

PROVIDENT™

# Provident Financial Holdings, Inc.

## June 30, 2005

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Provident Financial Holdings, Inc.

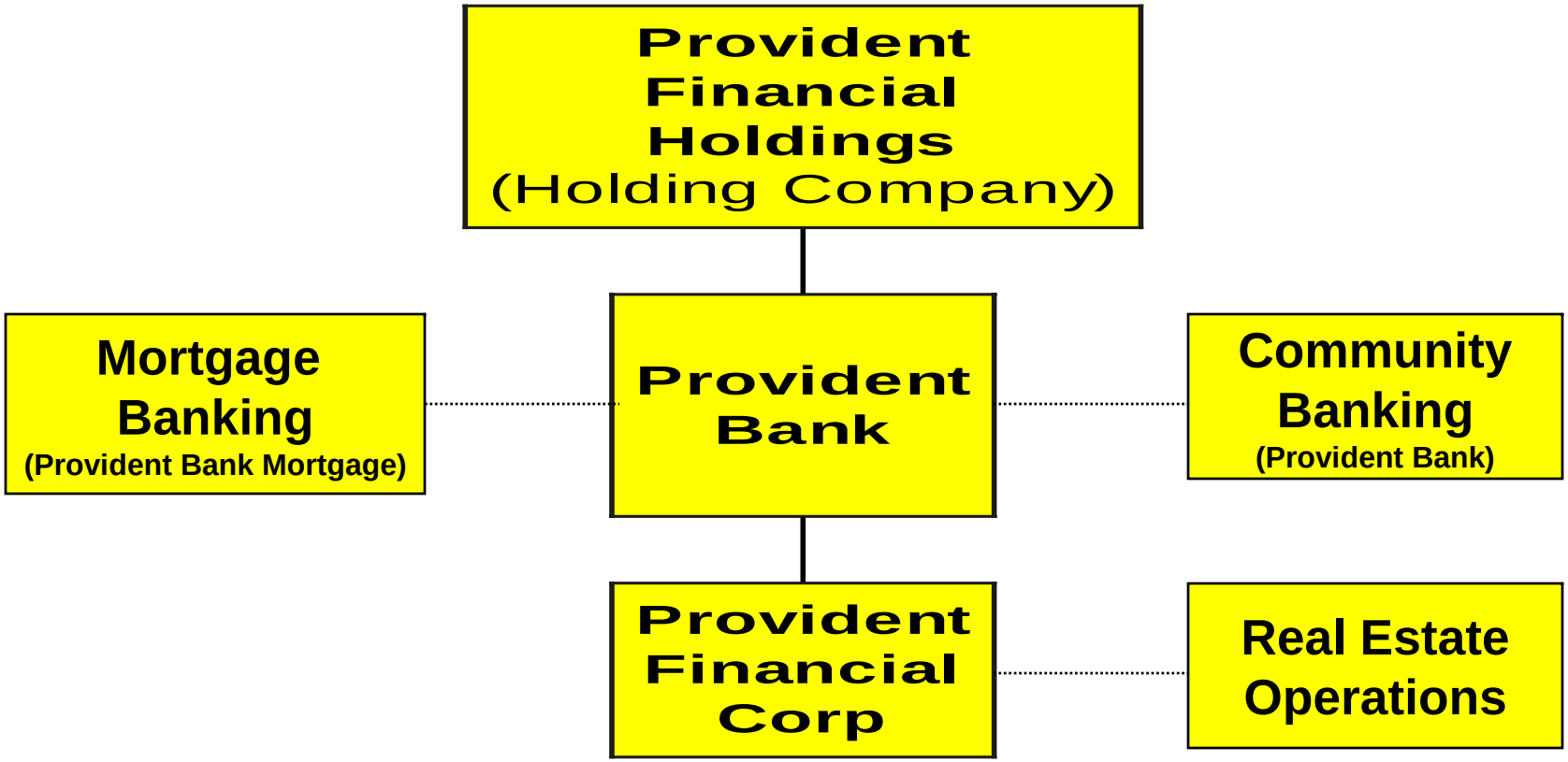
# Safe-Harbor Statement

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, 2004. 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: | $28.11 |
| 52-week range: | $22.30 - $30.96 |
| Shares outstanding | 6,956,815 shares |
| Market cap: | $195.6 million |
| P/E (ttm): | 10.65 |
| EPS (ttm): | $2.64 |
| Annual div & yield: | $0.56 (1.99%) |
| Div distribution date: | 10-Jun-05 |
| Div record date: | 20-May-05 |
| | |
| As of June 30, 2005. | |

# 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

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

**Provident Bank Mortgage**

**Wholesale Offices:**

- Rancho Cucamonga
- San Diego

**Retail Offices:**

- Call Center, Riverside
- Corona
- Diamond Bar
- Fullerton
- Glendora
- Huntington Beach
- La Quinta
- Rancho Mirage
- Riverside
- Temecula
- Torrance

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# Attractive Inland Empire Market

- "This fast population growth has continued since the 2000 Census, with Riverside ranking as the 3rd fastest growing county of the 3,100 counties in the nation and San Bernardino as the 6th fastest growing county."
  *Source: Inland Empire 2004 Indicators Report.*
- "The Inland Empire is a leader in job creation for the Southern California region. It has added new jobs every year for the last twenty years. Even during the 1990s when Southern California lost over 500,000 jobs, the Inland Empire gained jobs. Since 1990, the Inland Empire easily outdistances its other peer counties in California, gaining over 372,000 jobs even as Los Angeles County lost 151,000 jobs."
  *Source: Inland Empire 2004 Indicators Report.*
- "With housing affordability in Southern California's higher income coastal counties down to 11% in San Diego, 13% in Orange and 17% in Los Angeles counties, buyers are migrating to the Inland Empire causing soaring demand for housing from entry level to high-end."
  *Source: January 2005 Inland Empire Quarterly Economic Report.*

# 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

## Provident Bank Mortgage

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

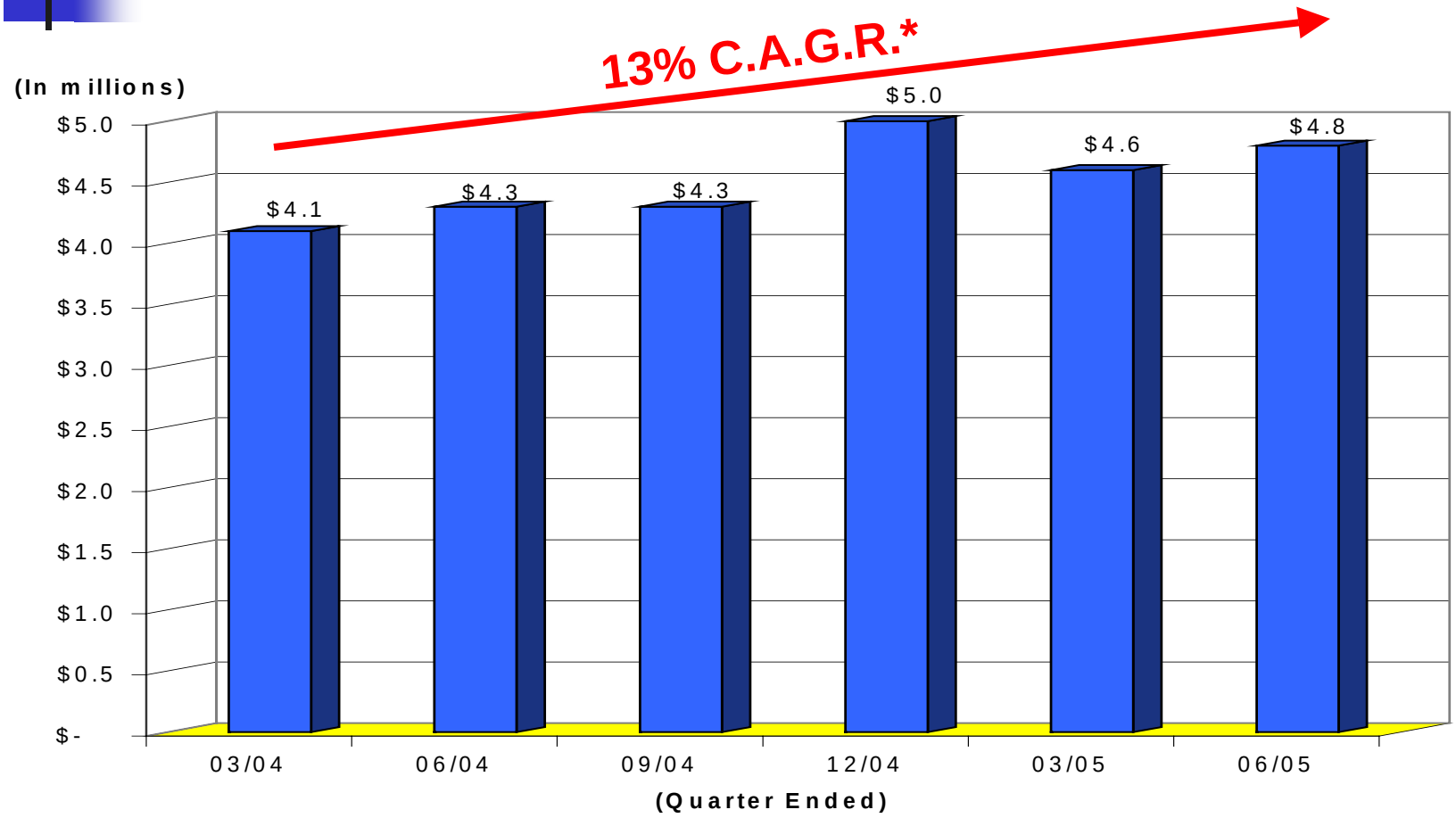
# PROV Highlights

| Financial Position: | As of 06/30/2005 | As of 03/31/2004 |
|---|---|---|
| Total assets …… | $ 1.63 billion | $ 1.37 billion |
| Loans held for investment ……. | $ 1.13 billion | $ 881.4 million |
| Deposits …….. | $ 918.6 million | $ 845.1 million |
| Equity …… | $ 123.0 million | $ 110.0 million |
| Tangible equity …… | $ 122.9 million | $ 109.8 million |

| Financial Results: | Quarter Ended 06/30/2005 | Quarter Ended 03/31/2004 |
|---|---|---|
| Net income …….. | $ 4.8 million | $ 4.1 million |
| Return on average equity …… | 15.93% | 15.33% |
| Return on average assets ……. | 1.22% | 1.25% |
| Net interest margin …… | 2.90% | 3.09% |
| Efficiency ratio …… | 50.63% | 48.12% |
| Total loan originations …… | $ 511.1 million | $ 385.1 million |
| Provident Bank …… | $ 73.3 million | $ 66.7 million |
| Provident Bank Mortgage …. | $ 437.8 million | $ 318.4 million |

Provident Financial Holdings, Inc.

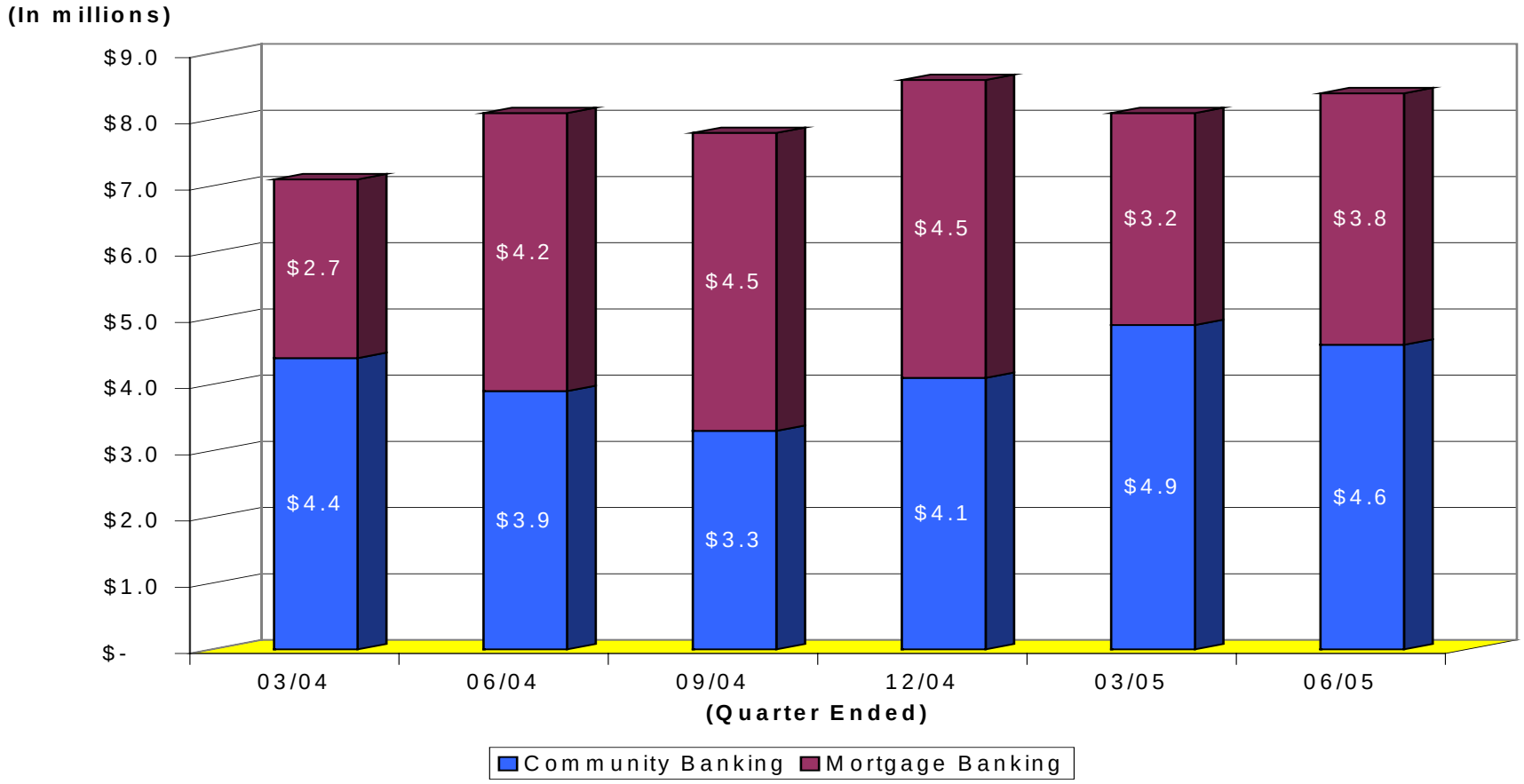
# Quarterly Net Income



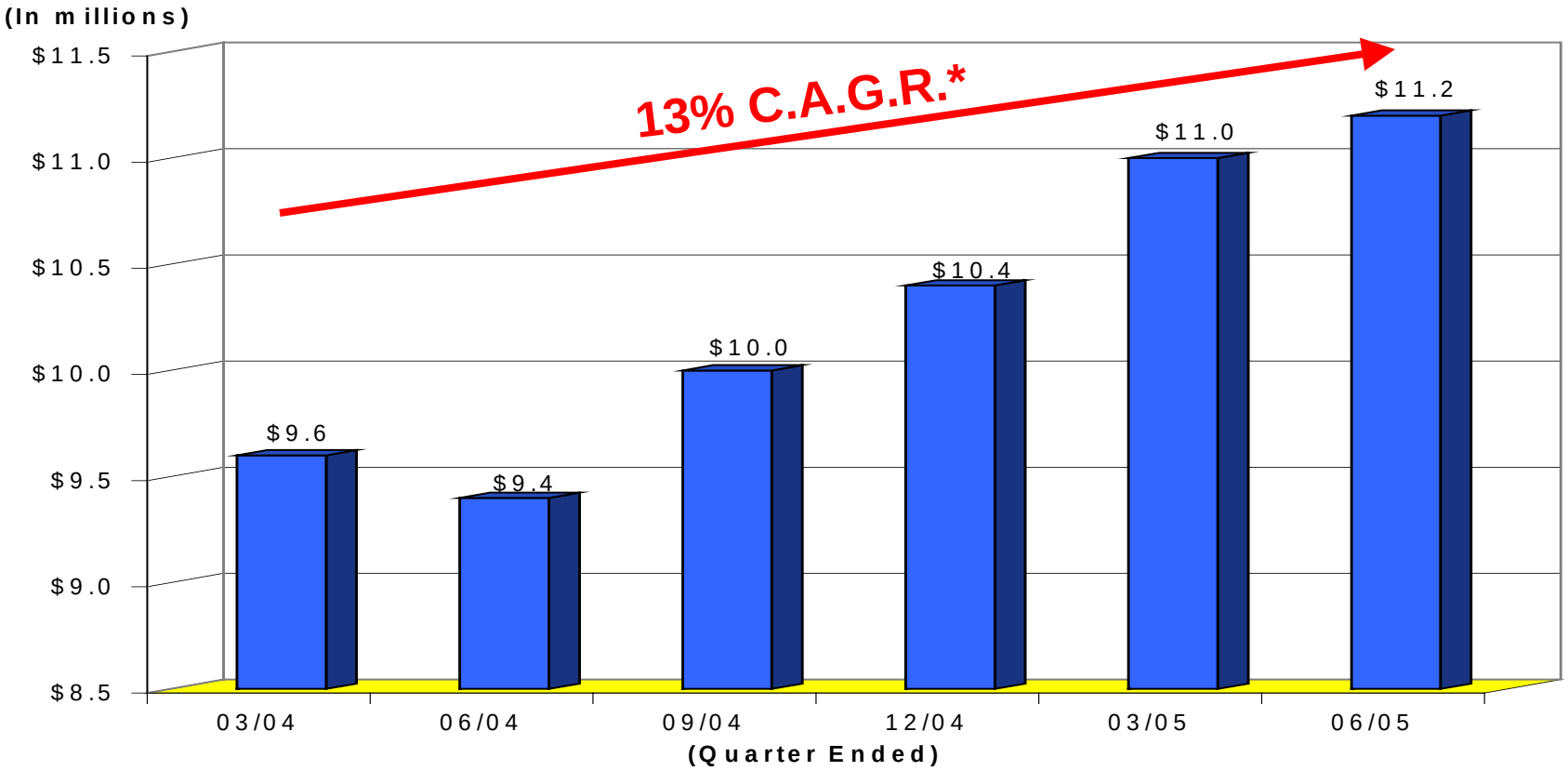

* C.A.G.R. - Compound annual growth rate from the quarter ended 03/31/04 through 06/30/05.

Provident Financial Holdings, Inc.

# Pre-Tax Income - Operating Segments



# Quarterly Net Interest Income

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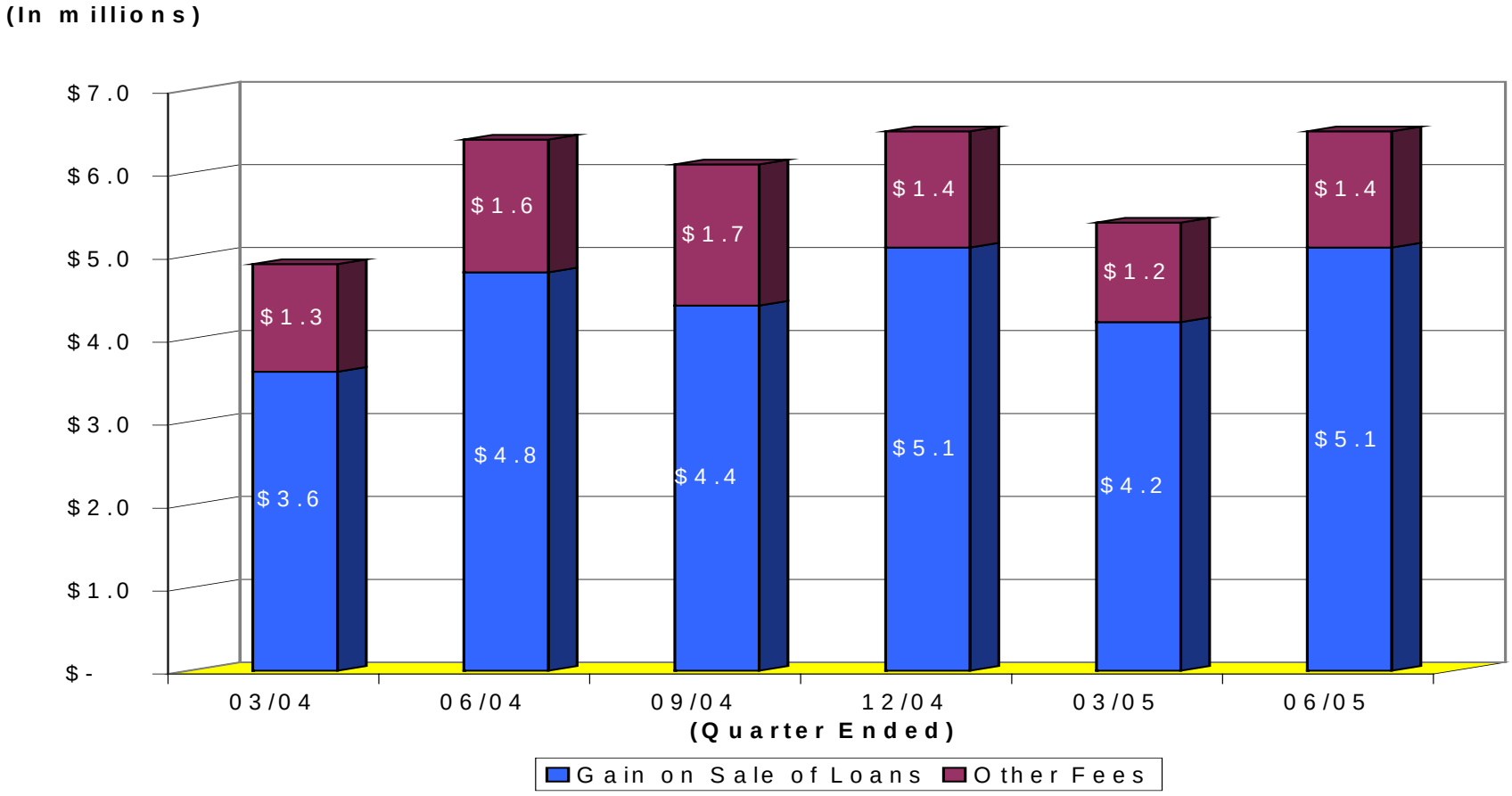
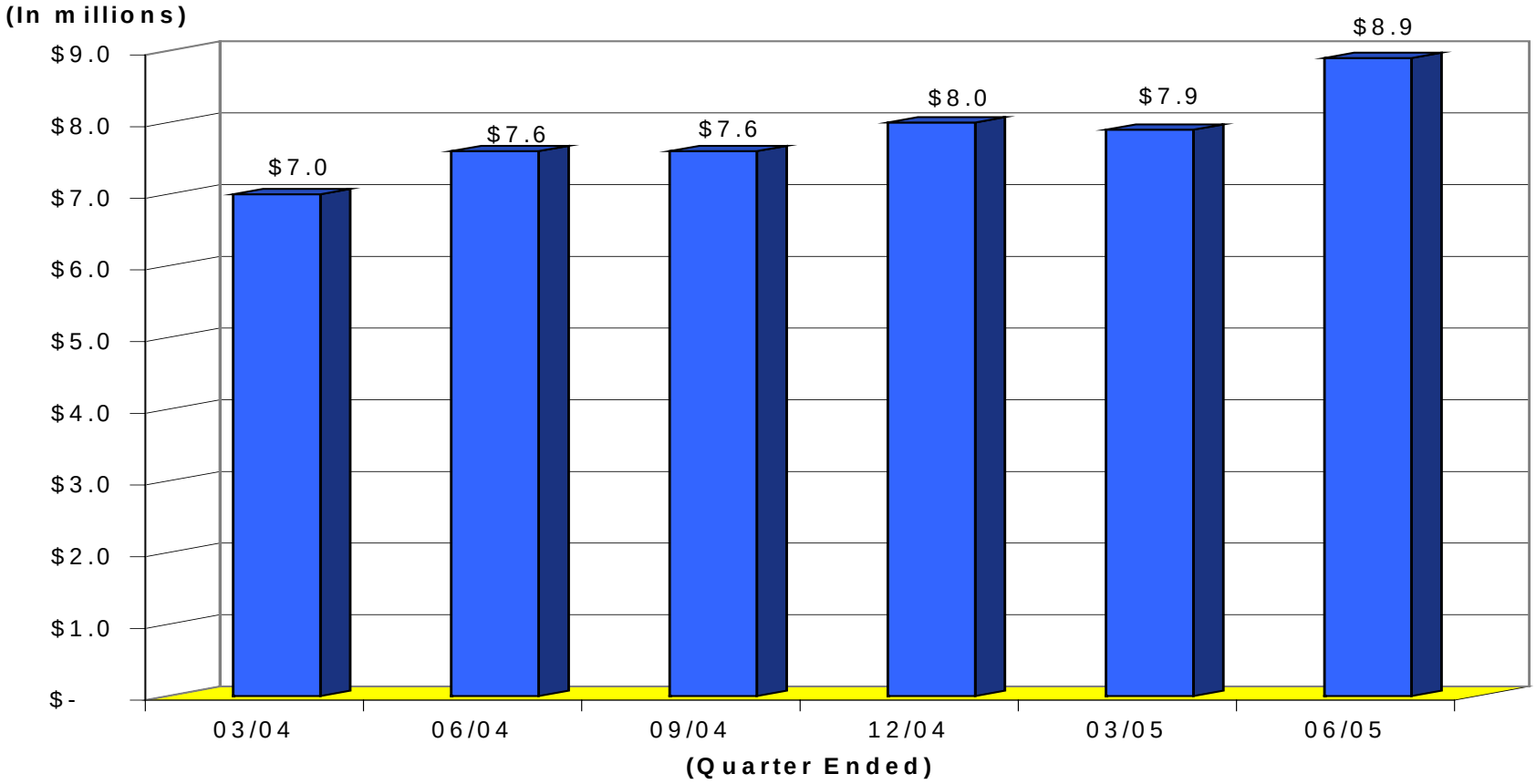
# Non-Interest Income



# Operating Expenses



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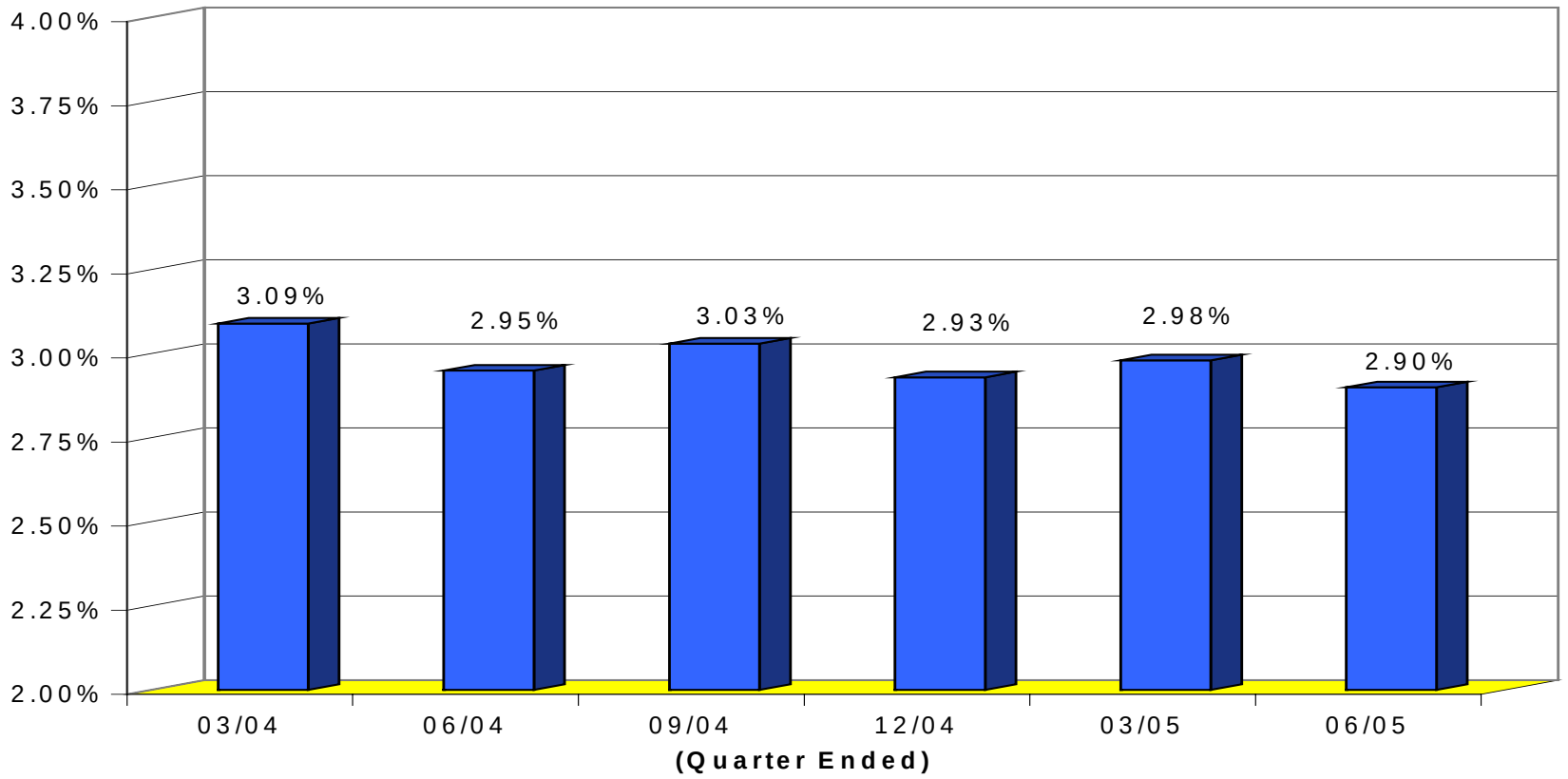
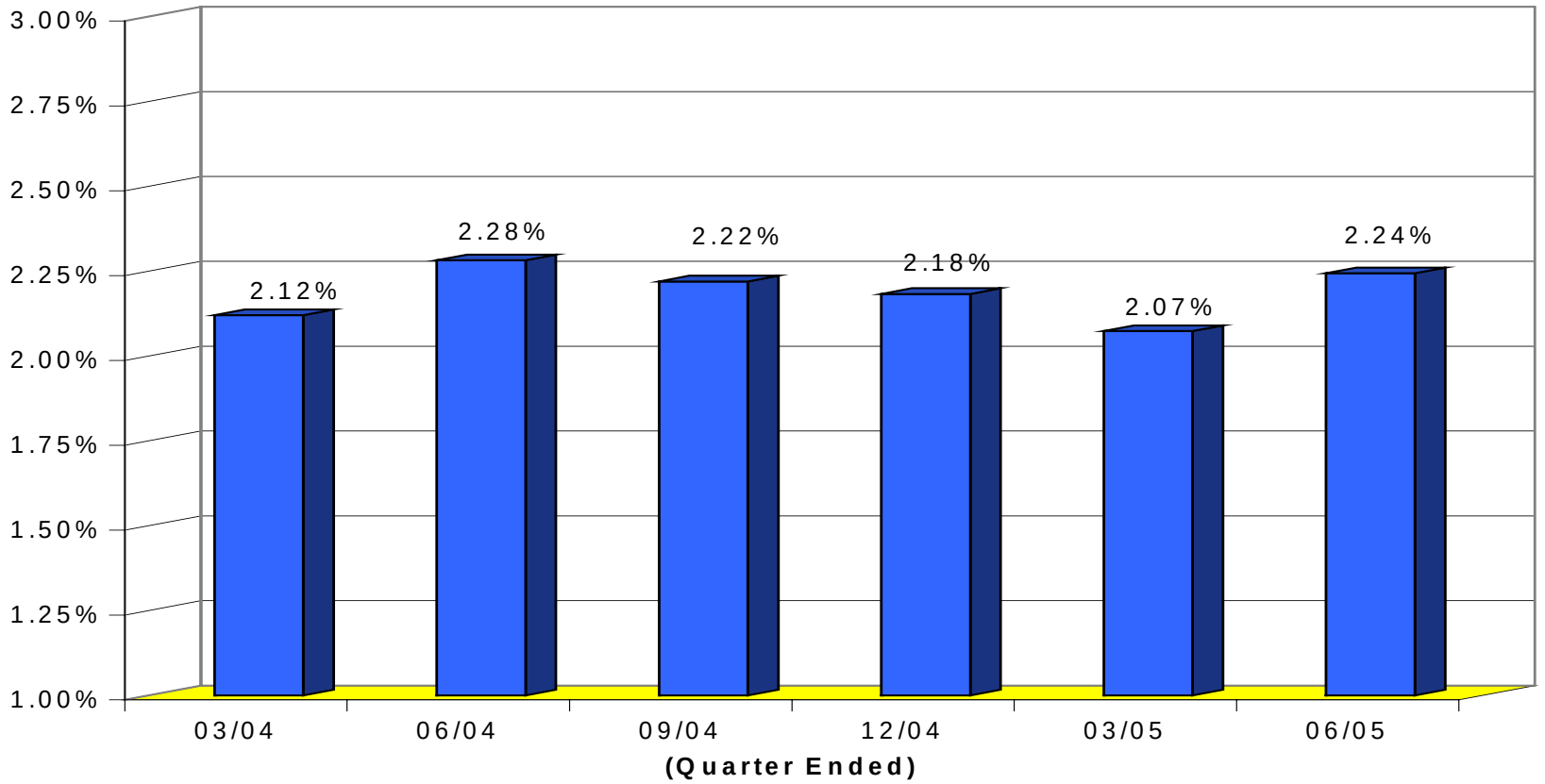
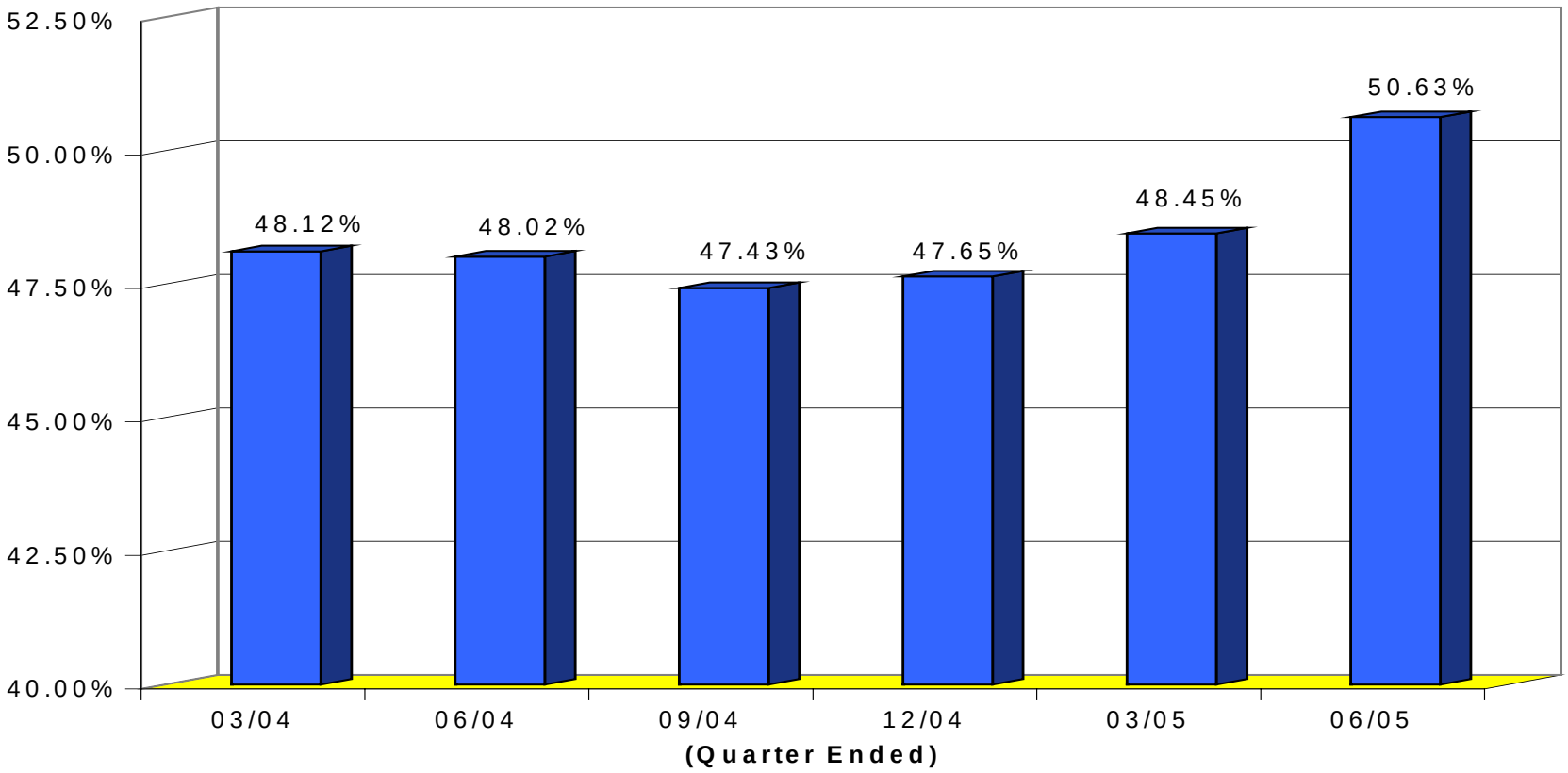
# Net Interest Margin



# G&A to Average Assets



# Efficiency Ratio



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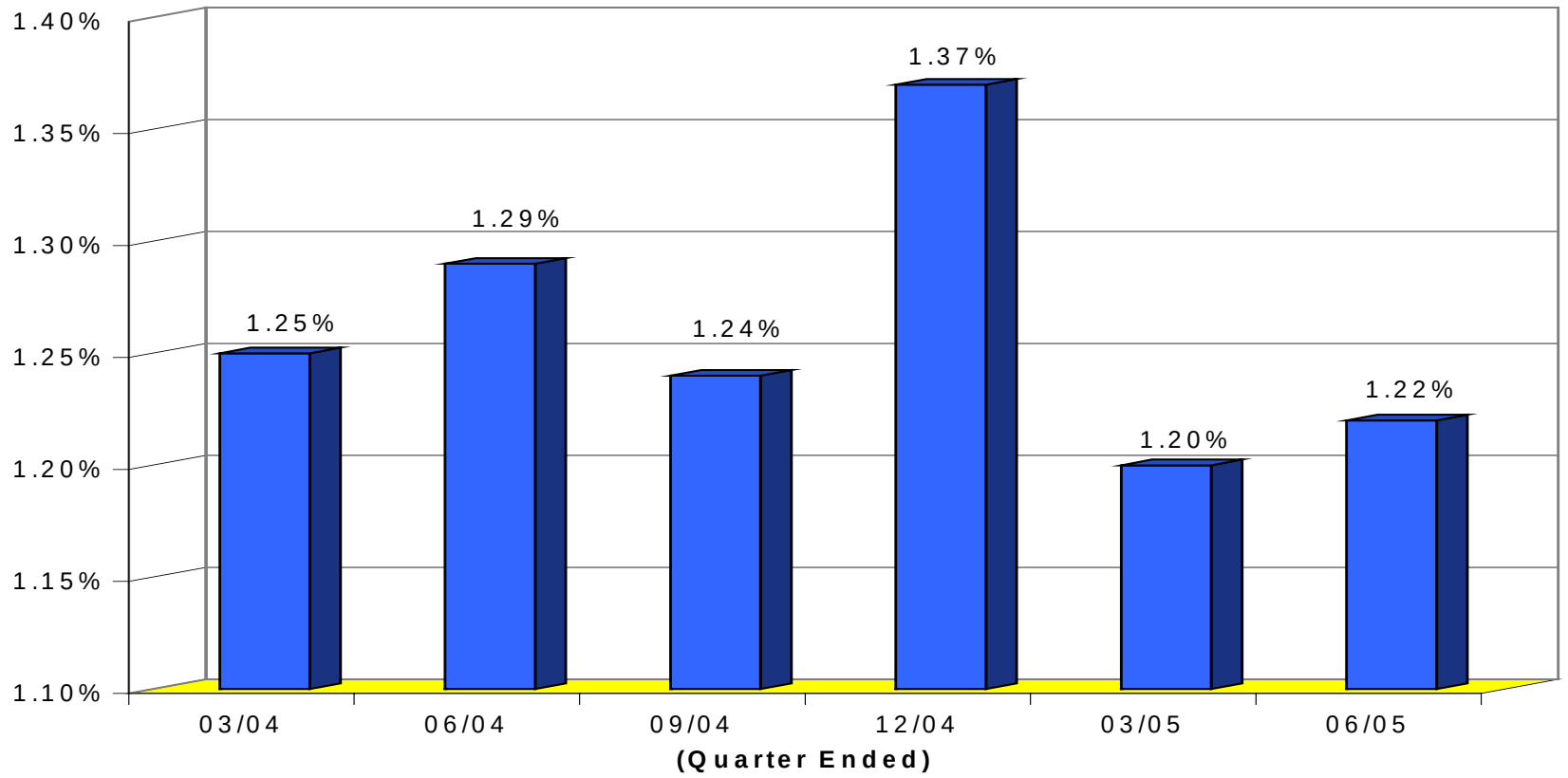
# Return on Average Assets



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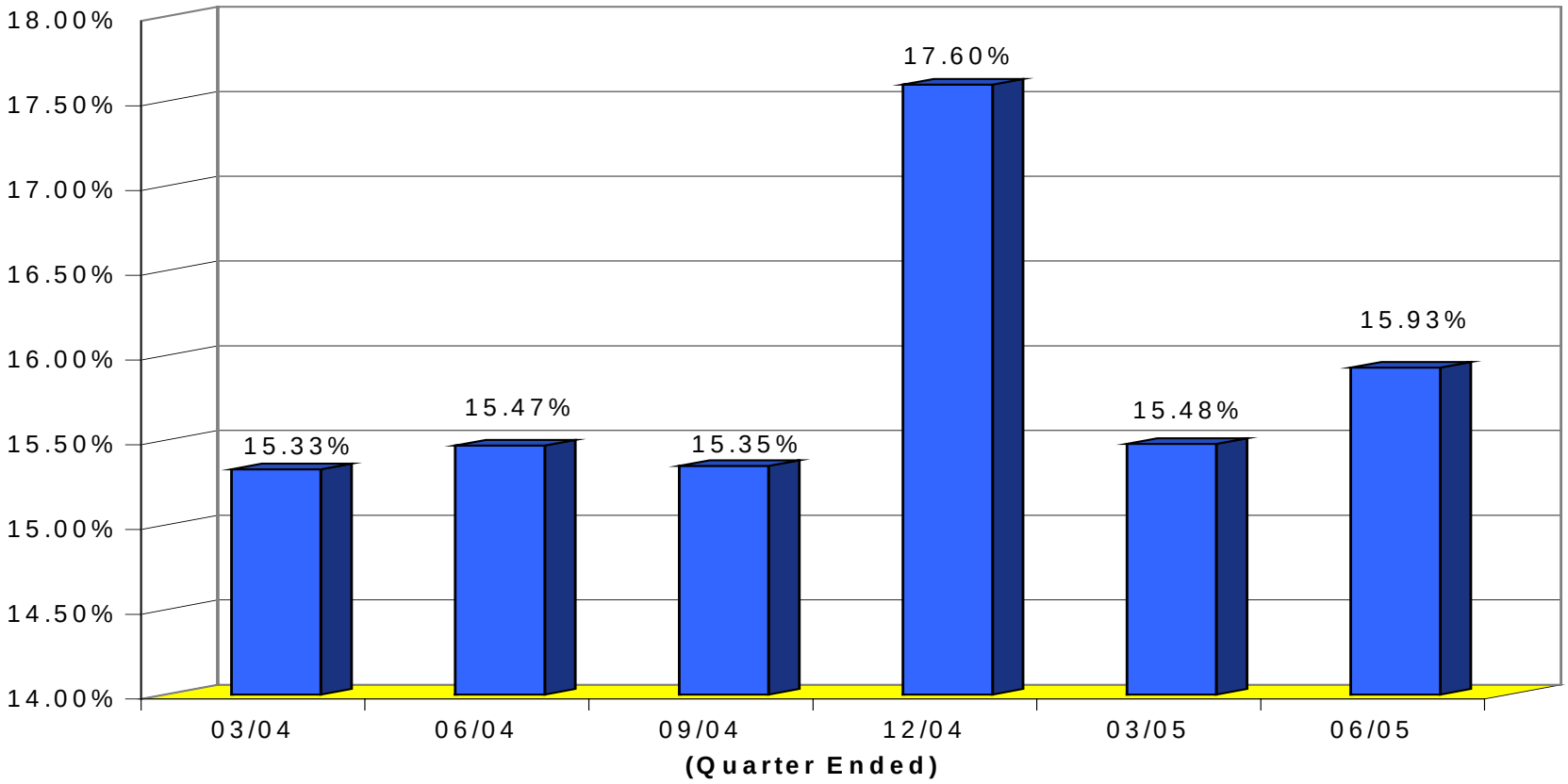
# Return on Average Equity



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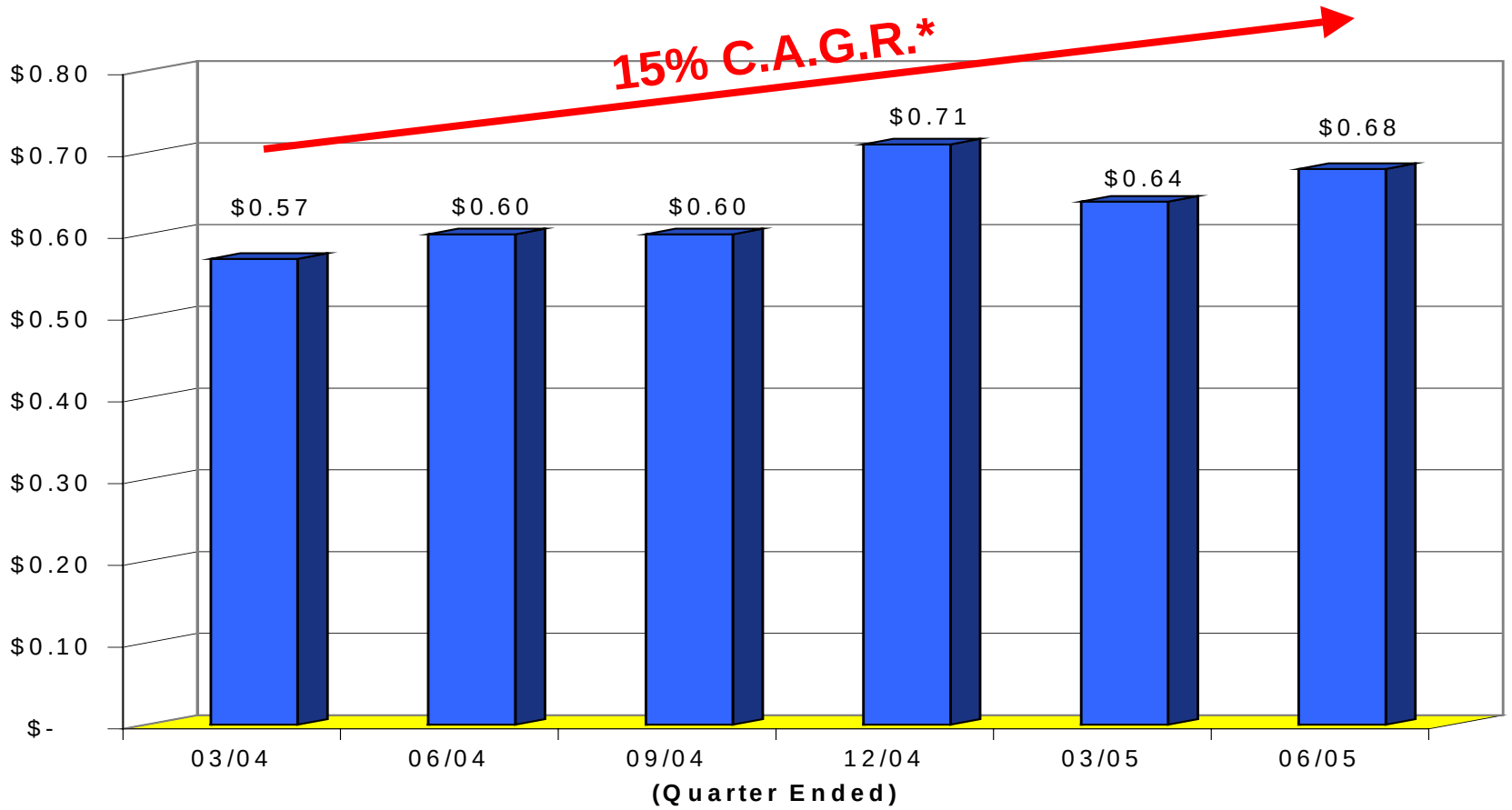
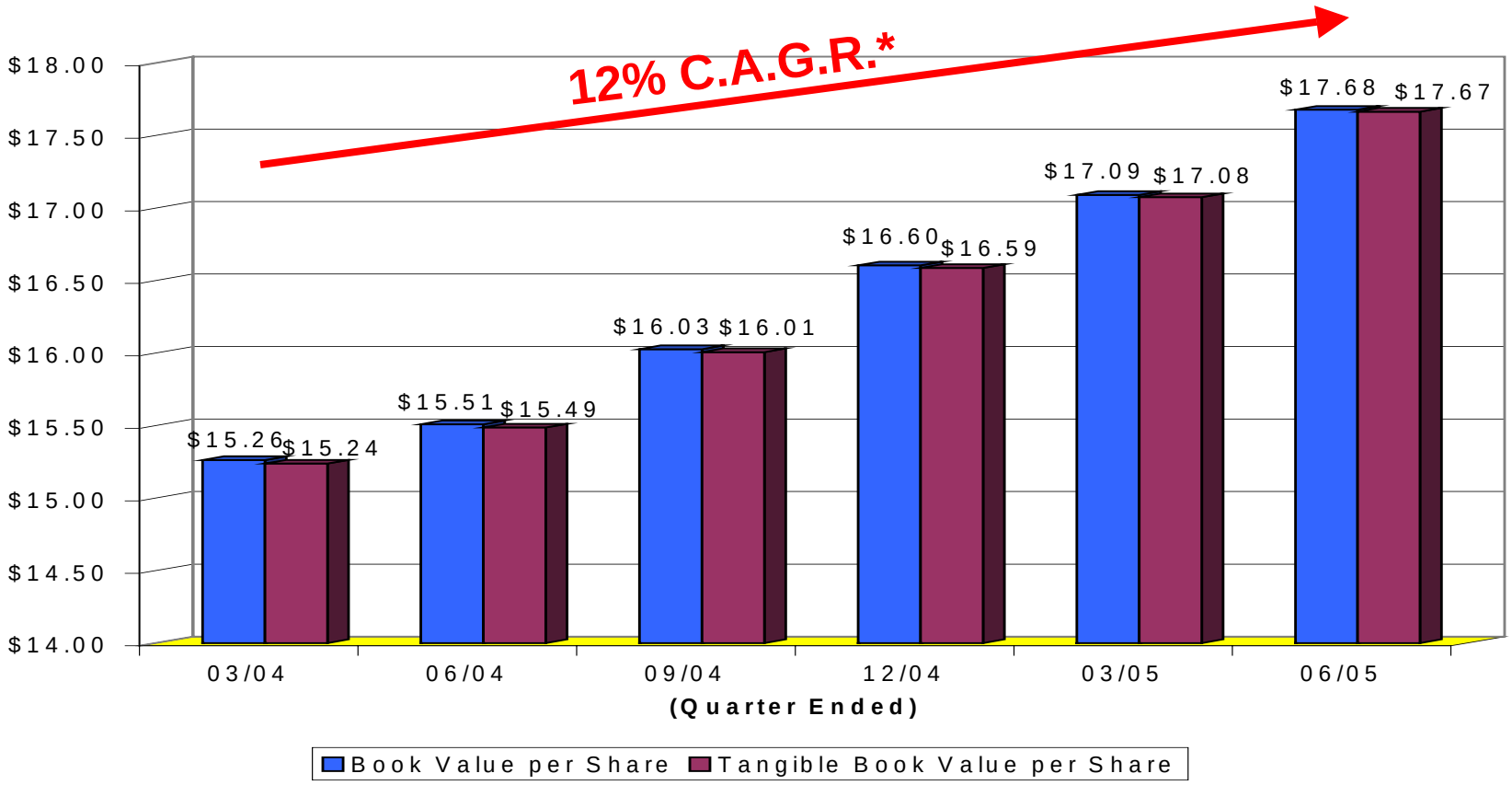
# Diluted Earnings per Share




* C.A.G.R. - Compound annual growth rate from the quarter ended 03/31/04 through 06/30/05.

# Book Value per Share




* C.A.G.R. - Compound annual growth rate from the quarter ended 03/31/04 through 06/30/05.

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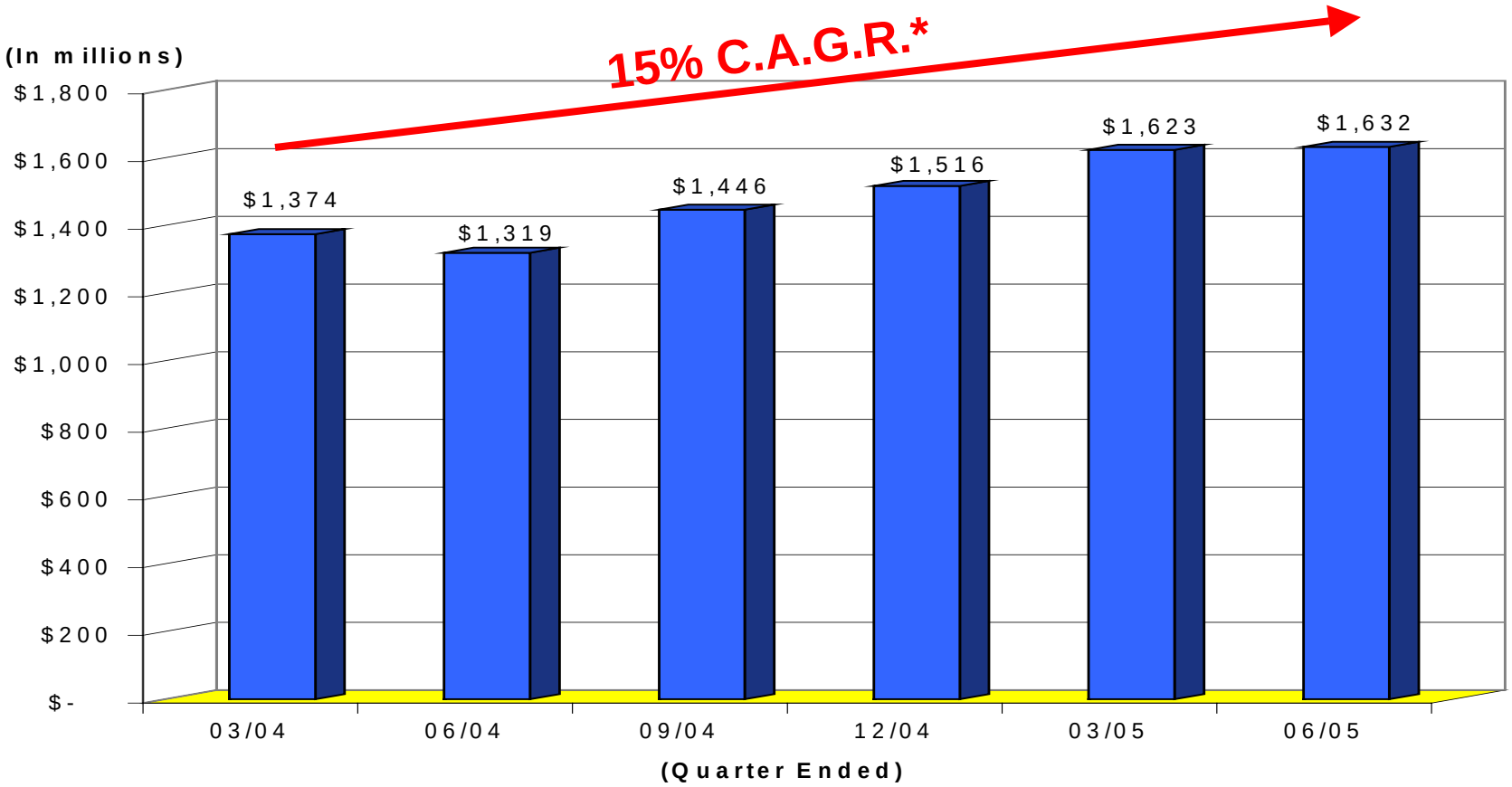
# Community Banking

PROVIDENT Bank™

More for you everyday.

# Total Assets

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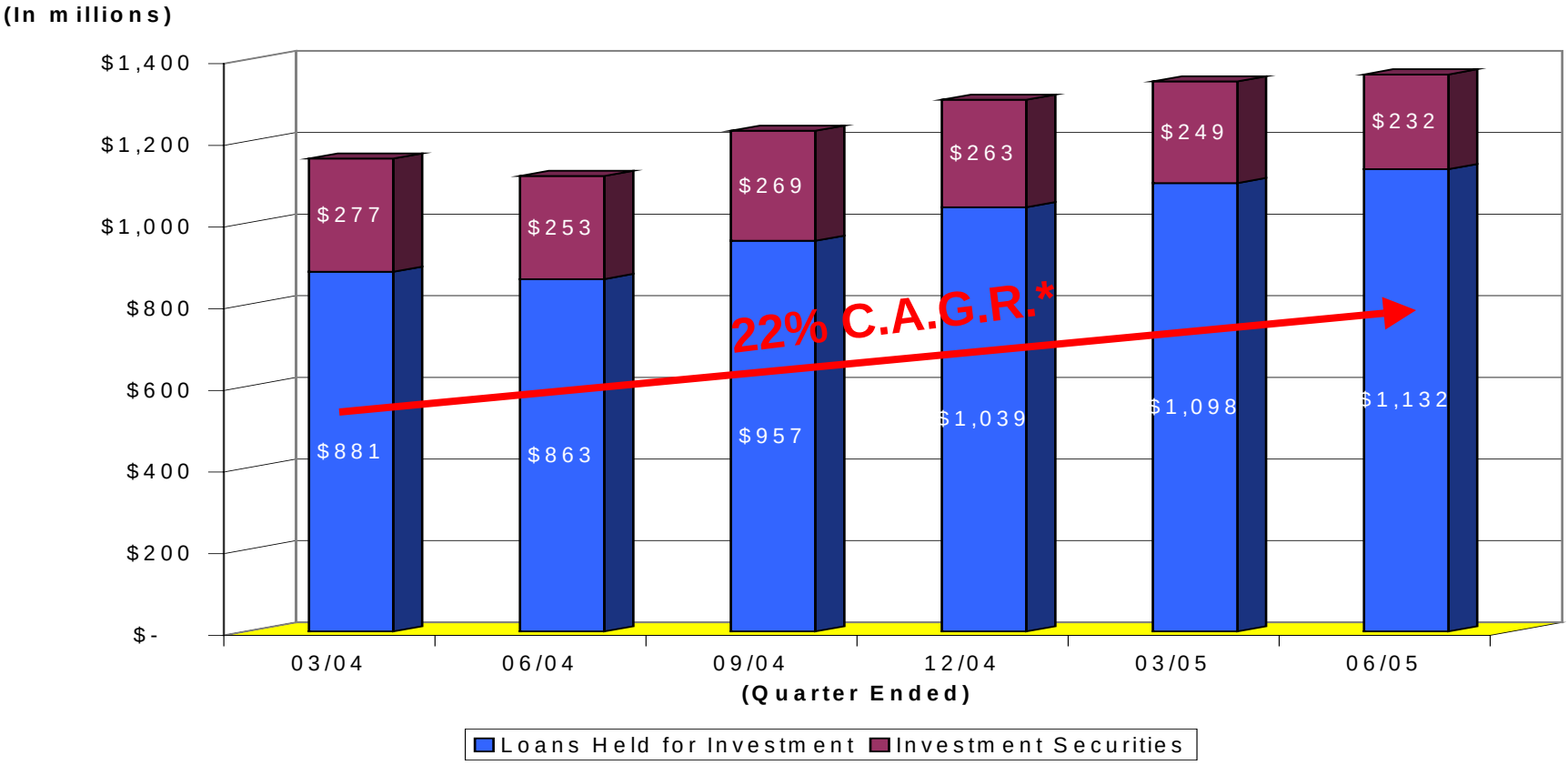
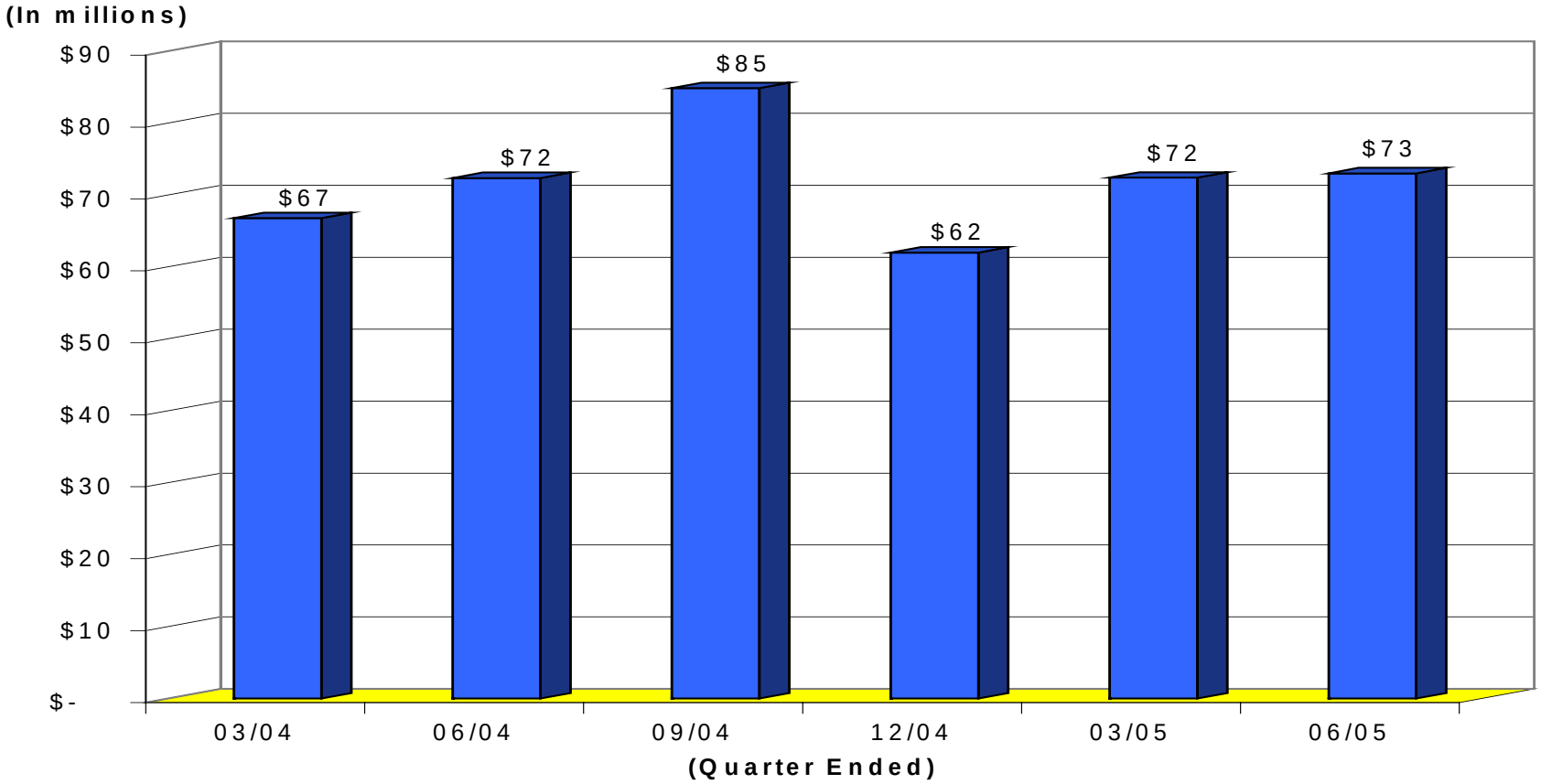
# Loan to Investment Mix

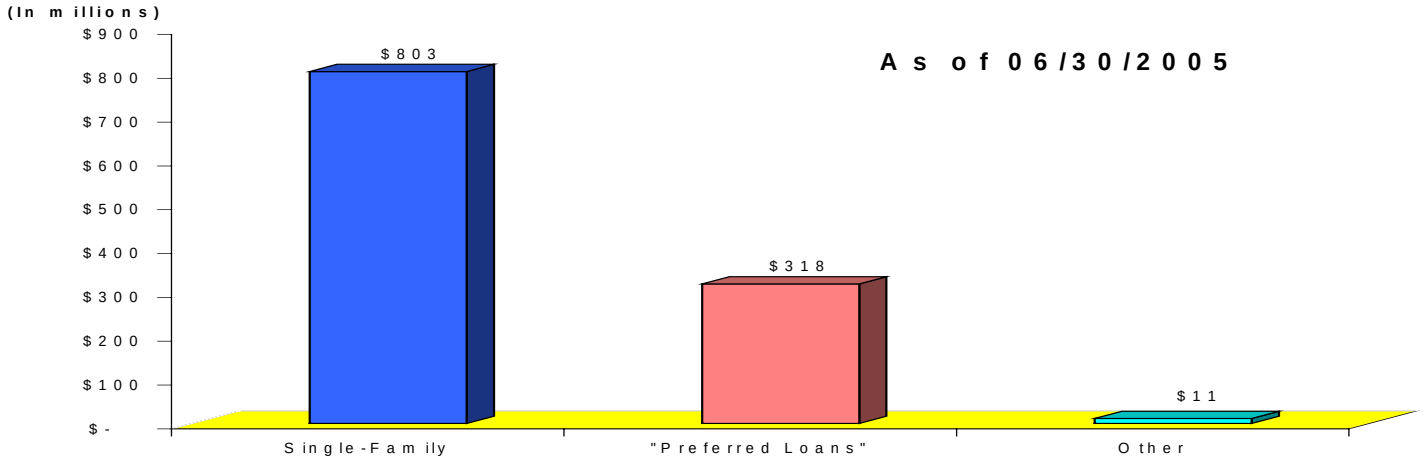


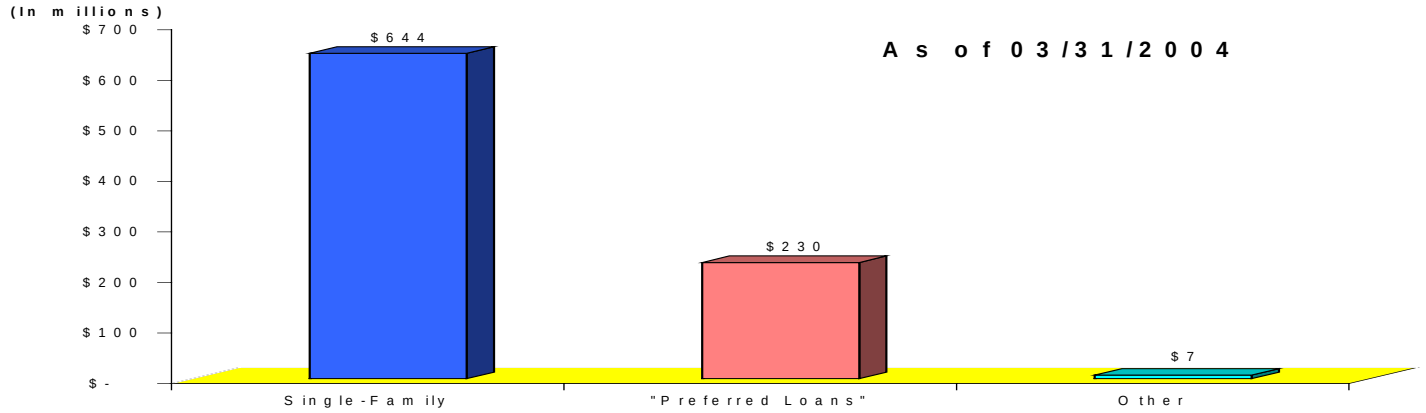

* C.A.G.R. - Compound annual growth rate from the quarter ended 03/31/04 through 06/30/05.

# Provident Bank Loan Originations ("Preferred Loans")



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

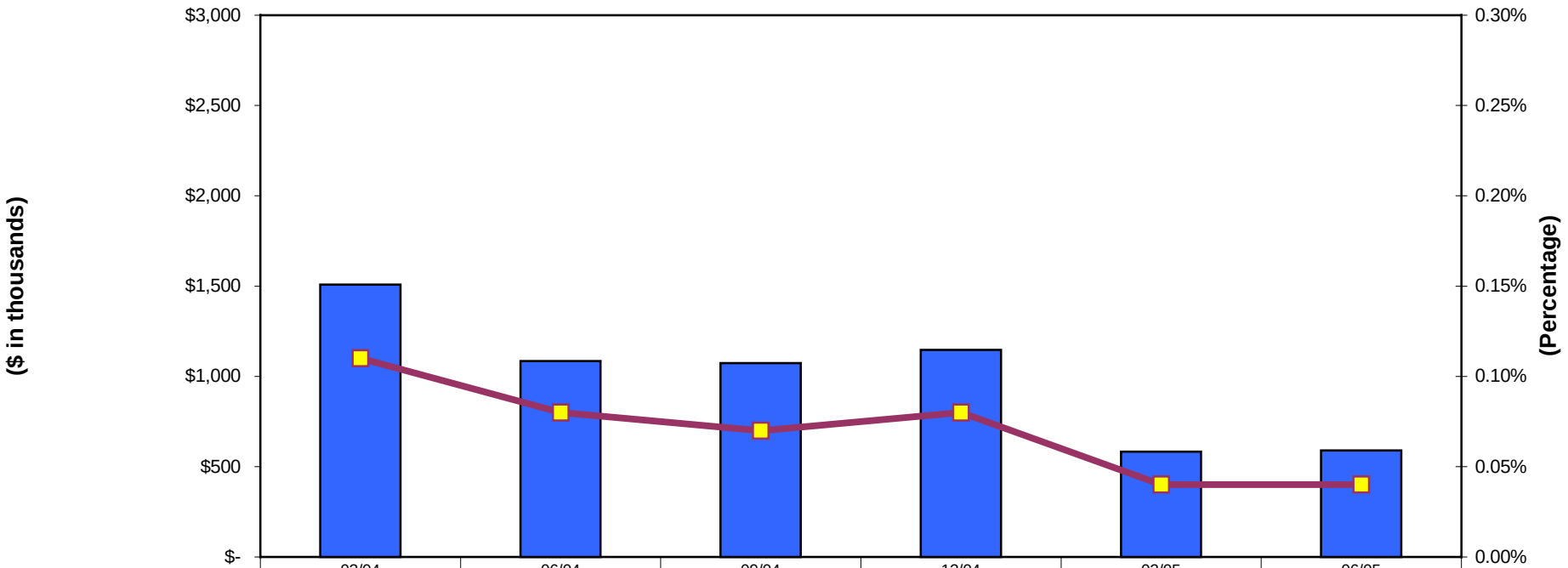



"Preferred Loans" - Multi-Family, Commercial RE, Construction and Commercial Business loans.

# Asset Quality

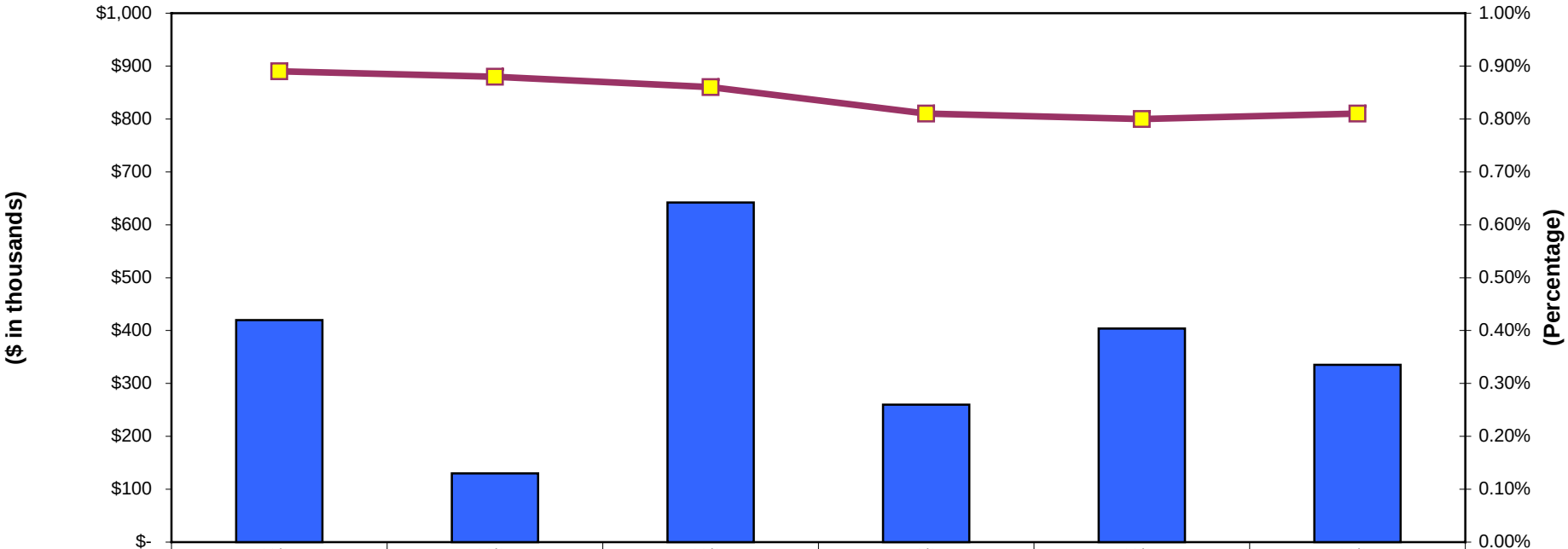
## Non-Performing Assets ("NPA") & NPA to Total Assets




| | 03/04 | 06/04 | 09/04 | 12/04 | 03/05 | 06/05 |
|---|---|---|---|---|---|---|
| Non-Performing Assets | $1,509 | $1,085 | $1,074 | $1,146 | $584 | $590 |
| NPA to Total Assets | 0.11% | 0.08% | 0.07% | 0.08% | 0.04% | 0.04% |

# Asset Quality

## Provision for Loan Losses (PLL) & Allowance for Loan Losses to Loans Held for Investment (ALL to LHI)




| | 03/04 | 06/04 | 09/04 | 12/04 | 03/05 | 06/05 |
|---|---|---|---|---|---|---|
| PLL | $420 | $130 | $642 | $260 | $404 | $335 |
| ALL to LHI | 0.89% | 0.88% | 0.86% | 0.81% | 0.80% | 0.81% |

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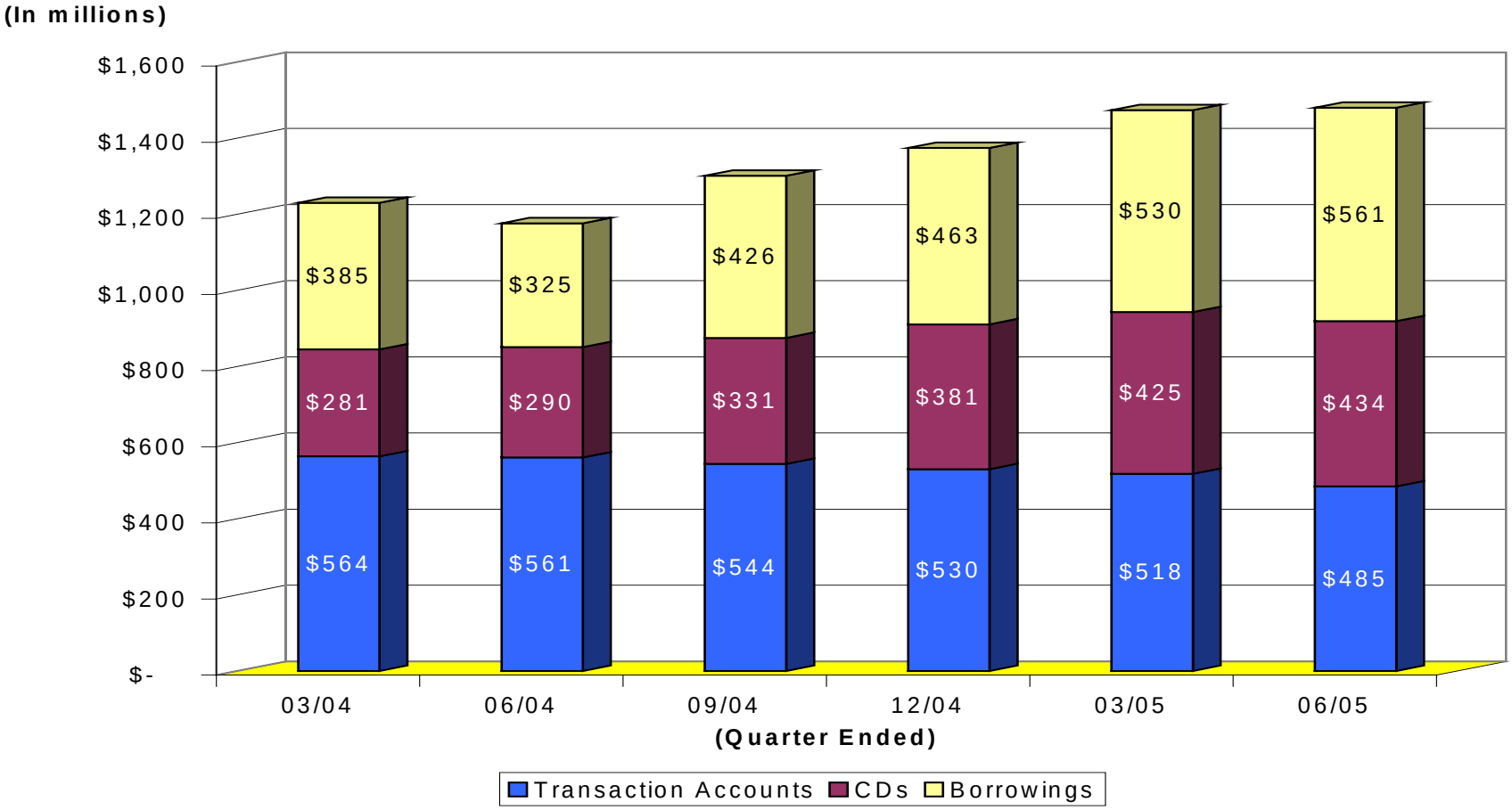
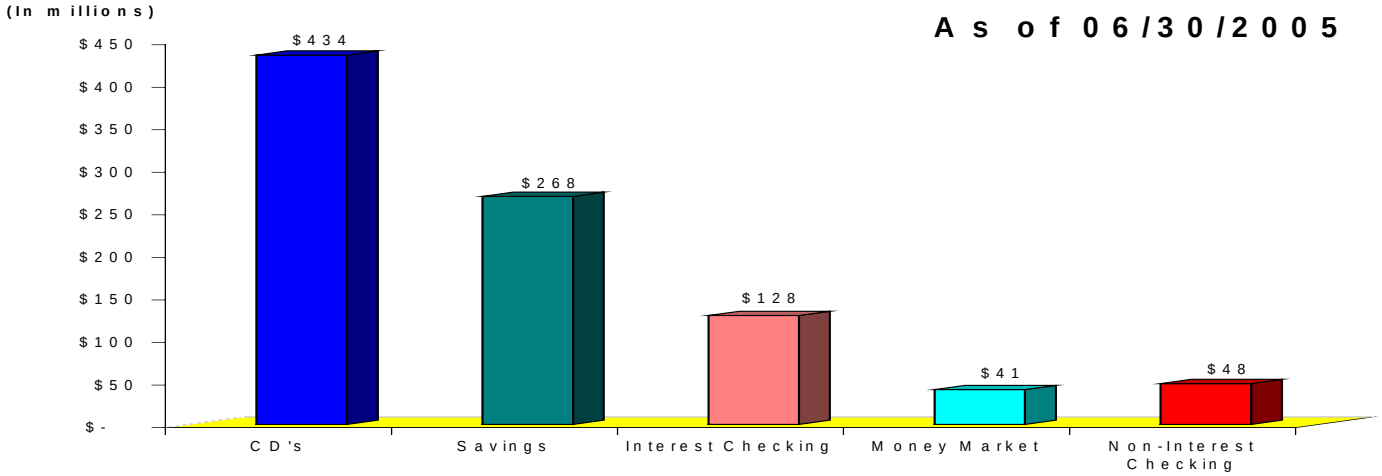
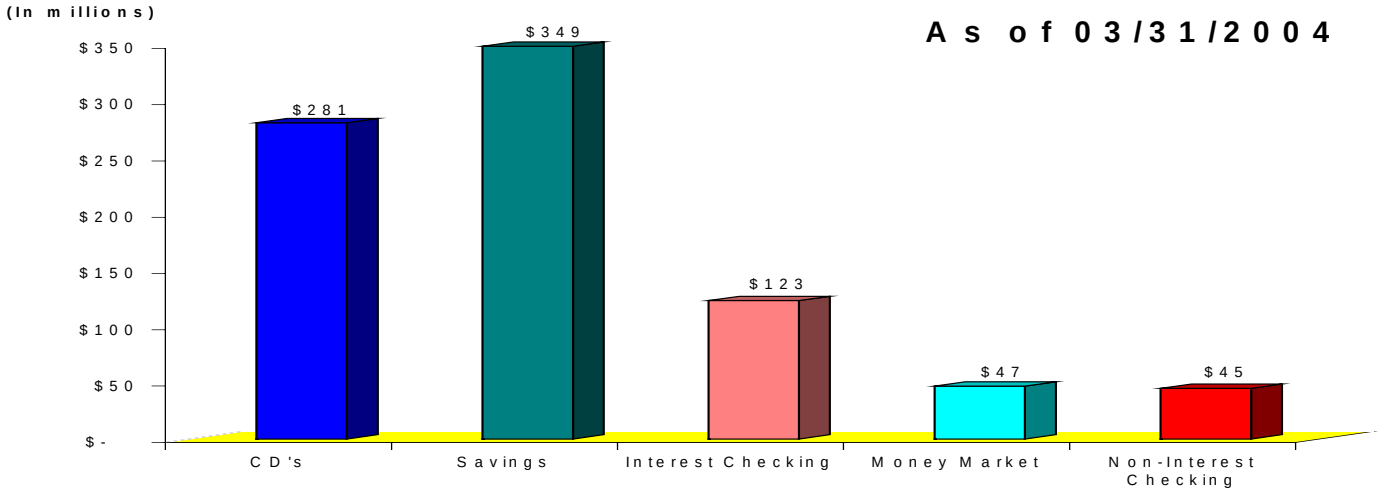
# Transaction Accounts, CDs & Borrowings



# Deposit Composition



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# Mortgage Banking

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Bank Mortgage™
Faster funded home loans.

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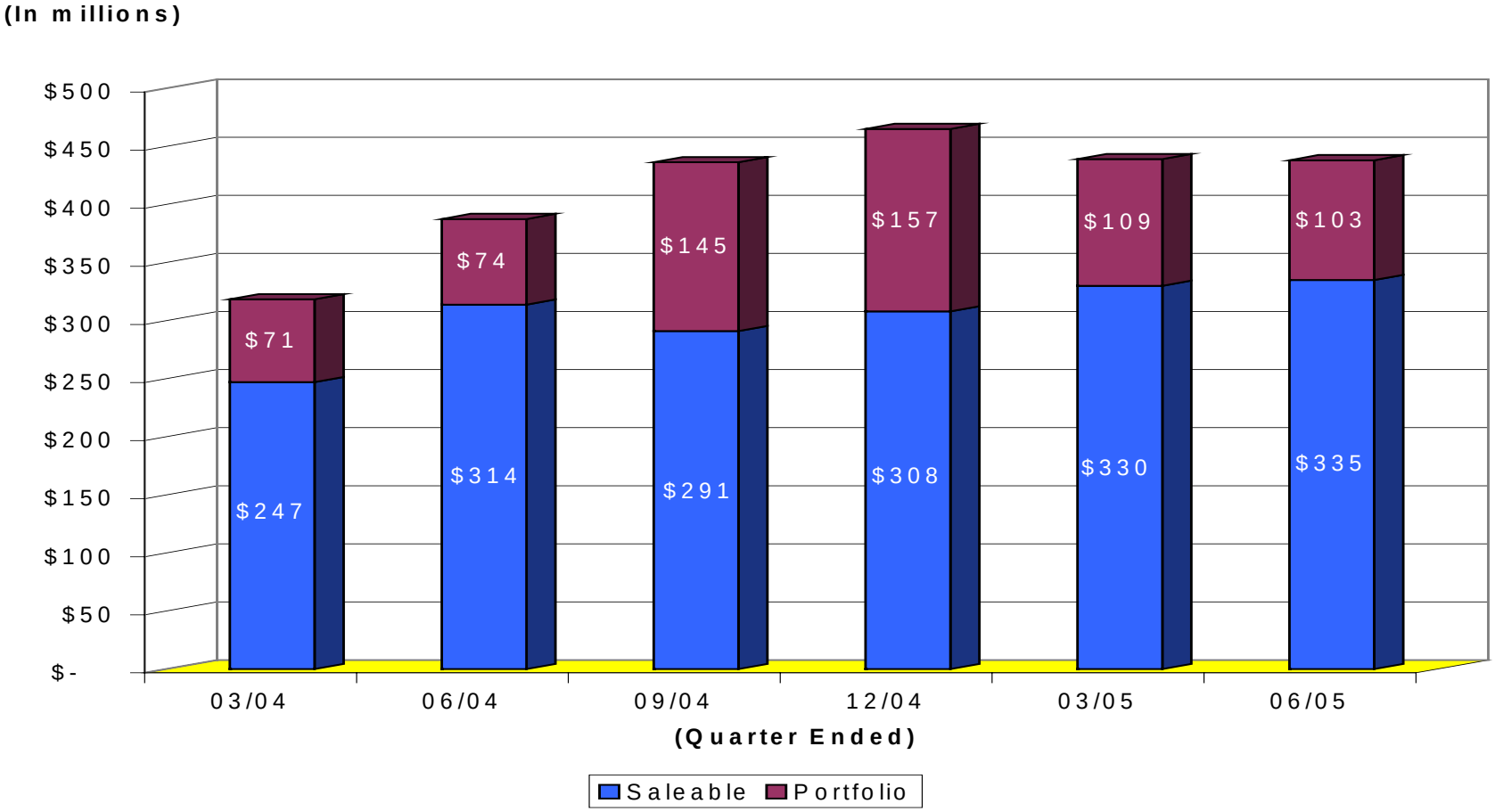
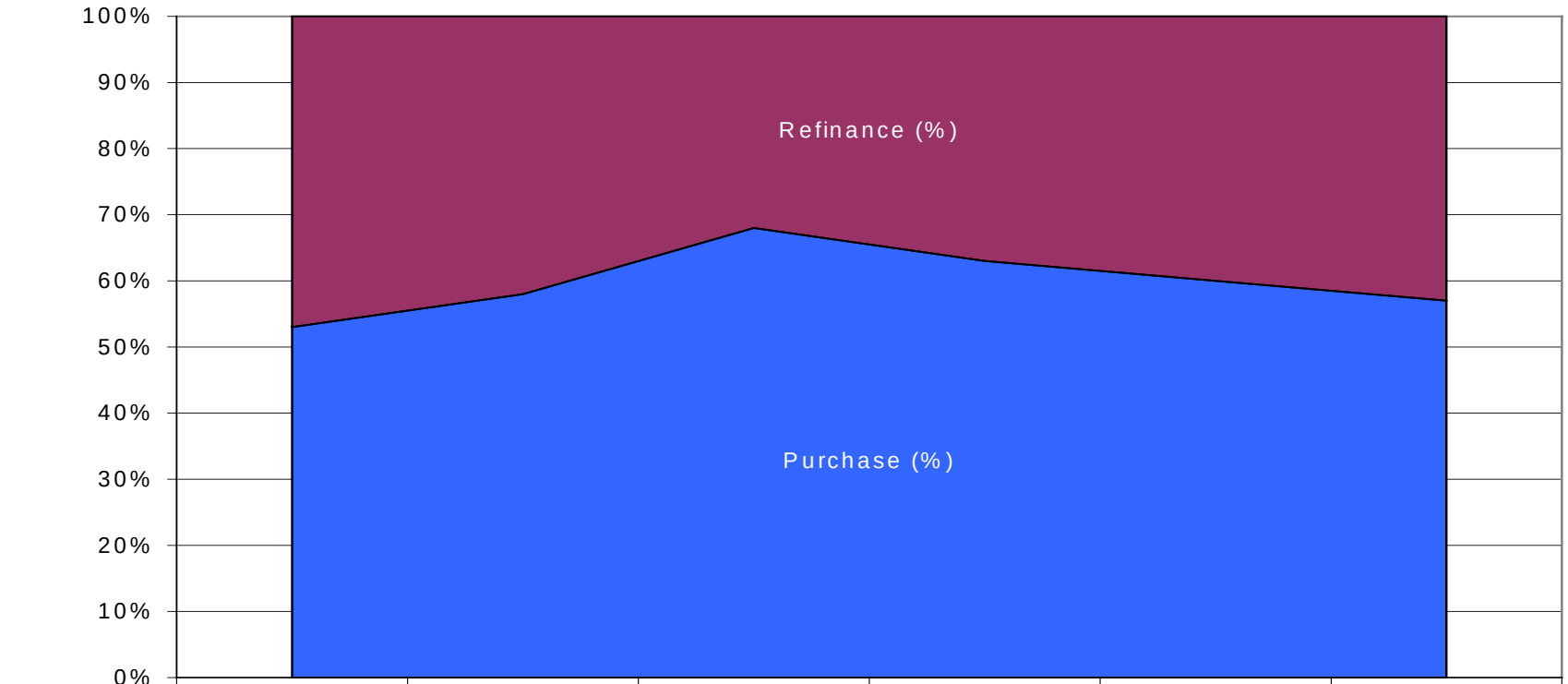
# Provident Bank Mortgage Loan Originations



# PBM Purchase vs. Refinance

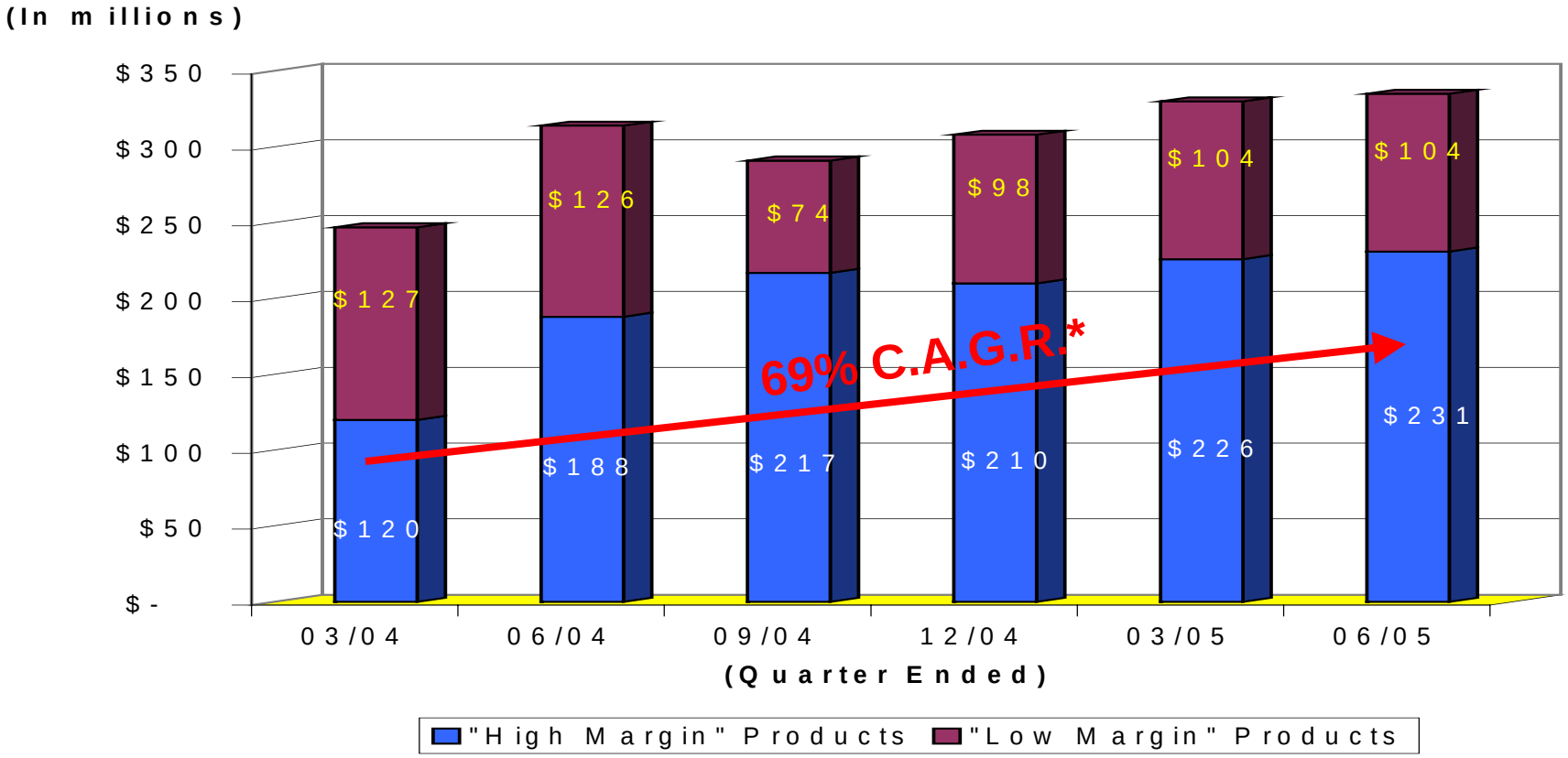



| | 03/04 | 06/04 | 09/04 | 12/04 | 03/05 | 06/05 |
|---|---|---|---|---|---|---|
| Refinance | 47% | 42% | 32% | 37% | 40% | 43% |
| Purchase | 53% | 58% | 68% | 63% | 60% | 57% |

**(Quarter Ended)**

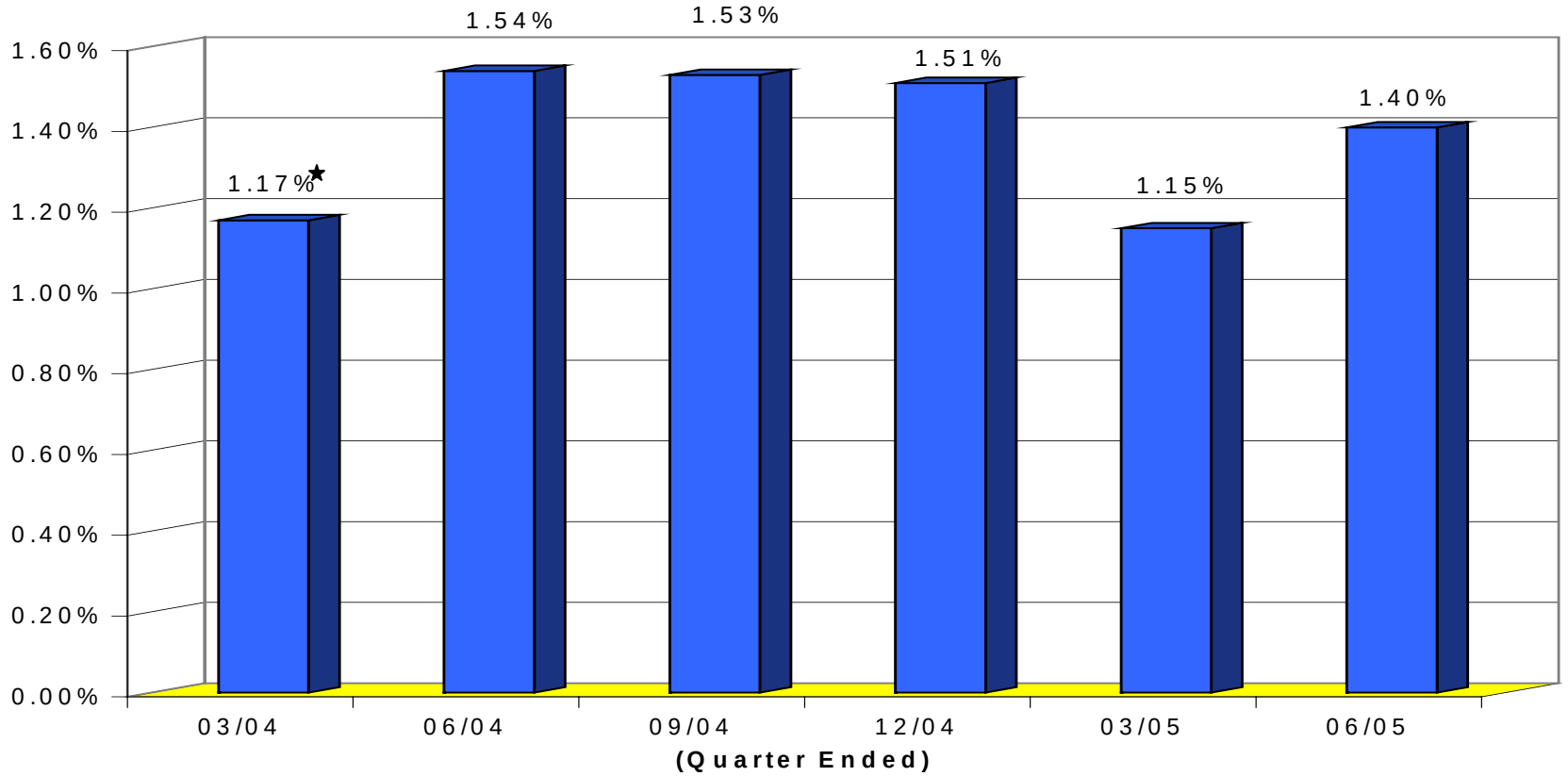
Provident Financial Holdings, Inc.

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




* C.A.G.R. - Compound annual growth rate from the quarter ended 03/31/04 through 06/30/05.

# Gain on Sale Margin




* Implemented SEC Staff Accounting Bulletin No. 105, “Application of Accounting Principles to Loan Commitments.”

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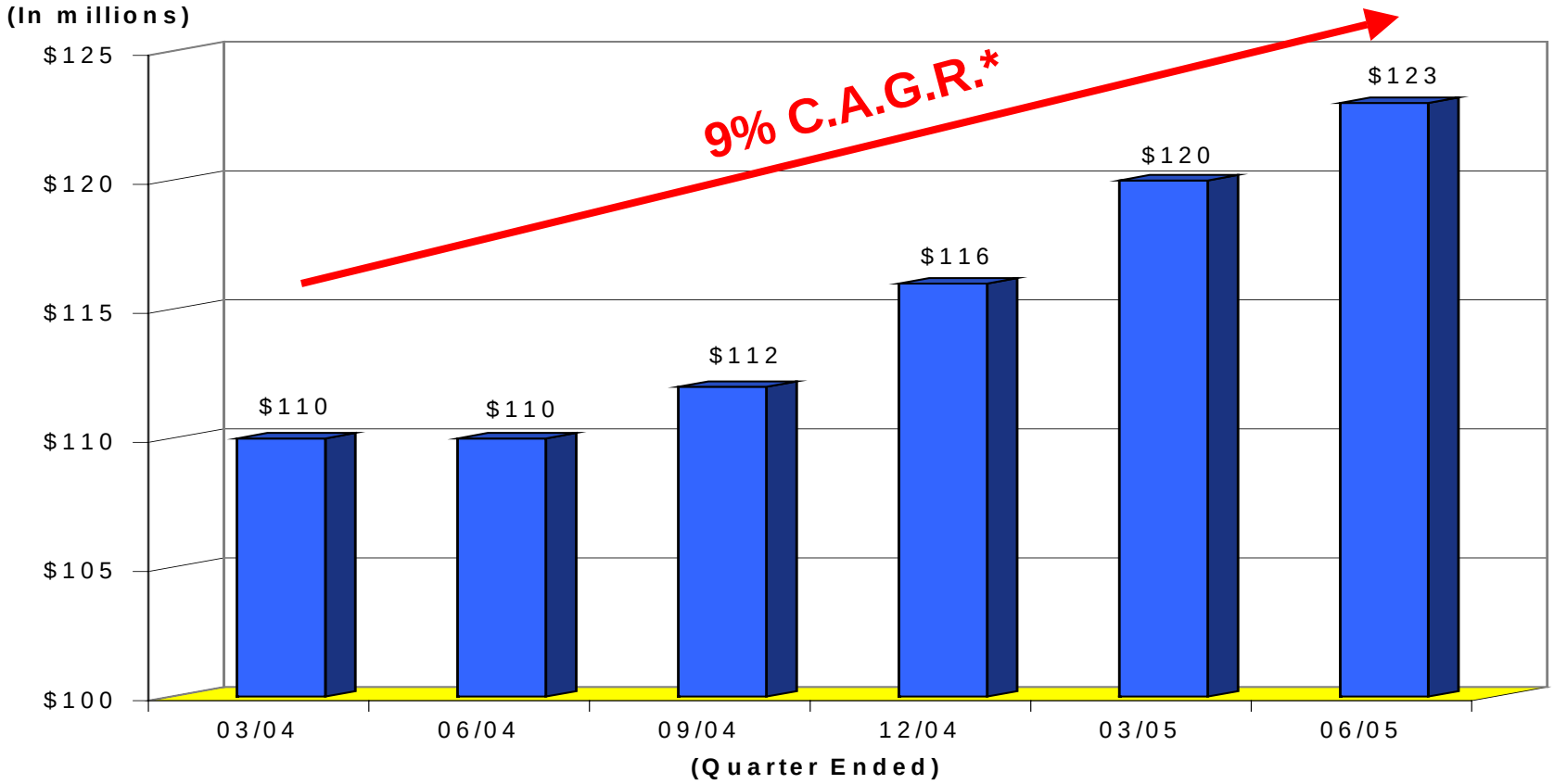
# Capital Management

# Stockholders' Equity

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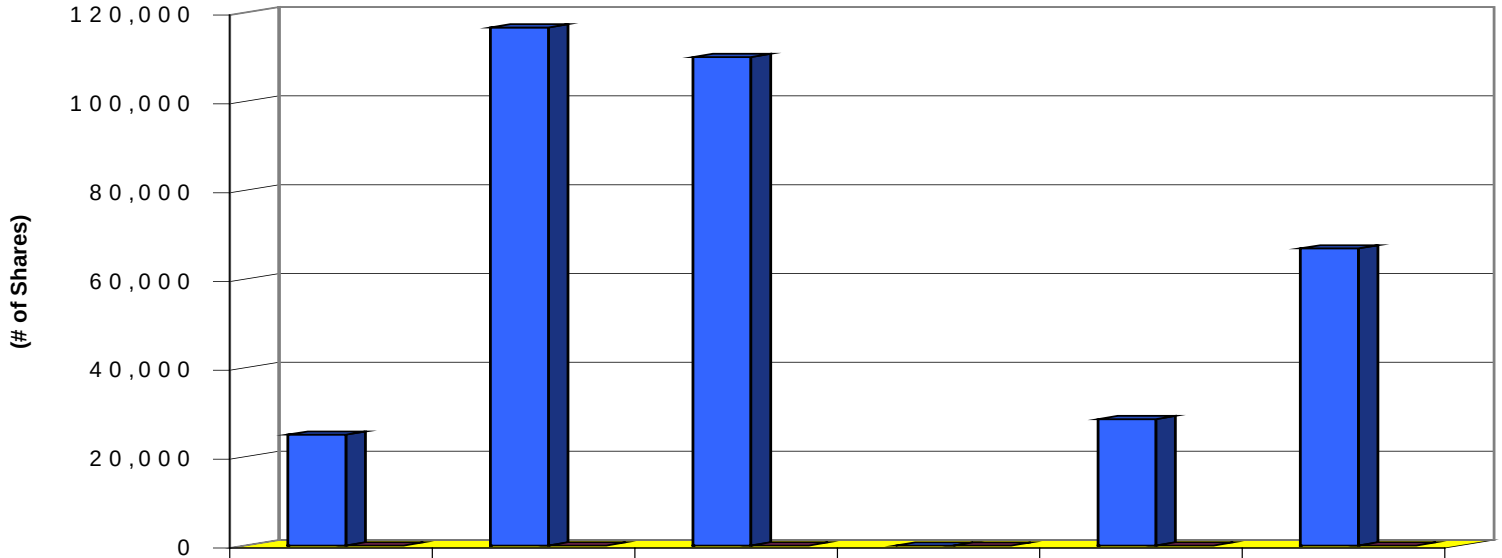
# Share Repurchase Program

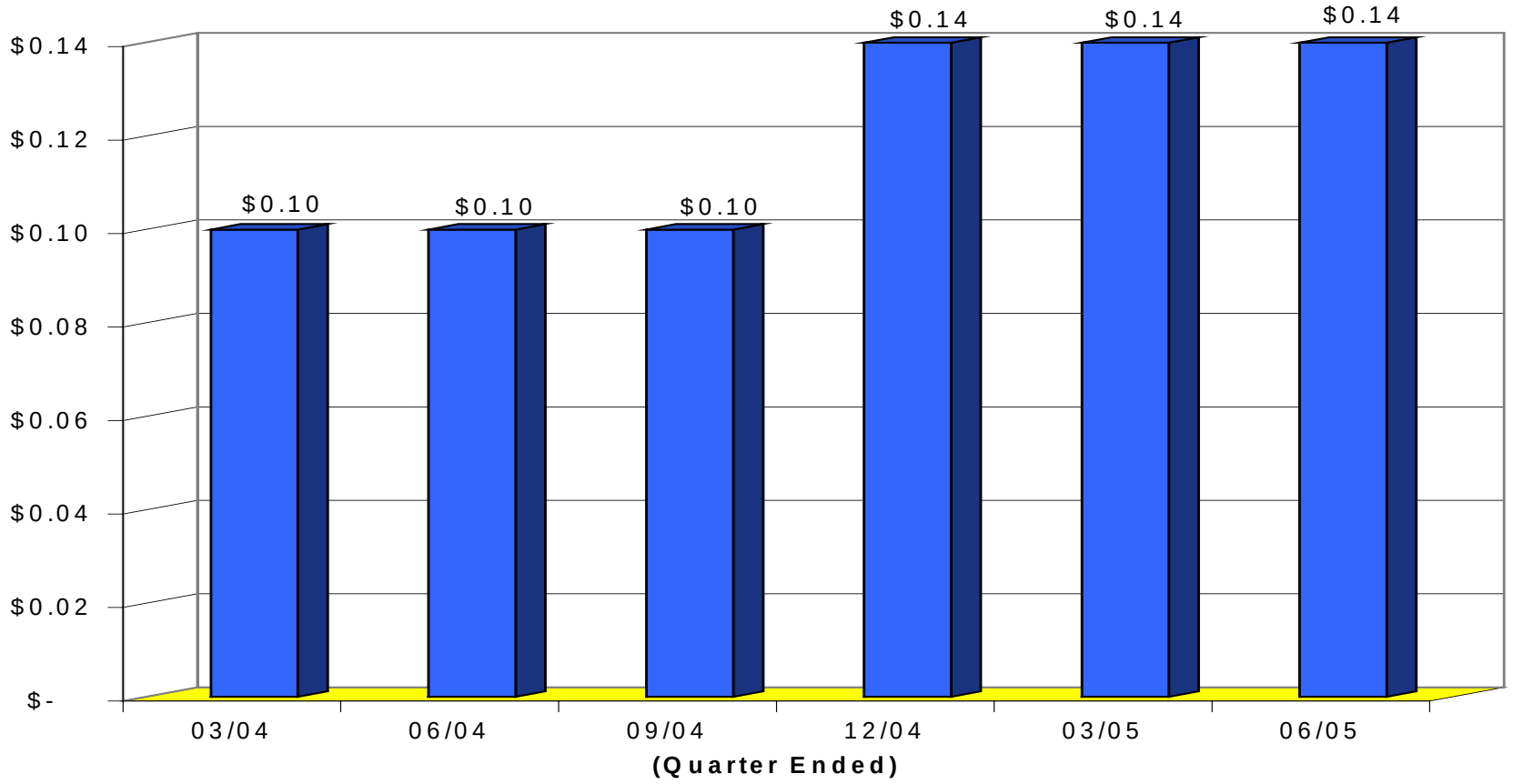



| | 03/04 | 06/04 | 09/04 | 12/04 | 03/05 | 06/05 |
|---|---|---|---|---|---|---|
| Shares Repurchased | 25,000 | 116,669 | 110,000 | 0 | 28,470 | 66,900 |
| Average Cost per Share | $23.65 | $24.03 | $23.23 | $0.00 | $27.94 | $27.26 |

(Quarter Ended)

Provident Financial Holdings, Inc.

# Cash Dividend per Share



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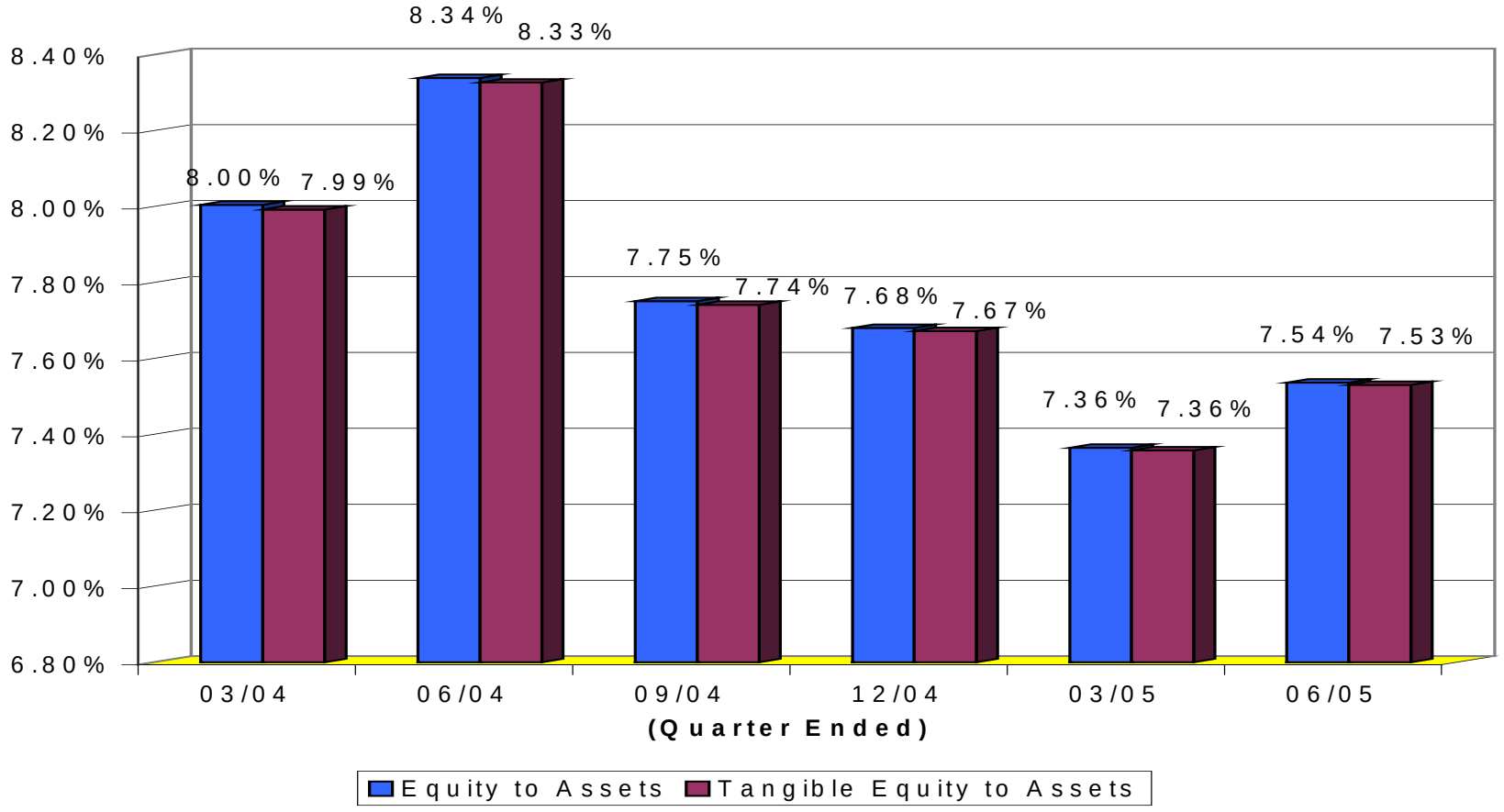
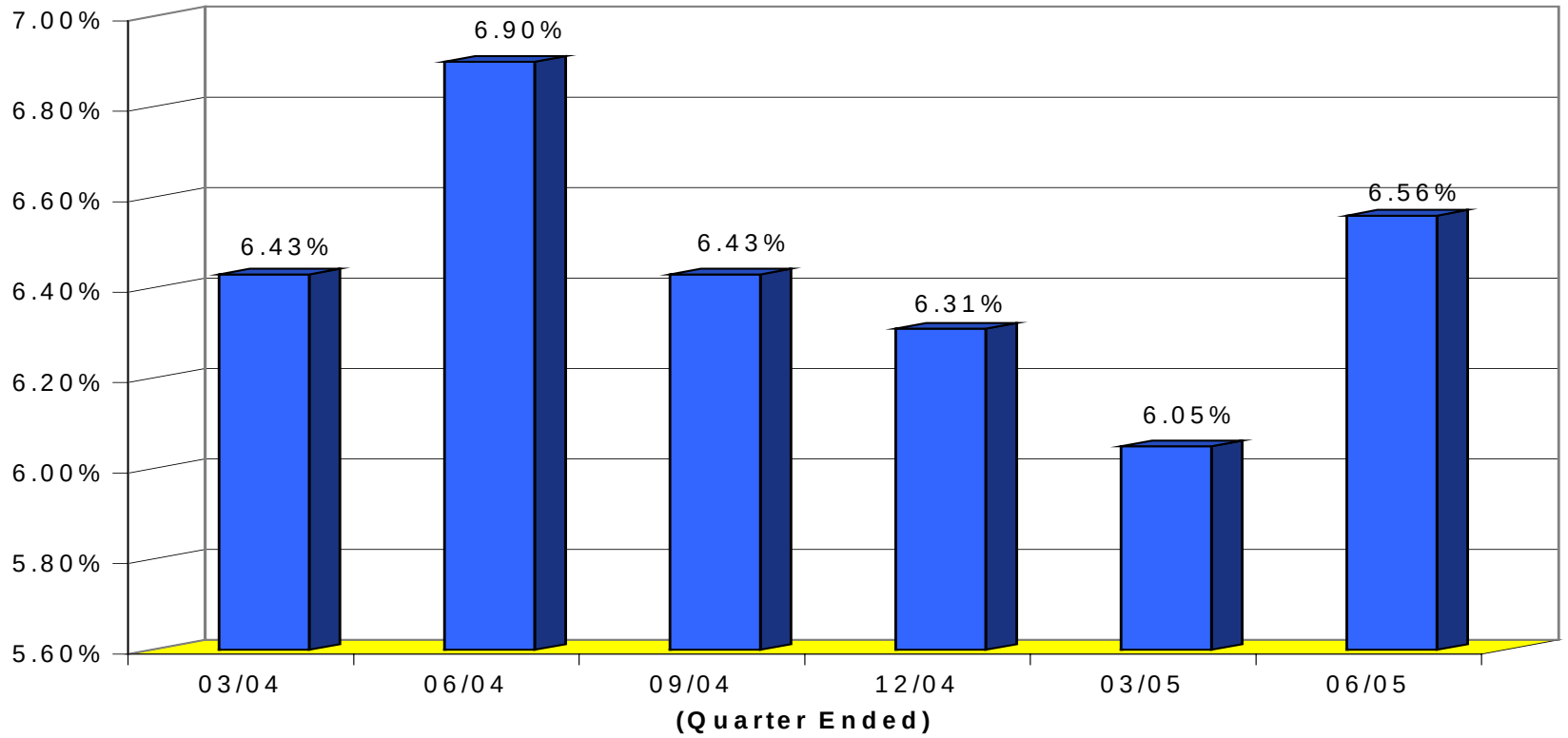
# Consolidated Capital Ratio



# Bank Capital Ratio

## Tier 1 Core Capital Ratio



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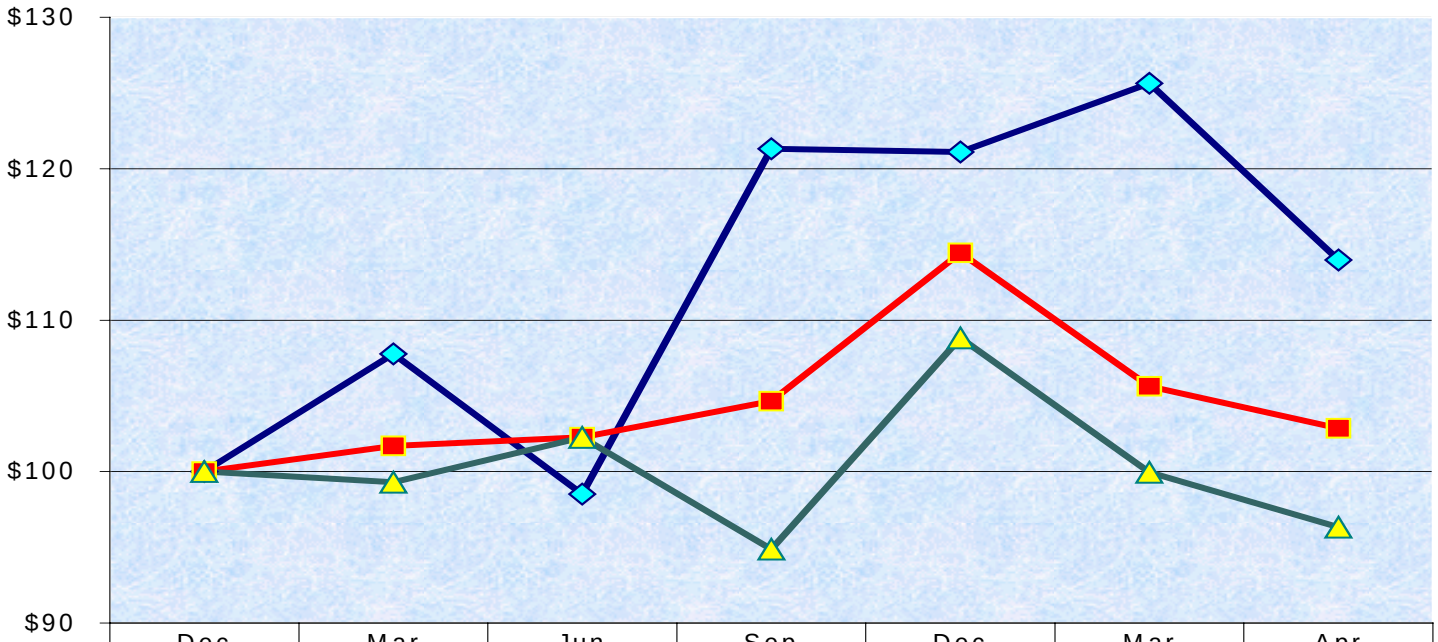
# Stock Performance




| | Dec 2003 | Mar 2004 | Jun 2004 | Sep 2004 | Dec 2004 | Mar 2005 | Apr 2005 |
|---|---|---|---|---|---|---|---|
| PROV | $100 | $108 | $99 | $121 | $121 | $126 | $114 |
| Nasdaq Bank Index | $100 | $102 | $102 | $105 | $114 | $106 | $103 |
| Nasdaq Stock Index | $100 | $99 | $102 | $95 | $109 | $100 | $96 |

**Assumes that the value of the investment in the Company's Common Stock and in each Index was $100 on December 31, 2003 and that all dividends were reinvested.**

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