

First Financial Northwest, Inc.  
Form 10-Q  
November 07, 2014

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 September 30, 2014

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 Identification 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).

YES  NO

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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 November 3, 2014, 15,379,198 shares of the issuer's common stock, \$0.01 par value per share, were outstanding.

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## FIRST FINANCIAL NORTHWEST, INC. AND SUBSIDIARIES

## Consolidated Balance Sheets

(Dollars in thousands, except share data)

## Part 1. Financial Information

## Item 1. Financial Statements

Assets	September 30, 2014 (Unaudited)	December 31, 2013
Cash on hand and in banks	\$5,239	\$6,074
Interest-earning deposits	50,388	49,501
Investments available-for-sale, at fair value	124,457	144,364
Loans receivable, net of allowance of \$11,660 and \$12,994, respectively	684,166	663,153
Federal Home Loan Bank ("FHLB") stock, at cost	6,815	7,017
Accrued interest receivable	3,401	3,698
Deferred tax assets, net	10,060	14,835
Other real estate owned ("OREO")	9,819	11,465
Premises and equipment, net	16,859	17,291
Prepaid expenses and other assets	4,215	3,581
Total assets	\$915,419	\$920,979
 Liabilities and Stockholders' Equity		
Interest-bearing deposits	\$575,687	\$601,446
Noninterest-bearing deposits	14,678	10,619
Advances from the FHLB	135,500	119,000
Advance payments from borrowers for taxes and insurance	2,947	1,846
Accrued interest payable	130	88
Other liabilities	4,649	3,625
Total liabilities	733,591	736,624
 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 15,466,098 at September 30, 2014, and 16,392,139 shares at December 31, 2013	155	164
Additional paid-in capital	156,710	166,866
Retained earnings, substantially restricted	34,739	29,220
Accumulated other comprehensive loss, net of tax	(748	) (2,020
Unearned Employee Stock Ownership Plan ("ESOP") shares	(9,028	) (9,875
Total stockholders' equity	181,828	184,355
Total liabilities and stockholders' equity	\$915,419	\$920,979

See accompanying selected notes to consolidated financial statements.



## FIRST FINANCIAL NORTHWEST, INC. AND SUBSIDIARIES

## Consolidated Income Statements

(Dollars in thousands, except per share data)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Interest income				
Loans, including fees	\$9,157	\$8,995	\$27,270	\$27,102
Investments available-for-sale	554	533	1,743	1,609
Interest-earning deposits	23	19	65	58
Dividends on FHLB stock	2	2	5	2
Total interest income	\$9,736	\$9,549	\$29,083	\$28,771
Interest expense				
Deposits	1,193	1,655	3,778	5,311
FHLB advances	324	149	854	521
Total interest expense	\$1,517	\$1,804	\$4,632	\$5,832
Net interest income	8,219	7,745	24,451	22,939
(Recapture of provision) provision for loan losses	(300	) —	(900	) 100
Net interest income after (recapture of provision) provision for loan losses	\$8,519	\$7,745	\$25,351	\$22,839
Noninterest income				