \$627,000 in the first six months of fiscal 2026, down three percent from \$647,000 in the same period of fiscal 2025. The decrease was due to a lower average yield, partly offset by a higher average balance. The average yield earned on interest-earning deposits decreased 89 basis points to 4.17 percent in the first six months of fiscal 2026 from 5.06 percent in the comparable period last year, due primarily to decreases in the interest rates paid on excess reserves. The average balance of the interest-earning deposits in the first six months of fiscal 2026 was \$29.4 million, up 18 percent, from \$25.0 million in the same

period of fiscal 2025 due to management's proactive strategy to manage liquidity in response to prevailing economic conditions.

Interest Expense:

For the Quarters Ended December 31, 2025 and 2024. Total interest expense decreased \$236,000 or four percent to \$5.0 million in the second quarter of fiscal 2026 as compared to \$5.3 million in the same quarter last year. The decrease was attributable to a lower interest expense on borrowings, partly offset by a higher interest expense on deposits.

Interest expense on deposits for the second quarter of fiscal 2026 was \$2.9 million, a \$251,000 or nine percent increase compared to \$2.7 million in the same quarter last year. The increase was attributable to a higher average balance and, to a lesser extent, a higher average cost of deposits. The average balance of deposits increased \$13.3 million, or two percent, to \$876.4 million in the second quarter of fiscal 2026 from \$863.1 million in the same quarter last year due to an increase in time deposits, partly offset by decreases in transaction accounts. The average balance of time deposits (including brokered certificates of deposit) increased \$46.8 million, or 18 percent, to \$309.7 million in the second quarter of fiscal 2026 from \$262.9 million in the same quarter last year, while the average balance of transaction accounts was \$566.6 million in the second quarter of fiscal 2026, down \$33.6 million, or six percent, from \$600.2 million in the same quarter last year. The average cost of deposits was 1.32 percent for the second quarter of fiscal 2026, up nine basis points from 1.23 percent in the same quarter last year, primarily due to a shift in deposit mix toward higher-cost time deposits, partially offset by a decline in the average rate paid on time deposits. Time deposits accounted for 35 percent of total deposits in the second quarter of fiscal 2026, compared to 30 percent in the same quarter last year.

Interest expense on borrowings, consisting of FHLB – San Francisco advances, for the second quarter of fiscal 2026 decreased \$487,000, or 19 percent, to \$2.1 million from \$2.6 million in the same quarter last year. The decrease was primarily the result of a lower average balance and, to a lesser extent, a lower average cost of borrowings. The average balance of borrowings decreased \$36.7 million or 16 percent to \$190.0 million in the second quarter of fiscal 2026 from \$226.7 million in the same quarter last year. The average cost of borrowings decreased 14 basis points to 4.39 percent in the second quarter of fiscal 2026 from 4.53 percent in the same quarter last year.

For the Six Months Ended December 31, 2025 and 2024. Total interest expense decreased \$479,000, or four percent to \$10.2 million in the first six months of fiscal 2026 from \$10.7 million in the same period last year. The decrease was attributable to a lower interest expense on borrowings, partly offset by a higher interest expense on deposits.

Interest expense on deposits for the first six months of fiscal 2026 was \$5.9 million, an eight percent increase from \$5.5 million for the same period last year. The increase was attributable to a higher average balance and, to a lesser extent, a higher average cost of deposits. The average balance of deposits increased \$8.9 million or one percent to \$880.7 million in the first six months of fiscal 2026 from \$871.8 million in the same period last year due primarily to an increase of \$44.6 million in the average balance of time deposits, partly offset by a decrease of \$35.7 million in the average balance of transaction accounts. The average cost of deposits was 1.33 percent, up eight basis points from 1.25 percent in the same period last year, primarily due to a shift in deposit mix toward higher-cost time deposits, partially offset by a decline in the average rate paid on time deposits. Time deposits accounted for 35 percent of total deposits in the first six months of fiscal 2026, compared to 30 percent in the same period last year.

Interest expense on borrowings, consisting primarily of FHLB – San Francisco advances, for the first six months of fiscal 2026 decreased \$892,000, or 17 percent, to \$4.3 million from \$5.2 million in the same period last year. The decrease was primarily the result of a lower average balance and, to a lesser extent, a lower average cost. The average balance of borrowings decreased by \$32.3 million or 14 percent to \$191.4 million in the first six months of fiscal 2026 from \$223.7 million in the same period last year and the average cost of borrowings decreased 14 basis points to 4.49 percent in the first six months of fiscal 2026 from 4.63 percent 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, annualized, by the average daily balance of corresponding assets or liabilities, respectively, for the periods presented.

Average Balance Sheets

(Dollars In Thousands)	Quarter Ended December 31, 2025			Quarter Ended December 31, 2024		
	Average Balance	Interest	Yield/ Cost	Average Balance	Interest	Yield/ Cost
Interest-earning assets:						
Loans receivable, net ⁽¹⁾	\$ 1,041,187	\$ 13,072	5.02 %	\$ 1,046,797	\$ 13,050	4.99 %
Investment securities	103,262	411	1.59 %	123,826	471	1.52 %
FHLB – San Francisco stock and other equity investments	10,262	214	8.34 %	10,172	213	8.38 %
Interest-earning deposits	25,267	253	3.92 %	23,700	287	4.74 %
Total interest-earning assets	1,179,978	13,950	4.73 %	1,204,495	14,021	4.66 %
Noninterest-earning assets	30,550			30,273		
Total assets	\$ 1,210,528			\$ 1,234,768		
Interest-bearing liabilities:						
Checking and money market accounts ⁽²⁾	\$ 339,714	\$ 56	0.07 %	\$ 364,038	\$ 51	0.06 %
Savings accounts	226,931	197	0.34 %	236,178	117	0.20 %
Time deposits	309,732	2,672	3.42 %	262,890	2,506	3.78 %
Total deposits⁽³⁾	876,377	2,925	1.32 %	863,106	2,674	1.23 %
Borrowings	189,977	2,101	4.39 %	226,707	2,588	4.53 %
Total interest-bearing liabilities	1,066,354	5,026	1.87 %	1,089,813	5,262	1.92 %
Noninterest-bearing liabilities	14,949			13,820		
Total liabilities	1,081,303			1,103,633		
Stockholders' equity	129,225			131,135		
Total liabilities and stockholders' equity	\$ 1,210,528			\$ 1,234,768		
Net interest income		\$ 8,924			\$ 8,759	
Interest rate spread ⁽⁴⁾			2.86 %			2.74 %
Net interest margin ⁽⁵⁾			3.03 %			2.91 %
Ratio of average interest-earning assets to average interest-bearing liabilities			110.66 %			110.52 %
Return on average assets			0.47 %			0.28 %
Return on average equity			4.44 %			2.66 %

(1) Includes the average balance of non-performing loans of \$946 thousand and \$2.4 million and net deferred loan cost amortization of \$534 thousand and \$381 thousand for the quarters ended December 31, 2025 and 2024, respectively.

(2) Includes the average balance of noninterest-bearing checking accounts of \$77.5 million and \$86.2 million during the quarters ended December 31, 2025 and 2024, respectively.

(3) Includes the average balance of uninsured deposits of approximately \$166.6 million and \$130.2 million in the quarters ended December 31, 2025 and 2024, 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 as a percentage of average interest-earning assets.

[Table of Contents](#)

(Dollars In Thousands)	Six Months Ended December 31, 2025			Six Months Ended December 31, 2024		
	Average Balance	Interest	Yield/ Cost	Average Balance	Interest	Yield/ Cost
Interest-earning assets:						
Loans receivable, net ⁽¹⁾	\$ 1,040,360	\$ 26,203	5.04 %	\$ 1,047,964	\$ 26,073	4.98 %
Investment securities	105,980	841	1.59 %	126,698	953	1.50 %
FHLB – San Francisco stock and other equity investments	10,274	425	8.27 %	10,146	423	8.34 %
Interest-earning deposits	29,390	627	4.17 %	25,015	647	5.06 %
Total interest-earning assets	1,186,004	28,096	4.74 %	1,209,823	28,096	4.64 %
Noninterest-earning assets	30,458			30,127		
Total assets	\$ 1,216,462			\$ 1,239,950		
Interest-bearing liabilities:						
Checking and money market accounts ⁽²⁾	\$ 342,508	\$ 107	0.06 %	\$ 367,654	\$ 104	0.06 %
Savings accounts	228,509	368	0.32 %	239,101	229	0.19 %
Time deposits	309,647	5,436	3.48 %	265,089	5,165	3.87 %
Total deposits⁽³⁾	880,664	5,911	1.33 %	871,844	5,498	1.25 %
Borrowings	191,415	4,331	4.49 %	223,723	5,223	4.63 %
Total interest-bearing liabilities	1,072,079	10,242	1.90 %	1,095,567	10,721	1.94 %
Noninterest-bearing liabilities	14,764			13,066		
Total liabilities	1,086,843			1,108,633		
Stockholders' equity	129,619			131,317		
Total liabilities and stockholders' equity	\$ 1,216,462			\$ 1,239,950		
Net interest income		\$ 17,854			\$ 17,375	
Interest rate spread ⁽⁴⁾			2.84 %			2.70 %
Net interest margin ⁽⁵⁾			3.01 %			2.87 %
Ratio of average interest-earning assets to average interest-bearing liabilities			110.63 %			110.43 %
Return on average assets			0.51 %			0.45 %
Return on average equity			4.81 %			4.22 %

(1) Includes the average balance of non-performing loans of \$1.2 million and \$2.4 million and net deferred loan cost amortization of \$874 thousand and \$736 thousand for the six months ended December 31, 2025 and 2024, respectively.

(2) Includes the average balance of noninterest-bearing checking accounts of \$79.4 million and \$88.4 million during the six months ended December 31, 2025 and 2024, respectively.

(3) Includes the average balance of uninsured deposits of approximately \$155.6 million and \$125.7 million in the six months ended December 31, 2025 and 2024, 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 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, 2025 and 2024. 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, 2025 Compared To Quarter Ended December 31, 2024			
	Increase (Decrease) Due to			
	Rate	Volume	Rate/Volume	Net
Interest-earning assets:				
Loans receivable ⁽¹⁾	\$ 92	\$ (70)	\$ —	\$ 22
Investment securities	22	(78)	(4)	(60)
FHLB – San Francisco stock and other equity investments	(1)	2	—	1
Interest-earning deposits	(50)	19	(3)	(34)
Total net change in income on interest-earning assets	63	(127)	(7)	(71)
Interest-bearing liabilities:				
Checking and money market accounts	10	(4)	(1)	5
Savings accounts	88	(5)	(3)	80
Time deposits	(237)	446	(43)	166
Borrowings	(81)	(419)	13	(487)
Total net change in expense on interest-bearing liabilities	(220)	18	(34)	(236)
Net increase (decrease) in net interest income	\$ 283	\$ (145)	\$ 27	\$ 165

⁽¹⁾ 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, 2025 Compared To Six Months Ended December 31, 2024			
	Increase (Decrease) Due to			
	Rate	Volume	Rate/Volume	Net
Interest-earning assets:				
Loans receivable ⁽¹⁾	\$ 321	\$ (189)	\$ (2)	\$ 130
Investment securities	52	(155)	(9)	(112)
FHLB – San Francisco stock and other equity investments	(3)	5	—	2
Interest-bearing deposits	(112)	111	(19)	(20)
Total net change in income on interest-earning assets	258	(228)	(30)	—
Interest-bearing liabilities:				
Checking and money market accounts	—	3	—	3
Savings accounts	156	(10)	(7)	139
Time deposits	(510)	869	(88)	271
Borrowings	(161)	(754)	23	(892)
Total net change in expense on interest-bearing liabilities	(515)	108	(72)	(479)
Net increase (decrease) in net interest income	\$ 773	\$ (336)	\$ 42	\$ 479

⁽¹⁾ 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:

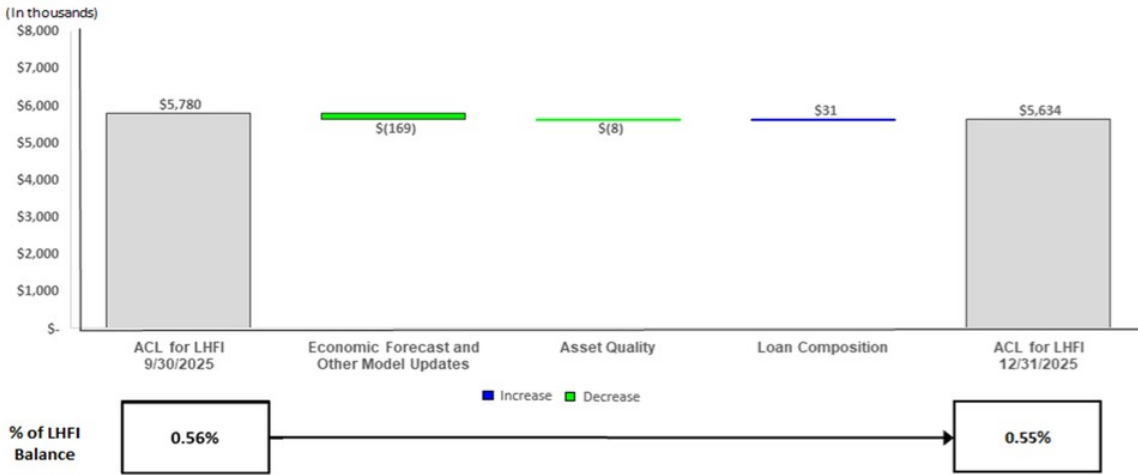
For the Quarters Ended December 31, 2025 and 2024. During the second quarter of fiscal 2026, the Corporation recorded a recovery of credit losses of \$158,000 in contrast to a \$586,000 provision for credit losses recorded during the same period last year. The recovery compared to the same quarter last year was primarily due to the impact of a shorter

[Table of Contents](#)

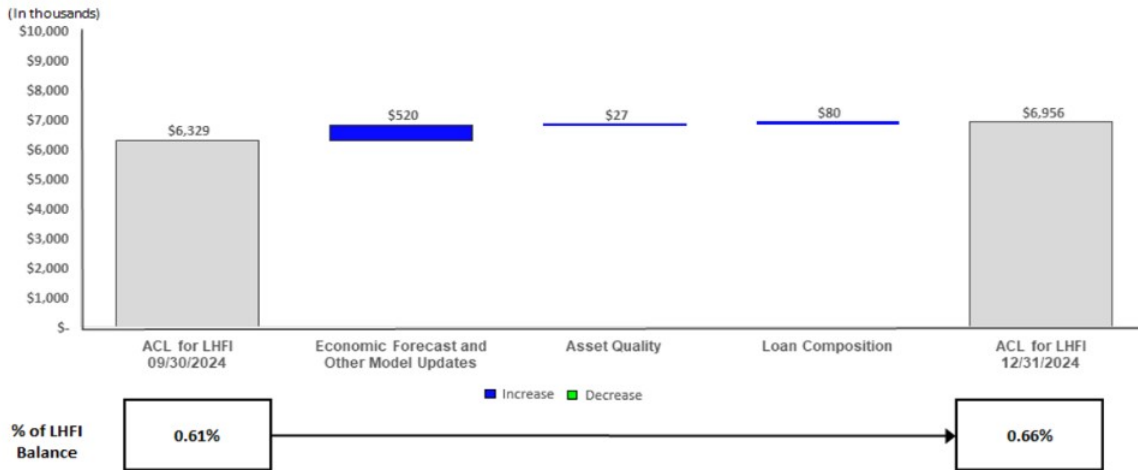
expected average life of the loan portfolio, attributable to declining mortgage rates, which increased expected loan prepayments. The recovery was primarily concentrated in single-family mortgage loans, with a smaller contribution from multi-family mortgage loans.

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, 2025 and 2024.

The changes in the ACL on LHFI for the quarter ended December 31, 2025:



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

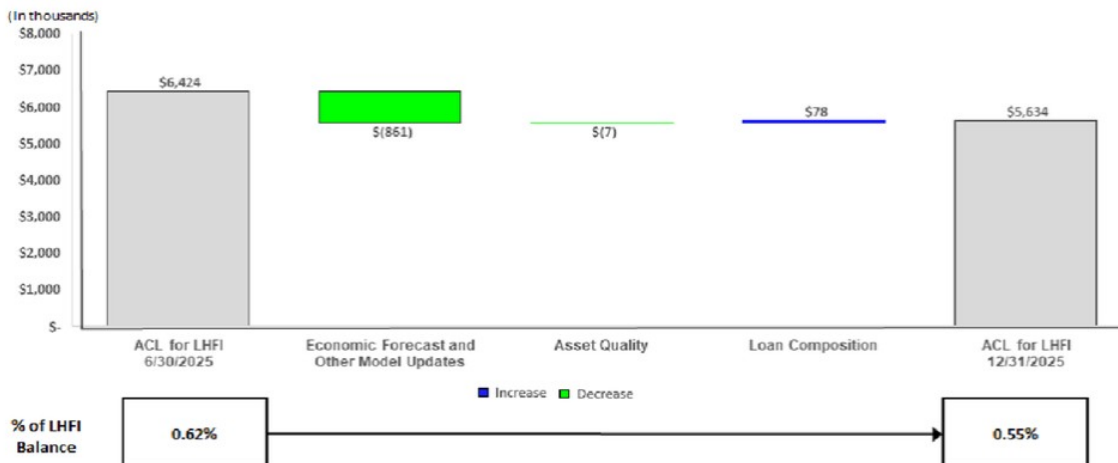


For the Six Months Ended December 31, 2025 and 2024. During the first six months of fiscal 2026, the Corporation recorded a recovery of credit losses of \$784,000, compared to a recovery of credit losses of \$111,000 in the same period of fiscal 2025. The higher recovery compared to the same period last year was primarily due to the impact of a shorter expected average life of the loan portfolio, attributable to declining mortgage rates, which increased expected loan prepayments. The recovery was primarily concentrated in single-family mortgage loans, with a smaller contribution from multi-family mortgage loans.

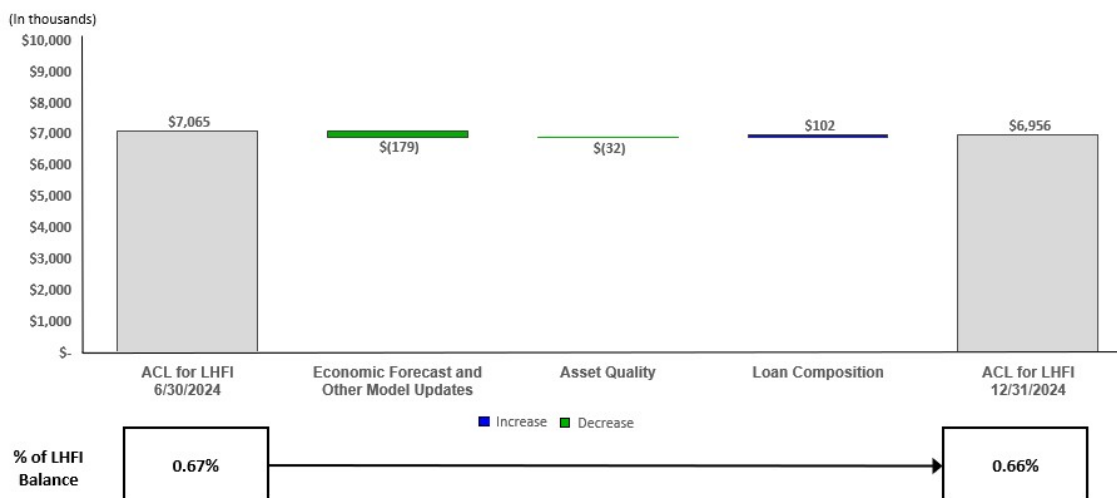
[Table of Contents](#)

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, 2025 and 2024.

The changes in the ACL on LHFI for the six months ended December 31, 2025:



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



At December 31, 2025, the ACL on loans held for investment was \$5.6 million, all of which was comprised of collectively evaluated allowances. This represents a 12 percent decrease from the ACL on loans held for investment of \$6.4 million at June 30, 2025, which was also entirely comprised of collectively evaluated allowances. The ACL on loans as a percentage of gross loans held for investment was 0.55 percent at December 31, 2025, down from 0.62 percent at June 30, 2025.

Management believes the ACL on loans is sufficient to absorb expected losses in loans held for investment as of December 31, 2025, and continues to monitor economic conditions, borrower credit quality, and prepayment activity, which could impact the allowance in future periods. 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, 2025 and 2024. Non-interest income increased by \$72,000, or nine percent, to \$917,000 in the second quarter of fiscal 2026 from \$845,000 in the same period last year, due to a \$116,000, or 193 percent, increase in loan servicing and other fees due to higher loan prepayment fees, partly offset by modest decrease in each of the other categories of non-interest income.

For the Six Months Ended December 31, 2025 and 2024. Non-interest income decreased \$14,000, or one percent, to \$1.7 million in the first six months of fiscal 2026 from the same period last year, due primarily to decreases in deposit account fees, card and processing fees and other non-interest income, partly offset by an increase in loan servicing and other fees. Other non-interest income decreased \$98,000, or 26 percent, to \$282,000 in the first six months of fiscal 2026, due primarily to a \$9,000 unrealized loss on other equity investments in contrast to a \$110,000 unrealized gain on other equity investments in the same period last year.

Non-Interest Expense:

For the Quarters Ended December 31, 2025 and 2024. Non-interest expense increased \$155,000, or two percent, to \$7.9 million in the second quarter of fiscal 2026 from \$7.8 million for the same quarter last year. The increase was primarily due to increases in other non-interest expense and equipment expense, partly offset by a decrease in premises and occupancy expenses.

Other non-interest expense increased \$176,000, or 20 percent, to \$1.1 million from \$883,000 in the same quarter last year, primarily due to a non-recurring \$214,000 pre-litigation voluntary mediation settlement expense related to an employment matter.

Equipment expense increased \$100,000, or 26 percent, to \$479,000 from \$379,000 in the same quarter last year, primarily due to software upgrades and maintenance; while premises and occupancy expenses decreased \$66,000, or seven percent, to \$851,000 from \$917,000 in the same quarter last year, primarily due to lower building maintenance and depreciation expenses.

For the Six Months Ended December 31, 2025 and 2024. Non-interest expenses increased \$266,000, or two percent, to \$15.6 million in the first six months of fiscal 2026 from \$15.3 million in the same period last year. The increase was primarily due to increases in equipment expense and other non-interest expenses.

Equipment expense increased \$163,000, or 23 percent, to \$885,000 in the first six months of fiscal 2026 from \$722,000 in the same period of fiscal 2025, primarily due to software upgrades and maintenance.

Other operating expenses increased \$146,000, or nine percent, to \$1.8 million in the first six months of fiscal 2026 from \$1.7 million in the same period last year. The increase was due primarily to the \$214,000 non-recurring item described above.

Provision for Income Taxes:

For the Quarters Ended December 31, 2025 and 2024. The income tax provision was \$614,000 for the second quarter of fiscal 2026, up 74 percent from \$352,000 in the same quarter last year primarily due to a higher pre-tax income. The effective tax rate in the second quarter of fiscal 2026 was 30.0 percent as compared to 28.8 percent in the same quarter last year.

For the Six Months Ended December 31, 2025 and 2024. The income tax provision was \$1.7 million for the first six months of fiscal 2026, up 46 percent from \$1.1 million in the same period last year primarily due to a higher pre-tax income and a \$251,000 adjustment recorded in the first quarter of fiscal 2026 related to the write-off of deferred tax assets associated with expired non-qualified stock options, which reduced the expected tax benefit. The effective tax rate in the first six months of fiscal 2026 and 2025 was 34.9 percent and 29.2 percent, respectively.

[Table of Contents](#)

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 of four non-performing single-family loans and one multi-family loan at December 31, 2025, compared to seven non-performing single-family loans and one multi-family loan at June 30, 2025. These non-performing loans, net of the ACL, were secured by collateral located in California and totaled \$990,000 at December 31, 2025, down 30 percent from \$1.4 million at June 30, 2025. Non-performing loans as a percentage of LHFI at December 31, 2025 was 0.10 percent, compared to 0.14 percent at June 30, 2025. 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, 2025 or June 30, 2025. For further analysis on non-performing loans, see the tables below and Note 5 of the Notes to Unaudited Interim Condensed Consolidated Financial Statements of this Form 10-Q.

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, 2025	At June 30, 2025
Loans on non-performing status		
Mortgage loans:		
Single-family	\$ 529	\$ 948
Multi-family	461	466
Total	990	1,414
Accruing loans past due 90 days or more	—	—
Total non-performing loans	990	1,414
Real estate owned, net	—	—
Total non-performing assets	\$ 990	\$ 1,414
Non-performing loans as a percentage of LHFI, net of ACL	0.10 %	0.14 %
Non-performing loans as a percentage of total assets	0.08 %	0.11 %
Non-performing assets as a percentage of total assets	0.08 %	0.11 %

[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, 2025		At June 30, 2025	
	Balance	Count	Balance	Count
Special mention loans:				
Mortgage loans:				
Single-family	\$ —	—	\$ 62	1
Commercial real estate	—	—	1,003	1
Total special mention loans	—	—	1,065	2
Substandard loans:				
Mortgage loans:				
Single-family	529	4	1,233	8
Multi-family	1,481	2	2,680	4
Total substandard loans	2,010	6	3,913	12
Total classified loans	2,010	6	4,978	14
Real estate owned	—	—	—	—
Total classified assets	\$ 2,010	6	\$ 4,978	14
Total classified assets as a percentage of total assets	0.16 %		0.40 %	

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,	
	2025	2024	2025	2024
Loans originated for sale:				
Wholesale originations	\$ —	\$ 1,203	\$ 2,060	\$ 3,355
Total loans originated for sale	—	1,203	2,060	3,355
Loans sold:				
Servicing retained	—	(1,203)	(2,060)	(3,355)
Total loans sold	—	(1,203)	(2,060)	(3,355)
Loans originated for investment:				
Mortgage loans:				
Single-family	30,415	29,583	49,539	52,032
Multi-family	9,925	6,495	18,429	11,685
Commercial real estate	1,782	365	3,794	1,625
Commercial business loans	—	—	—	50
Total loans originated for investment	42,122	36,443	71,762	65,392
Loan principal payments	(46,667)	(34,340)	(81,199)	(68,371)
Increase in other items, net ⁽¹⁾	424	2,867	1,347	3,603
Net (decrease) increase in LHF	\$ (4,121)	\$ 4,970	\$ (8,090)	\$ 624

(1) Includes net changes in undisbursed loan funds, deferred loan fees or costs, ACL, fair value of LHF 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 2026 and 2025, the Corporation originated loans held for investment of \$71.8 million and \$65.4 million, respectively, with no loan purchases during either period. At December 31, 2025, the Corporation had loan origination commitments totaling \$10.1 million, undisbursed lines of credit totaling \$1.3 million and undisbursed loan funds totaling \$119,000. The Corporation anticipates having sufficient funds available to meet its current loan funding commitments. During the first six months of fiscal 2026 and 2025, total loan repayments were \$81.2 million and \$68.4 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 2026, total deposits decreased \$16.4 million, or two percent, to \$872.4 million, primarily due to a decline in transaction accounts. Time deposits, including brokered certificates of deposit, were \$313.7 million and \$312.3 million at December 31, 2025 and June 30, 2025, respectively. At December 31, 2025, time deposits with a principal amount of \$250,000 or less and scheduled to mature in one year or less were \$191.2

[Table of Contents](#)

million and total time deposits with a principal amount of more than \$250,000 and scheduled to mature in one year or less were \$93.4 million. Historically, the Corporation has been able to retain most of its time deposits as they mature.

The Corporation maintains an adequate level of liquidity to ensure the availability of funds to support loan growth and deposit withdrawals, to satisfy financial commitments and to take advantage of investment opportunities. At December 31, 2025, total cash and cash equivalents were \$54.4 million, or four percent of total assets, to meet short-term liquidity needs. 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, 2025, borrowings with the FHLB – San Francisco totaled \$213.1 million. Financing availability at the FHLB – San Francisco is limited to 35 percent of total assets, resulting in a remaining borrowing capacity of \$213.1 million with available collateral of \$294.2 million at December 31, 2025. In addition, the Bank had a \$193.3 million discount window facility at the FRB of San Francisco, collateralized by investment securities and single-family loans with a total balance of \$331.5 million. As of December 31, 2025, the Bank also had a \$50 million federal funds borrowing arrangement with its correspondent bank. No advances were outstanding under either the FRB discount window or the correspondent bank facility as of December 31, 2025.

The Bank continues to maintain accounts with both the FHLB - San Francisco and FRB of San Francisco to ensure that borrowing capacity is continuously reviewed and updated and can be accessed promptly if required. This includes establishing accounts and pledging assets as needed to optimize available liquidity. The total remaining available borrowing capacity across all sources totaled approximately \$456.4 million at December 31, 2025.

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, 2025 was 7.5 percent, down from 8.9 percent for the quarter ended June 30, 2025.

On January 23, 2025, the Board of Directors approved a stock repurchase plan (the "January 2025 stock repurchase program") authorizing the purchase of up to 334,773 shares of the Corporation's outstanding common stock over a one-year period. On January 22, 2026, the Board of Directors authorized a new stock repurchase plan for up to five percent of the Corporation's common stock, or 318,875 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 January 2025 stock repurchase program was canceled effective January 23, 2026, with 16,825 shares remaining unpurchased under that program.

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. Future dividend payments are subject to the Board's discretion and applicable regulatory restrictions. The Corporation currently pays quarterly cash dividends on its common stock which may be modified, suspended, or terminated at any time. Our current quarterly common stock dividend rate is \$0.14 per share, which is intended to balance the Corporation's objectives of supporting the Bank's operations and returning cash to shareholders. Assuming continued cash dividend payments during fiscal 2026 at \$0.14 per share, our average total dividend paid each quarter would be approximately \$898,000 based on the number of outstanding shares at December 31, 2025. At December 31, 2025, the Corporation (on an unconsolidated basis) had liquid assets of \$9.1 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.

At December 31, 2025, the Bank exceeded all regulatory capital requirements. The Bank was categorized as "well-capitalized" at December 31, 2025 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.

[Table of Contents](#)

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 ⁽¹⁾	Amount	Ratio
Provident Savings Bank, F.S.B.:						
As of December 31, 2025						
Tier 1 leverage capital (to adjusted average assets)	\$ 118,513	9.79 %	\$ 48,413	4.00 %	\$ 60,516	5.00 %
CET1 capital (to risk-weighted assets)	\$ 118,513	18.67 %	\$ 44,434	7.00 %	\$ 41,260	6.50 %
Tier 1 capital (to risk-weighted assets)	\$ 118,513	18.67 %	\$ 53,955	8.50 %	\$ 50,781	8.00 %
Total capital (to risk-weighted assets)	\$ 124,185	19.56 %	\$ 66,650	10.50 %	\$ 63,477	10.00 %
As of June 30, 2025						
Tier 1 leverage capital (to adjusted average assets)	\$ 125,198	10.11 %	\$ 49,536	4.00 %	\$ 61,921	5.00 %
CET1 capital (to risk-weighted assets)	\$ 125,198	19.50 %	\$ 44,941	7.00 %	\$ 41,731	6.50 %
Tier 1 capital (to risk-weighted assets)	\$ 125,198	19.50 %	\$ 54,571	8.50 %	\$ 51,361	8.00 %
Total capital (to risk-weighted assets)	\$ 131,654	20.51 %	\$ 67,411	10.50 %	\$ 64,201	10.00 %

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

In addition to the minimum Tier 1, CET1 and Total capital ratios, the Bank is required to maintain a capital conservation buffer consisting of additional CET1 capital greater than 2.5% of risk-weighted assets above the required minimum capital levels. Failure to maintain the required buffer could result in limitations on the Bank’s ability to pay dividends, repurchase shares, and pay discretionary bonuses, based on specified percentages of eligible retained income. At December 31, 2025, the Bank’s capital exceeded the conservation buffer.

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 25, 2025, the Bank paid a \$10.5 million cash dividend to the Holding Company.

Supplemental Information

	At December 31, 2025	At June 30, 2025	At December 31, 2024
Loans serviced for others (in thousands)	\$ 32,809	\$ 34,423	\$ 35,064
Book value per share	\$ 19.87	\$ 19.54	\$ 19.18

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.

[Table of Contents](#)

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. The Corporation relies on retail deposits as its primary source of funds while utilizing FHLB – San Francisco advances, brokered certificates of deposit and government deposits 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 the Bank’s 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, 2025, the targeted federal funds rate range was 3.50% to 3.75%.

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, 2025 (dollars in thousands).

Basis Points ("bp") Change in Rates	Net Portfolio Value	NPV Change⁽¹⁾	Portfolio Value of Assets	NPV as Percentage of Portfolio Value Assets⁽²⁾	Sensitivity Measure⁽³⁾
+300 bp	\$ 147,009	\$ (12,036)	\$ 1,248,188	11.78 %	-75 bp
+200 bp	\$ 158,144	\$ (901)	\$ 1,262,382	12.53 %	— bp
+100 bp	\$ 162,748	\$ 3,703	\$ 1,270,091	12.81 %	28 bp
Base Case	\$ 159,045	\$ —	\$ 1,269,542	12.53 %	—
-100 bp	\$ 151,956	\$ (7,089)	\$ 1,265,658	12.01 %	-52 bp
-200 bp	\$ 138,120	\$ (20,925)	\$ 1,255,077	11.00 %	-153 bp
-300 bp	\$ 141,316	\$ (17,729)	\$ 1,261,582	11.20 %	-133 bp

- (1) Represents the (decrease) increase of the NPV at the indicated interest rate change to the NPV at December 31, 2025 (“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 December 31, 2025 and June 30, 2025, each of which scenarios were the most severe shock of plus or minus 200 basis point rate shocks.

	At December 31, 2025	At June 30, 2025
	(-200 bp rate shock)	(-200 bp rate shock)
Pre-Shock NPV Ratio: NPV as a % of PV Assets	12.53 %	12.15 %
Post-Shock NPV Ratio: NPV as a % of PV Assets	11.00 %	11.17 %
Sensitivity Measure: Change in NPV Ratio	-153 bp	-98 bp

The Bank’s interest rate risk profile remained stable during the first six months of fiscal 2026, as evidenced by both the pre-shock and post-shock NPV ratios. The pre-shock NPV ratio increased 38 basis points to 12.53 percent at December 31, 2025 from 12.15 percent at June 30, 2025, while the post-shock NPV ratio decreased 17 basis points to 11.00 percent at December 31, 2025 from 11.17 percent at June 30, 2025. These changes were primarily attributable to the net income in the first six months of fiscal 2026 and the changes in market interest rates and the composition of the balance sheet, partly offset by a \$10.5 million cash dividend distribution from the Bank to Provident Financial Holdings in September 2025. The Bank’s NPV sensitivity measure, which reflects the change in economic value of equity under a -200 basis point rate shock, increased to 153 basis points at December 31, 2025 from 98 basis points at June 30, 2025. The overall results

[Table of Contents](#)

indicate a strong capital position and resilience to changes in interest rates, consistent with the Corporation's risk management strategy.

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 Bank, nor does it represent amounts that would be available for distribution to shareholders in the event of the liquidation of the Bank.

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, 2025:

	Term to Contractual Repricing, Estimated Repricing, or Contractual Maturity⁽¹⁾				
	As of December 31, 2025				
(Dollars In Thousands)	12 months or less	Greater than 1 year to 3 years	Greater than 3 years to 5 years	Greater than 5 years or non-sensitive	Total
Repricing Assets:					
Cash and cash equivalents	\$ 48,217	\$ —	\$ —	\$ 6,153	\$ 54,370
Investment securities	5,306	—	—	94,997	100,303
Loans held for investment	301,398	231,755	194,147	310,355	1,037,655
FHLB – San Francisco stock and other equity investments	10,289	—	—	—	10,289
Other assets	4,106	—	—	21,169	25,275
Total assets	\$ 369,316	\$ 231,755	\$ 194,147	\$ 432,674	\$ 1,227,892
Repricing Liabilities and Equity:					
Checking deposits - noninterest-bearing	\$ —	\$ —	\$ —	\$ 75,316	\$ 75,316
Checking deposits - interest bearing	35,163	70,325	70,325	58,605	234,418
Savings deposits	45,075	90,150	90,150	—	225,375
Money market deposits	11,837	11,836	—	—	23,673
Time deposits	284,568	24,594	4,344	146	313,652
Borrowings	134,000	79,060	—	—	213,060
Other liabilities	1,026	—	—	13,881	14,907
Stockholders' equity	—	—	—	127,491	127,491
Total liabilities and stockholders' equity	\$ 511,669	\$ 275,965	\$ 164,819	\$ 275,439	\$ 1,227,892
Repricing gap (negative) positive	\$ (142,353)	\$ (44,210)	\$ 29,328	\$ 157,235	\$ —
Cumulative repricing gap:					
Dollar amount	\$ (142,353)	\$ (186,563)	\$ (157,235)	\$ —	\$ —
Percent of total assets	(12)%	(15)%	(13)%	— %	— %

(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 gap calculation purposes, certain interest-bearing deposit balances are assumed to reprice at the following estimated rates: 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 impact of changes in prevailing interest rates on the Bank's net interest margin will depend on how quickly interest-earning assets and interest-bearing liabilities adjust to rate changes. Rates on certain assets or liabilities may lag behind market rates, and factors such as loan prepayments or early deposit withdrawals can further affect cash flows. Management believes the results of the interest rate sensitivity analysis reflect the Bank's current asset-liability positioning, but the projected changes in net interest income assume immediate and sustained shifts in market rates and do not include any actions management might take in response. Actual results could differ materially due to variations in customer behavior, market conditions, and competitive pressures.

The Bank 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 Bank'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 Bank's net interest income analysis at December 31, 2025 and June 30, 2025.

At December 31, 2025		At June 30, 2025	
Basis Point (bp) Change in Rates	Change in Net Interest Income	Basis Point (bp) Change in Rates	Change in Net Interest Income
+300 bp	-0.68%	+300 bp	-1.35%
+200 bp	+2.67%	+200 bp	+2.01%
+100 bp	+2.84%	+100 bp	+2.23%
-100 bp	-1.98%	-100 bp	-1.80%
-200 bp	-3.76%	-200 bp	-3.24%
-300 bp	-10.23%	-300 bp	-6.38%

At both December 31, 2025 and June 30, 2025, the Bank was in a slightly asset sensitive position as its interest-earning assets were expected to reprice more favorably 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, with the exception of the +300 basis point scenario at December 31, 2025, where projected net interest income slightly declines due to embedded rate caps and other factors. In a falling interest rate environment, the results project a decrease in net interest income over the subsequent 12-month period.

Management believes the assumptions used in the analysis presented in the table above are reasonable. However, historical experience indicates that immediate, permanent, and parallel shifts in interest rates do not necessarily occur. While the analysis provides a tool to evaluate projected net interest income under changes in interest rates, actual results may differ significantly if actual experience varies from the assumptions, particularly with respect to the 12-month business plan and projected asset growth. The results of this model are intended as a risk management tool to evaluate trends in net interest income over time, in the context of actual Treasury yield curve performance, and should not be interpreted as a precise forecast.

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, 2025 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, 2025, 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.

[Table of Contents](#)

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 2025 Annual 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 2026.

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⁽¹⁾
October 1, 2025 – October 31, 2025	36,781	\$ 15.82	36,781	113,540
November 1, 2025 – November 30, 2025	17,156	\$ 15.58	17,156	96,384
December 1, 2025 – December 31, 2025	42,323	\$ 15.87	42,323	54,061
Total	96,260	\$ 15.80	96,260	54,061

⁽¹⁾ On January 23, 2025, the Board of Directors approved the January 2025 stock repurchase program authorizing the purchase of up to 334,773 shares of the Corporation's outstanding common stock over a one-year period. On January 22, 2026, the Board of Directors authorized a new stock repurchase plan for up to five percent of the Corporation's common stock, or 318,875 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 January 2025 stock repurchase program was canceled effective January 23, 2026, with 16,825 shares remaining unpurchased under that program.

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, 2025, 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.

[Table of Contents](#)

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 Severance Agreement with Avedis Demirdjian, Peter C. Fan, Glee A. Harris, Robert "Scott" Ritter, David S. Weiant and Gwendolyn L. Wertz \(incorporated by reference to Exhibit 10.3 to the Corporation's Form 8-K dated May 23, 2025\)](#)
- 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, 2025, 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 6, 2026

/s/ Donavon P. Ternes

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

Date: February 6, 2026

/s/ Peter C. Fan

Peter C. Fan
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 6, 2026

/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, Peter C. Fan, 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 6, 2026

/s/ Peter C. Fan

Peter C. Fan

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, 2025 (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 6, 2026

/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, 2025 (the "Report"), I, Peter C. Fan, 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 6, 2026

/s/ Peter C. Fan

Peter C. Fan

Senior Vice President and Chief Financial Officer
