

# Provident Financial Holdings, Inc.

## December 31, 2006

www.myprovident.com

PROVIDENT
Provident Financial Holdings, Inc.

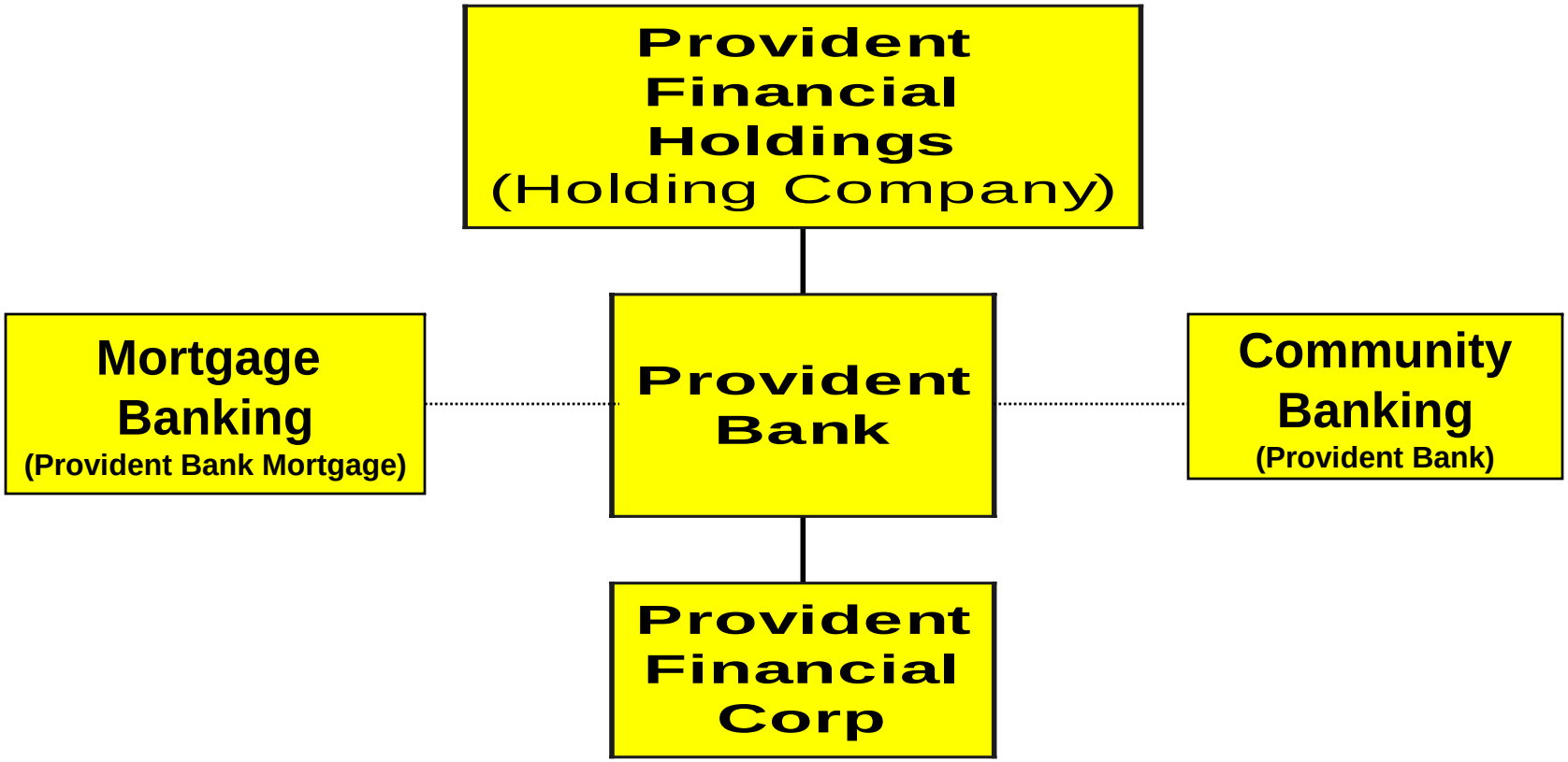
# Safe-Harbor Statement

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, 2006. 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 GSM: | PROV |
| Share price: | $30.42 |
| 52-week range: | $25.40 - $33.15 |
| Shares outstanding | 6,697,023 shares |
| Market cap: | $203.7 million |
| P/E (ttm): | 14.84 |
| EPS (ttm): | $2.05 |
| Annual div & yield: | $0.72 (2.37%) |
| Div distribution date: | 11-Dec-06 |
| Div record date: | 17-Nov-06 |
| | |
| As of December 31, 2006. | |

# 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
- Largest independent community bank headquartered in Riverside County, California

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# Provident Locations

**Pleasanton, Northern California**




**Provident Bank**

**Full Service Offices:**

- Blythe
- Canyon Crest, Riverside
- Corona
- Corporate Office, Riverside
- Downtown, Riverside
- Hemet
- La Sierra, Riverside
- Moreno Valley - Heacock St.
- Moreno Valley - Iris Ave. (Fall 2007)
- Orangecrest, Riverside
- Rancho Mirage
- Redlands
- Sun City
- Temecula

**Provident Bank Mortgage**

**Wholesale Offices:**

- Pleasanton
- Rancho Cucamonga
- San Diego

**Retail Offices:**

- Call Center, Riverside
- Carlsbad
- Corona
- Diamond Bar
- Glendora
- La Quinta
- Rancho Mirage
- Riverside
- Temecula
- Torrance
- Vista

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# Attractive Inland Empire Market

- "From 1990 to 2005, the Inland Empire added 500,192 jobs, that is 46% of the 1,086,141 job growth in Southern California. In 2005 alone, the region's 56,658 new jobs exceeded the combined growth of Orange County (32,717) and San Diego County (21,058)."
  *Source: 2006 Husing Report.*
- "People are moving to the Inland Empire due to the huge median home price advantage. Its $386,000 median price saved families: $124,000 (Los Angeles), $156,000 (San Diego), and $284,000 (Orange County)."
  *Source: 2006 Husing Report.*
- "The Inland Empire will add 1.76 million people from 2000 to 2020, more than all but seven U.S. states."
  *Source: 2006 Husing Report.*
- "Office absorption has reached record levels as some coastal firms have realized they need to be located in the midst of the Inland Empire's 3.9 million people and 1.2 million job economy."
  *Source: 2006 Husing 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

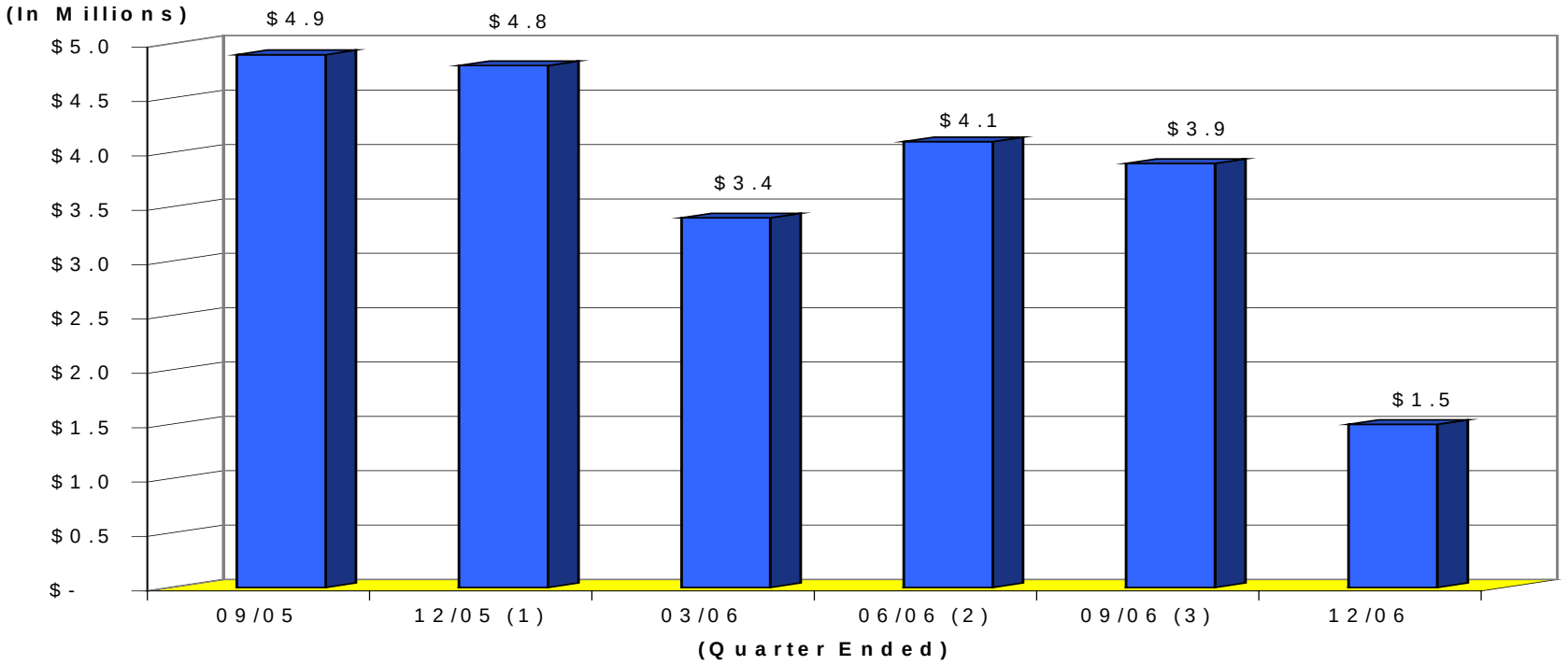
# PROV Highlights

| Financial Position: | As of 12/31/2006 | As of 09/30/2005 |
|---|---|---|
| Total assets …… | $ 1.77 billion | $ 1.63 billion |
| Loans held for investment …… | $ 1.39 billion | $ 1.13 billion |
| Deposits …… | $ 926.9 million | $ 963.1 million |
| Equity …… | $ 133.9 million | $ 126.3 million |
| Tangible equity …… | $ 133.9 million | $ 126.2 million |

| Financial Results: | Quarter Ended 12/31/2006 | Quarter Ended 09/30/2005 |
|---|---|---|
| Net income …… | $ 1.5 million | $ 4.9 million |
| Return on average equity …… | 4.40% | 15.80% |
| Return on average assets …… | 0.35% | 1.22% |
| Net interest margin …… | 2.51% | 2.80% |
| Efficiency ratio …… | 55.77% | 48.17% |
| Total loan originations …… | $ 482.7 million | $ 555.4 million |
| Provident Bank …… | $ 93.6 million | $ 83.7 million |
| Provident Bank Mortgage …. | $ 389.1 million | $ 471.7 million |

Provident Financial Holdings, Inc.

# Quarterly Net Income

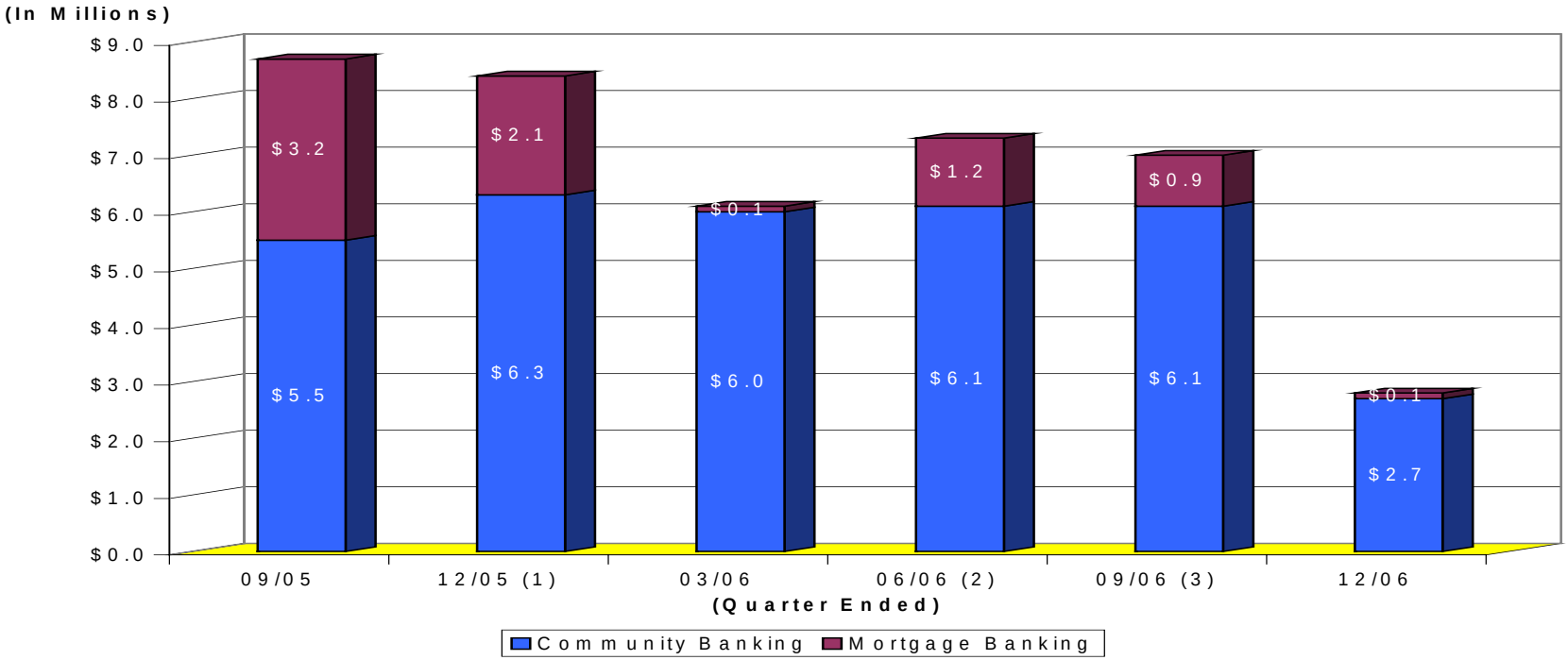



(1) Excluding the gain on sale of real estate of $6.3 million. On a GAAP basis, Net Income was $8.4 million as described in the Form 10-Q for the quarter ended December 31, 2005.

(2) Excluding a $500,000 contribution to the Provident Savings Bank Charitable Foundation. On a GAAP basis, Net Income was $3.8 million as described in the Form 10-K for the fiscal year ended June 30, 2006.

(3) Excluding the gain on sale of real estate of $2.3 million. On a GAAP basis, Net Income was $5.3 million as described in the Form 10-Q for the quarter ended September 30, 2006.

# Pre-Tax Income - Operating Segments



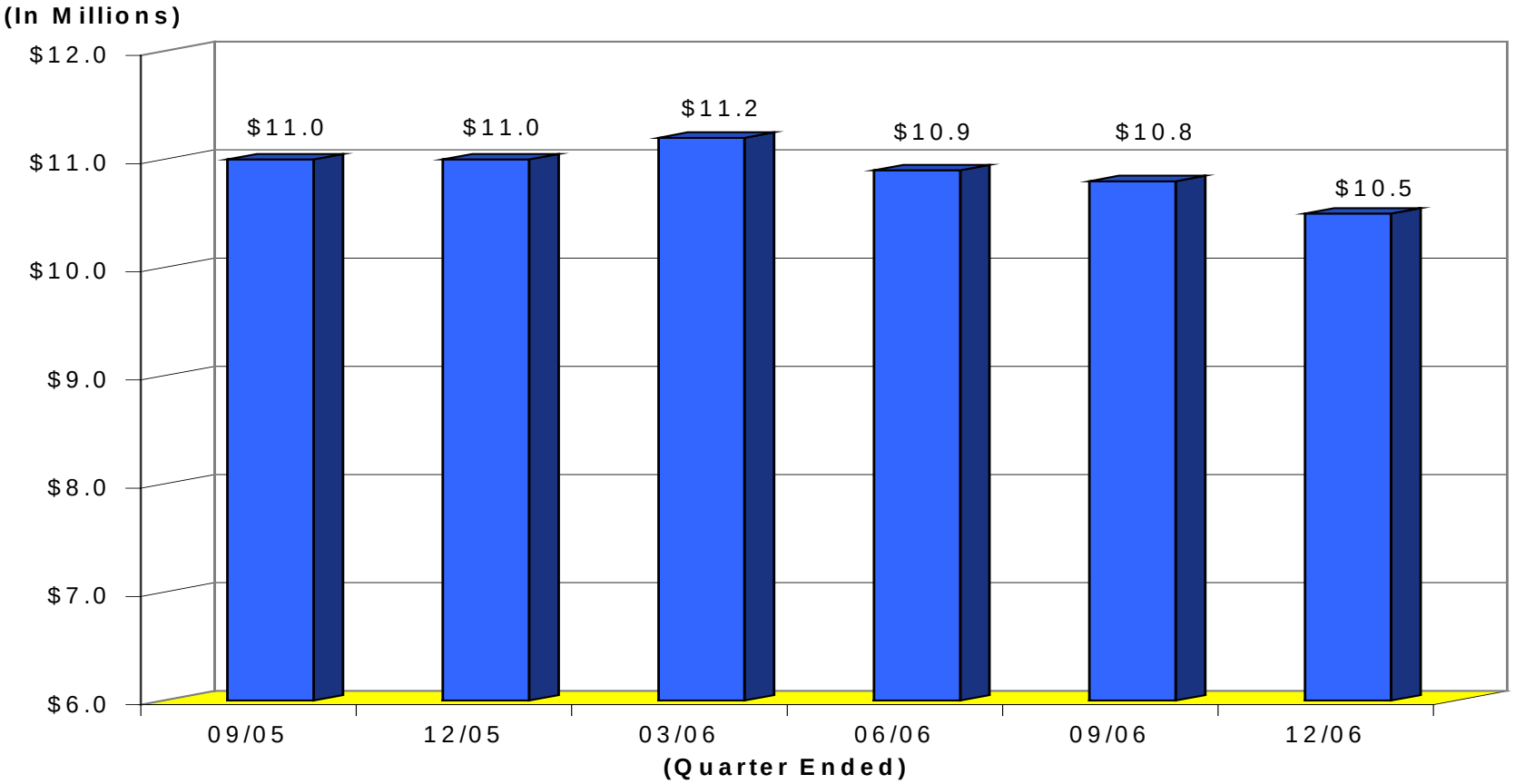

(1) Excluding the gain on sale of real estate of $6.3 million. On a GAAP basis, Pre-Tax Income for Community Banking was $12.5 million as described in the Form 10-Q for the quarter ended December 31, 2005.

(2) Excluding a $500,000 contribution to the Provident Savings Bank Charitable Foundation. On a GAAP basis, Pre-Tax Income for Community Banking was $5.6 million as described in the Form 10-K for the fiscal year ended June 30, 2006.

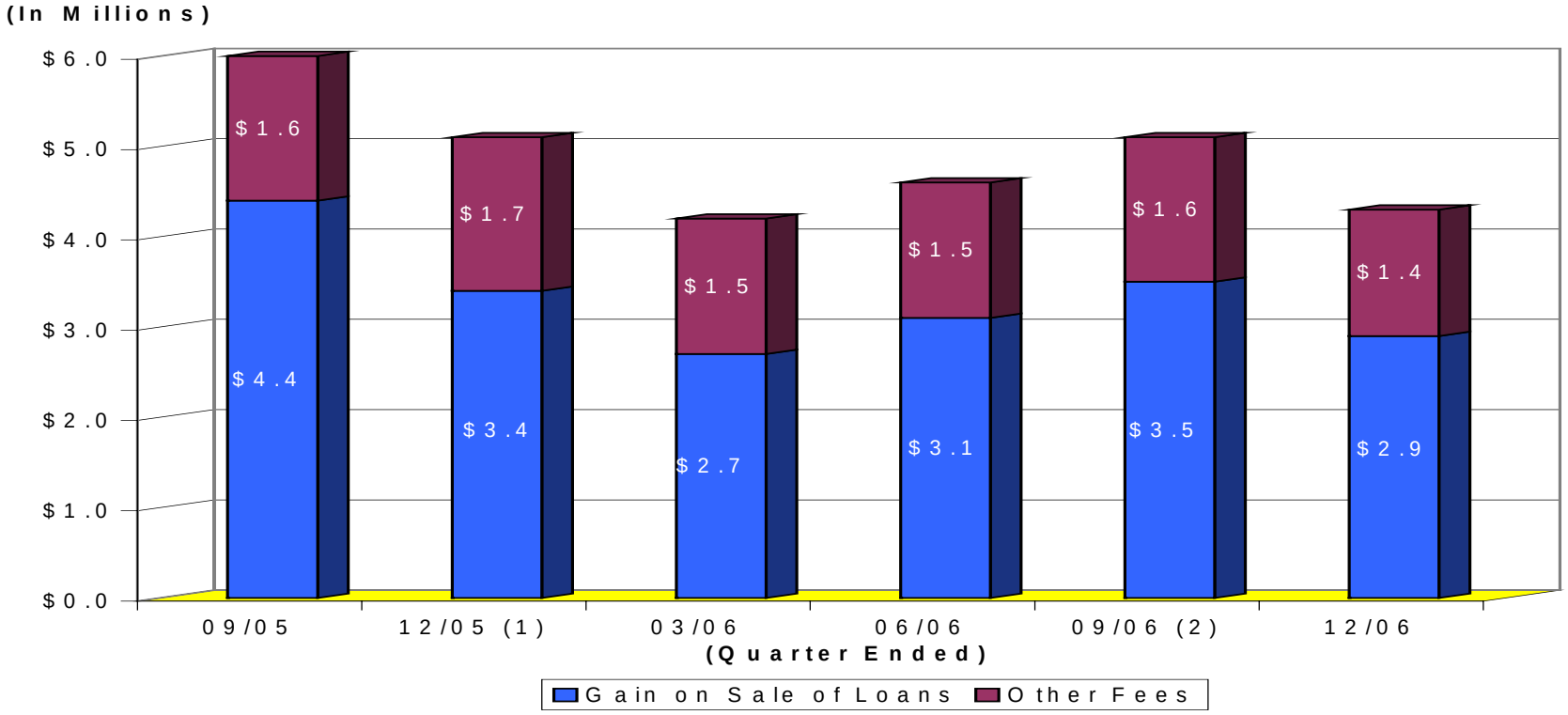
(3) Excluding the gain on sale of real estate of $2.3 million. On a GAAP basis, Pre-Tax Income for Community Banking was $8.4 million as described in the Form 10-Q for the quarter ended September 30, 2006.

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# Quarterly Net Interest Income



# Non-Interest Income

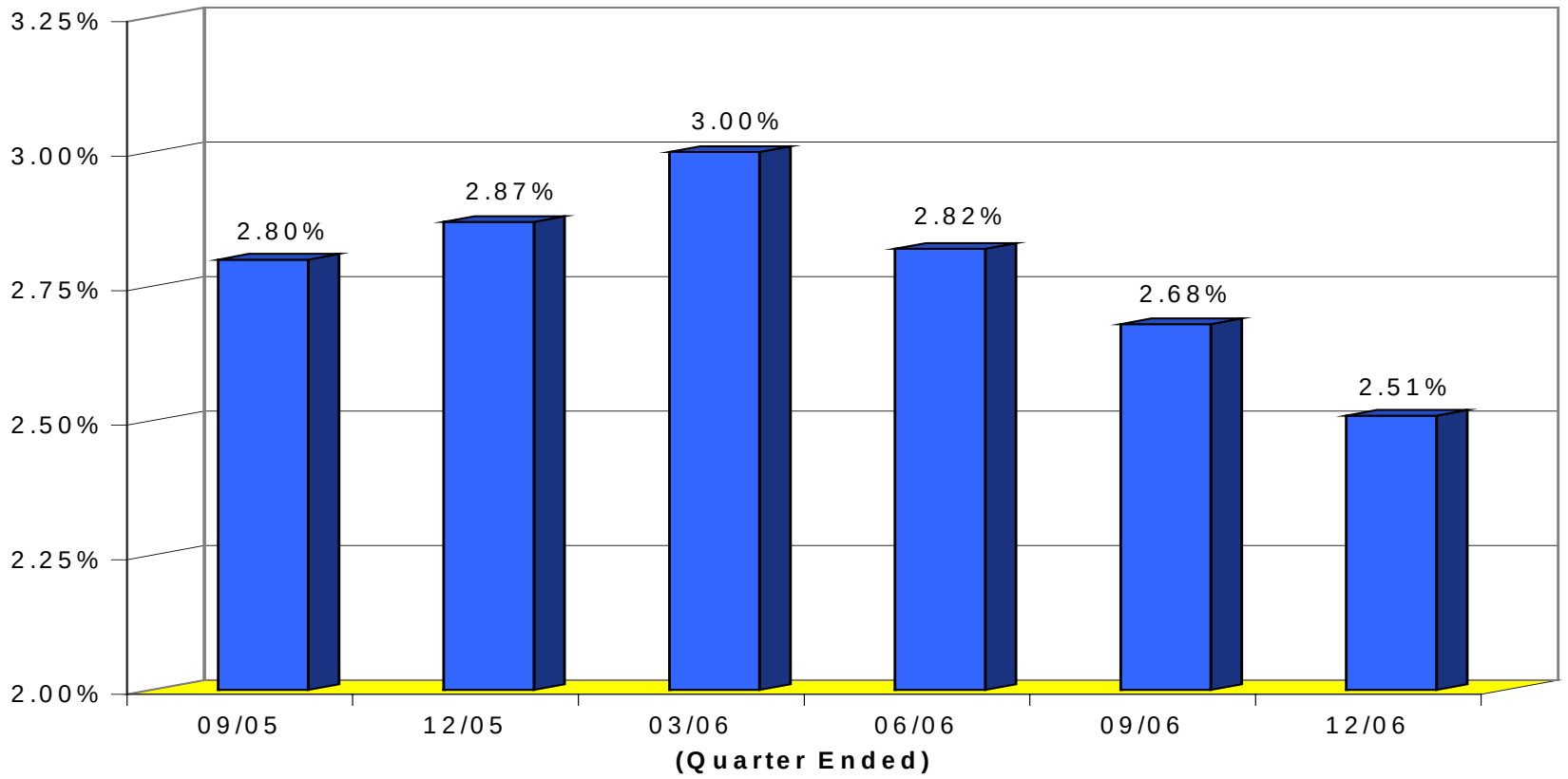



(1) Excluding the gain on sale of real estate of $6.3 million. On a GAAP basis, Other Fees were $8.0 million as described in the Form 10-Q for the quarter ended December 31, 2005.

(2) Excluding the gain on sale of real estate of $2.3 million. On a GAAP basis, Other Fees were $3.9 million as described in the Form 10-Q for the quarter ended September 30, 2006.

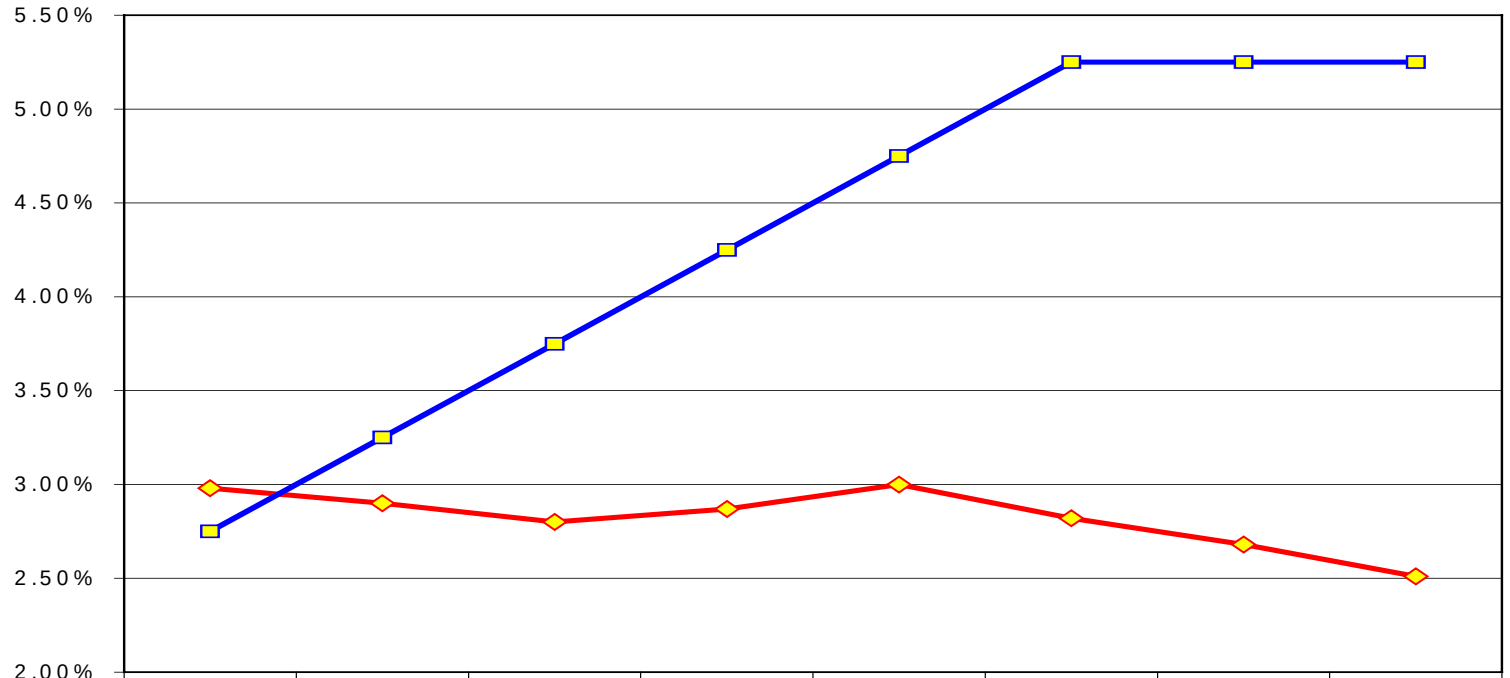
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# Net Interest Margin



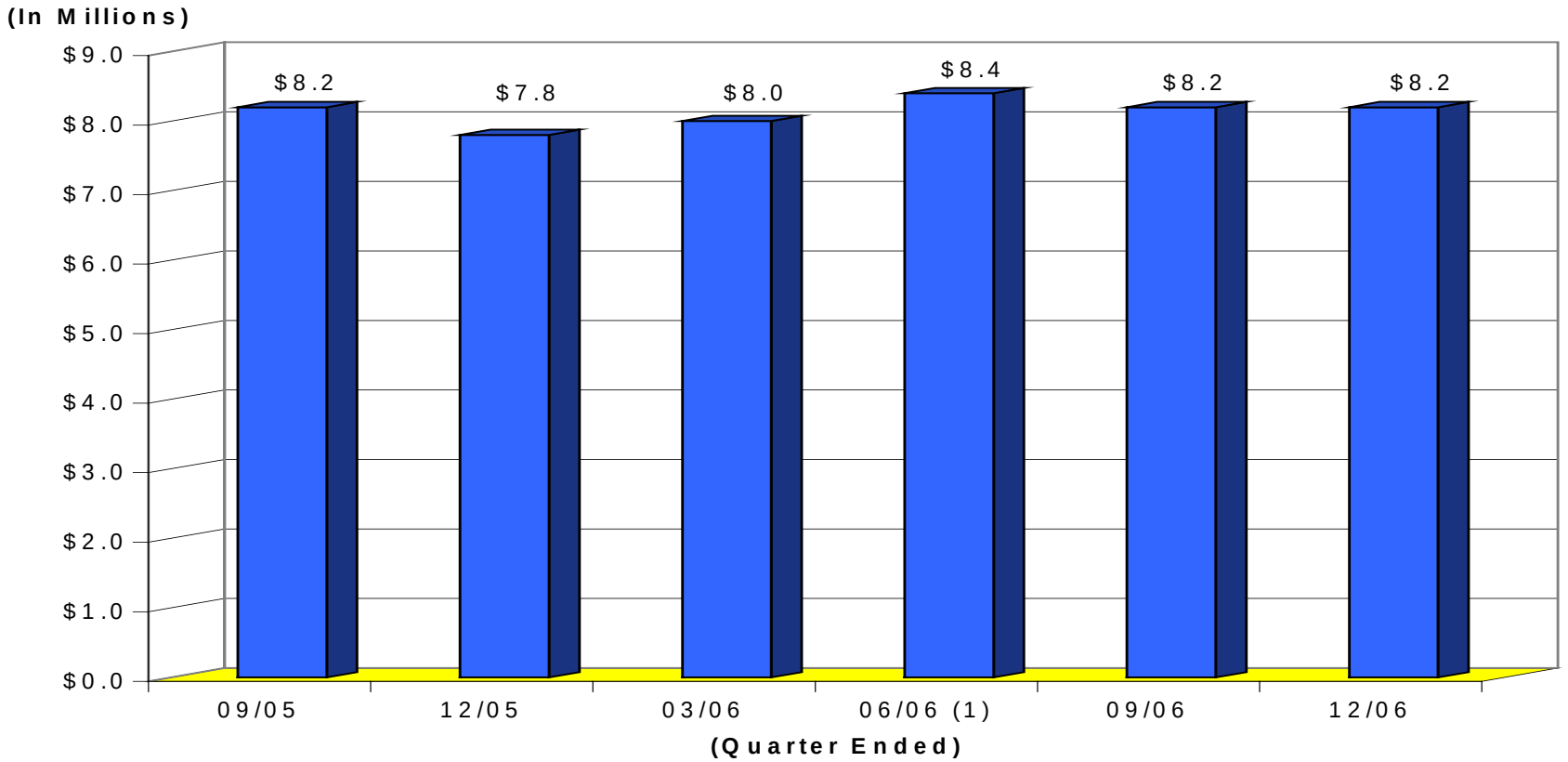
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# Net Interest Margin vs. Fed Funds



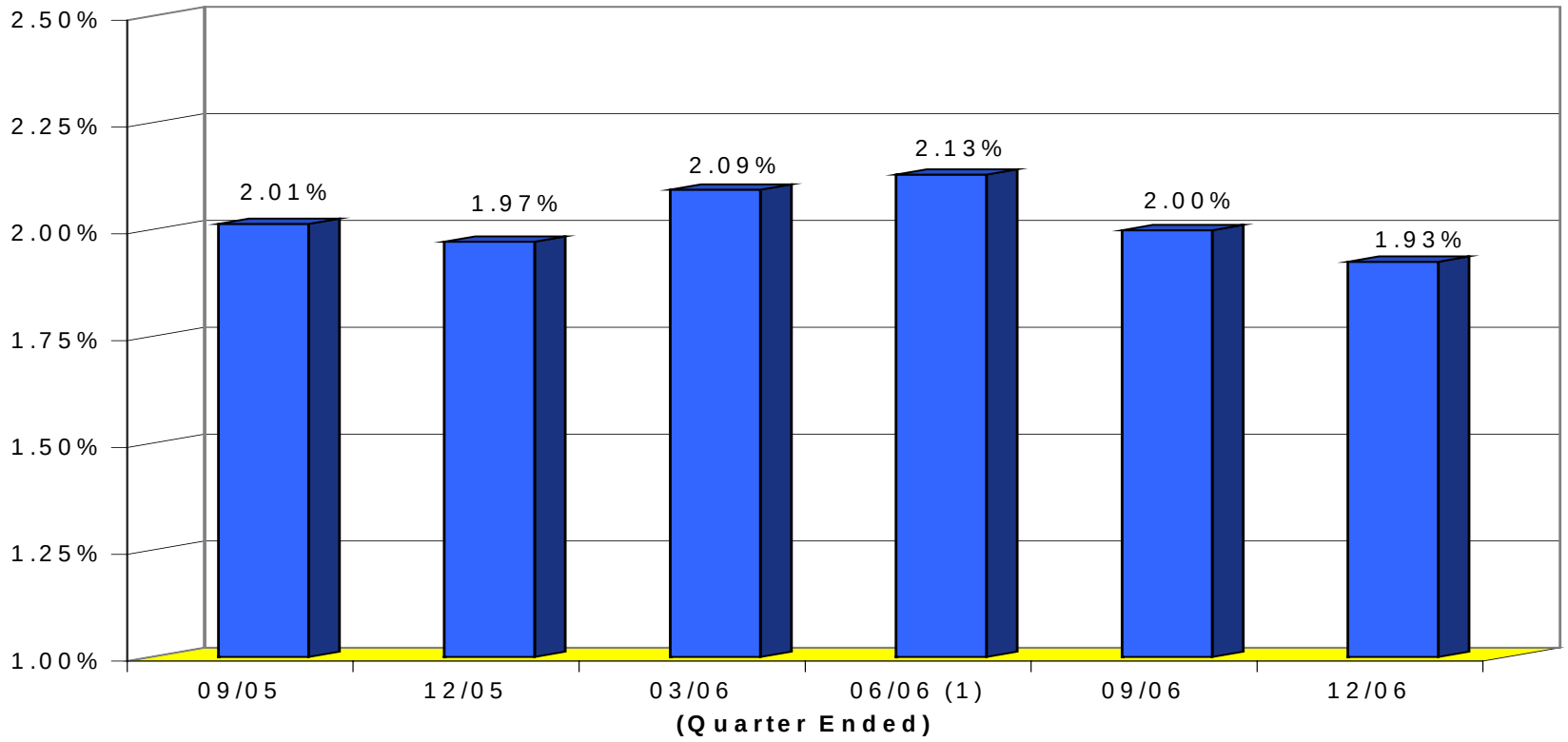

| | 03/05 | 06/05 | 09/05 | 12/05 | 03/06 | 06/06 | 09/06 | 12/06 |
|---|---|---|---|---|---|---|---|---|
| NIM (%) | 2.98% | 2.90% | 2.80% | 2.87% | 3.00% | 2.82% | 2.68% | 2.51% |
| Fed Funds (%) | 2.75% | 3.25% | 3.75% | 4.25% | 4.75% | 5.25% | 5.25% | 5.25% |

# Operating Expenses



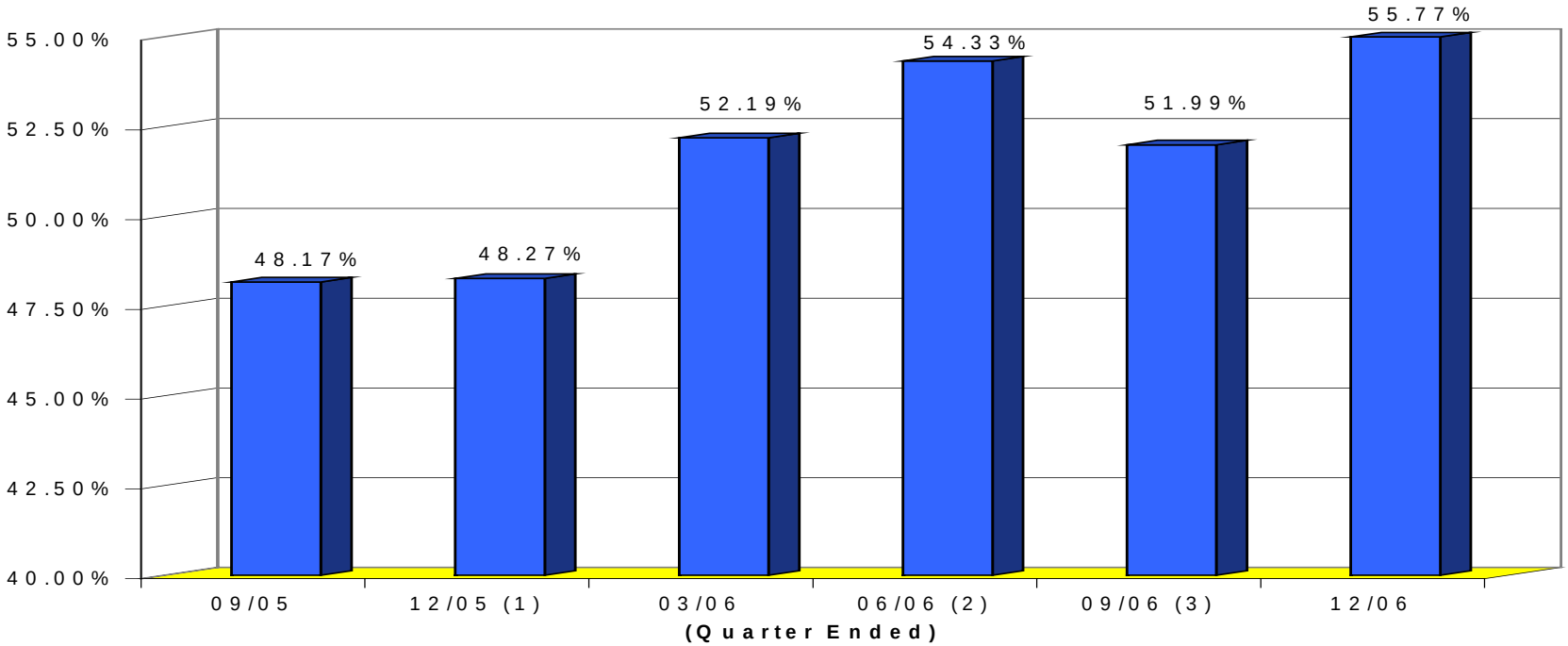

(1) Excluding a $500,000 contribution to the Provident Savings Bank Charitable Foundation. On a GAAP basis, Operating Expenses were $8.9 million as described in the Form 10-K for the fiscal year ended June 30, 2006.

# G&A to Average Assets




(1) Excluding a $500,000 contribution to the Provident Savings Bank Charitable Foundation. On a GAAP basis, G&A to Average Assets was 2.26%.

# Efficiency Ratio

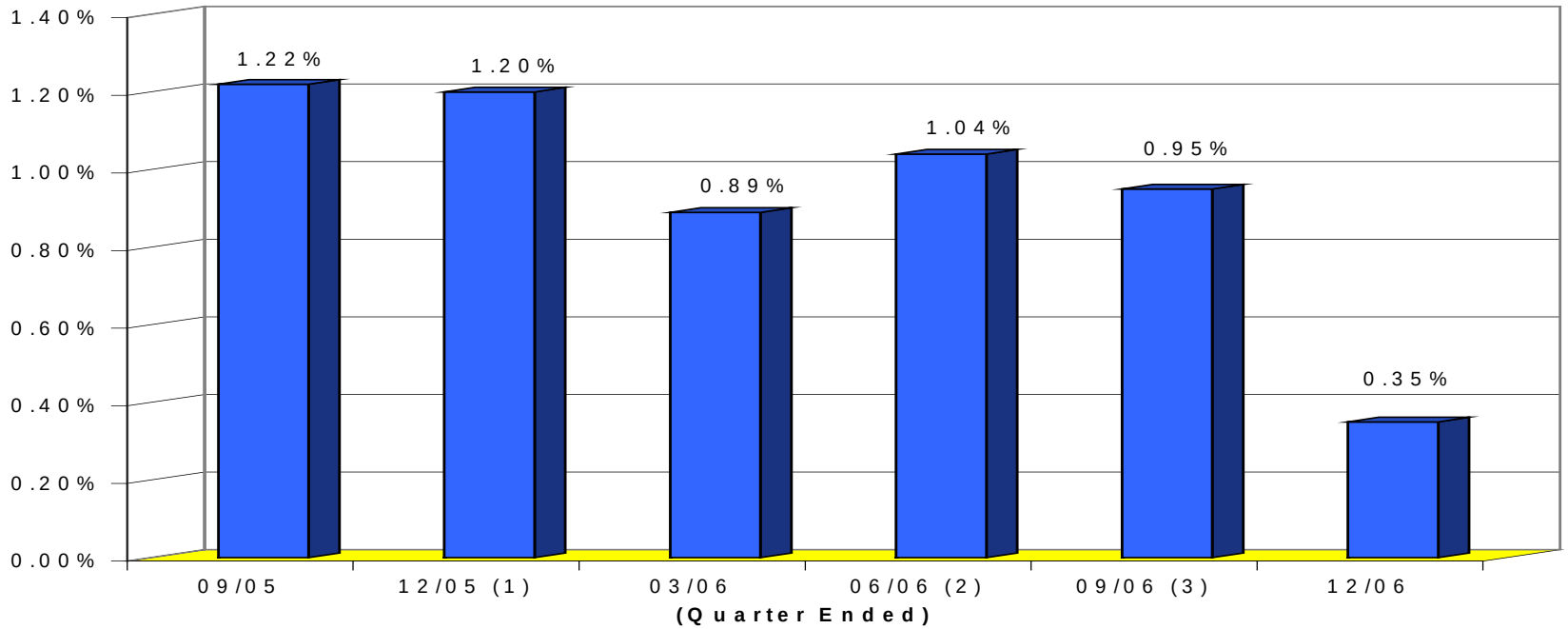



(1) Excluding the gain on sale of real estate of $6.3 million. On a GAAP basis, the Efficiency Ratio was 34.72% as described in the Form 10-Q for the quarter ended December 31, 2005.

(2) Excluding a $500,000 contribution to the Provident Savings Bank Charitable Foundation. On a GAAP basis, the Efficiency Ratio was 57.54% as described in the Form 10-K for the fiscal year ended June 30, 2006.

(3) Excluding the gain on sale of real estate of $2.3 million. On a GAAP basis, the Efficiency Ratio was 45.37% as described in the Form 10-Q for the quarter ended September 30, 2006.

# Return on Average Assets

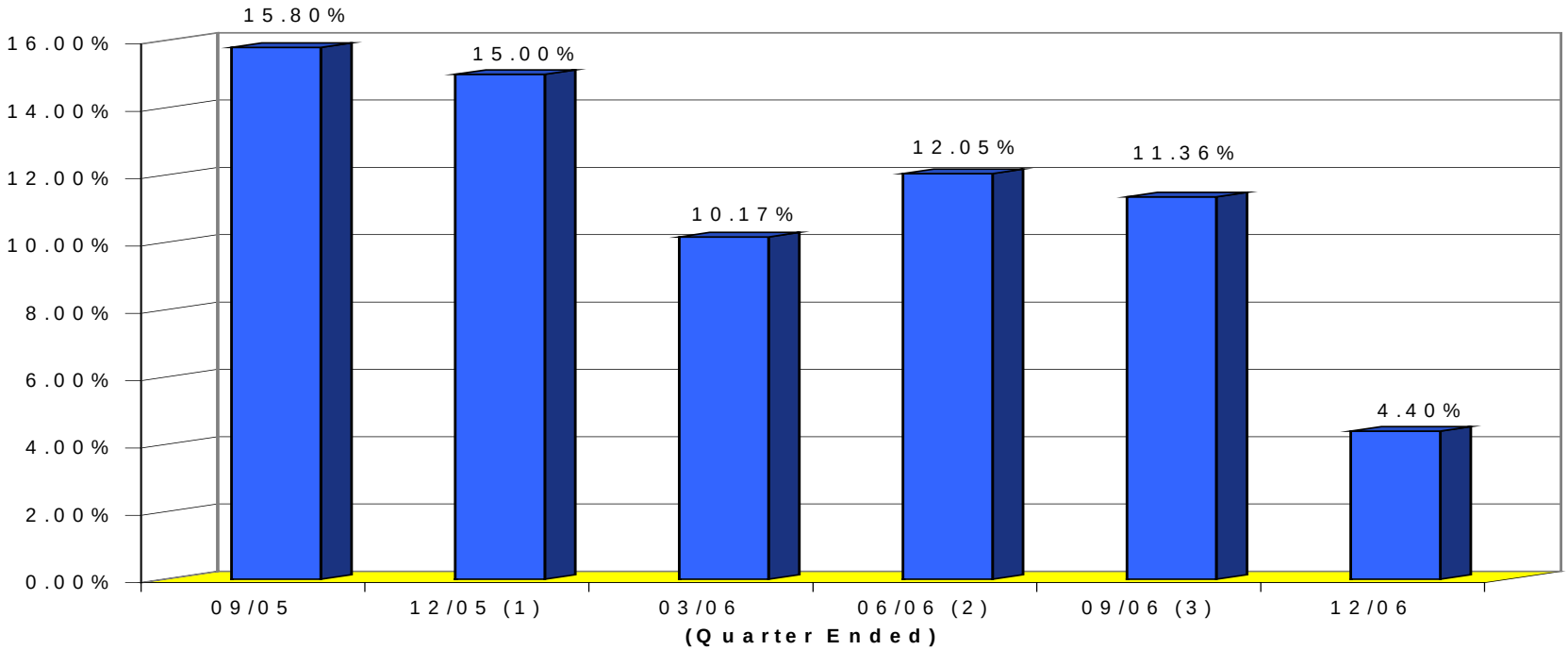



(1) Excluding the gain on sale of real estate of $6.3 million. On a GAAP basis, Return on Average Assets was 2.13% as described in the Form 10-Q for the quarter ended December 31, 2005.

(2) Excluding a $500,000 contribution to the Provident Savings Bank Charitable Foundation. On a GAAP basis, Return on Average Assets was 0.96% as described in the Form 10-K for the fiscal year ended June 30, 2006.

(3) Excluding the gain on sale of real estate of $2.3 million. On a GAAP basis, Return on Average Assets was 1.28% as described in the Form 10-Q for the quarter ended September 30, 2006.

# Return on Average Equity

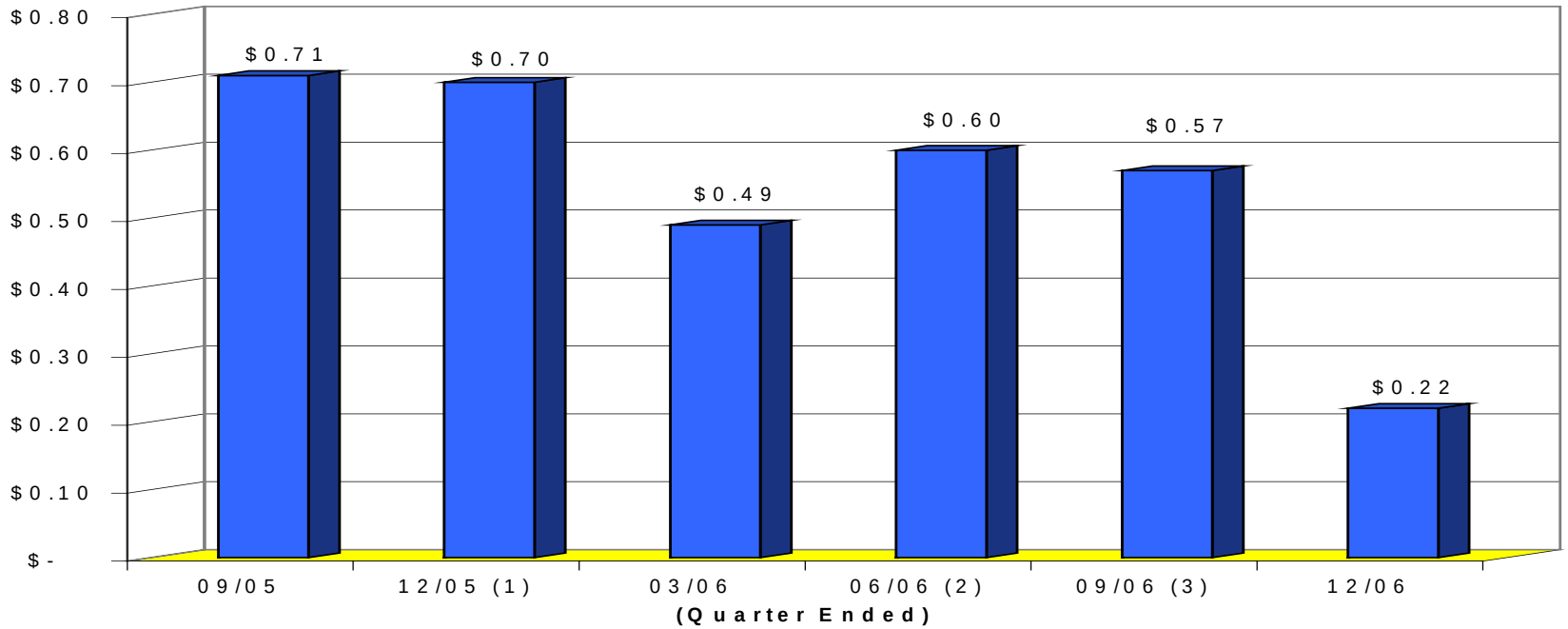



(1) Excluding the gain on sale of real estate of $6.3 million. On a GAAP basis, Return on Average Equity was 26.12% as described in the Form 10-Q for the quarter ended December 31, 2005.

(2) Excluding a $500,000 contribution to the Provident Savings Bank Charitable Foundation. On a GAAP basis, Return on Average Equity was 11.20% as described in the Form 10-K for the fiscal year ended June 30, 2006.

(3) Excluding the gain on sale of real estate of $2.3 million. On a GAAP basis, Return on Average Equity was 15.25% as described in the Form 10-Q for the quarter ended September 30, 2006.

# Diluted Earnings per Share

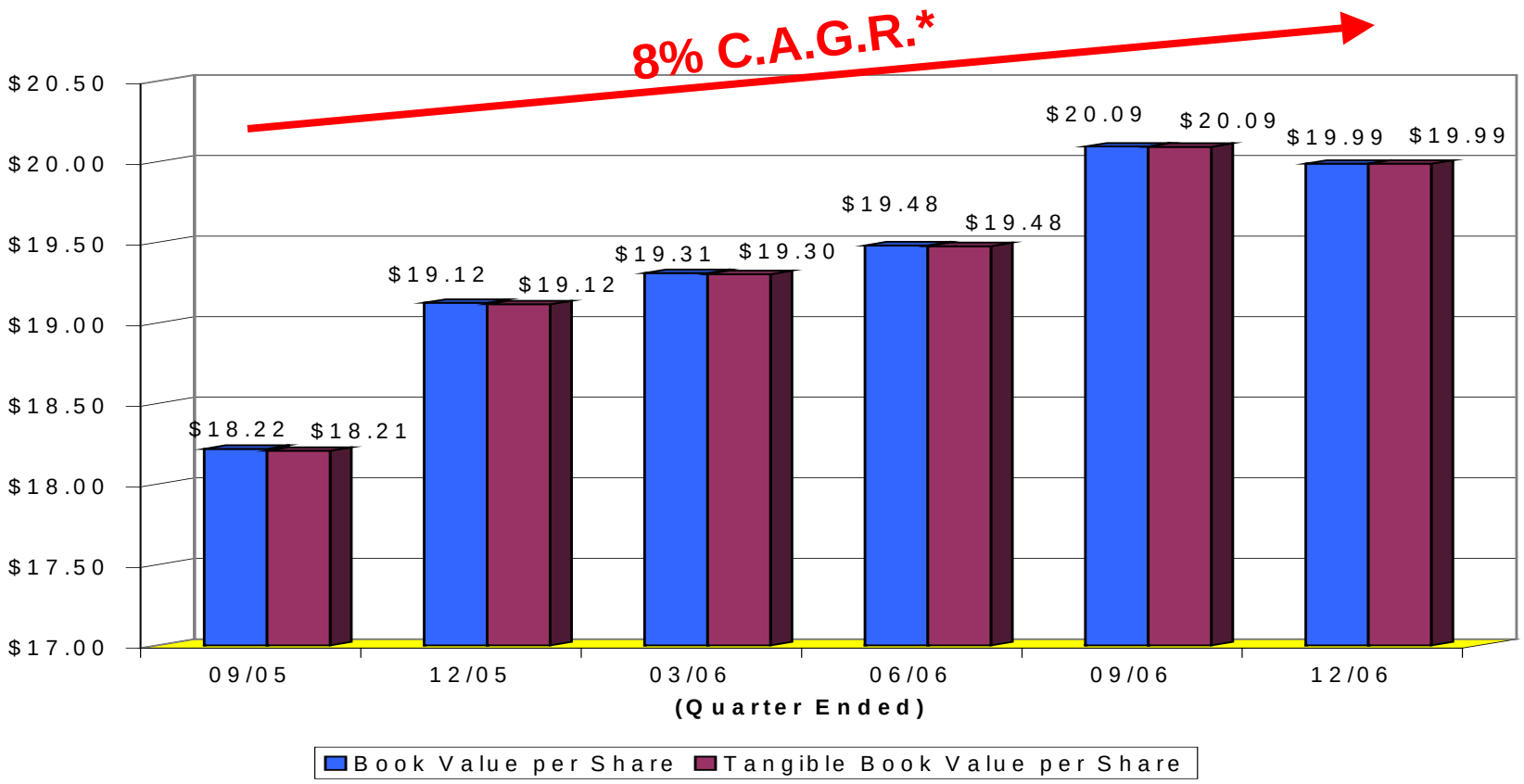



(1) Excluding the gain on sale of real estate of $6.3 million. On a GAAP basis, Diluted Earnings per Share was $1.23 as described in the Form 10-Q for the quarter ended December 31, 2005.

(2) Excluding a $500,000 contribution to the Provident Savings Bank Charitable Foundation. On a GAAP basis, Diluted Earnings per Share was $0.56 as described in the Form 10-K for the fiscal year ended June 30, 2006.

(3) Excluding the gain on sale of real estate of $2.3 million. On a GAAP basis, Diluted Earnings per Share was $0.77 as described in the Form 10-Q for the quarter ended September 30, 2006.

# Book Value per Share




* C.A.G.R. - Compound annual growth rate from the quarter ended 09/30/05 through 12/31/06.

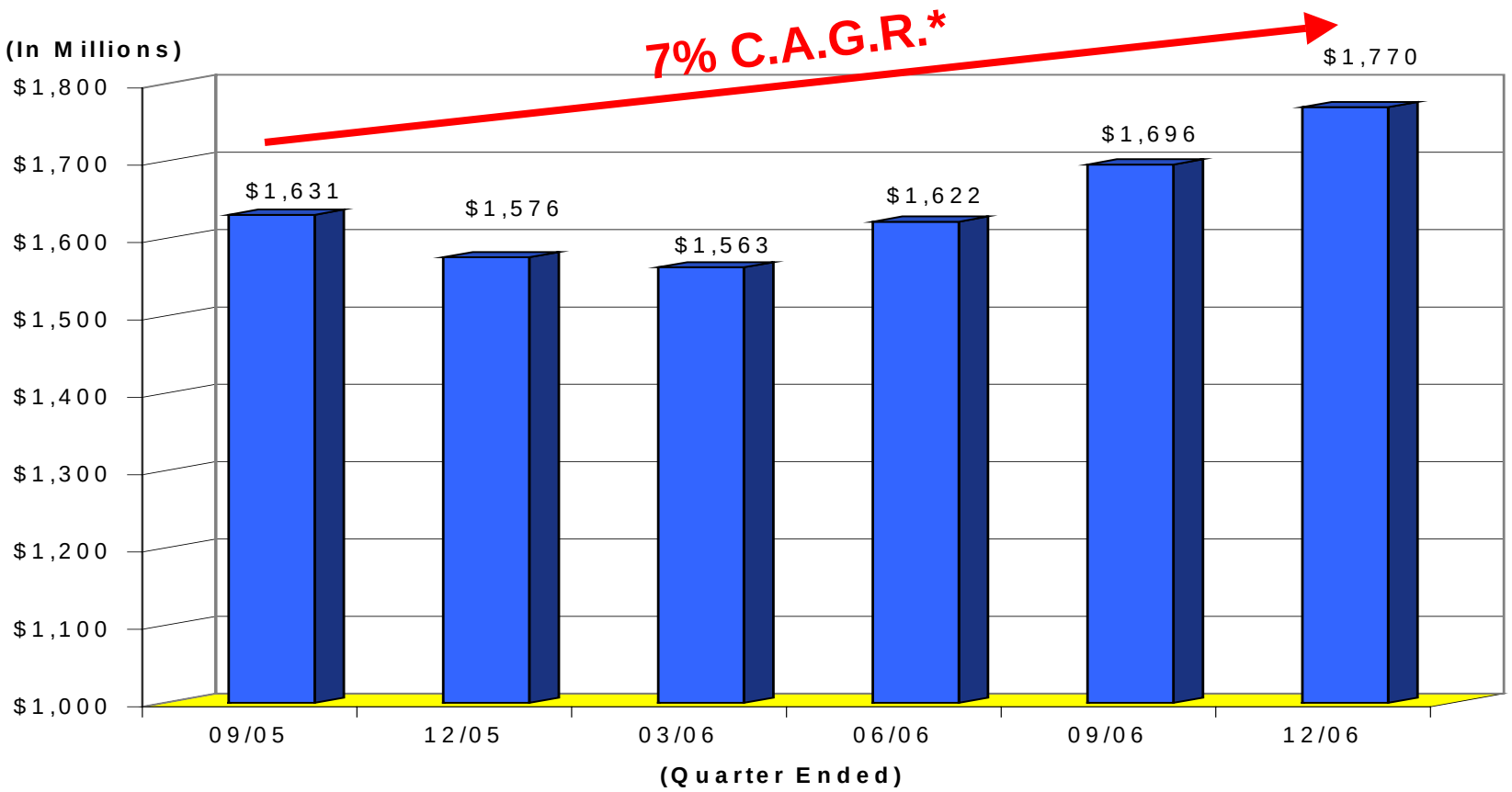
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# Community Banking

PROVIDENT Bank™

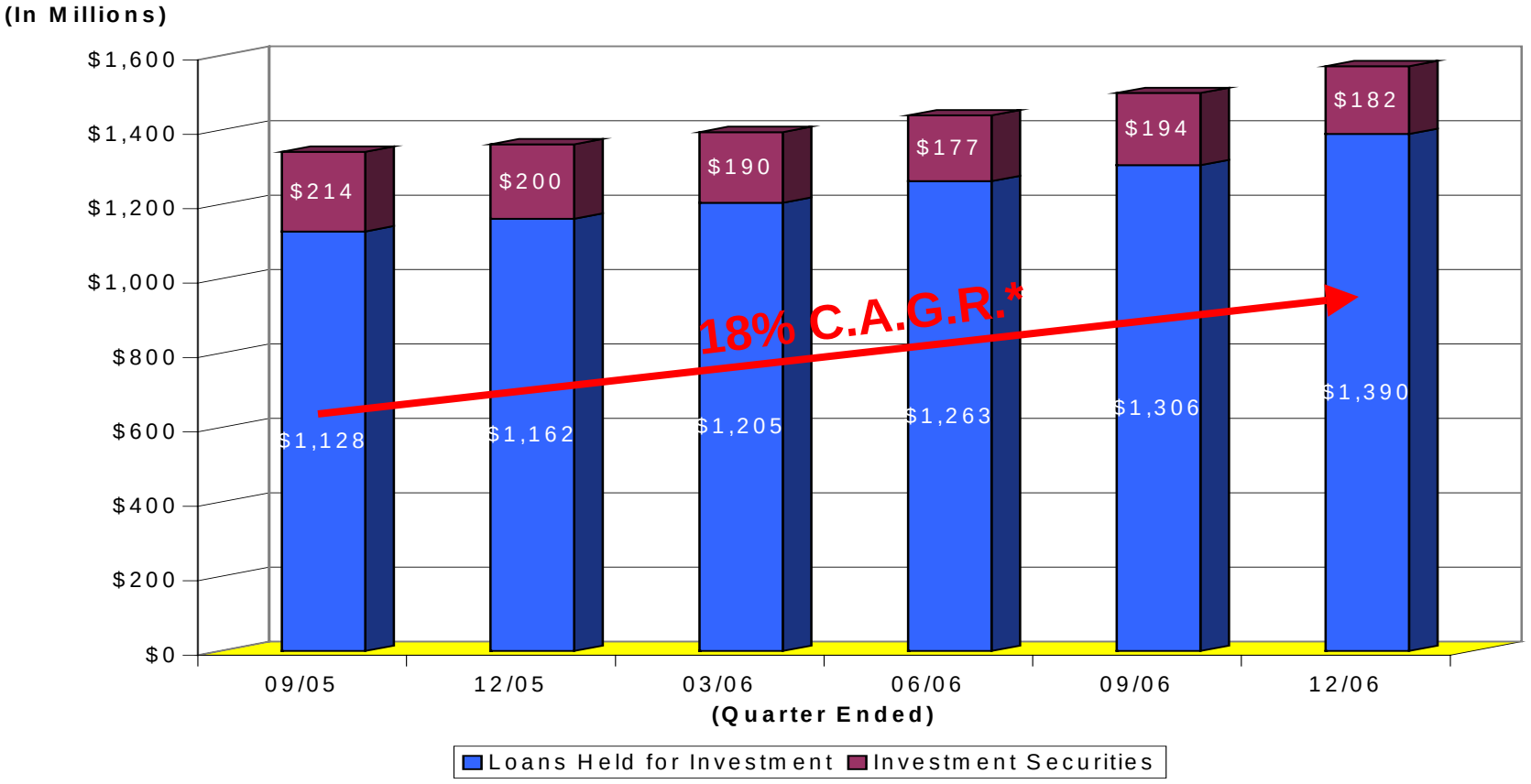
More for you everyday.

# Total Assets



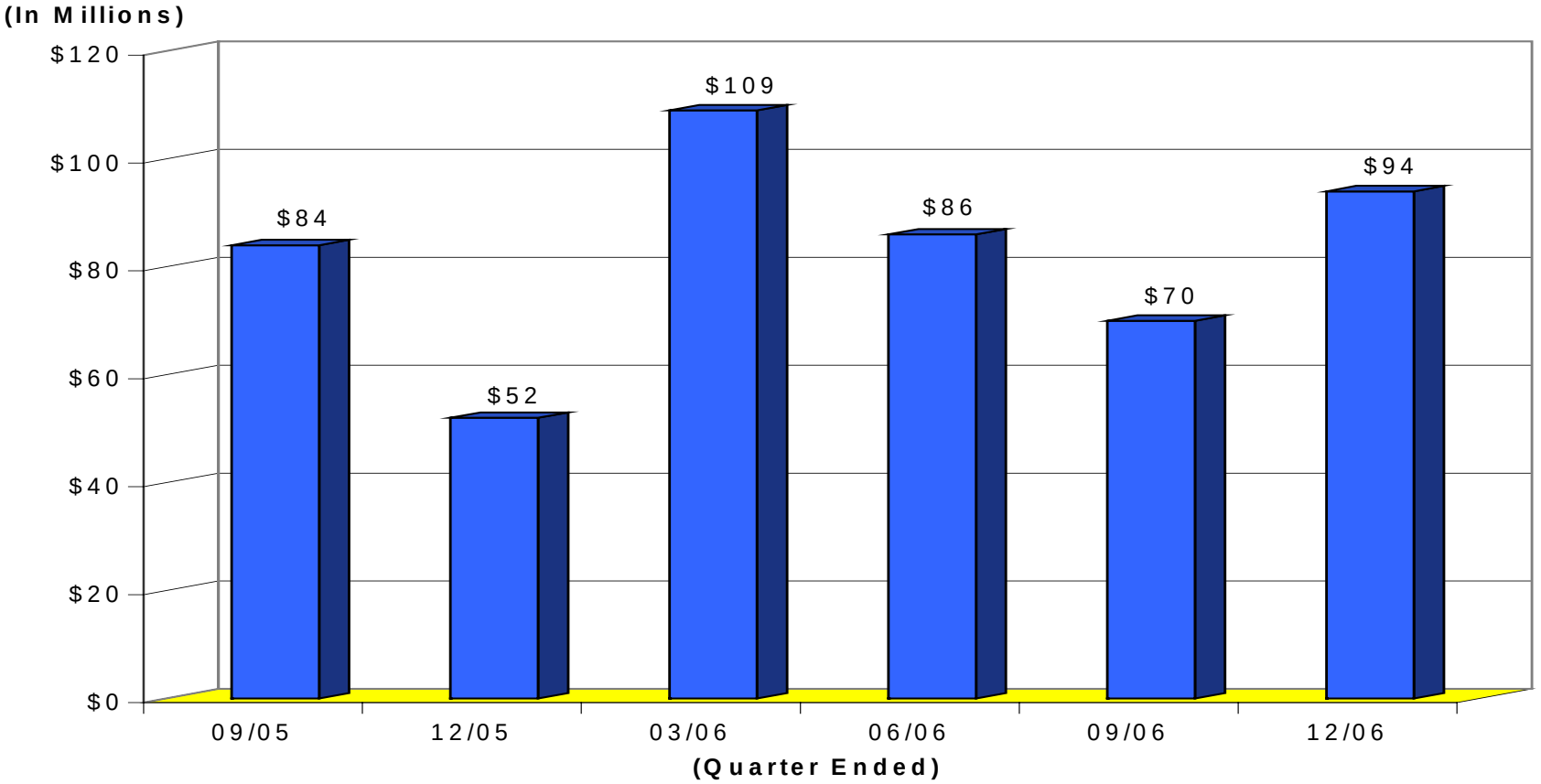

* C.A.G.R. - Compound annual growth rate from the quarter ended 09/30/05 through 12/31/06.

# Loan to Investment Mix

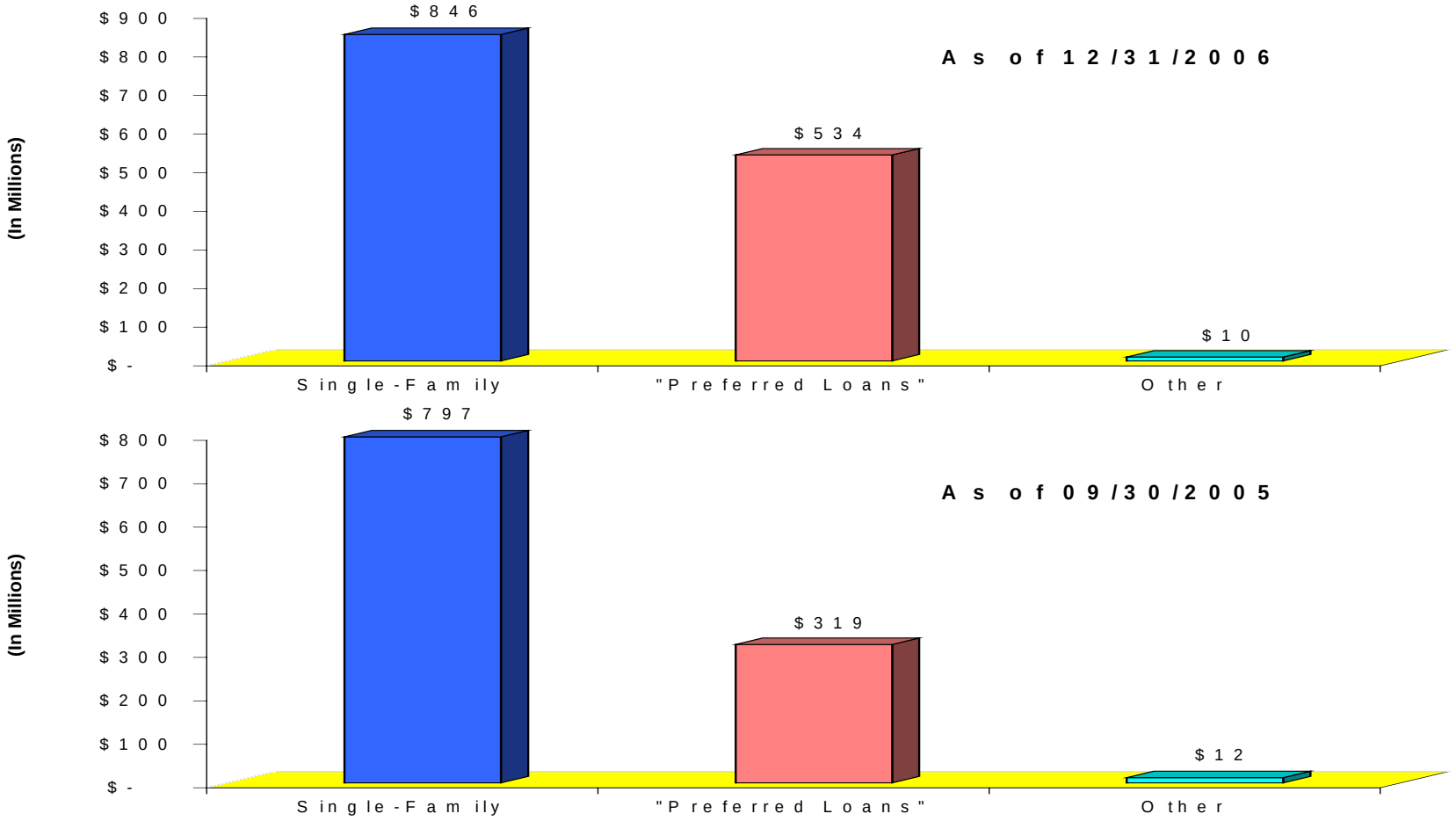



* C.A.G.R. - Compound annual growth rate from the quarter ended 09/30/05 through 12/31/06.

# Provident Bank Loan Originations (Primarily "Preferred Loans")



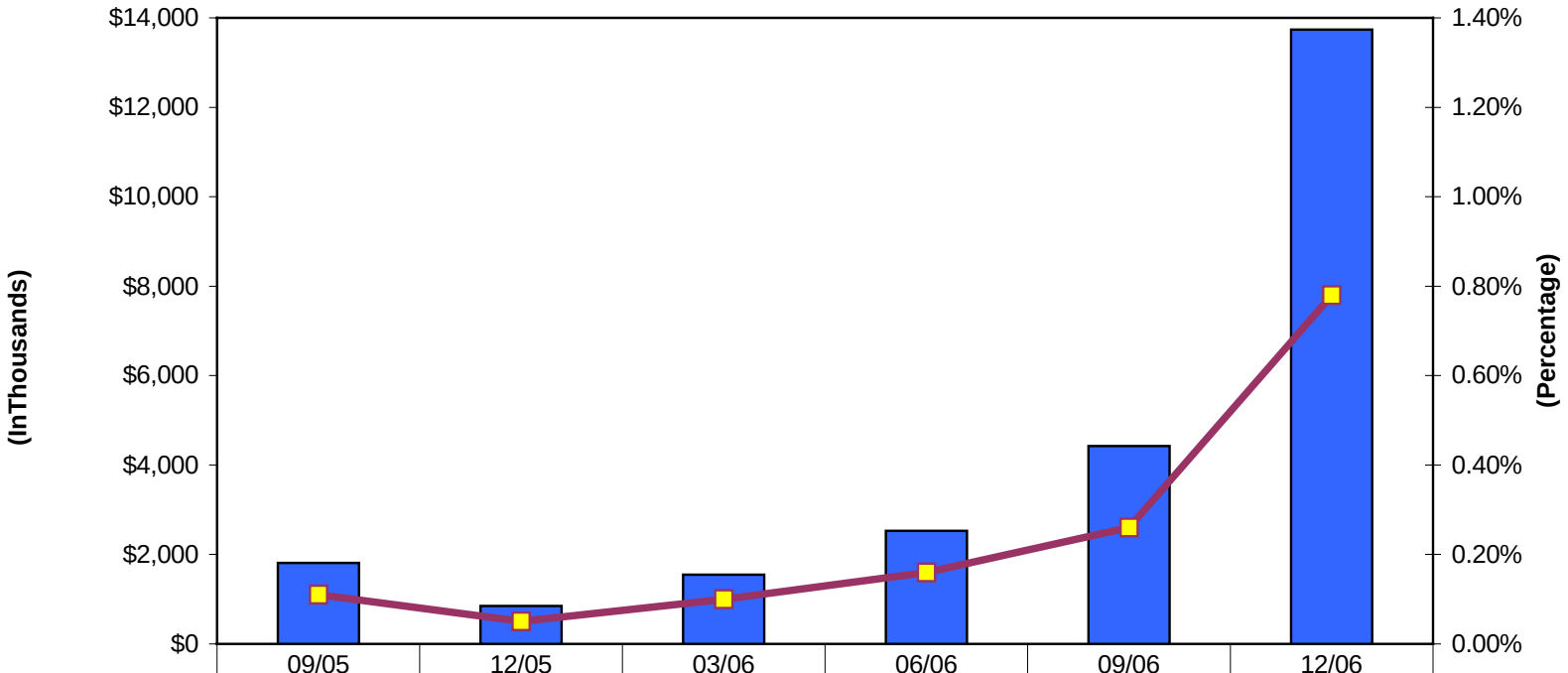
# Loan Portfolio Mix
## (Loans Held for Investment)




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

# Asset Quality

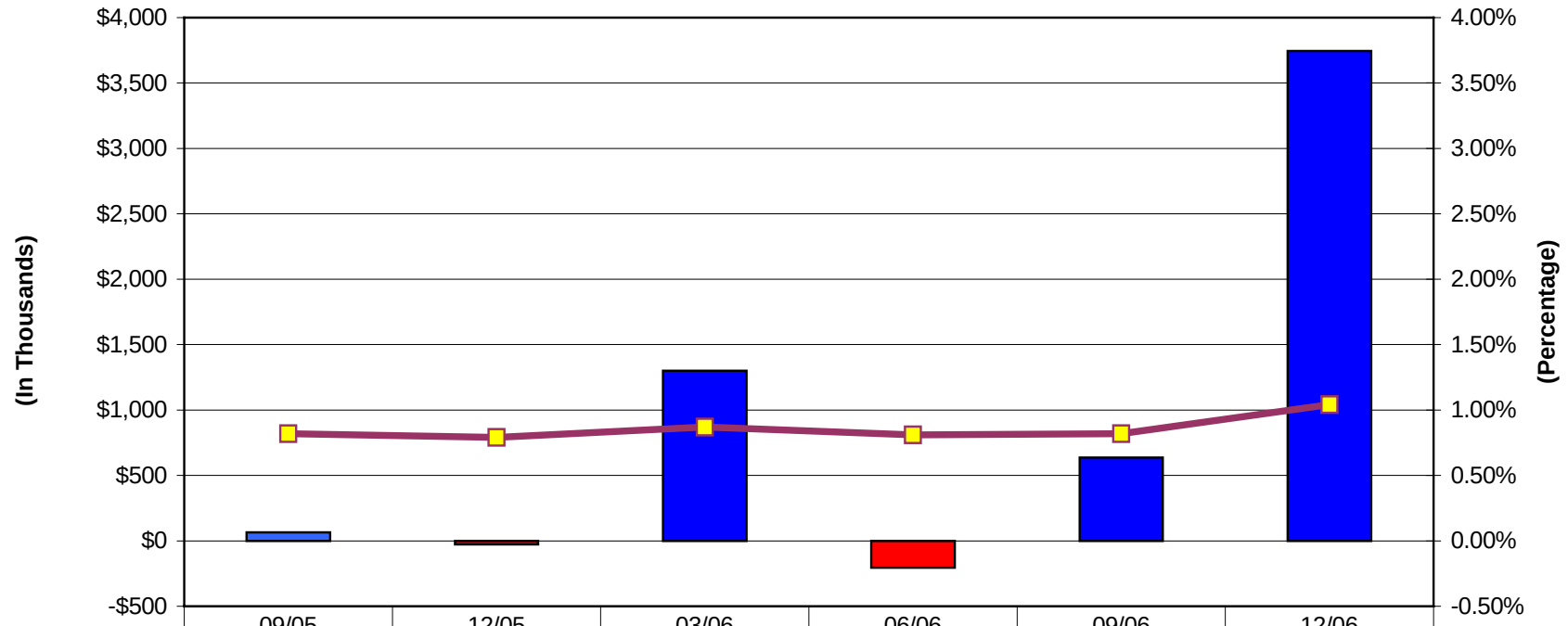
## Non-Performing Assets ("NPA") & NPA to Total Assets




| | 09/05 | 12/05 | 03/06 | 06/06 | 09/06 | 12/06 |
|---|---|---|---|---|---|---|
| Non-Performing Assets | $1,811 | $849 | $1,549 | $2,528 | $4,426 | $13,740 |
| NPA to Total Assets | 0.11% | 0.05% | 0.10% | 0.16% | 0.26% | 0.78% |

# Asset Quality

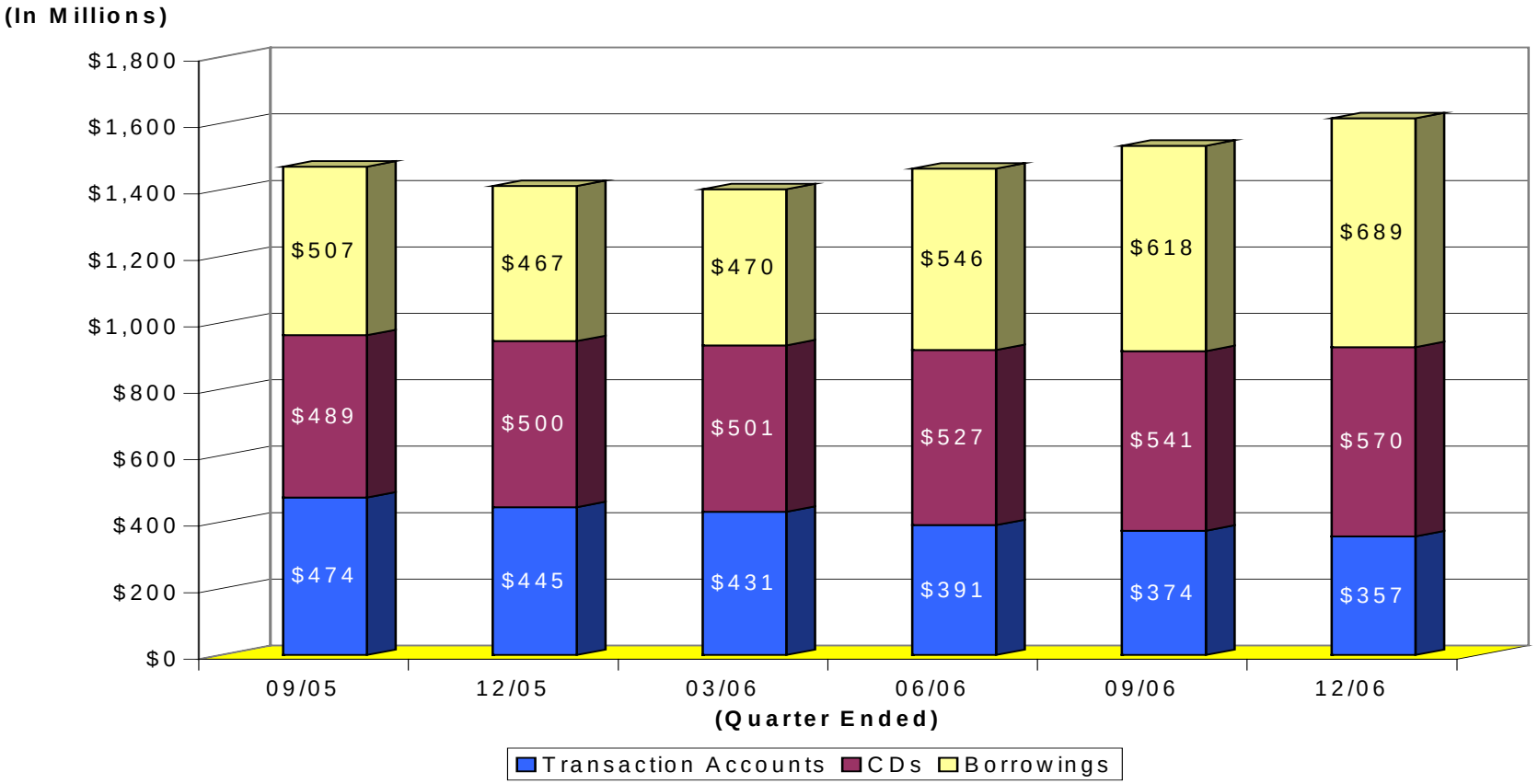
**Provision for Loan Losses (PLL) &**
**Allowance for Loan Losses to Loans Held for Investment (ALL to LHI)**



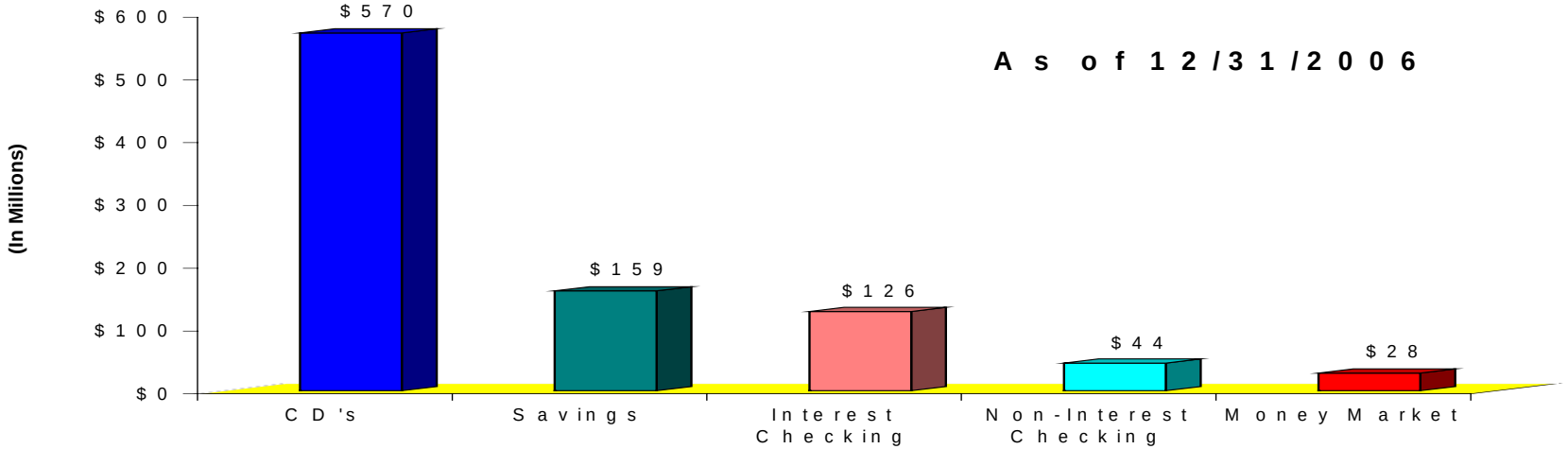

| | 09/05 | 12/05 | 03/06 | 06/06 | 09/06 | 12/06 |
|---|---|---|---|---|---|---|
| PLL | $65 | -$27 | $1,301 | -$205 | $637 | $3,746 |
| ALL to LHI | 0.82% | 0.79% | 0.87% | 0.81% | 0.82% | 1.04% |

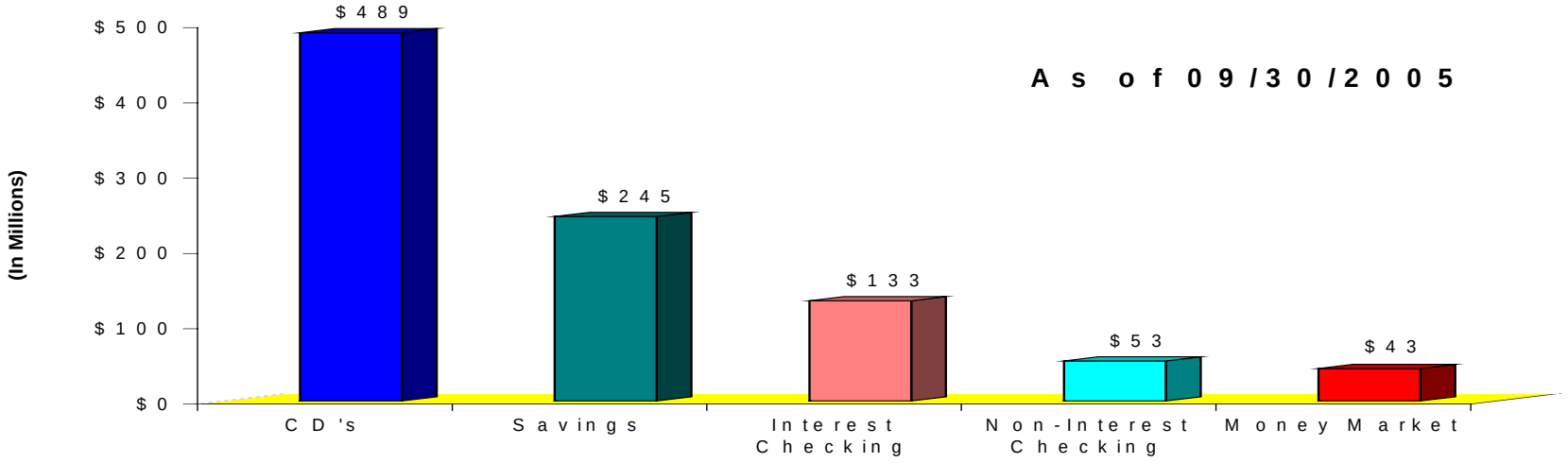
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# Transaction Accounts, CDs & Borrowings



# Deposit Composition



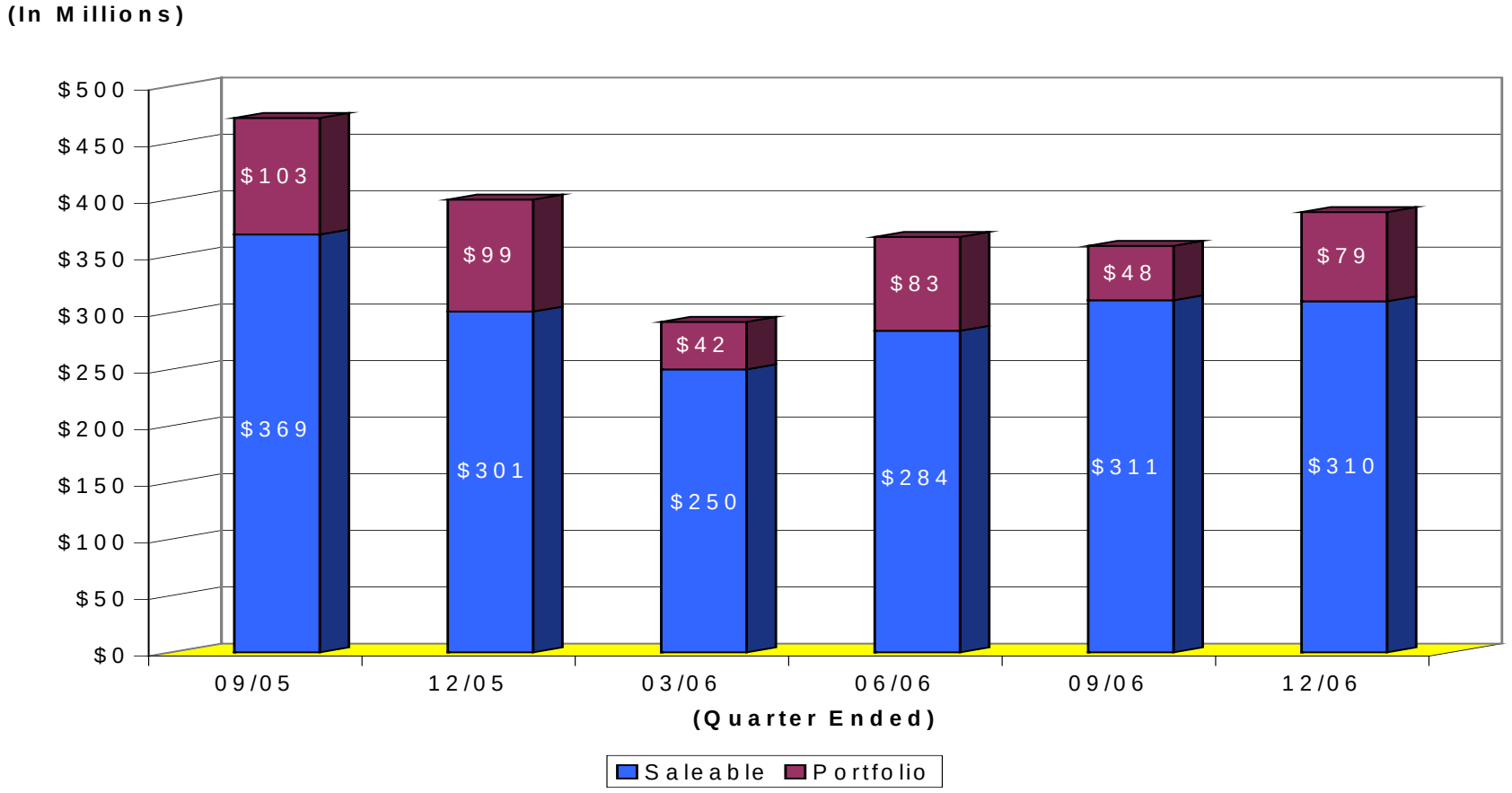
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# Mortgage Banking

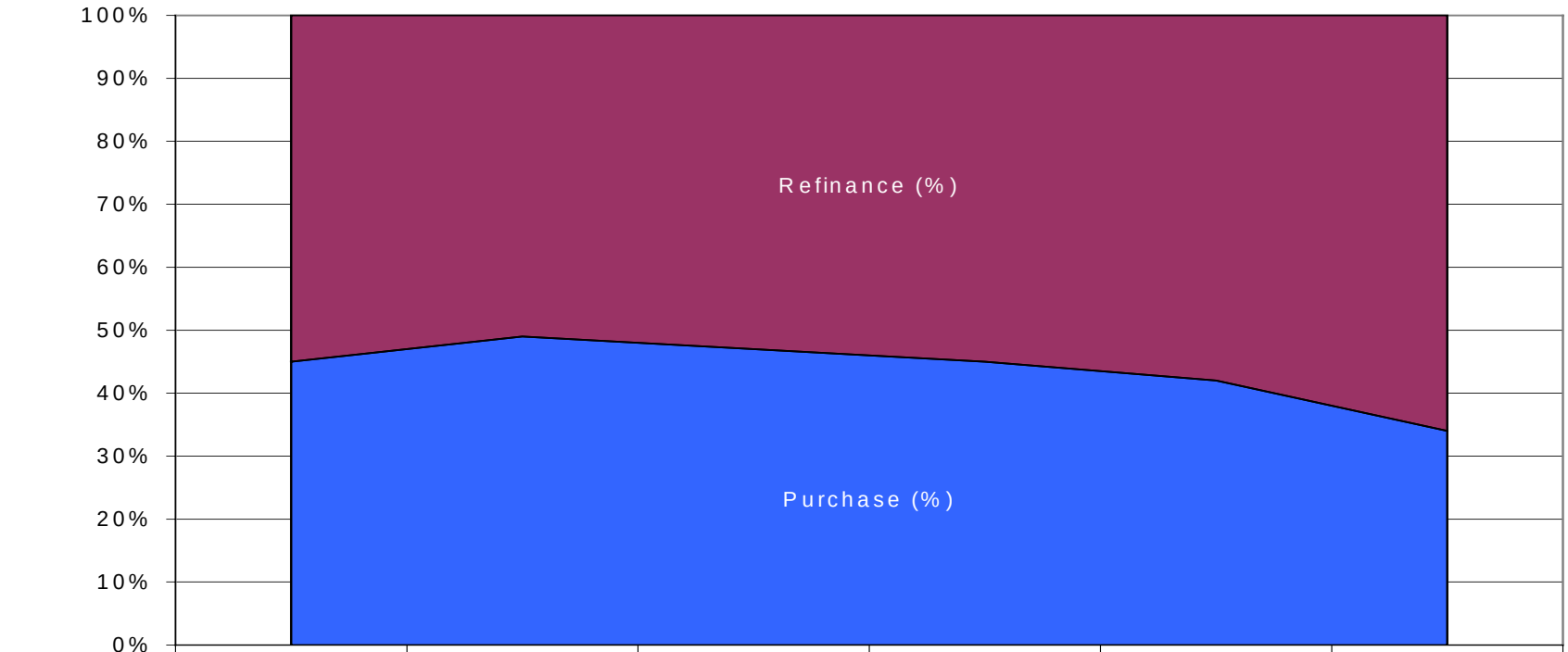
PROVIDENT
Bank Mortgage™
Faster funded home loans.

Provident Financial Holdings, Inc.

# Provident Bank Mortgage Loan Originations



# PBM Purchase vs. Refinance

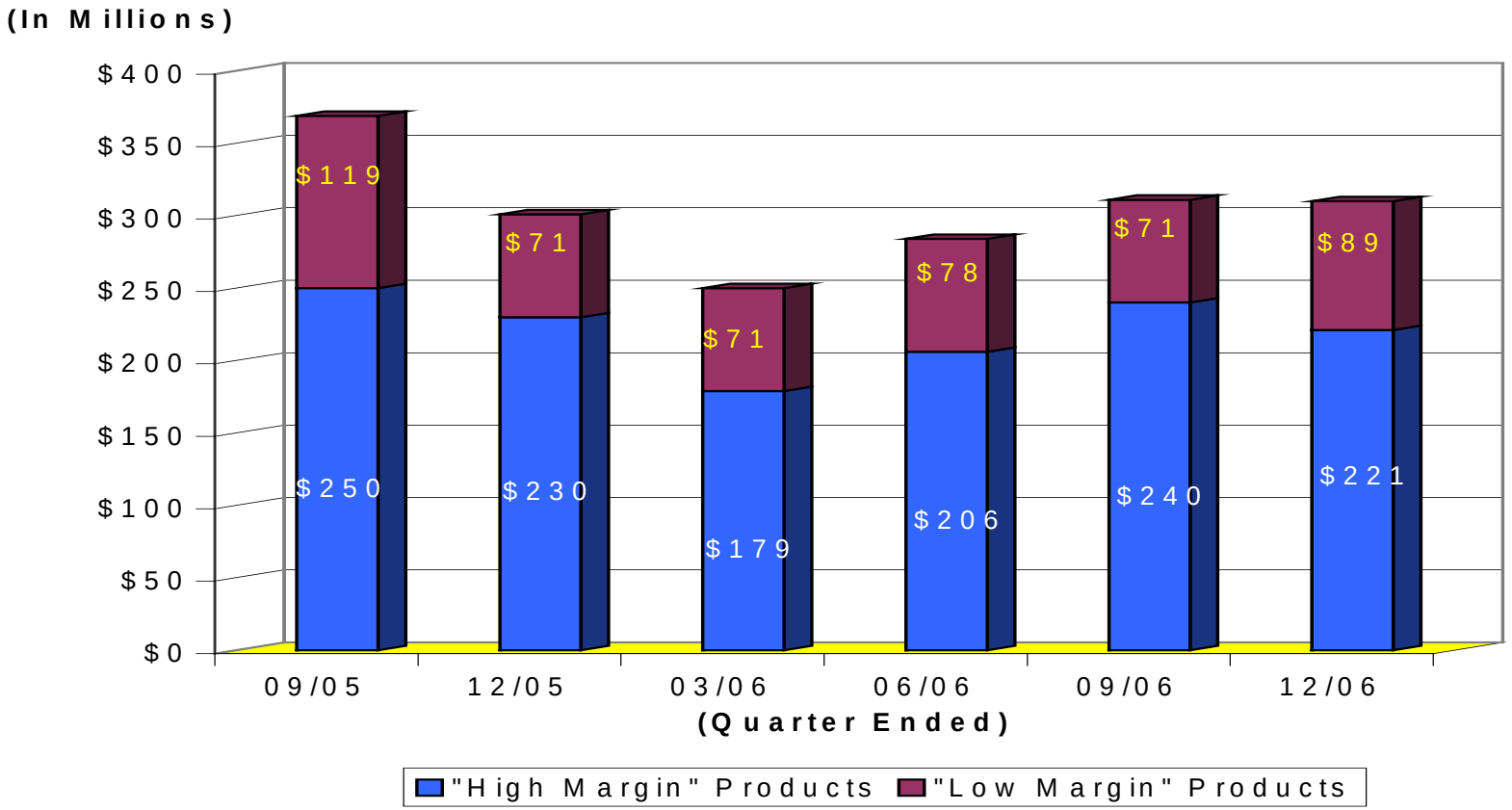



| | 09/05 | 12/05 | 03/06 | 06/06 | 09/06 | 12/06 |
|---|---|---|---|---|---|---|
| Refinance | 55% | 51% | 53% | 55% | 58% | 66% |
| Purchase | 45% | 49% | 47% | 45% | 42% | 34% |

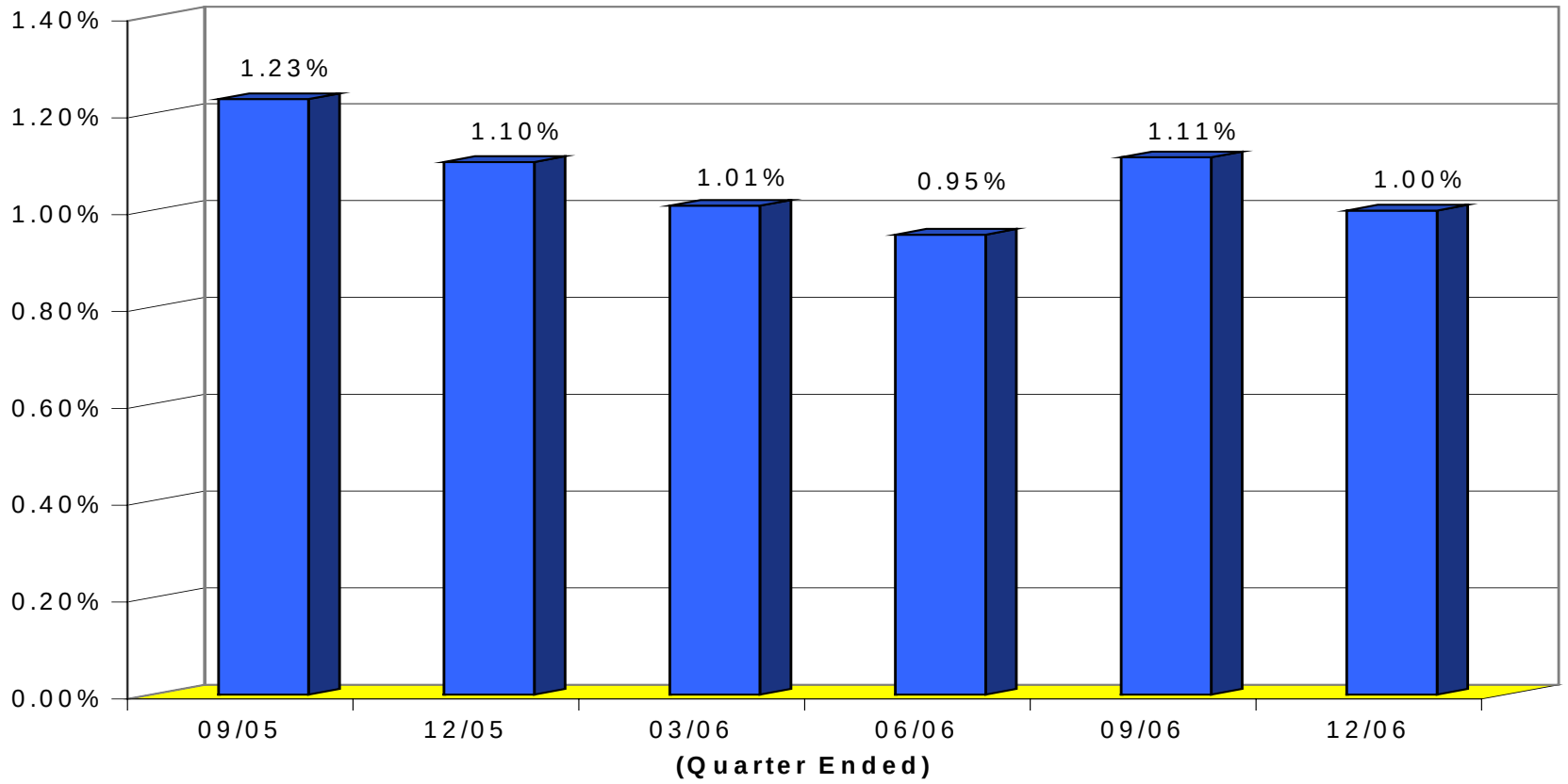
**(Quarter Ended)**

Provident Financial Holdings, Inc.

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



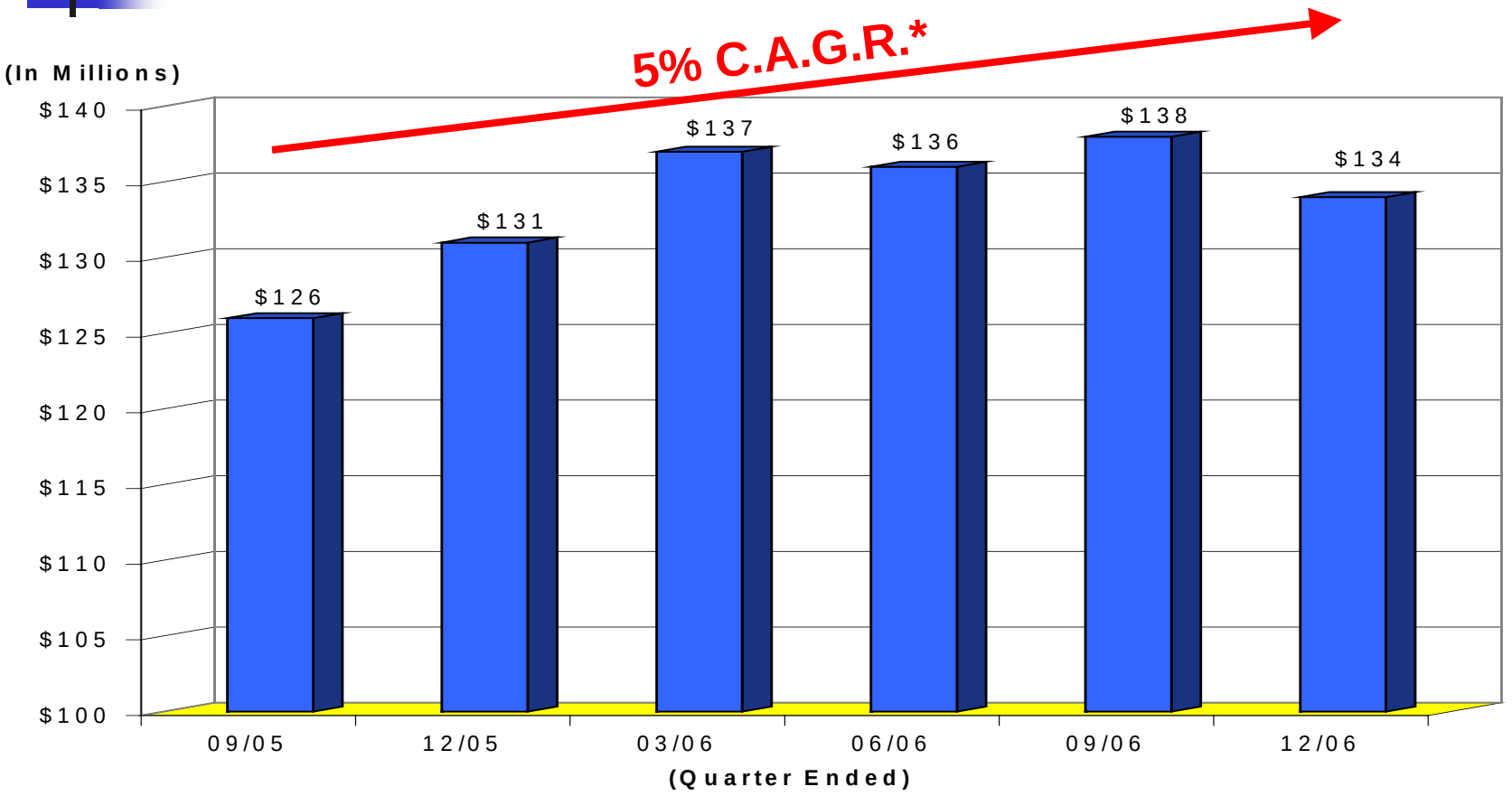
# Loan Sale Margin



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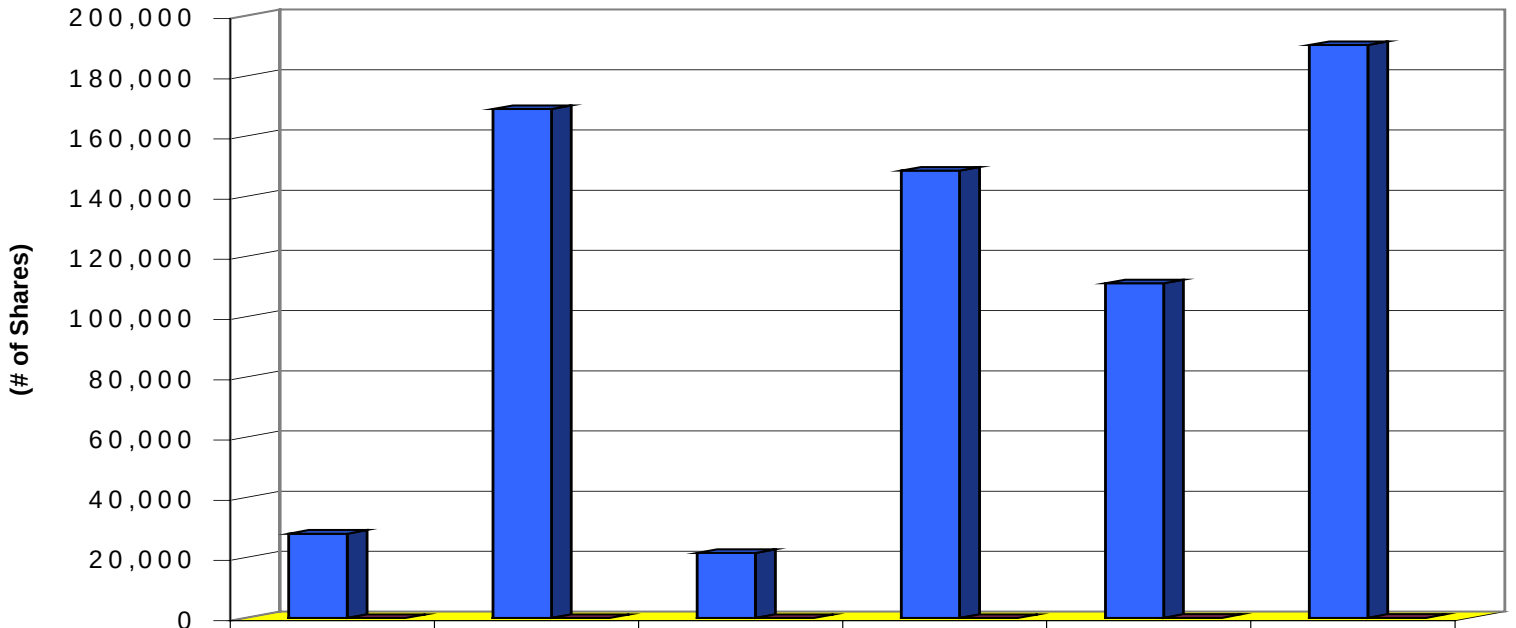
# Capital Management

# Stockholders' Equity




* C.A.G.R. - Compound annual growth rate from the quarter ended 09/30/05 through 12/31/06.

# Share Repurchase Program

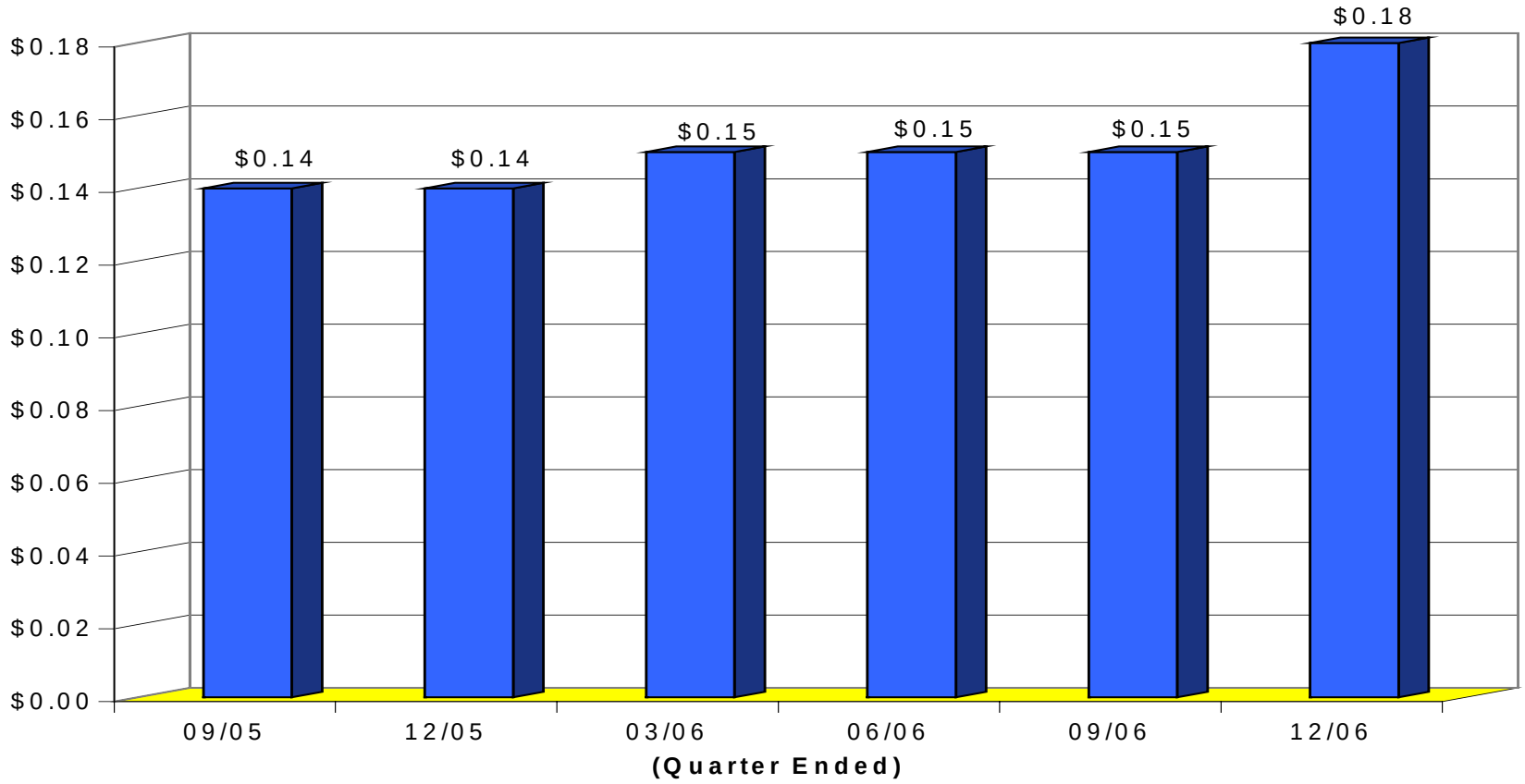



| | 09/05 | 12/05 | 03/06 | 06/06 | 09/06 | 12/06 |
|---|---|---|---|---|---|---|
| Shares Repurchased | 28,000 | 169,015 | 21,590 | 148,564 | 111,185 | 190,338 |
| Average Cost per Share | $28.30 | $27.25 | $29.36 | $29.65 | $30.35 | $30.09 |

(Quarter Ended)

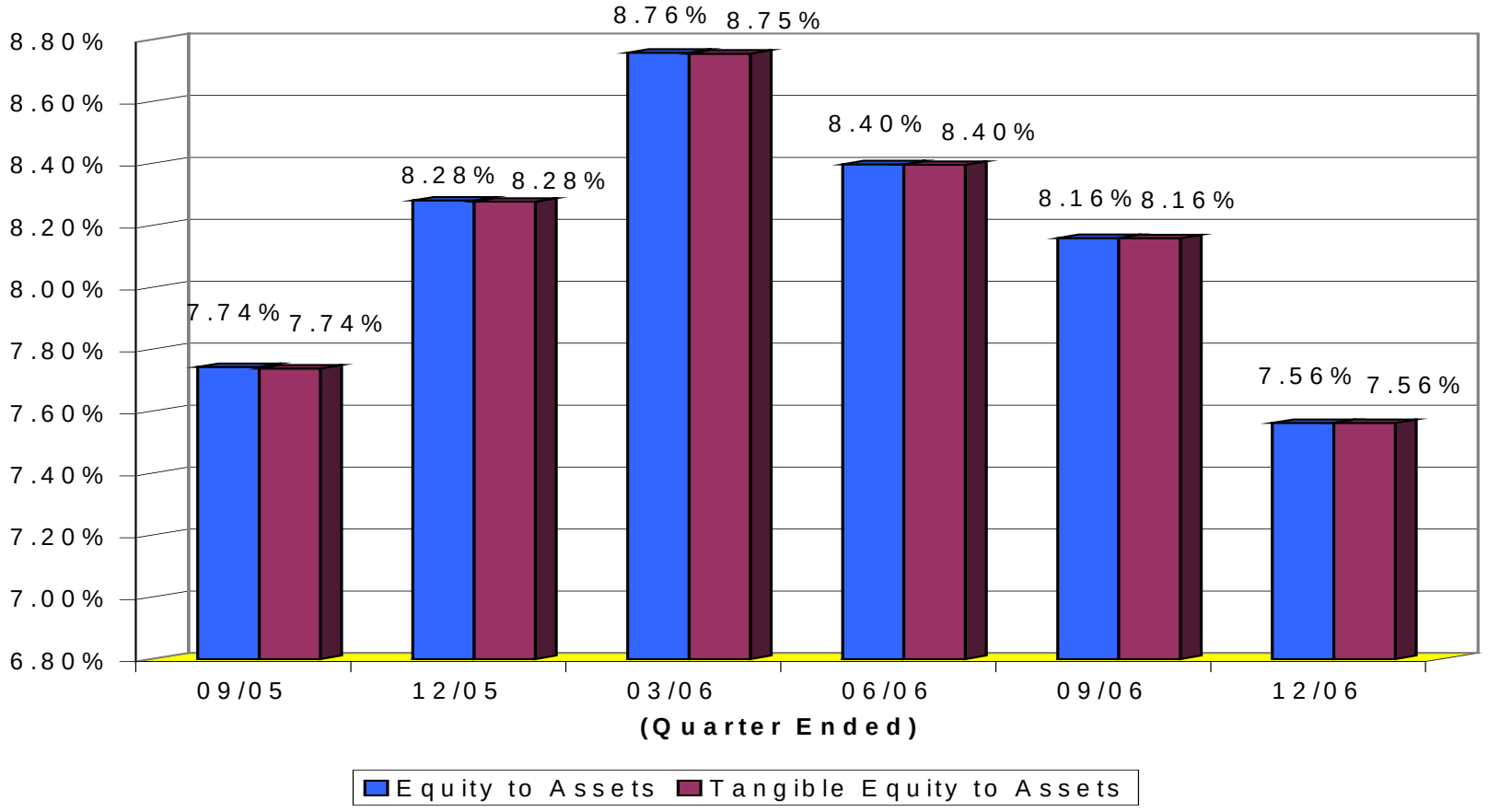
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# Cash Dividend per Share



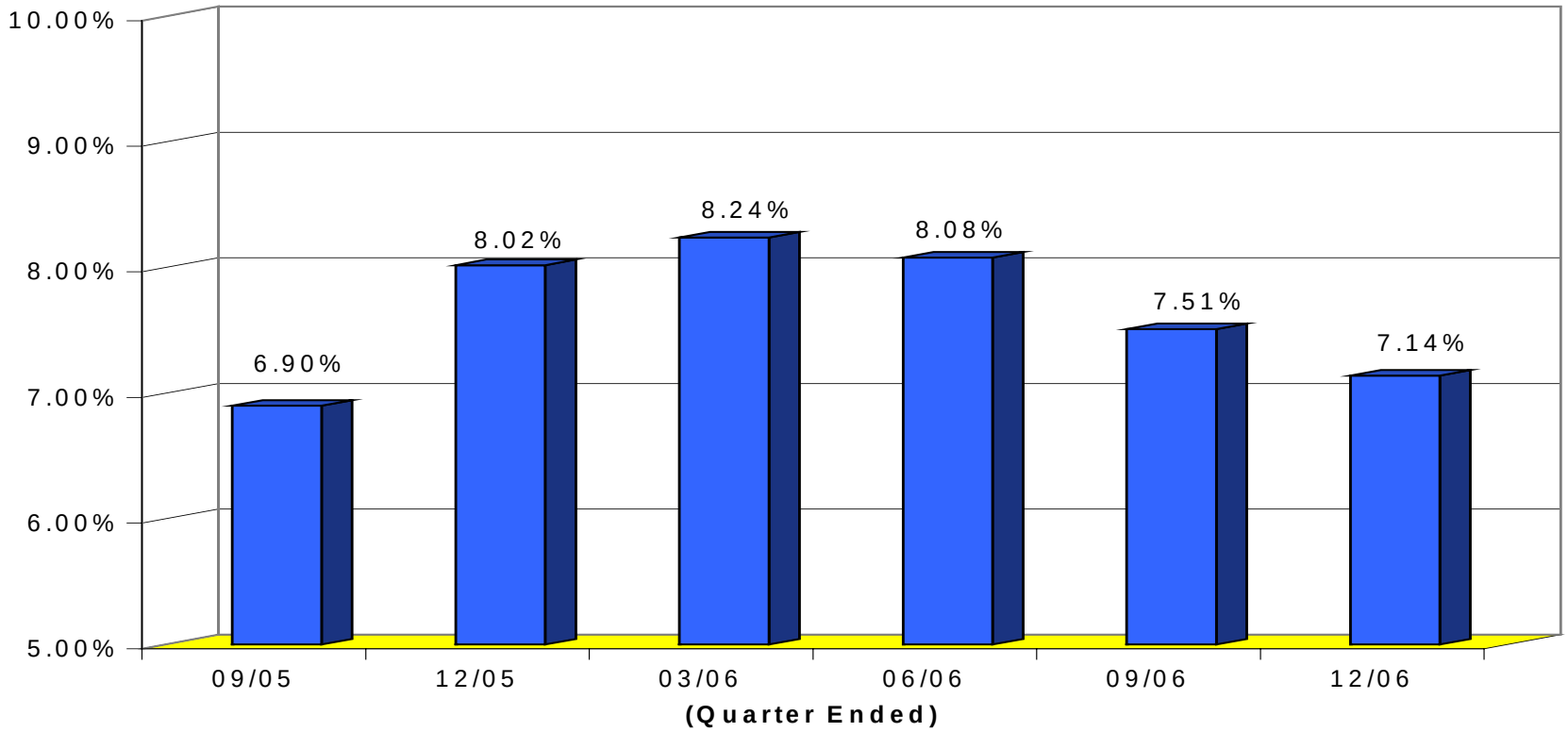
Provident Financial Holdings, Inc.

# Consolidated Capital Ratio

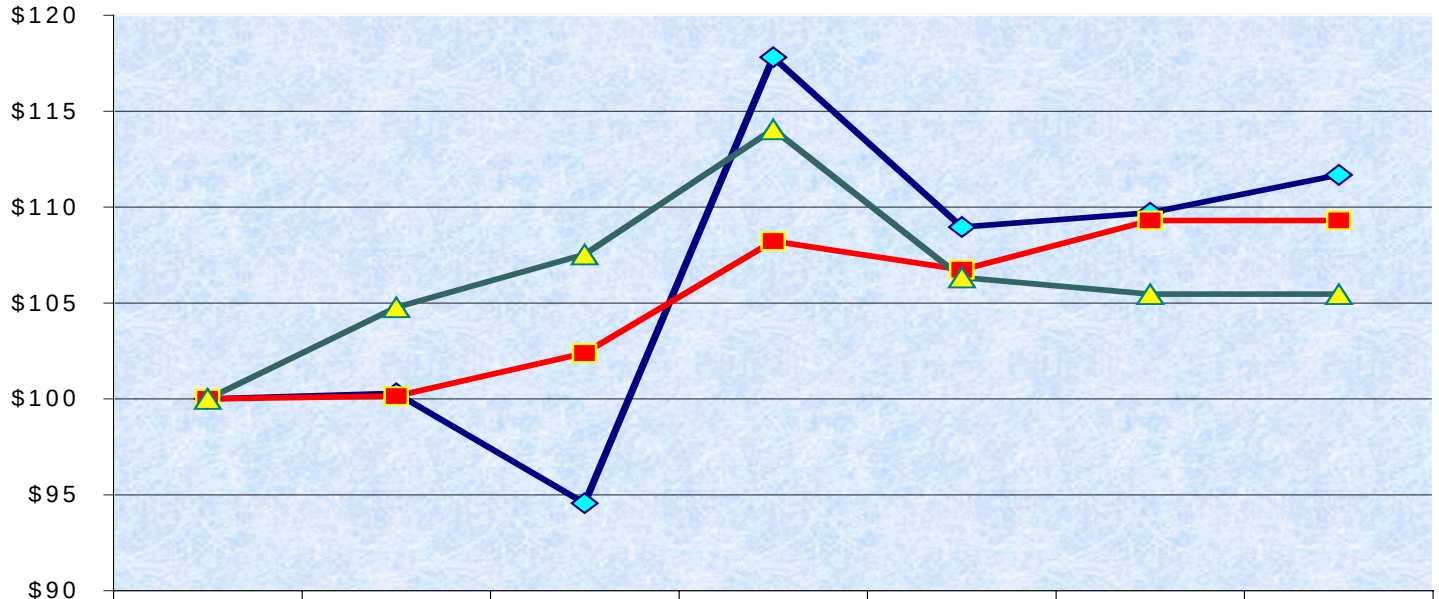


# Bank Capital Ratio

## Tier 1 Core Capital Ratio



# Stock Performance




| | Jun 2005 | Sep 2005 | Dec 2005 | Mar 2006 | Jun 2006 | Sep 2006 | Nov 2006 |
|---|---|---|---|---|---|---|---|
| PROV | $100 | $100 | $95 | $118 | $109 | $110 | $112 |
| Nasdaq Bank Index | $100 | $100 | $102 | $108 | $107 | $109 | $109 |
| Nasdaq Stock Index | $100 | $105 | $108 | $114 | $106 | $105 | $105 |

**Assumes that the value of the investment in the Company's Common Stock and in each Index was $100 on June 30, 2005 and that all dividends were reinvested.**

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