

First Financial Northwest, Inc.
Form 10-Q
August 07, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended June 30, 2009

or

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: 001-33652

FIRST FINANCIAL NORTHWEST, INC.

(Exact name of registrant as specified in its charter)

Washington

(State or other jurisdiction of
incorporation or organization)

26-0610707

(I.R.S. Employer I.D.
Number)

201 Wells Avenue South, Renton,
Washington

(Address of principal executive
offices)

98057

(Zip Code)

Registrant's telephone number,
including area code:

(425) 255-4400

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Edgar Filing: First Financial Northwest, Inc. - Form 10-Q

Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

Yes No

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date: As of August 7, 2009, 20,337,220 shares of the issuer’s common stock, \$0.01 par value per share, were outstanding.

FIRST FINANCIAL NORTHWEST, INC.
FORM 10-Q
TABLE OF CONTENTS

PART 1 - FINANCIAL INFORMATION

Page

Item 1 - Consolidated Financial Statements
(Unaudited)

3

Item 2 - Management's Discussion and Analysis of Financial Condition
and Results of
Operations

23

Item 3 - Quantitative and Qualitative Disclosures About Market
Risk

40

Item 4 - Controls and
Procedures

44

PART II - OTHER INFORMATION

Item 1 - Legal
Proceedings

45

Item 1A - Risk
Factors

45

Item 2 - Unregistered Sales of Equity Securities and Use of
Proceeds

46

Item 3 - Defaults upon Senior
Securities

46

Item 4 - Submission of Matters to a Vote of Security
Holders

47

Item 5 - Other
Information
47

Item 6 -
Exhibits
47

SIGNATURES
49

2

Item 1. Consolidated Financial Statements (Unaudited)

FIRST FINANCIAL NORTHWEST, INC. AND SUBSIDIARIES		
Consolidated Balance Sheets		
(Dollars in thousands, except share data)		
(Unaudited)		
	June 30,	December 31,
Assets	2009	2008
Cash on hand and in banks	\$ 3,105	\$ 3,366
Interest-bearing deposits	49,975	600
Federal funds sold	2,295	1,790
Investments available for sale	172,586	149,323
Loans receivable, net of allowance of \$32,450 and \$16,982	1,025,324	1,035,181
Premises and equipment, net	13,713	13,026
Federal Home Loan Bank stock, at cost	7,413	7,413
Accrued interest receivable	5,387	5,532
Deferred tax assets, net	15,039	9,266
Goodwill	—	14,206
Prepaid expenses and other assets	3,279	4,737
Total assets	\$ 1,298,116	\$ 1,244,440
Liabilities and Stockholders' Equity		
Deposits	\$ 884,155	\$ 791,483
Advances from the Federal Home Loan Bank	149,900	156,150
Advance payments from borrowers for taxes and insurance	2,510	2,745
Accrued interest payable	514	478
Federal income tax payable	2,001	336
Other liabilities	5,222	3,140
Total liabilities	1,044,302	954,332
Commitments and contingencies		
Stockholders' Equity		
Preferred stock, \$0.01 par value; authorized 10,000,000 shares, no shares issued or outstanding	—	—
Common stock, \$0.01 par value; authorized 90,000,000 shares; issued and outstanding 20,337,220 and		

Edgar Filing: First Financial Northwest, Inc. - Form 10-Q

21,293,368 shares at June 30, 2009 and December 31, 2008, respectively	204	213
Additional paid-in capital	195,379	202,167
Retained earnings, substantially restricted	72,303	102,358
Accumulated other comprehensive income, net of tax	881	887
Unearned Employee Stock Ownership Plan (ESOP) shares	(14,953)	(15,517)
Total stockholders' equity	253,814	290,108
Total liabilities and stockholders' equity	\$ 1,298,116	\$ 1,244,440

See accompanying notes to consolidated financial statements.

FIRST FINANCIAL NORTHWEST, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

(Dollars in thousands, except share data)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2009	2008	2009	2008
Interest income				
Loans, including fees	\$ 14,016	\$ 14,928	\$ 29,139	\$ 29,997
Investments available for sale	1,691	1,774	3,316	3,123
Tax-exempt investments available for sale				