

PROVIDENT™

Provident Financial Holdings, Inc.

# March 31, 2004

(All share and per share information in the accompanying presentation have been restated to reflect the 3-for-2 stock split announced on December 19, 2003)

**www. myprovident.com**

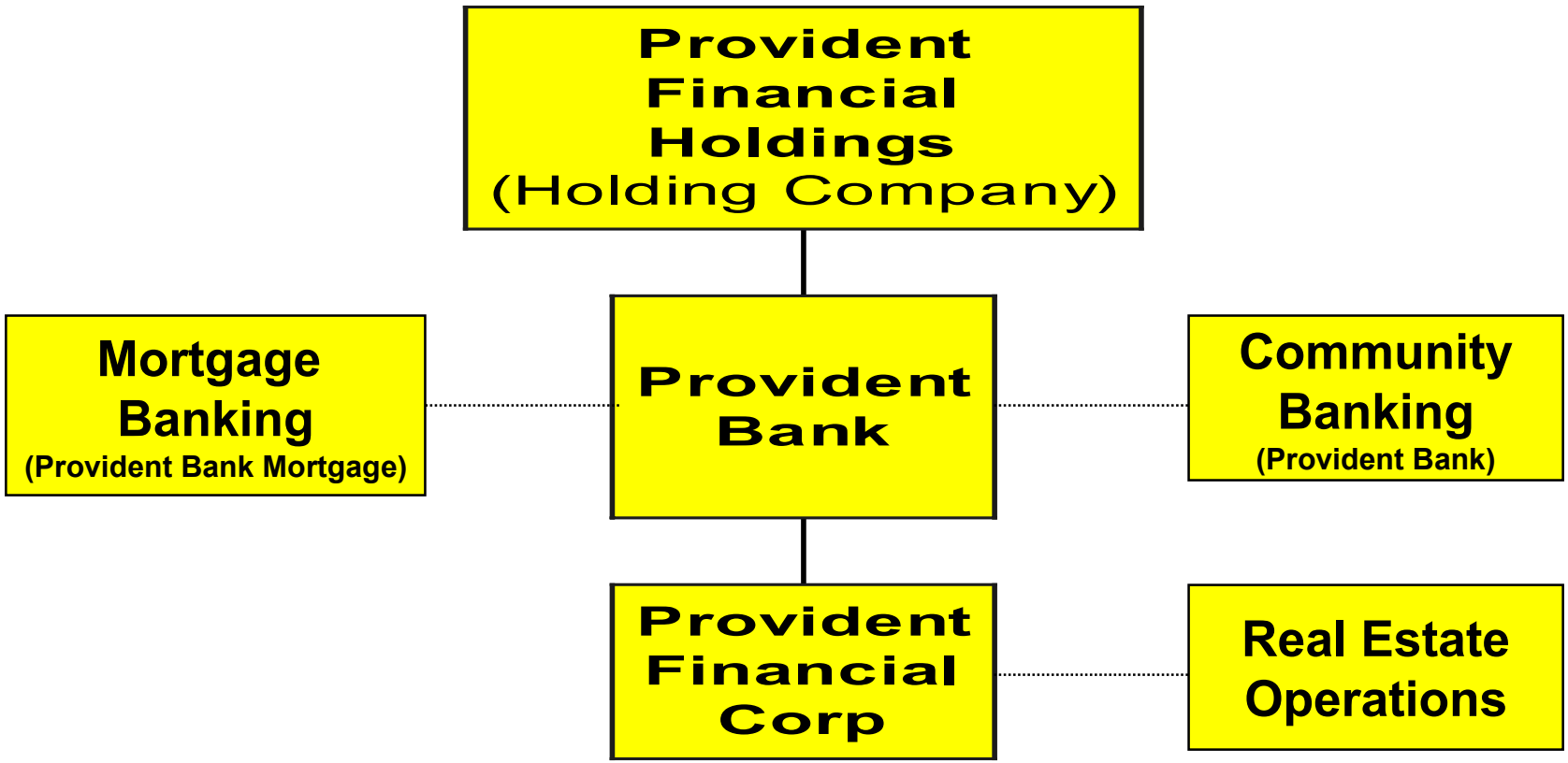
# Safe-Harbor Statement

This presentation may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to, among others, expectations of the business environment in which the Company operates, projections of future performance, perceived opportunities in the market, potential future credit experience, and statements regarding the Company's mission and vision. These forward-looking statements are based upon current management expectations, and may, therefore, involve risks and uncertainties. The Company's actual results, performance, or achievements may differ materially from those suggested, expressed, or implied by forward-looking statements due to a wide range of factors including, but not limited to, the general business environment, interest rates, the California real estate market, competitive conditions between banks and non-bank financial services providers, regulatory changes, and other risks detailed in the Company's reports filed with the Securities and Exchange Commission, including the Annual Report on Form 10-K for the fiscal year ended June 30, 2003. Forward-looking statements are effective only as of the date that they are made and the Company assumes no obligation to update this information.

# Market Highlights

| Provident Financial Holdings, Inc. | |
|---|---|
| Nasdaq NM: | PROV |
| Share price: | $25.15 |
| 52-week range: | $18.49 - $26.00 |
| Shares outstanding | 7,206,388 shares |
| Market cap: | $181.2 million |
| P/E (ttm): | 11.86 |
| EPS (ttm): | $2.12 |
| Annual Div & Yield: | $0.40 (1.59%) |
| Div distribution date: | 16-Jun-04 |
| Div record date: | 20-May-04 |
| | |
| As of April 26, 2004. | |

# Organizational chart



# PROV Overview

**Regional Banking Services Company Based in the Inland Empire Area of Southern California**

- Strong organic growth rate
- Expanding customer base and market
- Strong mortgage operations
- Outstanding asset quality
- Largest independent community bank headquartered in Riverside County, California

# PROV Overview

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Provident Financial Holdings, Inc.

## Southern California




**Provident Bank**

**Full Service Offices:**

- Blythe
- Canyon Crest, Riverside
- Corona
- Corporate Office, Riverside
- Downtown, Riverside
- Hemet
- Moreno Valley
- Orangecrest, Riverside
- Rancho Mirage
- Redlands
- Sun City
- Temecula

**Loan Offices:**

- San Clemente
- San Diego

**Provident Bank Mortgage**

**Wholesale Office:**

- Rancho Cucamonga

**Retail Offices:**

- Call Center, Riverside
- City of Industry
- Corona
- Fullerton
- Glendora
- La Quinta
- Rancho Mirage
- Riverside
- Torrance

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# Attractive Inland Empire Market

- Composed of San Bernardino and Riverside Counties
- Second largest PMSA in California with 3.5 million people at January 1, 2003
- One of the few areas in the country that has enjoyed continued job growth through the nationwide slump
- Private sector job growth averaged 5.7% per year from December 1996 through December 2000 compared to 3.5% for all of California
- Has experienced a 45% increase in manufacturing jobs since 1990, compared to a 20% decline statewide and a 40% decline in Los Angeles County
- While the Inland Empire now accounts for only 17% of Southern California's population, it has consistently accounted for over 30% of new home sales and construction; nearly 50% in the last two years
- Strong growth in the western part, adjacent to Los Angeles and Orange Counties, with ample land available for future growth

*Source: Inland Empire Review, November 2003.*

# Business Strategy

Provident Financial Holdings, Inc.

## Holding Company

- Prudent share repurchase program
- Prudent cash dividend policy

## Provident Bank

- Asset growth - loans vs. investments
- Loan portfolio mix - “preferred loans” vs. single-family loans
- Deposit growth vs. wholesale funding
- Deposit mix - transaction accounts vs. CDs

## Provident Bank Mortgage

- Loan origination mix - retail vs. wholesale
  purchase vs. refinance
- High margin products - e.g. seconds, alt-A fixed and alt-A adjustable loans vs. all other loans

# PROV Highlights

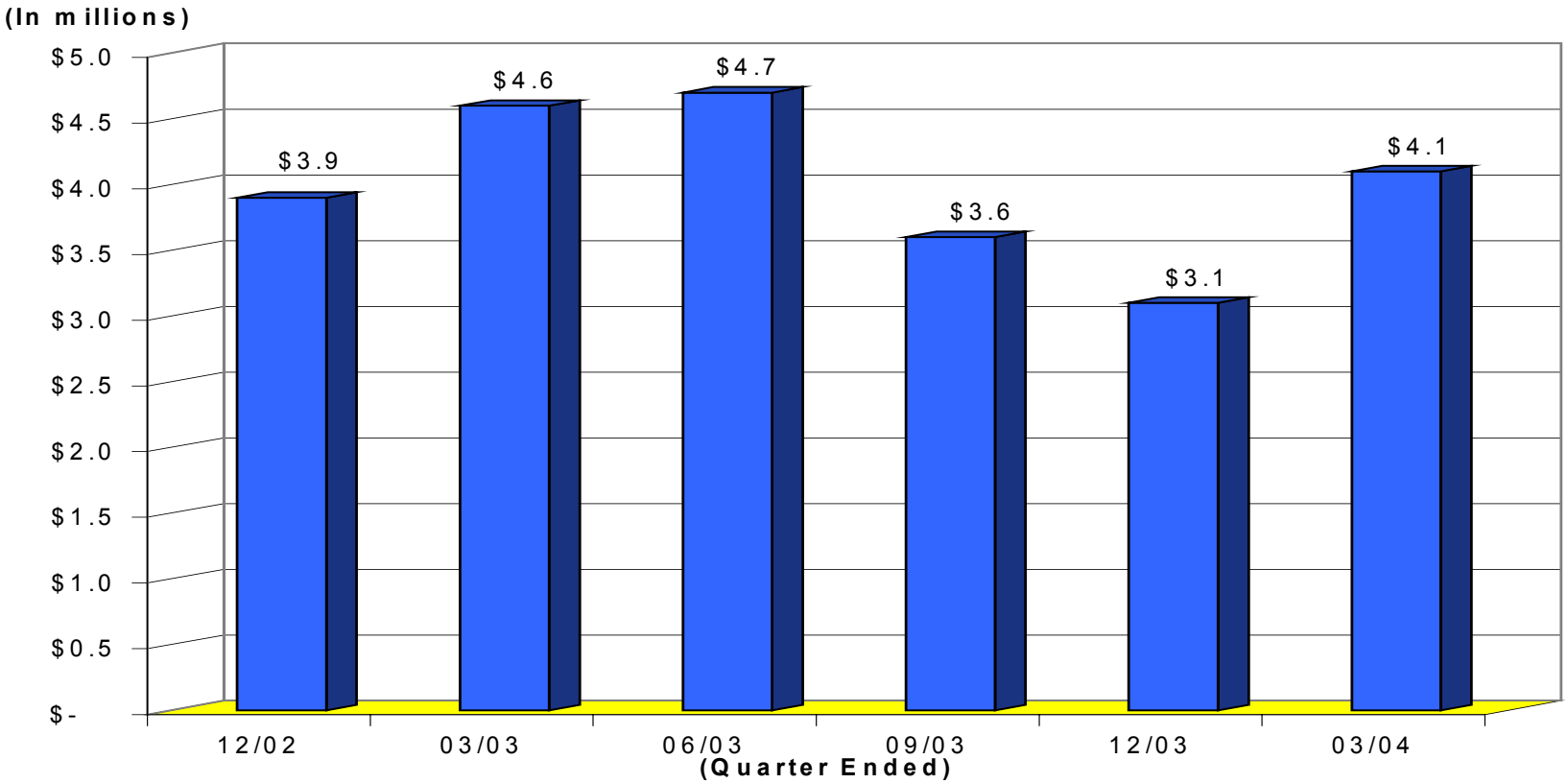
Provident Financial Holdings, Inc.

| Financial Position: | As of 12/31/2002 | As of 03/31/2004 |
|---|---|---|
| Total assets ..... | $ 1.17 billion | $ 1.37 billion |
| Loans held for investment ..... | $ 674.8 million | $ 881.4 million |
| Deposits ..... | $ 711.0 million | $ 845.1 million |
| Equity ..... | $ 100.2 million | $ 110.0 million |
| Tangible equity ..... | $ 100.2 million | $ 109.8 million |

| Financial Results: | Quarter Ended 12/31/2002 | Quarter Ended 03/31/2004 |
|---|---|---|
| Net income ..... | $ 3.9 million | $ 4.1 million |
| Return on average equity ..... | 15.30% | 15.33% |
| Return on average assets ..... | 1.36% | 1.25% |
| Net interest margin ..... | 2.93% | 3.09% |
| Efficiency ratio ..... | 50.32% | 48.12% |
| Total loan originations ..... | $ 481.3 million | $ 385.1 million |
| Provident Bank ..... | $ 54.8 million | $ 66.7 million |
| Provident Bank Mortgage .... | $ 426.5 million | $ 318.4 million |

Provident Financial Holdings, Inc.

# Quarterly Net Income



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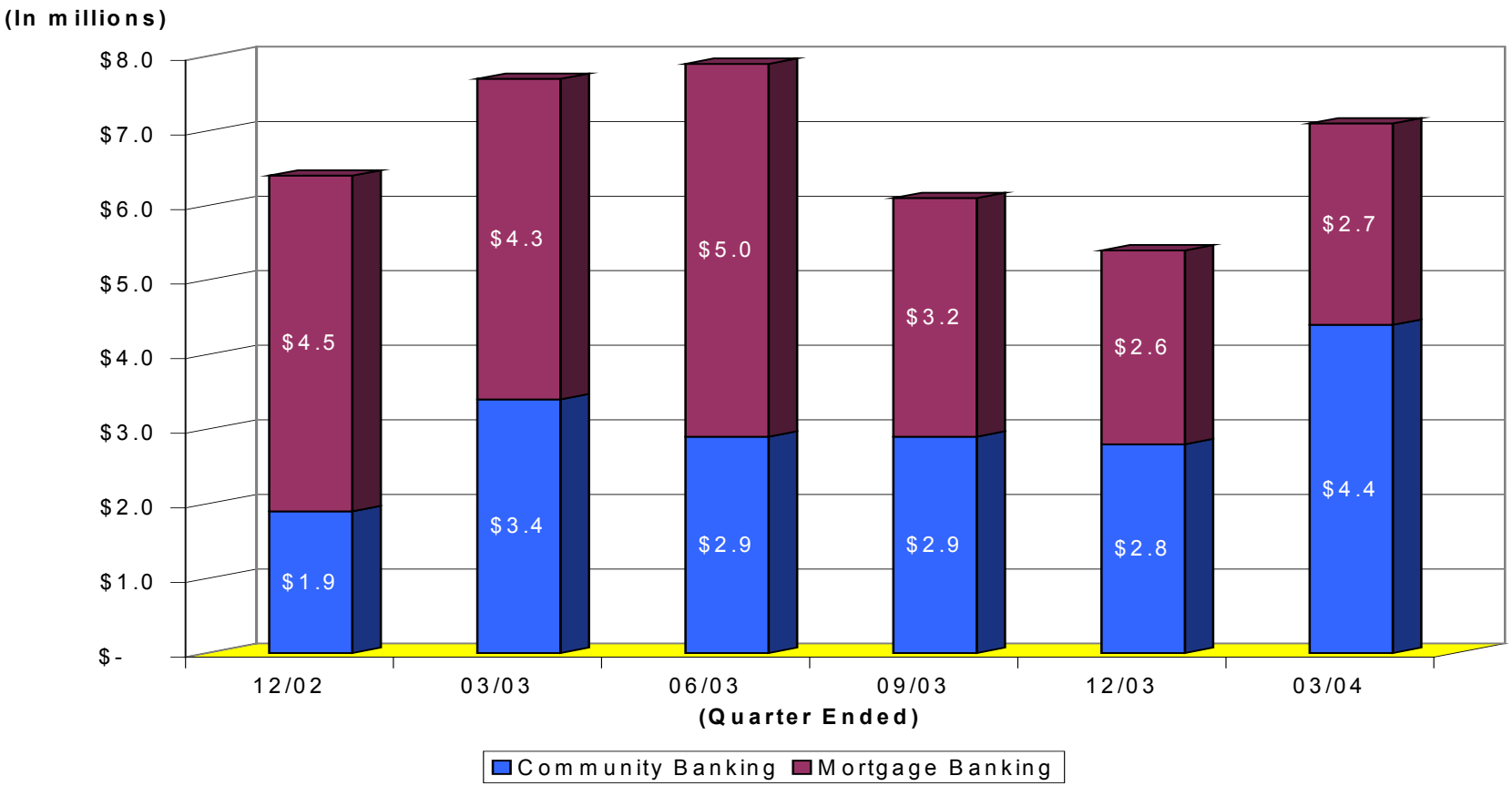
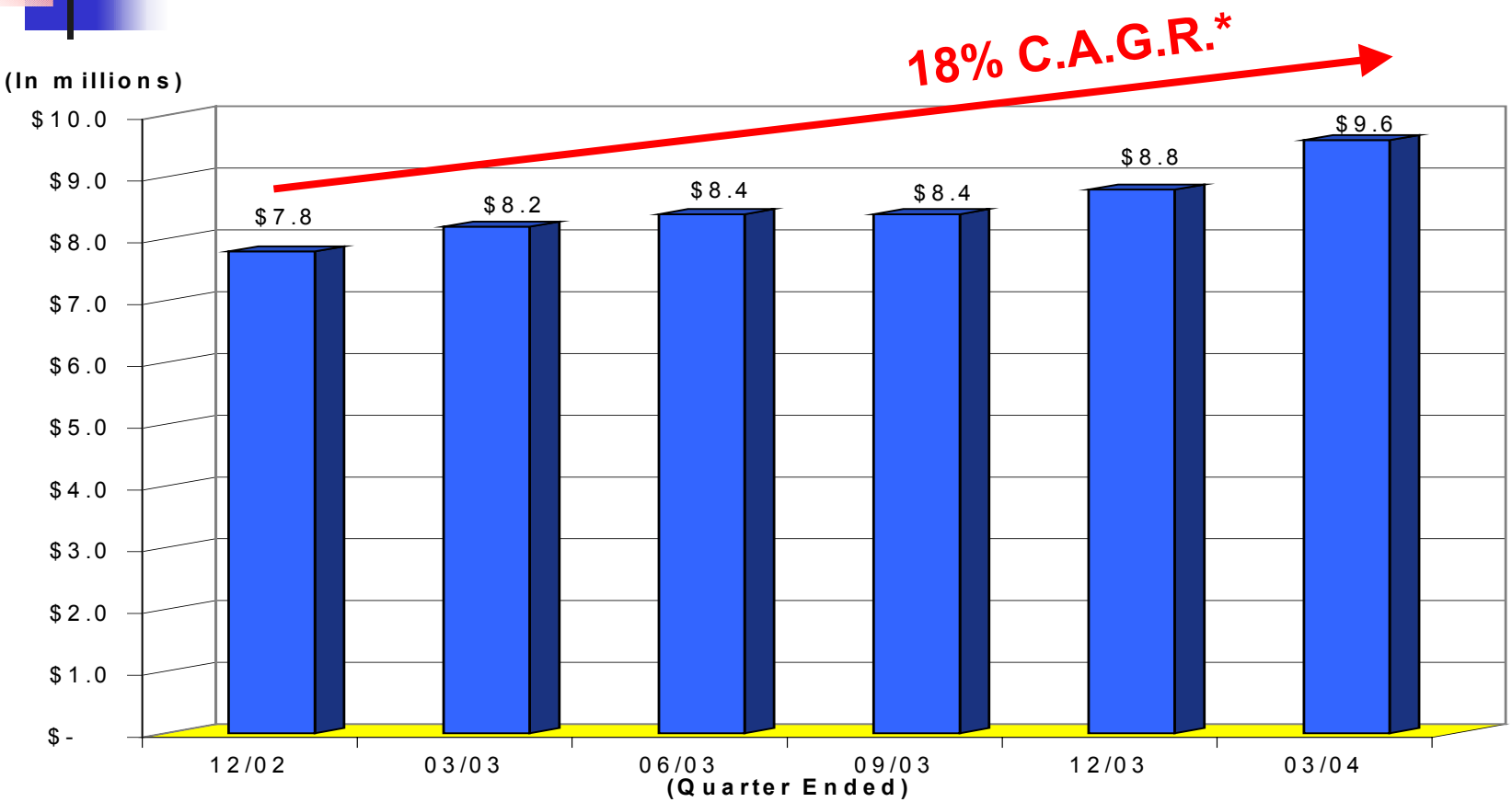
Provident Financial Holdings, Inc.

# Pre-Tax Income - Operating Segments



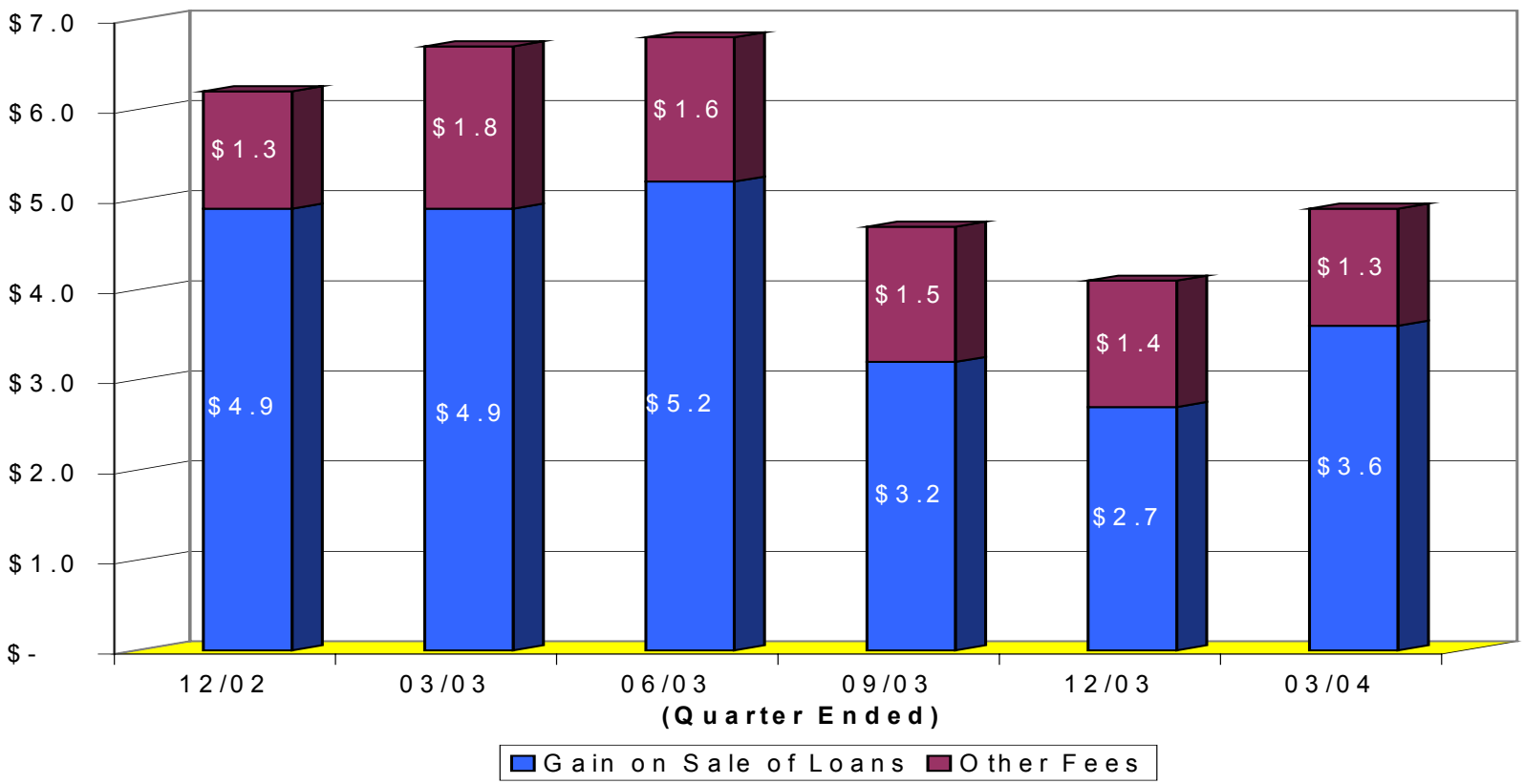
# Quarterly Net Interest Income



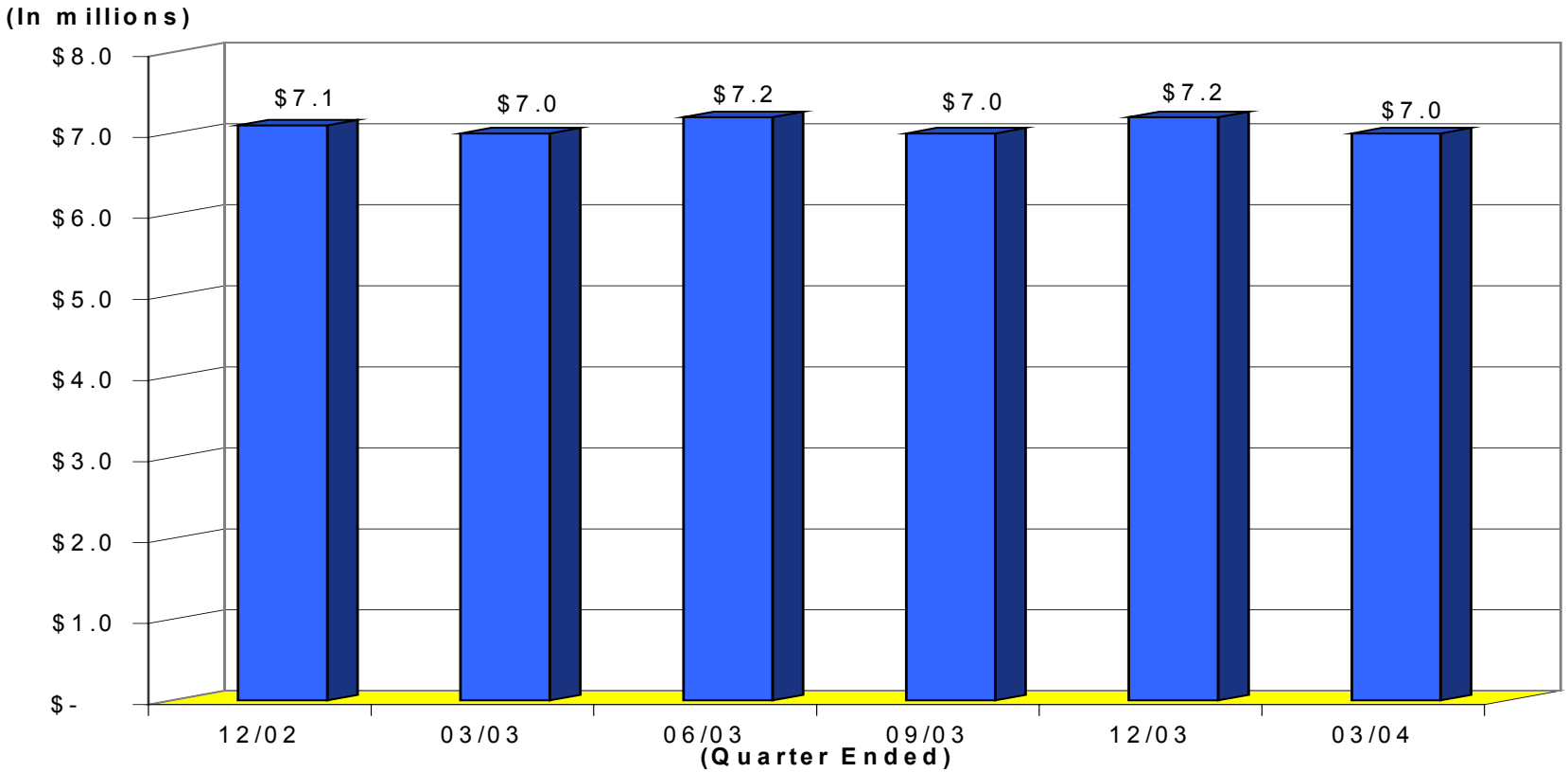

* C.A.G.R. - Compound annual growth rate from the quarter ended 12/31/02 through 03/31/04.

# Non-Interest Income

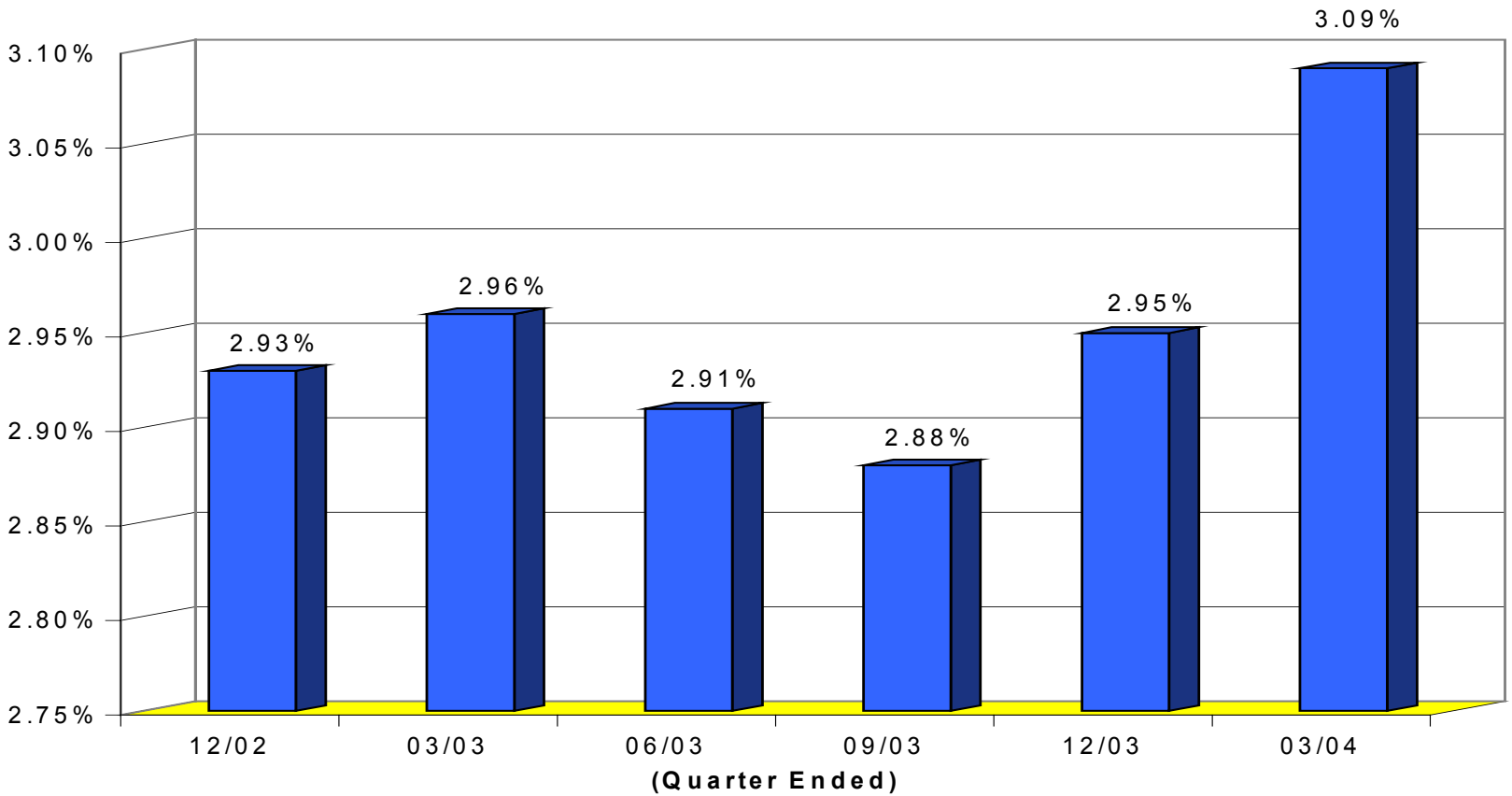
(In millions)



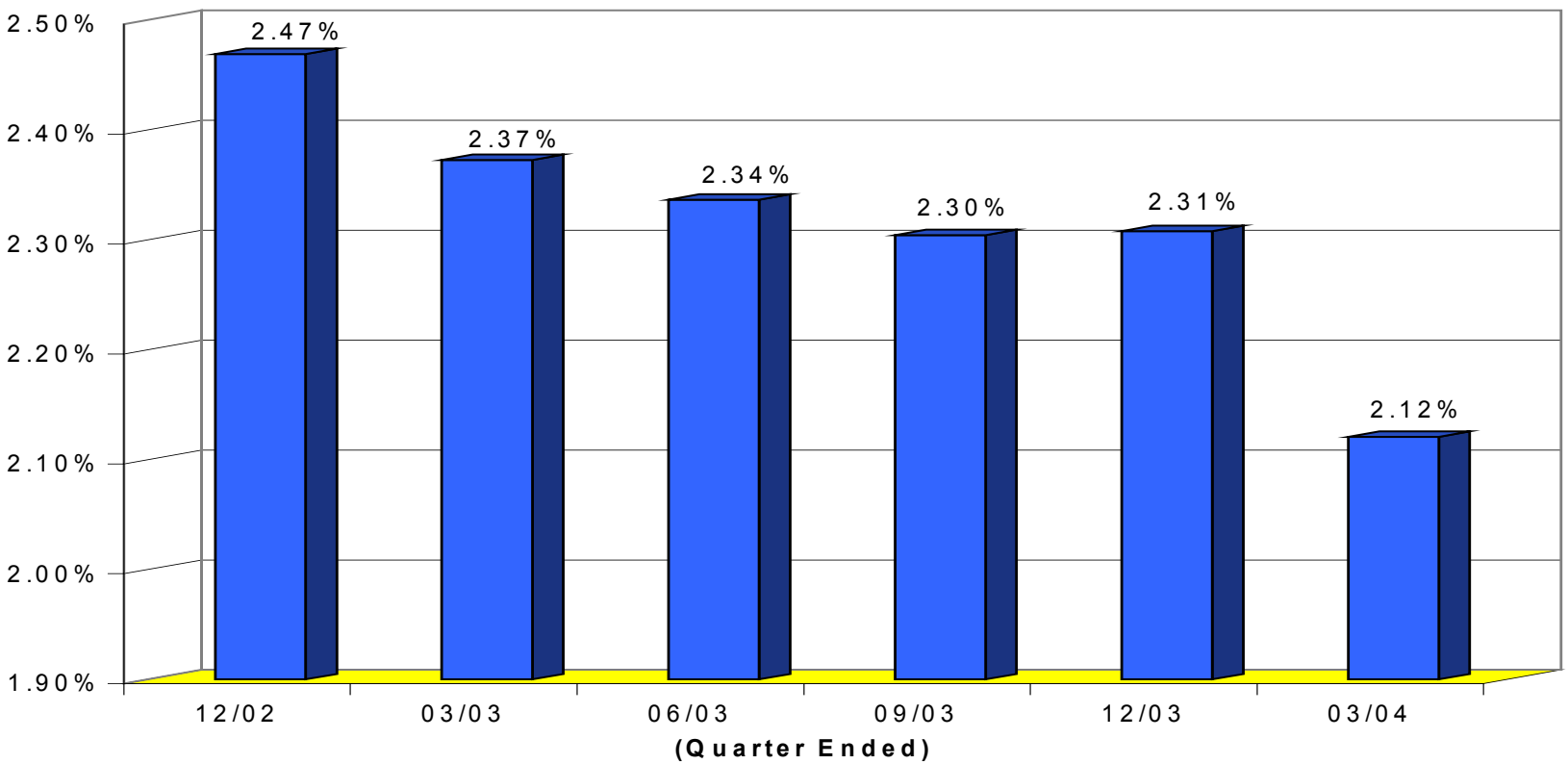
# Operating Expenses



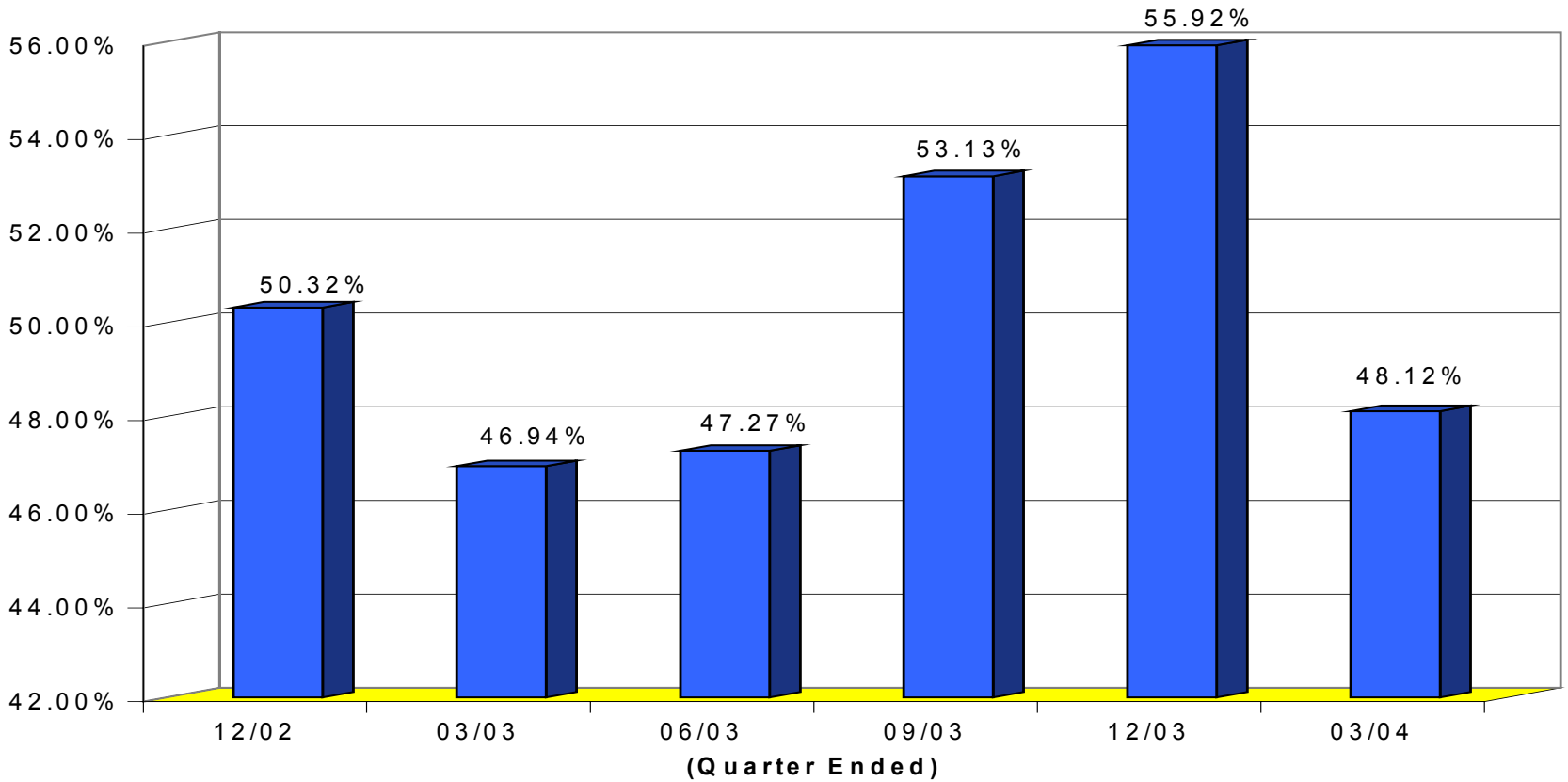
# Net Interest Margin



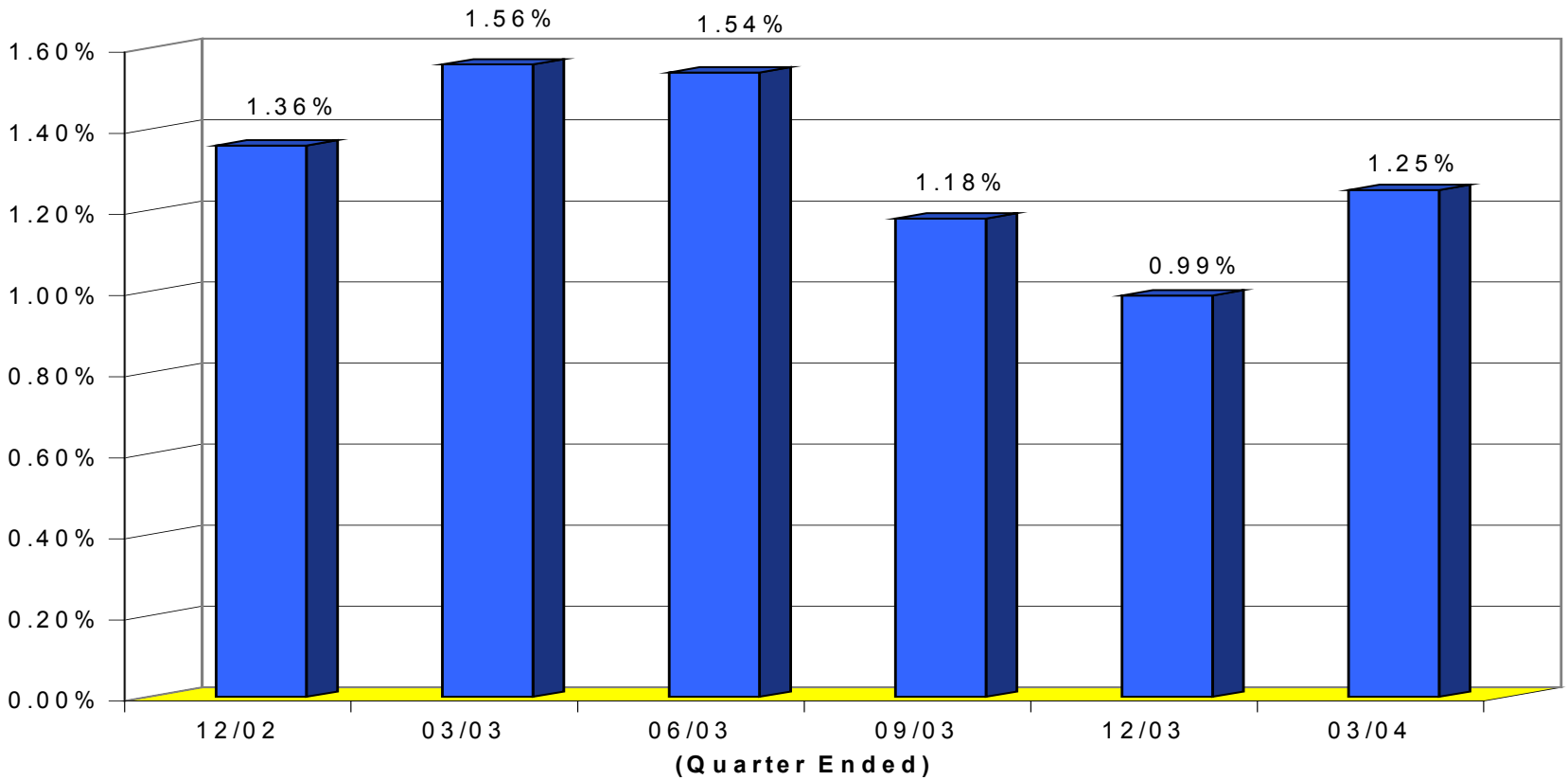
# G&A to Average Assets



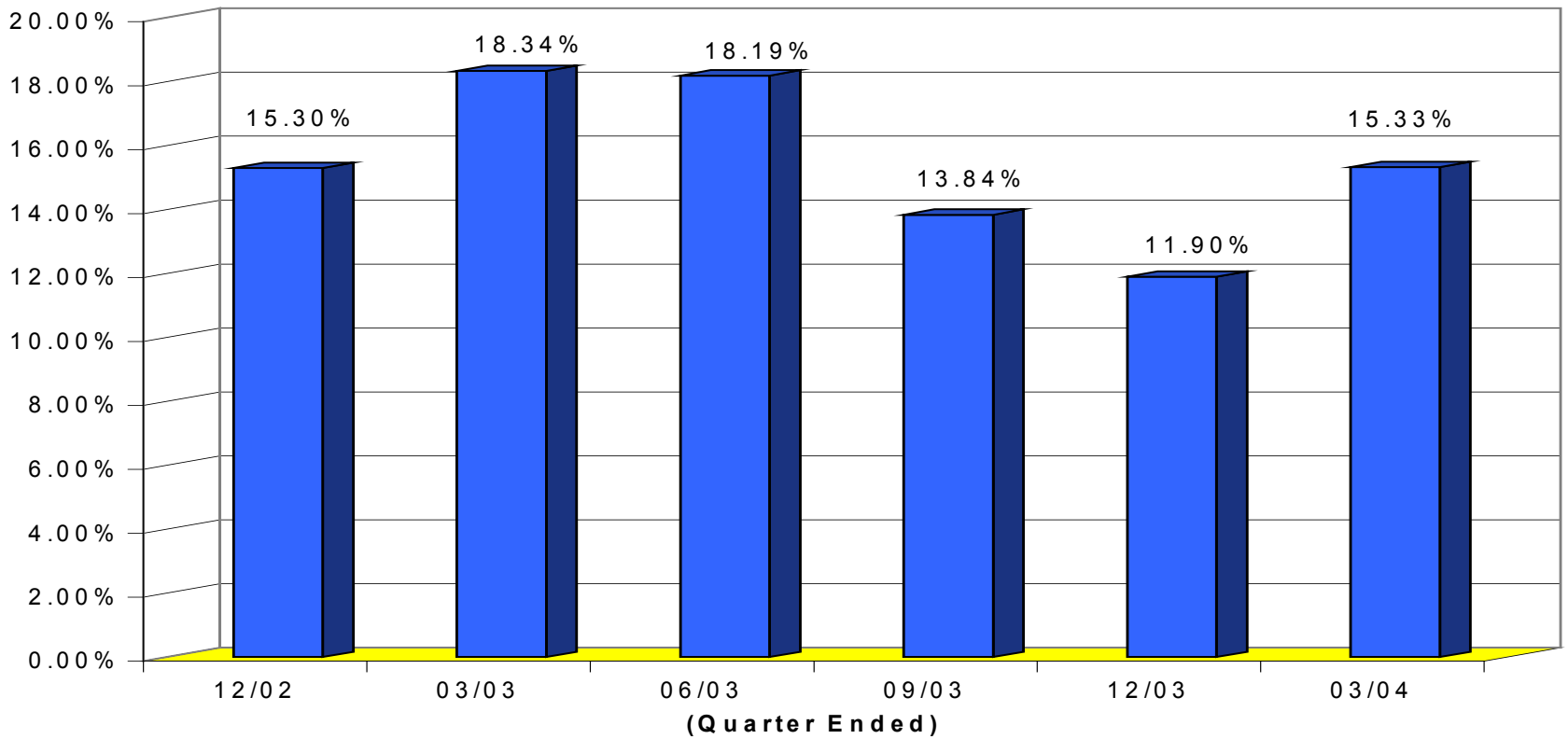
# Efficiency Ratio



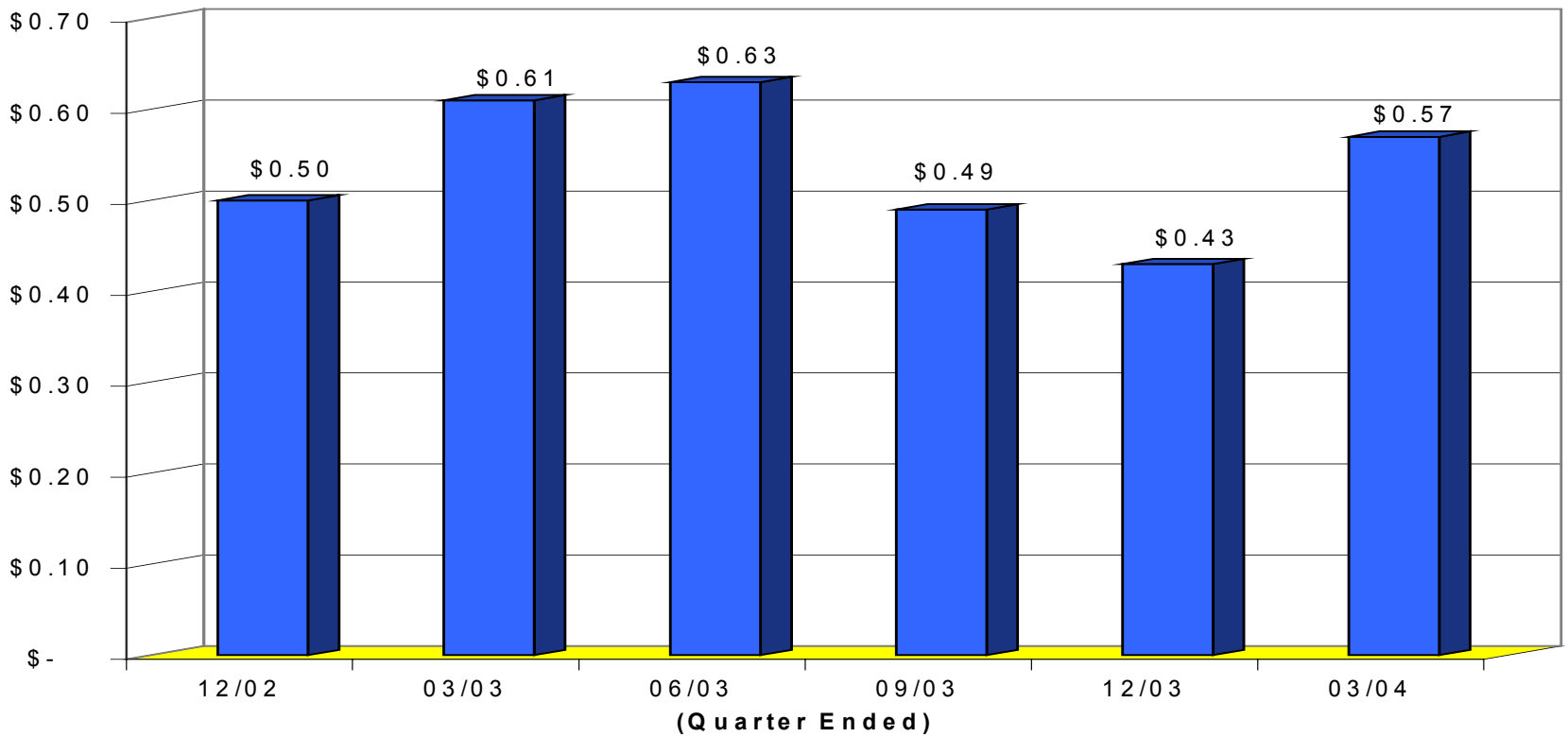
# Return on Average Assets



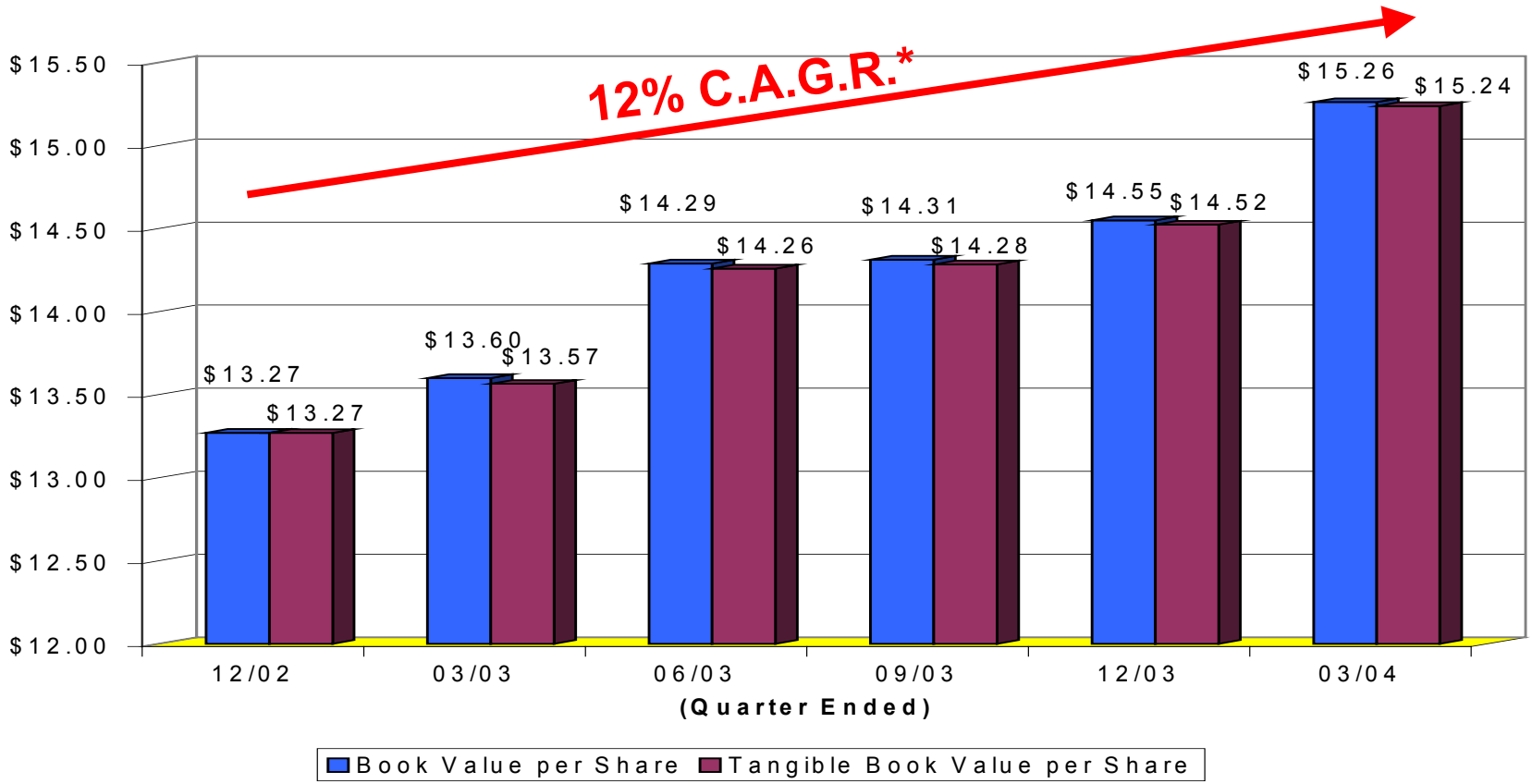
# Return on Average Equity



# Diluted Earnings per Share



# Book Value per Share




* C.A.G.R. - Compound annual growth rate from the quarter ended 12/31/02 through 03/31/04.

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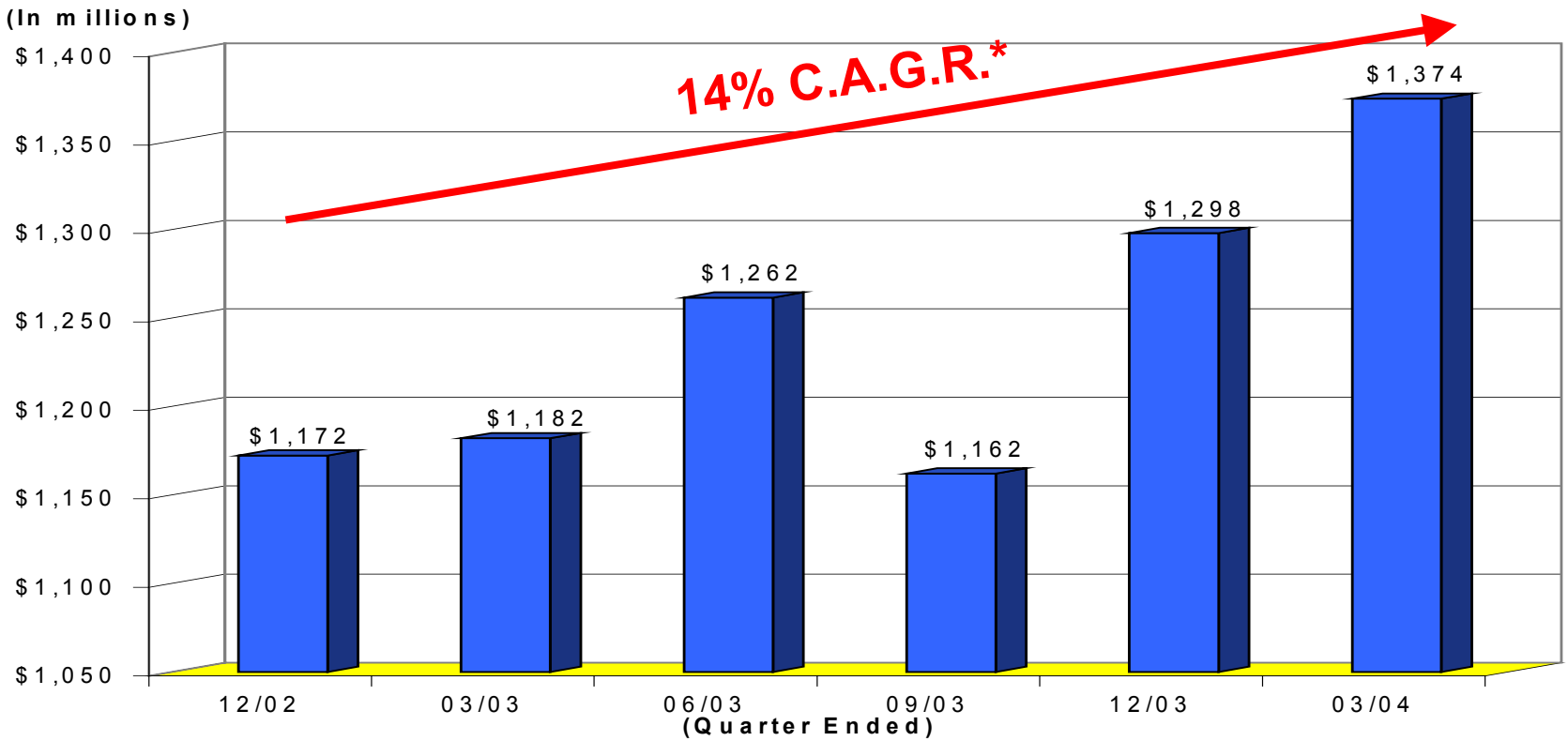
# Community Banking

PROVIDENT Bank™

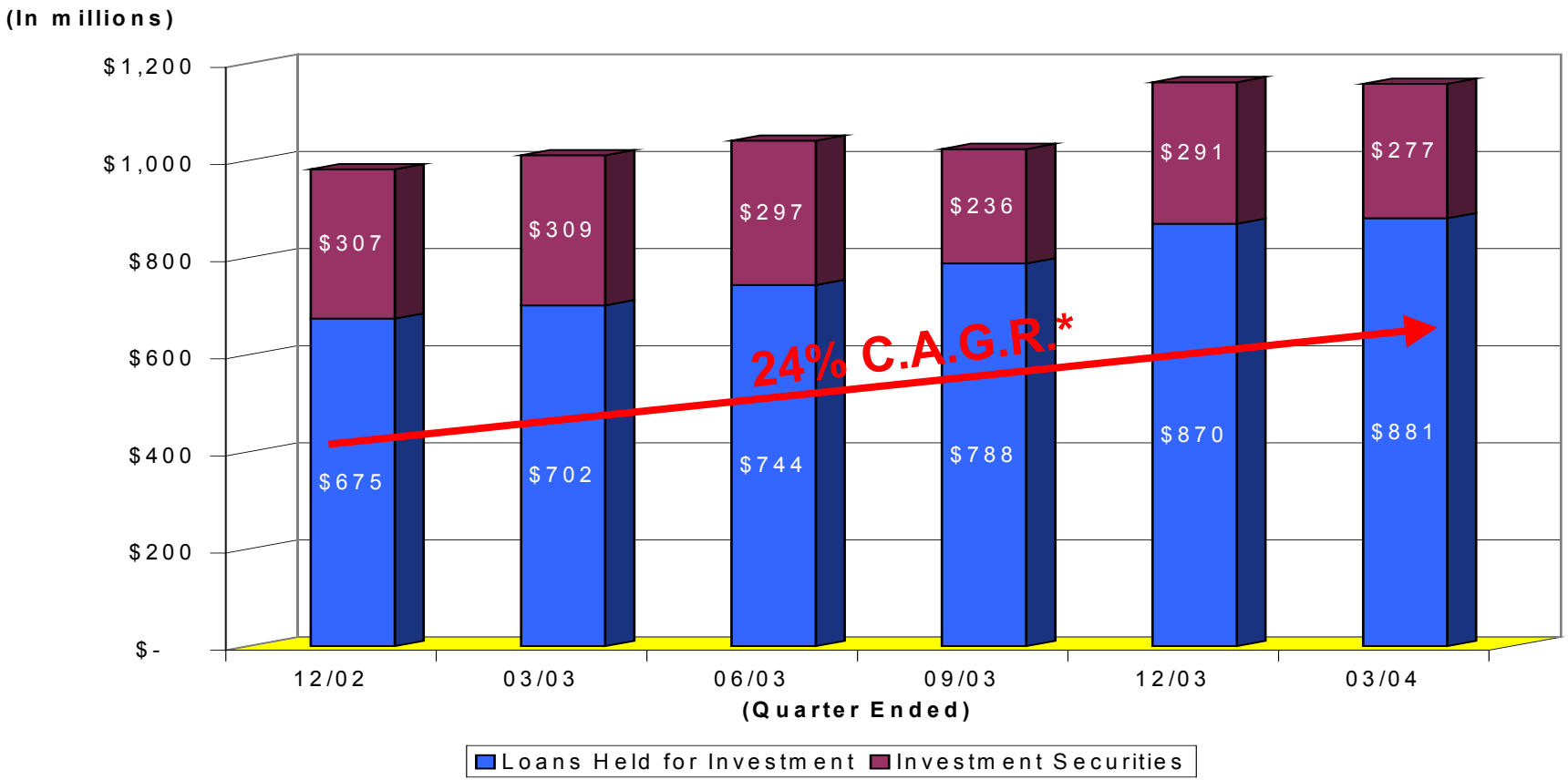
More like you every day.

# Total Assets



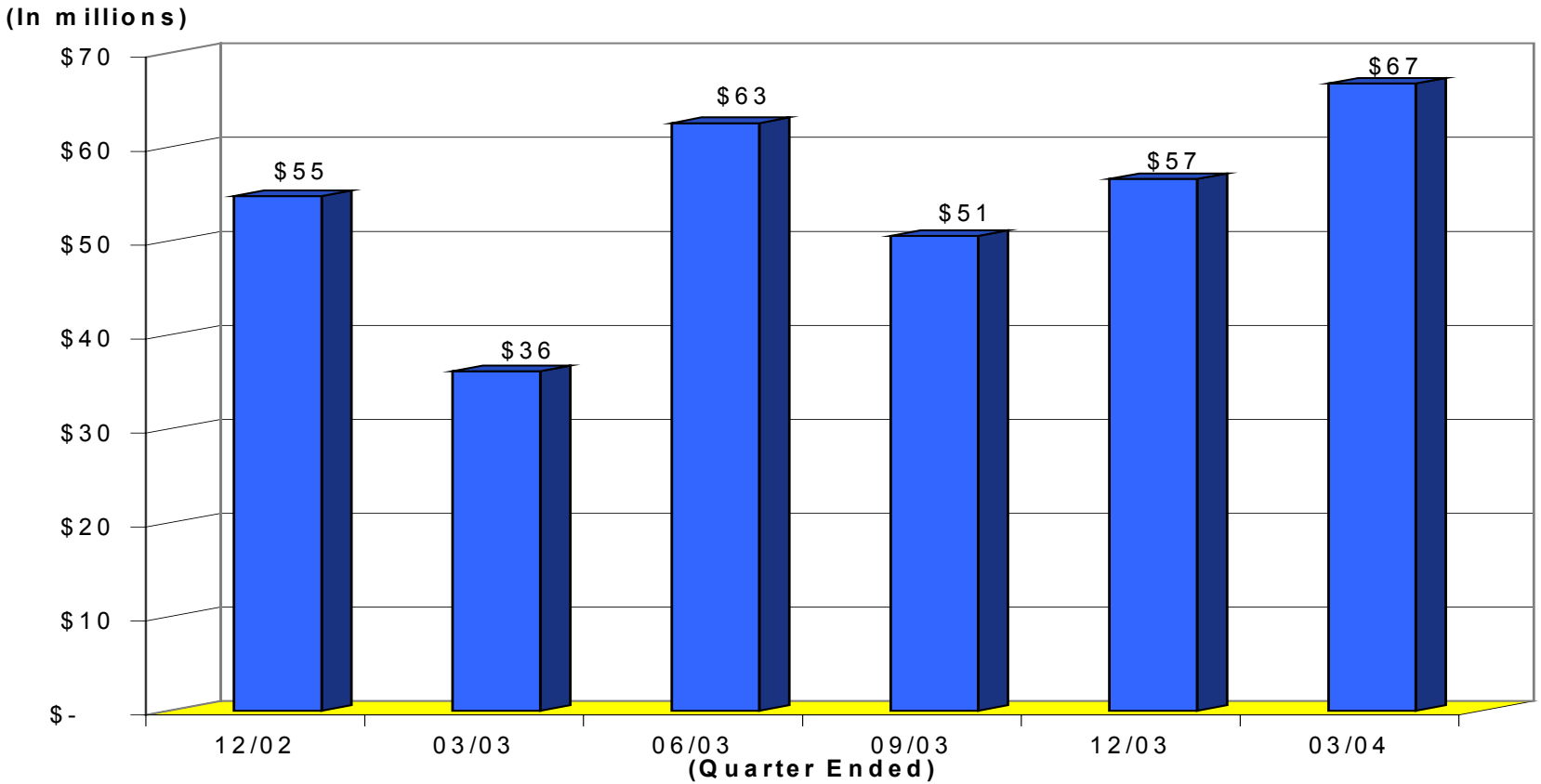

* C.A.G.R. - Compound annual growth rate from the quarter ended 12/31/02 through 03/31/04.

# Loan to Investment Mix

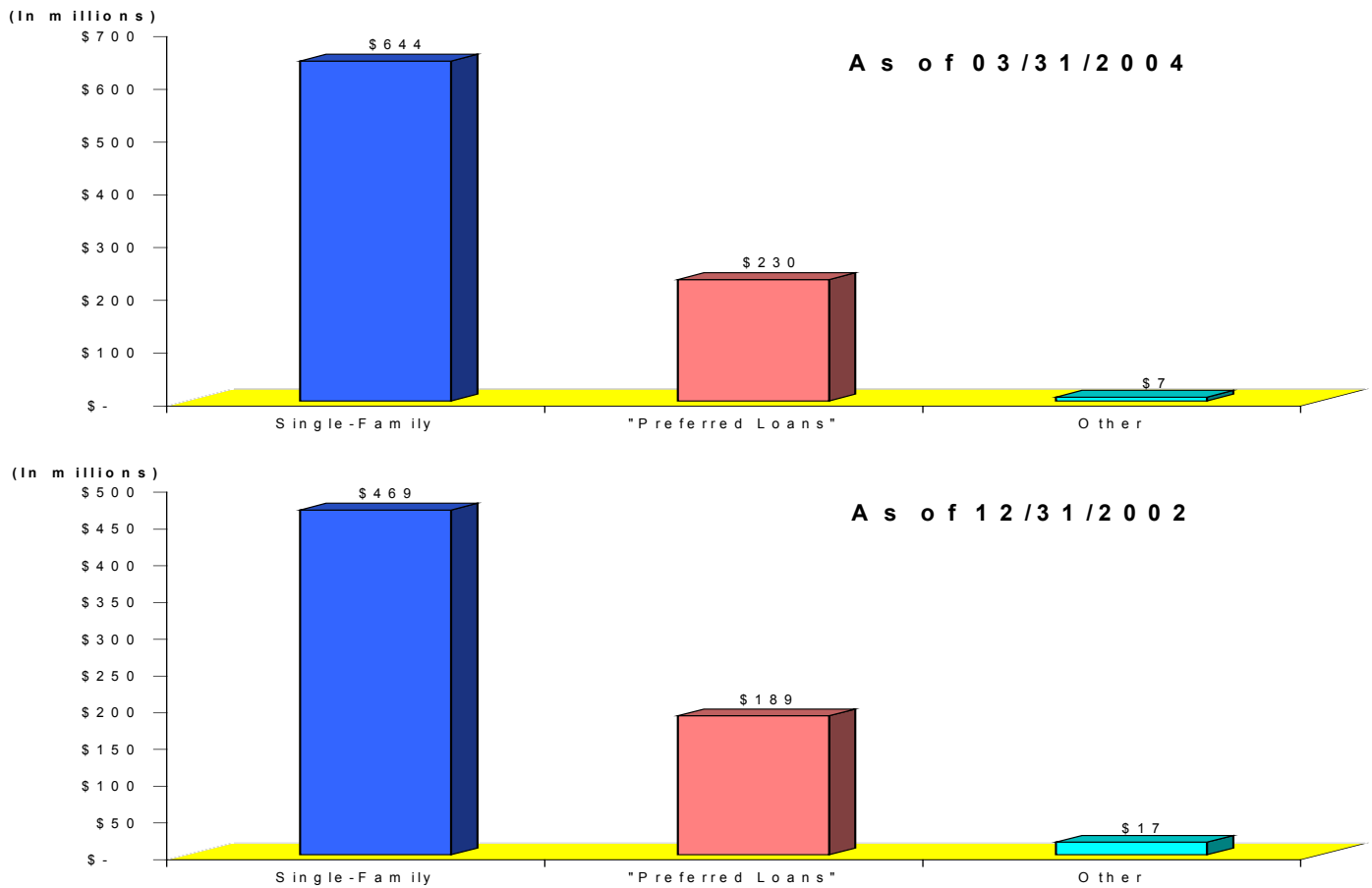



* C.A.G.R. - Compound annual growth rate of Loans Held for Investment from 12/31/02 through 03/31/04.

# Provident Bank Loan Originations ("Preferred Loans")



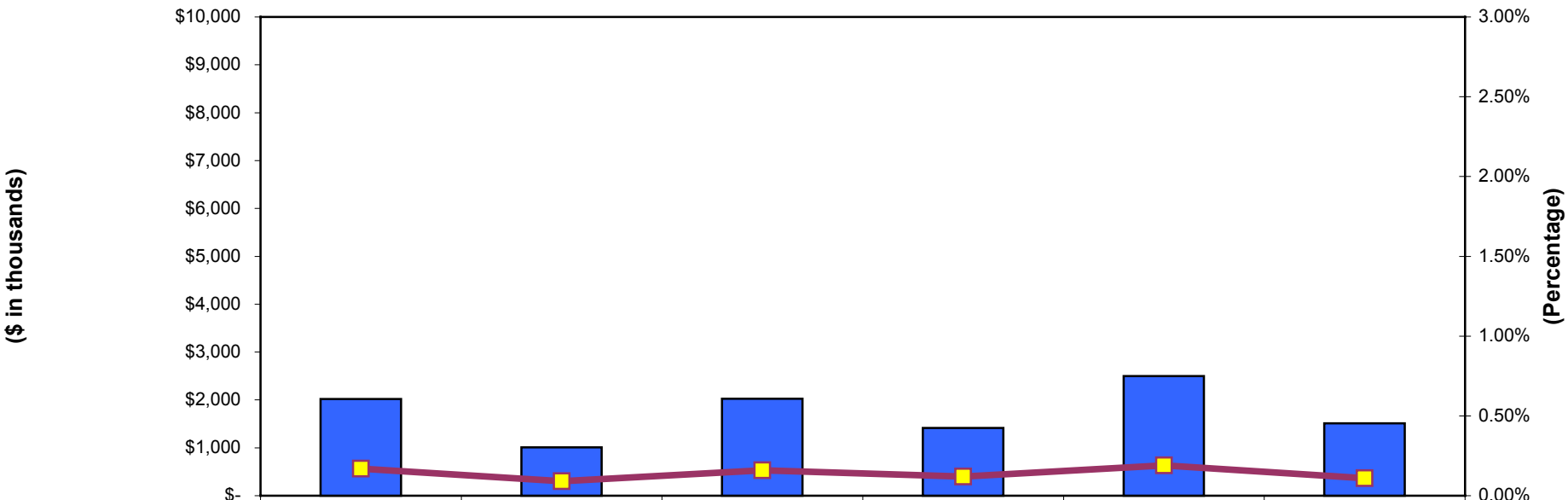
# Loan Portfolio Mix
## (Loans Held for Investment)




"Preferred Loans" - Multi-Family, Commercial RE, Construction and Commercial Business loans.

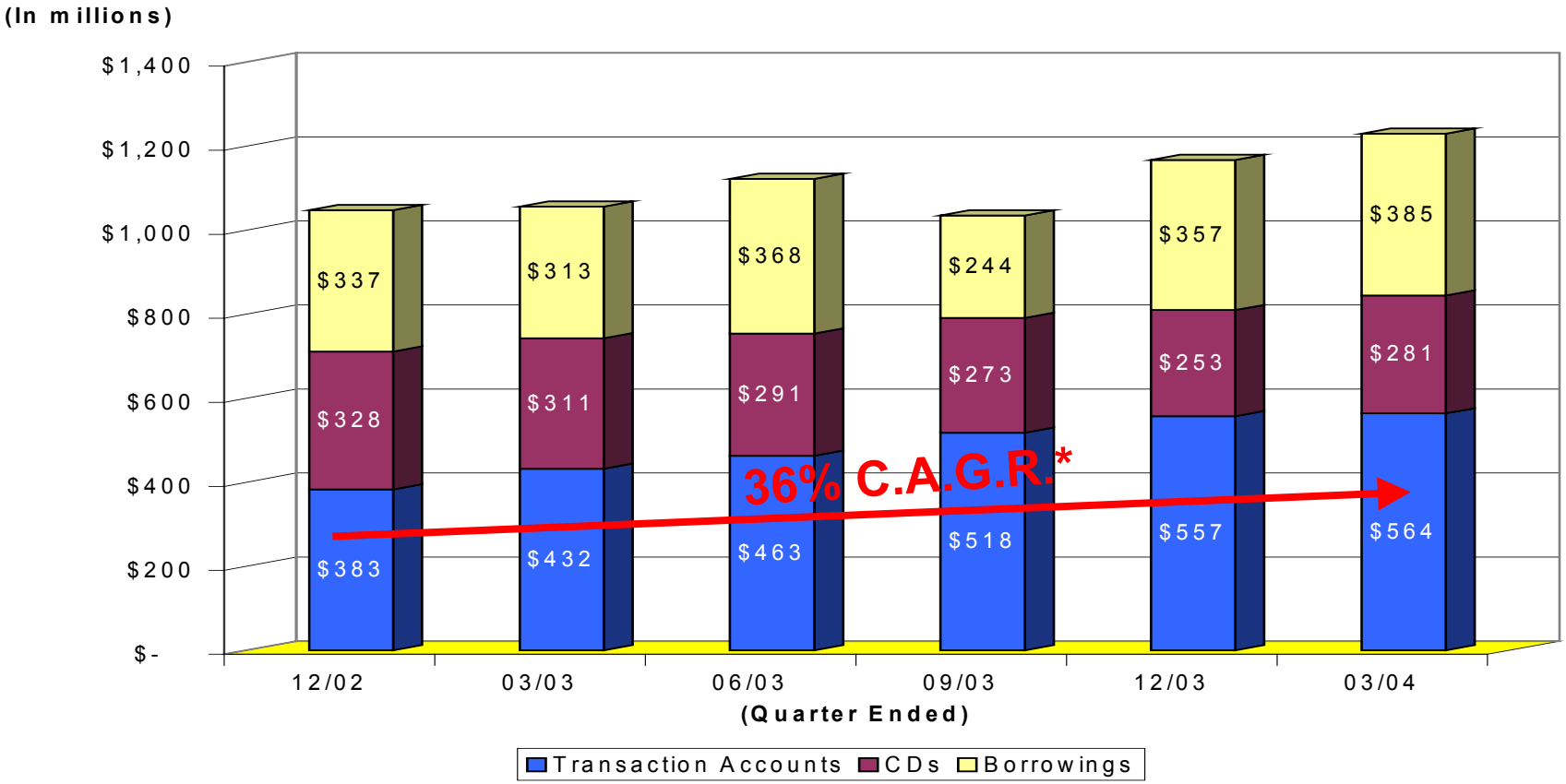
# Asset Quality

## Non-Performing Assets ("NPA") & NPA to Total Assets



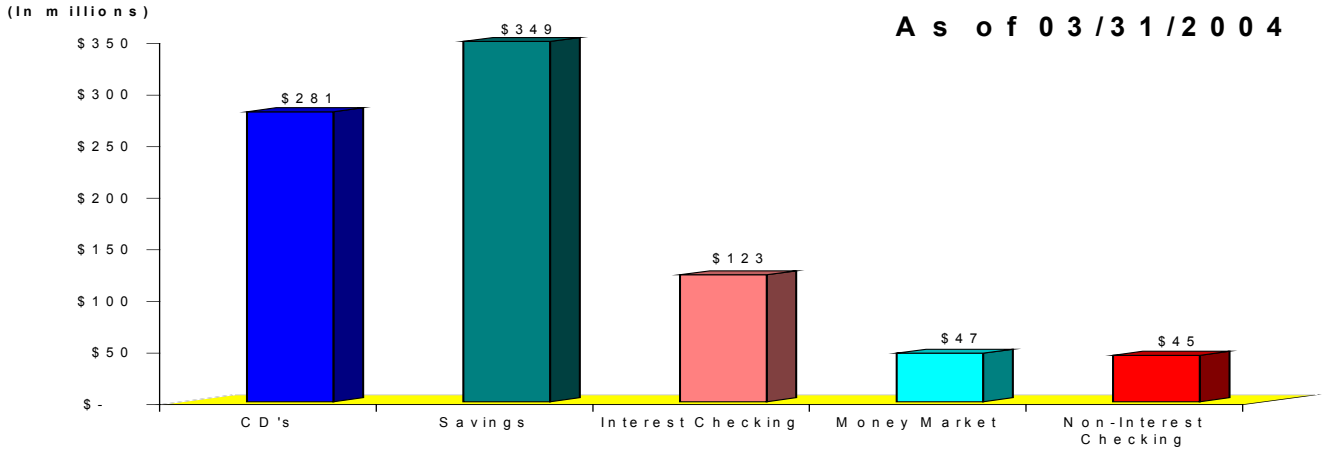

| | 12/02 | 03/03 | 06/03 | 09/03 | 12/03 | 03/04 |
|---|---|---|---|---|---|---|
| Non-Performing Assets | $2,017 | $1,007 | $2,025 | $1,415 | $2,497 | $1,509 |
| NPA to Total Assets | 0.17% | 0.09% | 0.16% | 0.12% | 0.19% | 0.11% |

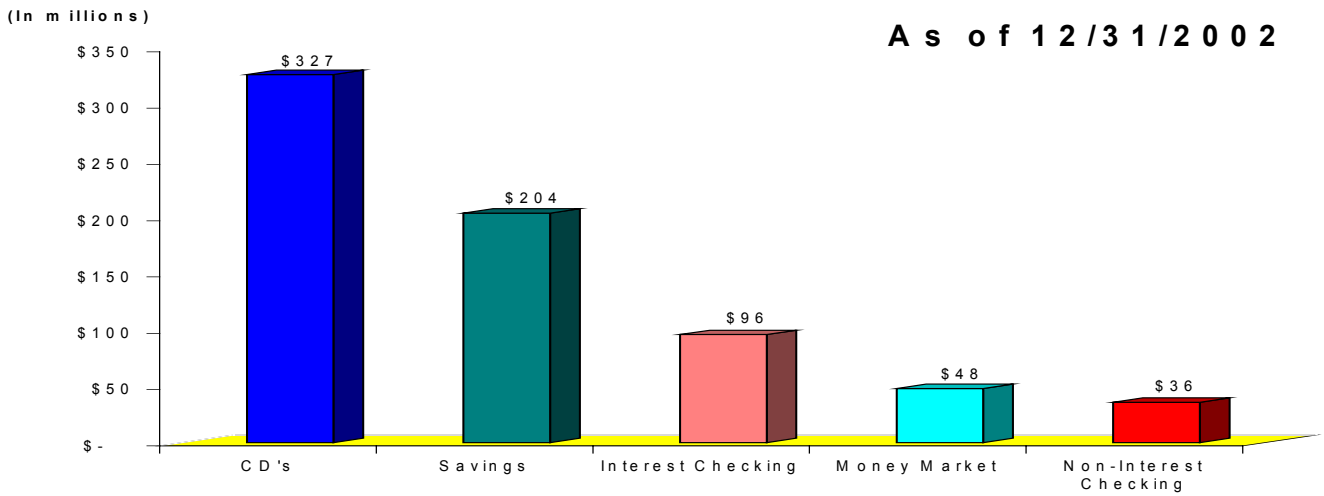
# Transaction Accounts, CDs & Borrowings




* C.A.G.R. - Compound annual growth rate of Transaction Accounts from the quarter ended 12/31/02 through 03/31/04.

# Deposit Composition



# Mortgage Banking

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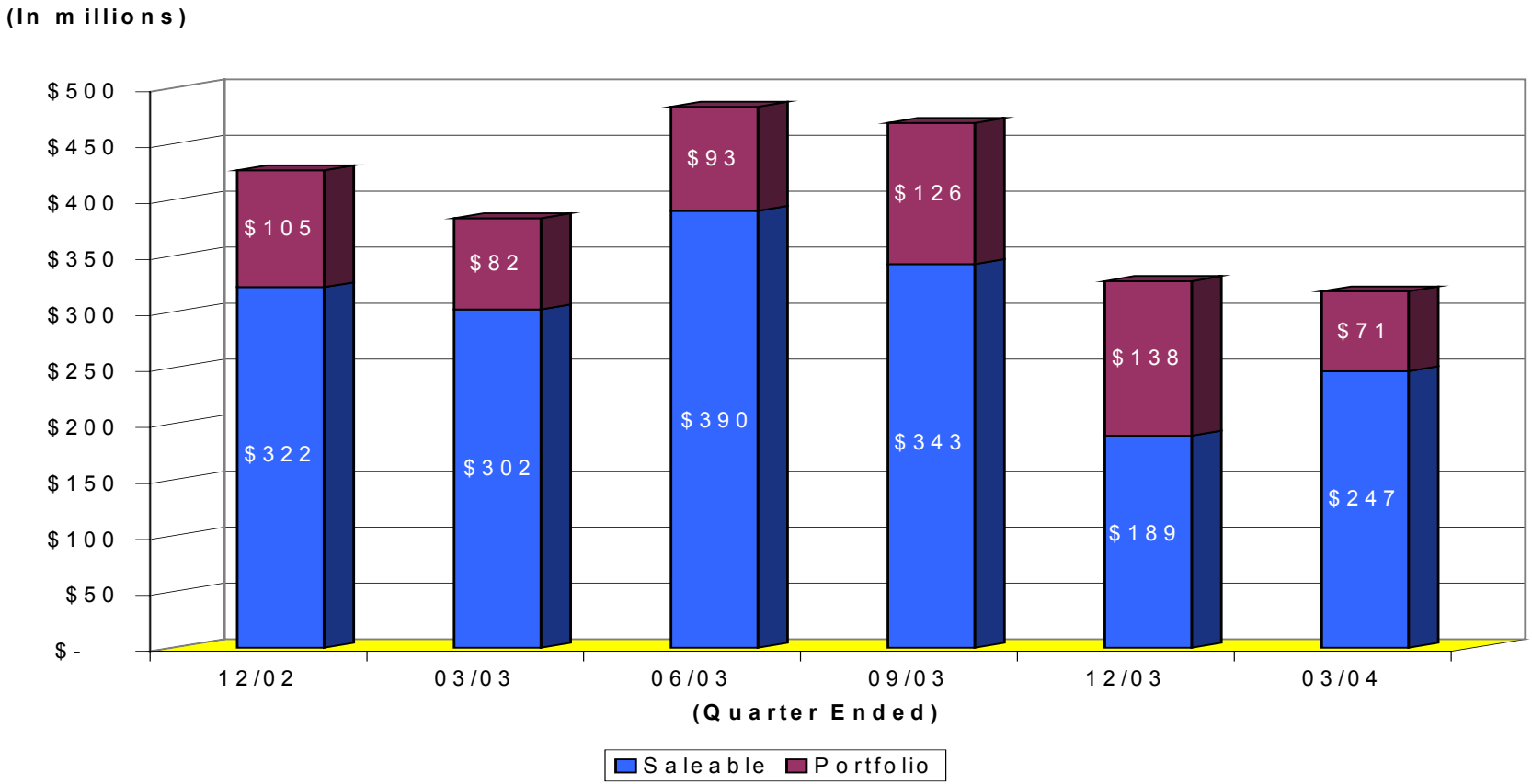
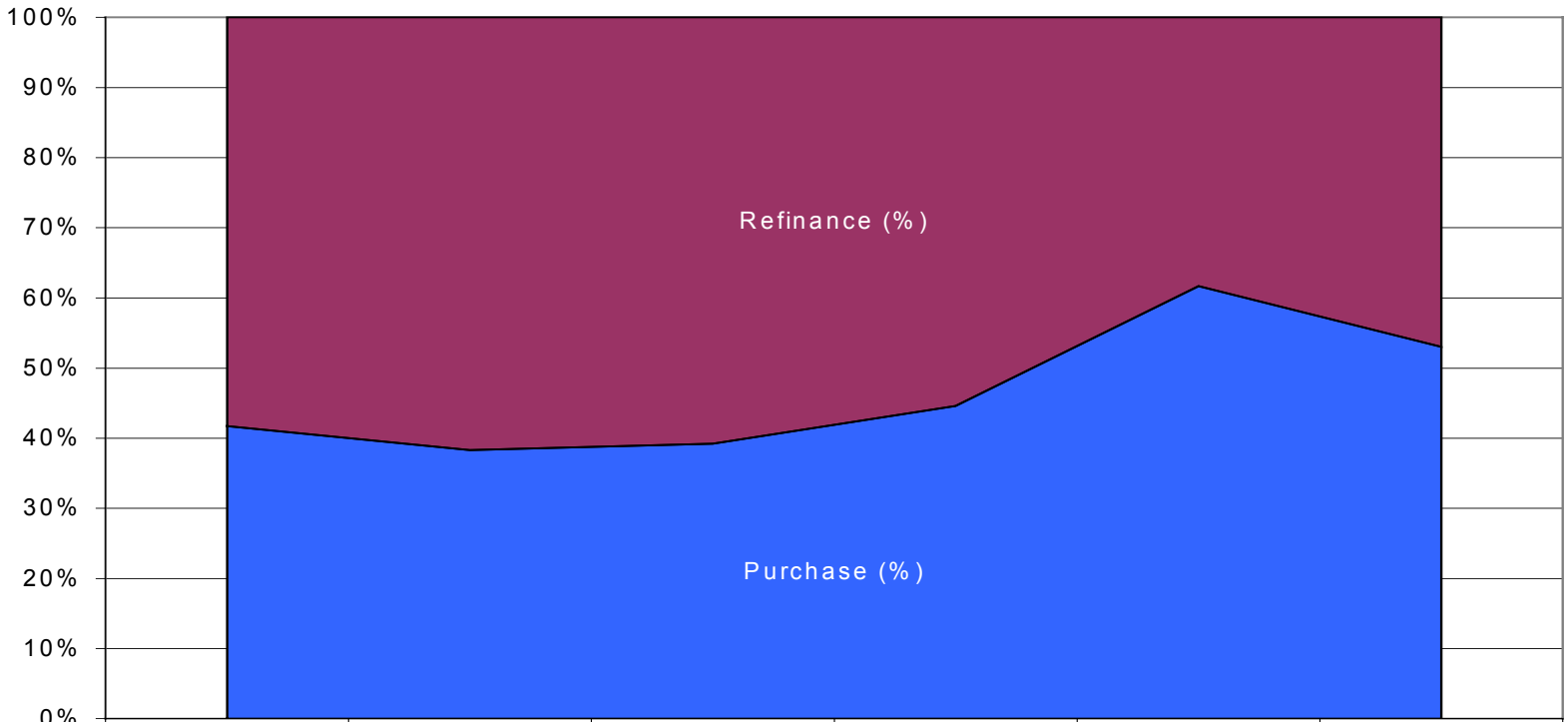
Bank Mortgage™
Faster funded home loans.

# Provident Bank Mortgage Loan Originations



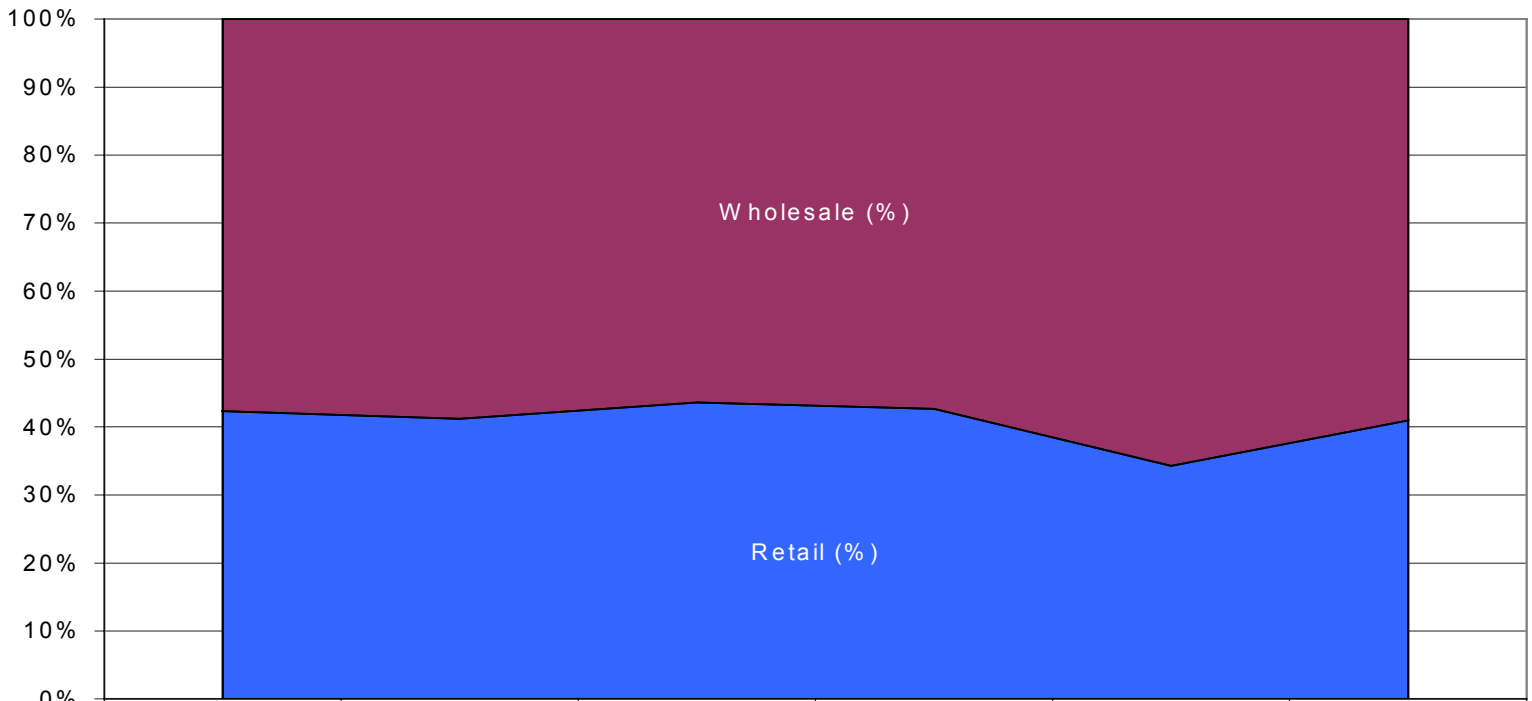
# PBM Purchase vs. Refinance




| | 12/02 | 03/03 | 06/03 | 09/03 | 12/03 | 03/04 |
|---|---|---|---|---|---|---|
| Refinance | 58% | 62% | 61% | 55% | 38% | 47% |
| Purchase | 42% | 38% | 39% | 45% | 62% | 53% |

(Quarter Ended)

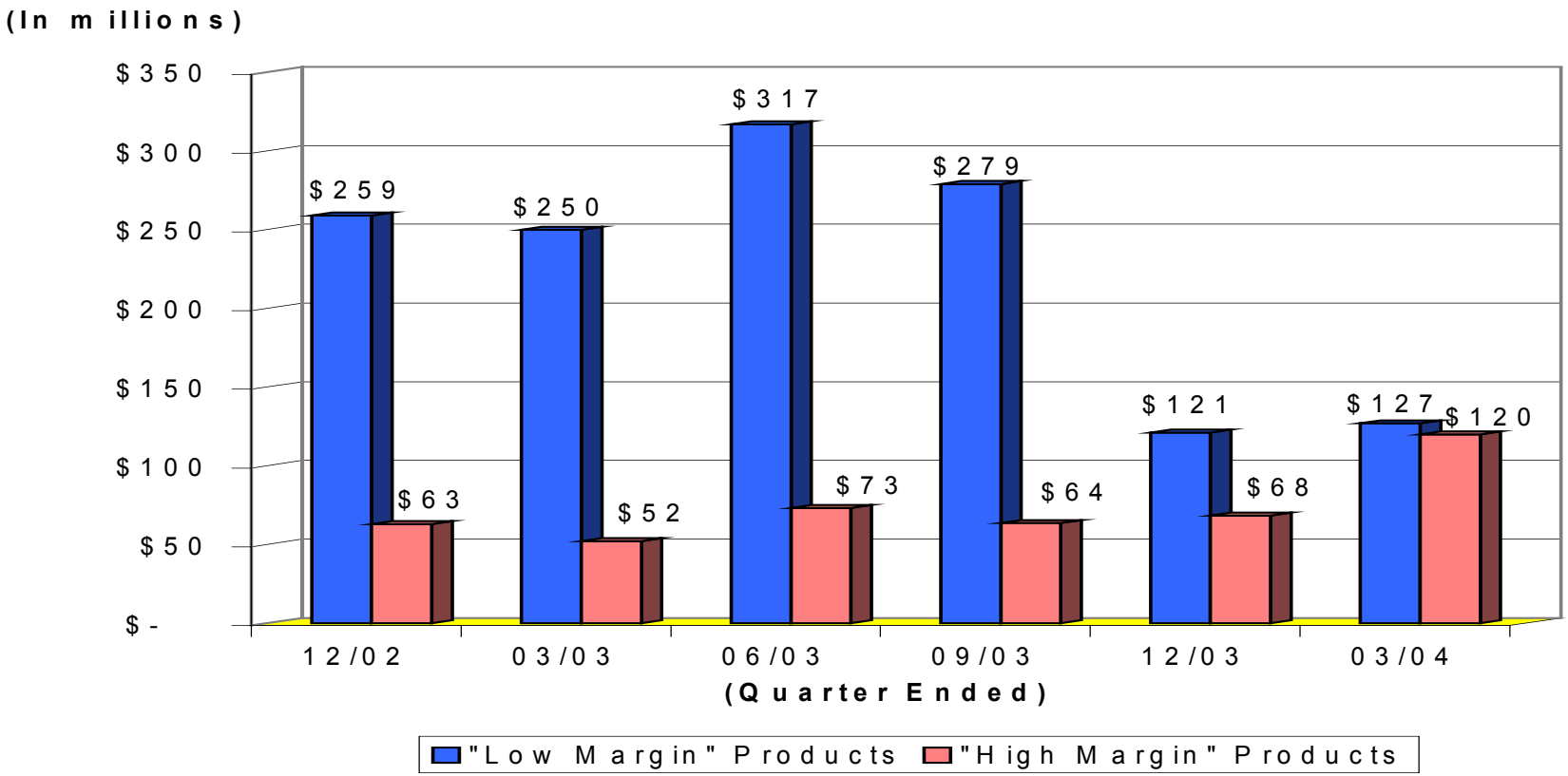
# PBM Retail vs. Wholesale



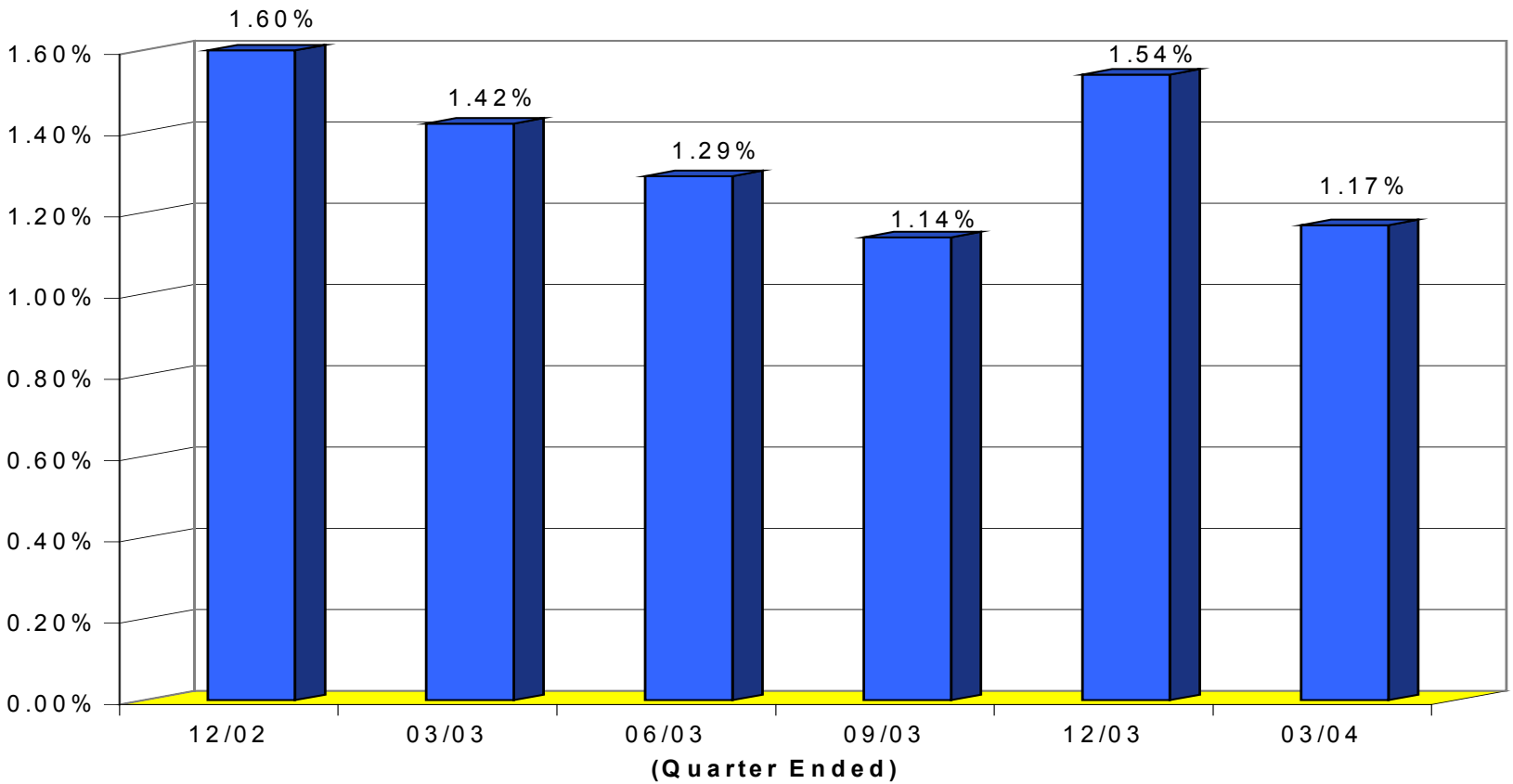

| | 12/02 | 03/03 | 06/03 | 09/03 | 12/03 | 03/04 |
|---|---|---|---|---|---|---|
| Wholesale | 58% | 59% | 56% | 57% | 66% | 59% |
| Retail | 42% | 41% | 44% | 43% | 34% | 41% |

(Quarter Ended)

# "Low Margin" vs. "High Margin" Products



# Gain on Sale Margin



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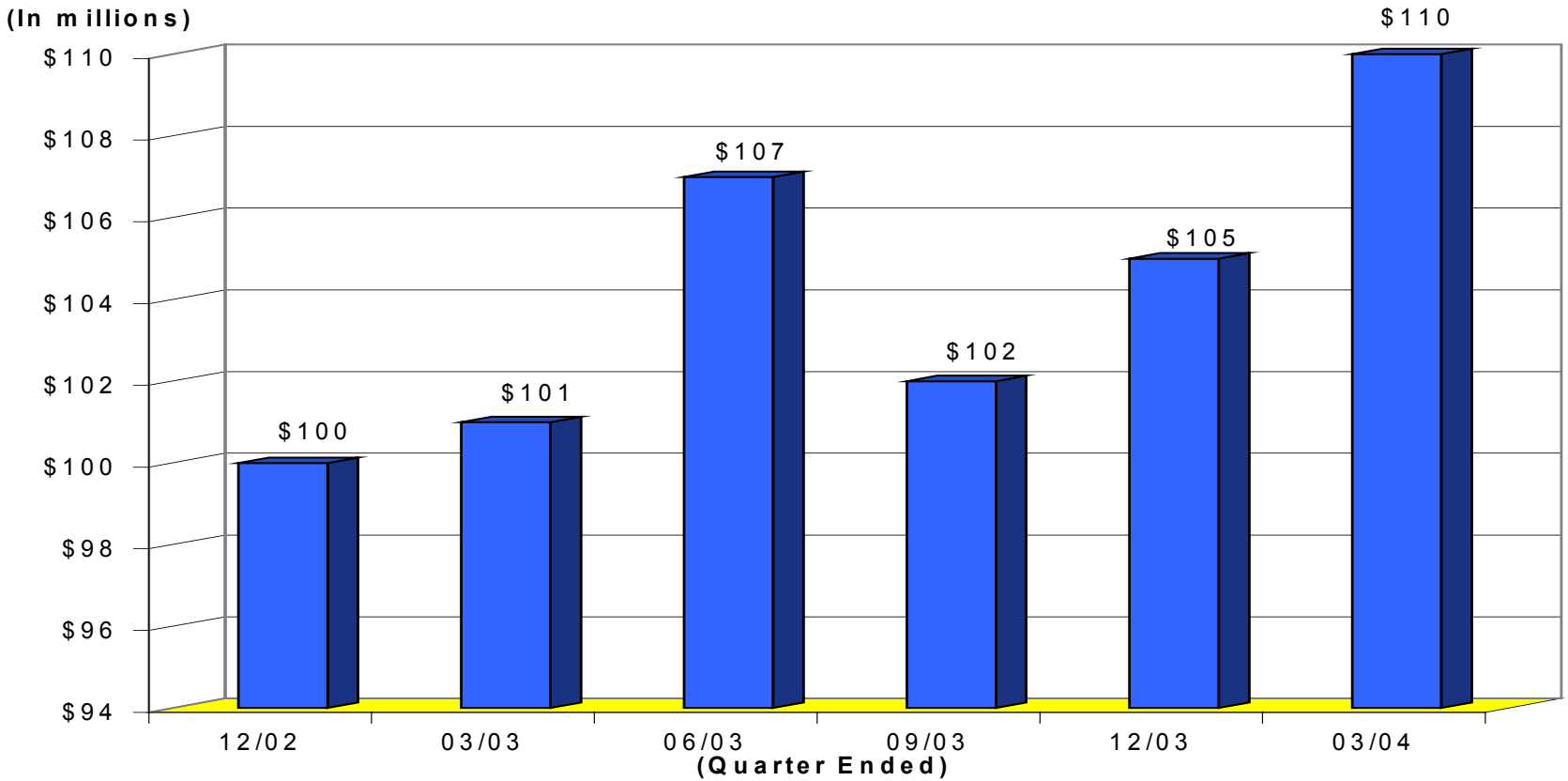
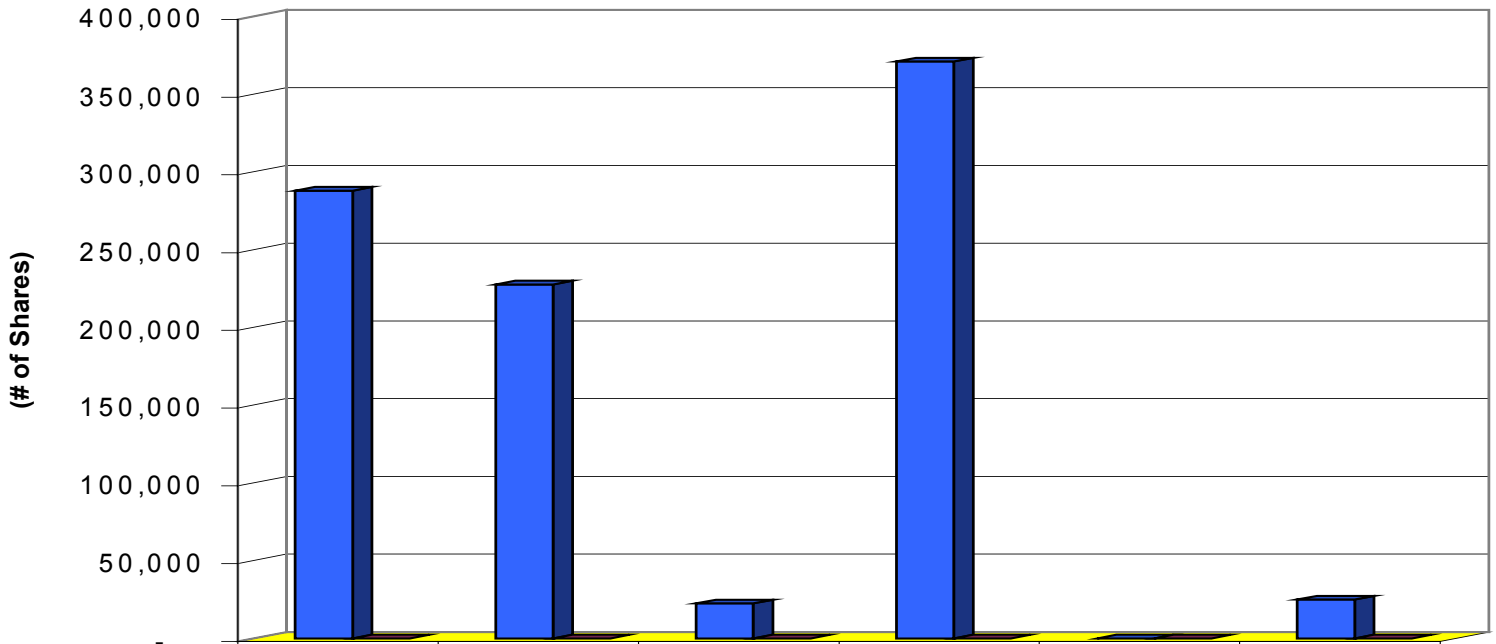
# Capital Management

# Stockholders' Equity



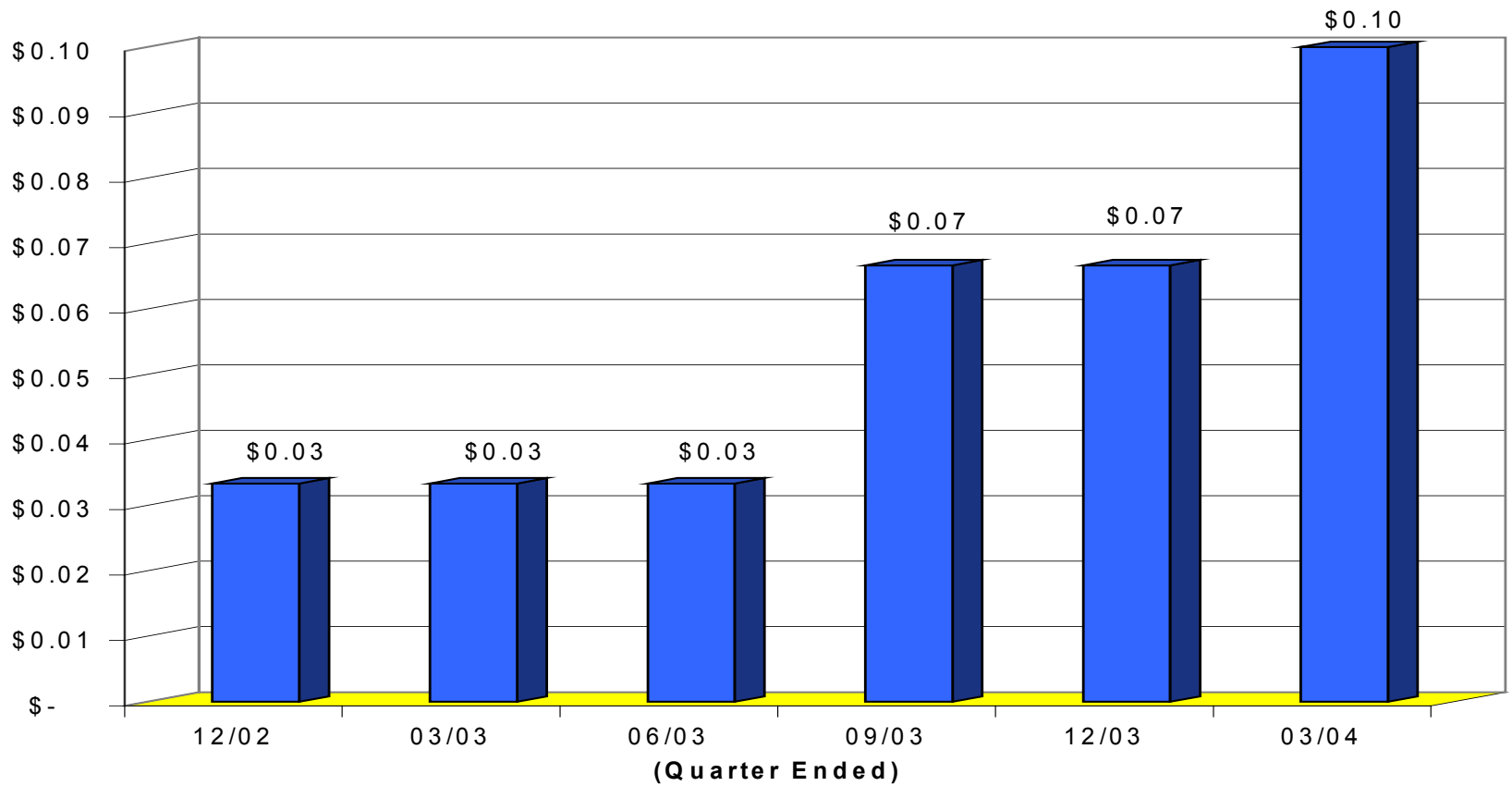
# Share Repurchase Program



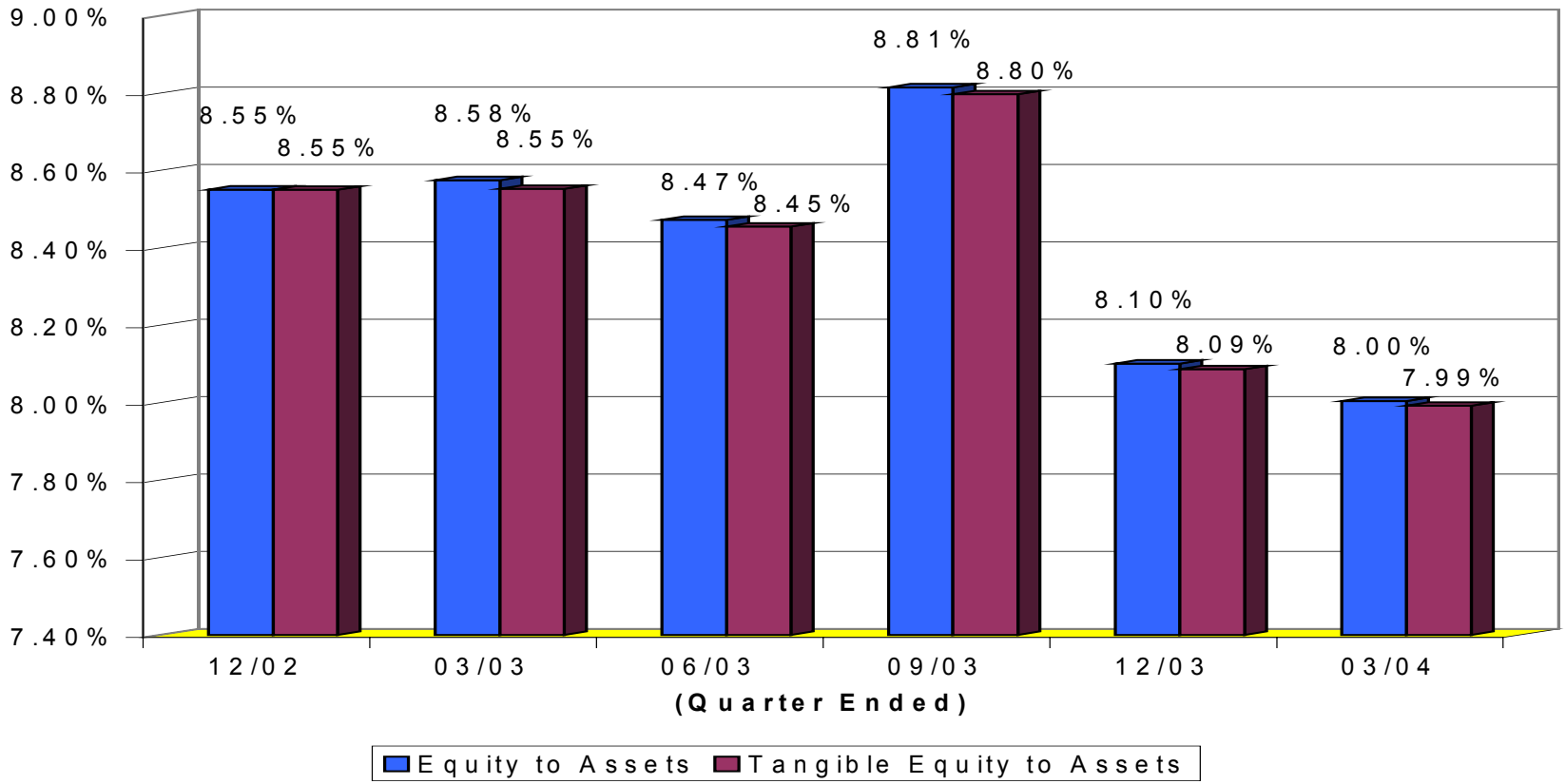

| | 12/02 | 03/03 | 06/03 | 09/03 | 12/03 | 03/04 |
|---|---|---|---|---|---|---|
| Shares Repurchased | 288,000 | 227,700 | 22,500 | 371,100 | 0 | 25,000 |
| Average Cost per Share | $17.54 | $18.59 | $20.03 | $20.15 | $0.00 | $23.65 |

(Quarter Ended)

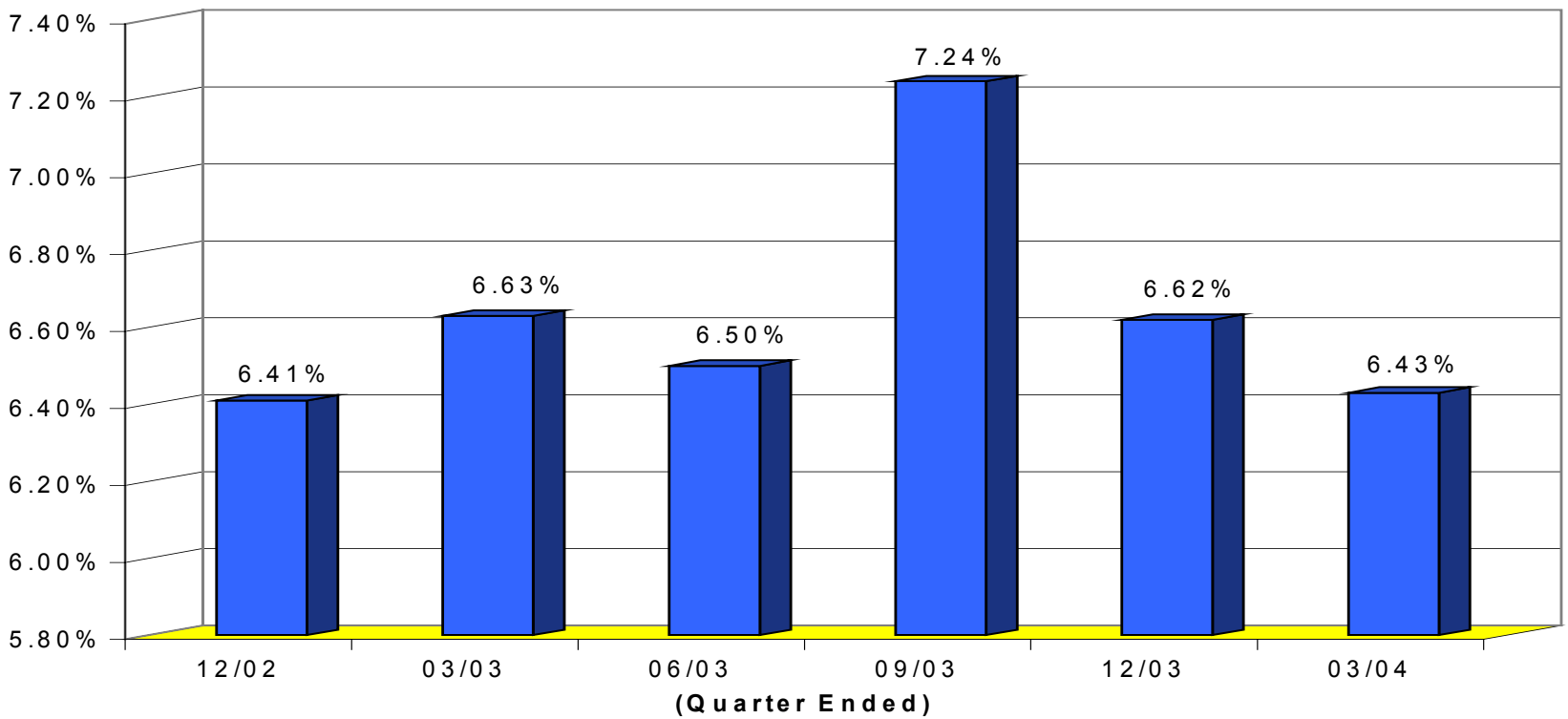
# Cash Dividend per Share



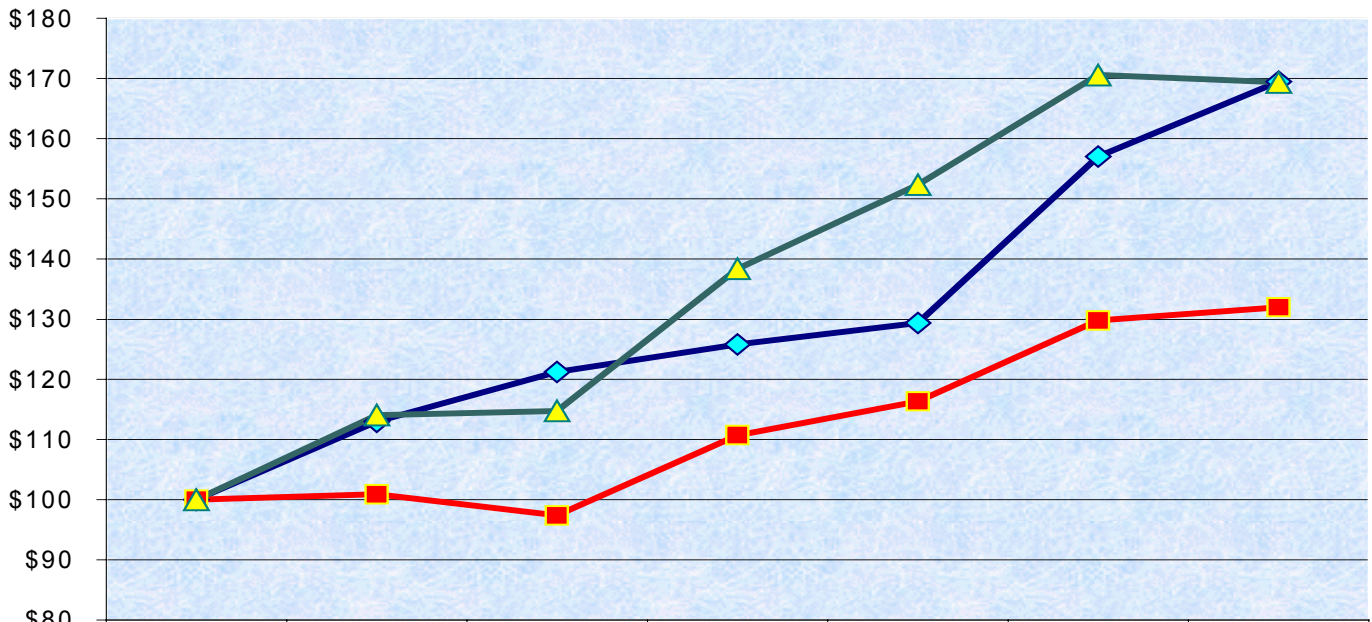
# Consolidated Capital Ratio



# Bank Capital Ratio



# Stock Performance




| | Sep 2002 | Dec 2002 | Mar 2003 | Jun 2003 | Sep 2003 | Dec 2003 | Mar 2004 |
|---|---|---|---|---|---|---|---|
| PROV | $100 | $113 | $121 | $126 | $129 | $157 | $169 |
| Nasdaq Bank Index | $100 | $101 | $97 | $111 | $116 | $130 | $132 |
| Nasdaq Stock Index | $100 | $114 | $115 | $138 | $152 | $171 | $169 |

**Assumes that the value of the investment in the Company's Common Stock and in each Index was $100 on September 30, 2002 and that all dividends were reinvested.**

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