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FIRSTFED FINANCIAL CORP
Form 8-K
April 24, 2002

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) April 24, 2002

FirstFed Financial Corp.
(Exact name of registrant as specified in its charter)

Delaware	1-9566	95-4087449
(State of Incorporation)	(Commission File No.)	(IRS Employer Identification No.)

401 Wilshire Boulevard, Santa Monica, California,	90401-1490
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (310) 319-6000

Total number of pages is 8
Index to Exhibit is on Page 2.

ITEM 5. Other Events.

On April 24, 2002, the registrant, FirstFed Financial Corp., issued a press release. A copy of this press release is attached and incorporated herein as Exhibit 99.

Item 99. Press release dated April 24, 2002.

S I G N A T U R E S

Pursuant to the requirements of the Securities Exchange Act of 1934,

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the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FIRSTFED FINANCIAL CORP.

Dated: April 24, 2002

By: /S/ Babette E. Heimbuch
Babette E. Heimbuch
President and Chief Executive Officer

Contact: Douglas Goddard, Executive Vice President
(310) 319-6014

FIRSTFED REPORTS RESULTS FOR THE FIRST QUARTER OF 2002

Santa Monica, California, April 24, 2002 --FirstFed Financial Corp. (NYSE-FED), parent company of First Federal Bank of California, today announced net earnings of \$12.4 million or \$0.70 cents per diluted share of common stock for the first quarter of 2002, compared to net earnings of \$12.9 million or \$0.73 per diluted share for the fourth quarter of 2001. Results for the first quarter of 2002 were approximately the same as results for the first quarter of 2001.

First quarter earnings decreased from the fourth quarter of 2001 due the impact of falling interest rates on the Bank's interest rate spreads. The interest rate spread decreased to 2.72% for the first quarter of 2002 from 2.82% for the fourth quarter of 2001 because the yield on the Bank's loan portfolio dropped due to declines in the Federal Home Loan Bank Eleventh District Cost of Funds Index ("COFI Index"). Nearly 70% of the Bank's portfolio is adjustable based on changes in the COFI Index. Additionally, average interest-earning assets decreased from \$4.5 billion for the fourth quarter of 2001 to \$4.4 billion for the first quarter of 2002 due to record high levels of loan payoffs, which offset \$299.8 million of loan originations.

First quarter net earnings also included the impact of the loans and four retail branches acquired in November of 2001. The additional net interest income and operating expense were fully included in the Bank's operations during the first quarter of 2002 but only impacted one month of the fourth quarter of 2001. In addition, first quarter results included higher advertising costs and legal expenses compared to the fourth quarter.

Net earnings for the first quarter of 2002 were approximately the same as the first quarter of last year because the additional operating costs of the new branches were offset by a 6% increase in net interest income due to an improved interest rate spread to 2.72% from 2.59% and growth in average interest-earning assets from \$4.3 billion to \$4.4 billion.

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The Company's general valuation allowance was \$73.1 million or 1.73% of loans and real estate owned as of March 31, 2002, compared to \$73.3 million or 1.70% as of December 31, 2001 and \$71.0 million or 1.71% at March 31, 2001. Non-performing assets were 0.16% of total assets as of March 31, 2002 compared to 0.17% as of December 31, 2001 and 0.27% as of March 31, 2001.

The Company did not record a provision for loan losses during the first quarter of 2002 or any quarter during 2001. Loan charge-offs, net of recoveries, totaled \$196 thousand during the first quarter of 2002 compared to net loan loss recoveries of \$288 thousand during the fourth quarter of 2001 and net loan charge-offs of \$65 thousand during the first quarter of 2001.

At March 31, 2002, First Federal Bank met the capital requirements necessary to be deemed "well-capitalized" for regulatory capital purposes. It has 29 full-service retail banking offices and 4 retail loan offices.

KEY FINANCIAL RESULTS FOLLOW

FIRSTFED FINANCIAL CORP. AND SUBSIDIARY CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (Dollars in thousands, except share data) (Unaudited)

	March 31, 2002	December 31, 2001
	-----	-----
ASSETS		
Cash and cash equivalents	\$ 148,349	\$ 174,171
Investment securities, available-for-sale (at fair value)	104,068	110,444
Mortgage-backed securities, available-for-sale (at fair value)	256,934	284,079
Loans receivable, held-for-sale (fair value of \$4,469 and \$5,246)	4,469	5,246
Loans receivable, net	3,902,667	3,999,643
Accrued interest and dividends receivable	20,623	22,076
Real estate	1,005	1,515
Office properties and equipment, net	10,651	10,822
Investment in Federal Home Loan Bank (FHLB) stock, at cost	92,738	91,713
Other assets	24,951	26,580
	-----	-----
	\$ 4,566,455	\$ 4,726,289
	=====	=====
LIABILITIES		
Deposits	\$ 2,582,043	\$ 2,546,647
FHLB advances	1,467,000	1,597,000
Securities sold under agreements to	127,695	211,040

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repurchase		
Accrued expenses and other liabilities	52,380	45,924
	-----	-----
	4,229,118	4,400,611
	-----	-----

COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS' EQUITY

Common stock, par value \$.01 per share; authorized 100,000,000 shares; issued 23,370,167 and 23,362,196 shares, outstanding 17,259,271 and 17,251,300 shares	234	234
Additional paid-in capital	34,748	34,670
Retained earnings - substantially restricted	376,082	363,713
Treasury stock, at cost, 6,110,896 shares	(75,930)	(75,930)
Accumulated other comprehensive gain, net of taxes	2,203	2,991
	-----	-----
	337,337	325,678
	-----	-----
\$ 4,566,455	\$	4,726,289
	=====	=====

FIRSTFED FINANCIAL CORP. AND SUBSIDIARY CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE EARNINGS (Dollars in thousands, except per share data) (Unaudited)

	Three months ended March 31,	
	2002	2001
	-----	-----
Interest income:		
Interest on loans	\$ 65,150	\$ 77,980
Interest on mortgage-backed securities	2,970	5,959
Interest and dividends on investments	2,844	4,078
	-----	-----
Total interest income	70,964	88,017
	-----	-----
Interest expense:		
Interest on deposits	17,359	26,616
Interest on borrowings	19,428	29,249
	-----	-----
Total interest expense	36,787	55,865
	-----	-----
Net interest income	34,177	32,152
Provision for loan losses	-	-
	-----	-----
Net interest income after provision		

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for loan losses	34,177	32,152
	-----	-----
Other income:		
Loan servicing and other fees	864	851
Gain (loss) on sale of loans	186	102
Real estate operations, net	161	42
Other operating income	1,301	1,012
	-----	-----
Total other income	2,512	2,007
	-----	-----
Non-interest expense:		
Compensation	8,197	7,295
Occupancy	2,051	1,881
Amortization of core deposit intangible	501	372
Other expenses	4,562	2,985
	-----	-----
Total non-interest expense	15,311	12,533
	-----	-----
Earnings before income taxes	21,378	21,626
Income tax provision	9,009	9,253
	-----	-----
Net earnings	\$ 12,369	\$ 12,373
	=====	=====
Other comprehensive earnings (loss), net of taxes	(788)	3,071
	-----	-----
Comprehensive earnings	\$ 11,581	\$ 15,444
	=====	=====
Earnings per share:		
Basic	\$ 0.72	\$ 0.72
	=====	=====
Diluted	\$ 0.70	\$ 0.70
	=====	=====
Weighted average shares outstanding:		
Basic	17,254,769	17,182,624
	=====	=====
Diluted	17,608,147	17,626,521
	=====	=====

KEY FINANCIAL RESULTS ARE HIGHLIGHTED BELOW

Quarter ended March 31,

2002 2001

(Dollars in thousands, except per share data)

End of period:

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Total assets	\$	4,566,455	\$	4,517,296
Cash and securities	\$	252,417	\$	212,690
Mortgage-backed securities	\$	256,934	\$	362,643
Loans	\$	3,907,136	\$	3,791,291
Core deposit intangible asset	\$	10,806	\$	8,931
Deposits	\$	2,582,043	\$	2,291,287
Borrowings	\$	1,594,695	\$	1,879,205
Stockholders' equity	\$	337,337	\$	283,498
Book value per share	\$	19.55	\$	16.43
Tangible book value per share	\$	19.20	\$	15.91
Stock price (period-end)	\$	26.15	\$	28.00
Total loan servicing portfolio	\$	4,251,959	\$	4,393,104
Loans serviced for others	\$	242,252	\$	304,721
% of Adjustable mortgages		69.80 %		89.04 %

Other data:

Employees (full-time equivalent)	503	451
Branches	29	25
Loan Offices	4	3

Asset quality:

Real estate (foreclosed)	\$	975	\$	2,236
Non-accrual loans	\$	6,419	\$	9,866
Non-performing assets	\$	7,394	\$	12,102
Non-performing assets to total assets		0.16 %		0.27 %
General valuation allowance (GVA)	\$	73,073	\$	71,036
GVA to assets with loss exposure *		1.73 %		1.71 %
Loans sold with recourse	\$	119,150	\$	141,578
GVA for loans sold with recourse	\$	12,824	\$	12,824
GVA to loans sold with recourse		10.76 %		9.06 %
Modified loans (not impaired)	\$	2,393	\$	803
Impaired loans, net	\$	3,441	\$	10,311
Allowance for impaired loans	\$	1,850	\$	1,850

Capital ratios:

Tangible capital ratio	6.96 %	5.95 %
Core capital ratio	6.96	5.95
Risk-based capital ratio	13.11	11.95
Net worth to assets ratio	7.39	6.28

Loan originations and purchases	\$	299,771	\$	362,213
Net interest income	\$	34,177	\$	32,152

* Primarily the Bank's loans receivable

Quarter ended March 31,
2002 2001

(Dollars in thousands)

Selected ratios:

Expense ratios:

Efficiency ratio	41.94%	36.80%
Expense-to-average-assets ratio	1.32	1.13
Return on average assets	1.06	1.11
Return on average equity	14.92	17.97

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Yields earned and rates paid:

Average yield on loans and mortgage-backed securities	6.44%	8.22%
Average yield on investment portfolio**	2.55	5.82
Average yield on all interest-earning assets**	6.24	8.10
Average rate paid on deposits	2.79	4.85
Average rate paid on borrowings	4.59	6.30
Average rate paid on all interest-bearing liabilities	3.52	5.51
Interest rate spread	2.72	2.59
Effective net spread	2.89	2.81

Average balances:

Average loans and mortgage-backed securities	\$	\$
	4,219,538	4,078,319
Average investments ***	227,636	198,208
	-----	-----
Average interest-earning assets ***	4,447,174	4,276,527
	-----	-----
Average deposits	2,526,068	2,224,330
Average borrowings	1,715,087	1,879,022
	-----	-----
Average interest-bearing liabilities	4,241,155	4,103,352
	-----	-----
Excess of interest-earning assets over interest-bearing liabilities	\$ 206,019\$	173,175
	=====	=====

** Excludes FHLB stock dividends and other miscellaneous items.

*** Excludes FHLB stock.