


# Provident Financial Holdings, Inc.

## December 31, 2007

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Provident Financial Holdings, Inc.

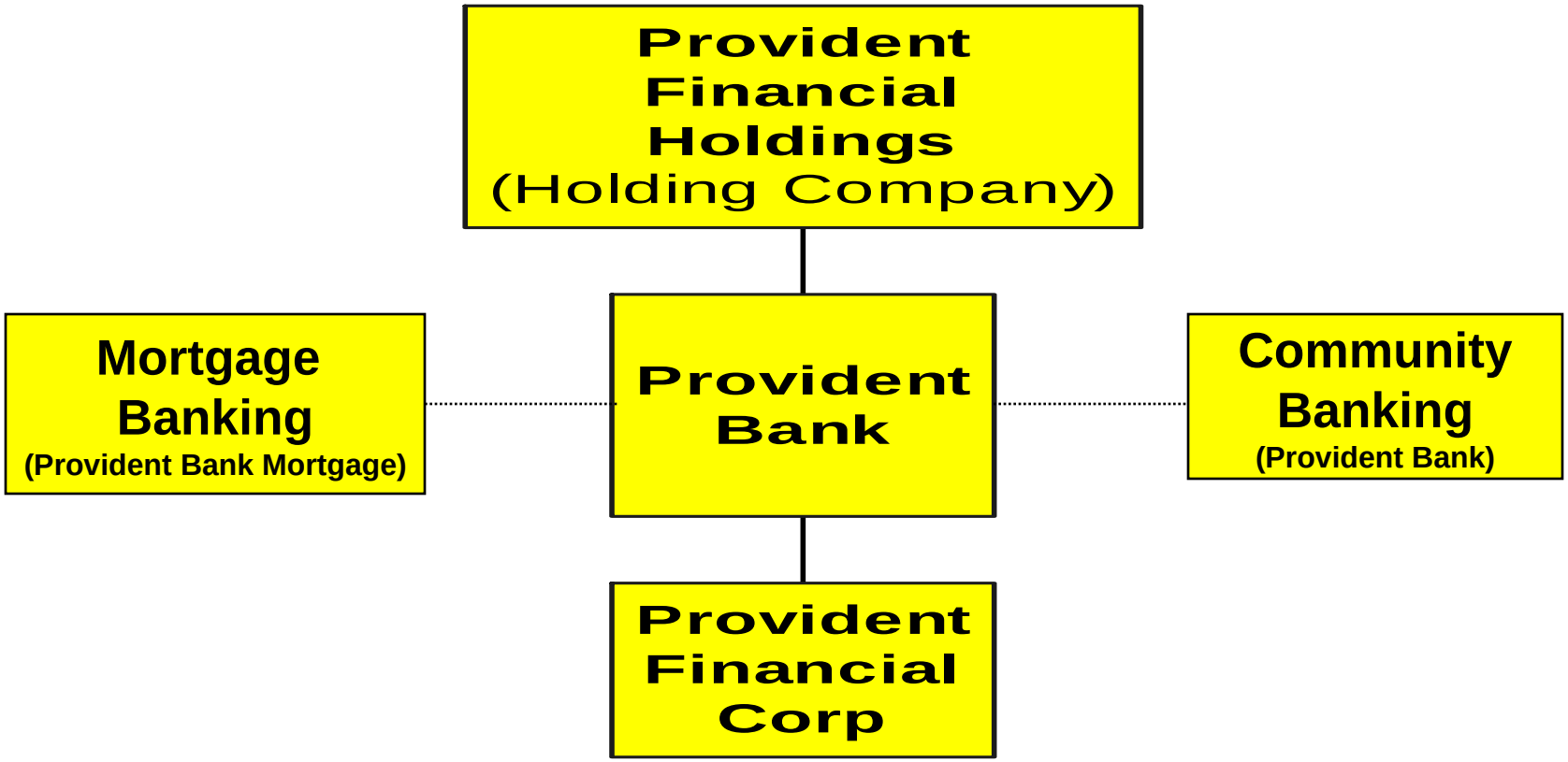
# Safe-Harbor Statement

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, 2007. 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 GS: | PROV |
| Share price: | $16.46 |
| 52-week range: | $16.03 - $30.50 |
| Shares outstanding | 6,196,434 shares |
| Market cap: | $102.0 million |
| P/E (ttm): | 16.14 |
| EPS (ttm): | $1.02 |
| Annual div & yield: | $0.72 (4.37%) |
| Div distribution date: | 14-Dec-07 |
| Div record date: | 19-Nov-07 |
| | |
| As of December 31, 2007 | |

# 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
- Fifth largest deposit market share in the Riverside-San Bernardino RMA

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# Provident Locations

**Pleasanton, Northern California**




**Provident Bank**

**Full Service Offices:**

- Blythe
- Beaumont (Fall 2008)
- Canyon Crest, Riverside
- Corona
- Corporate Office, Riverside
- Downtown, Riverside
- Hemet
- La Sierra, Riverside
- Moreno Valley - Heacock St.
- Moreno Valley - Iris Ave. (Summer 2008)
- Orangecrest, Riverside
- Rancho Mirage
- Redlands
- Sun City
- Temecula

**Provident Bank Mortgage**

**Wholesale Offices:**

- Pleasanton
- Rancho Cucamonga

**Retail Offices:**

- Glendora
- Riverside

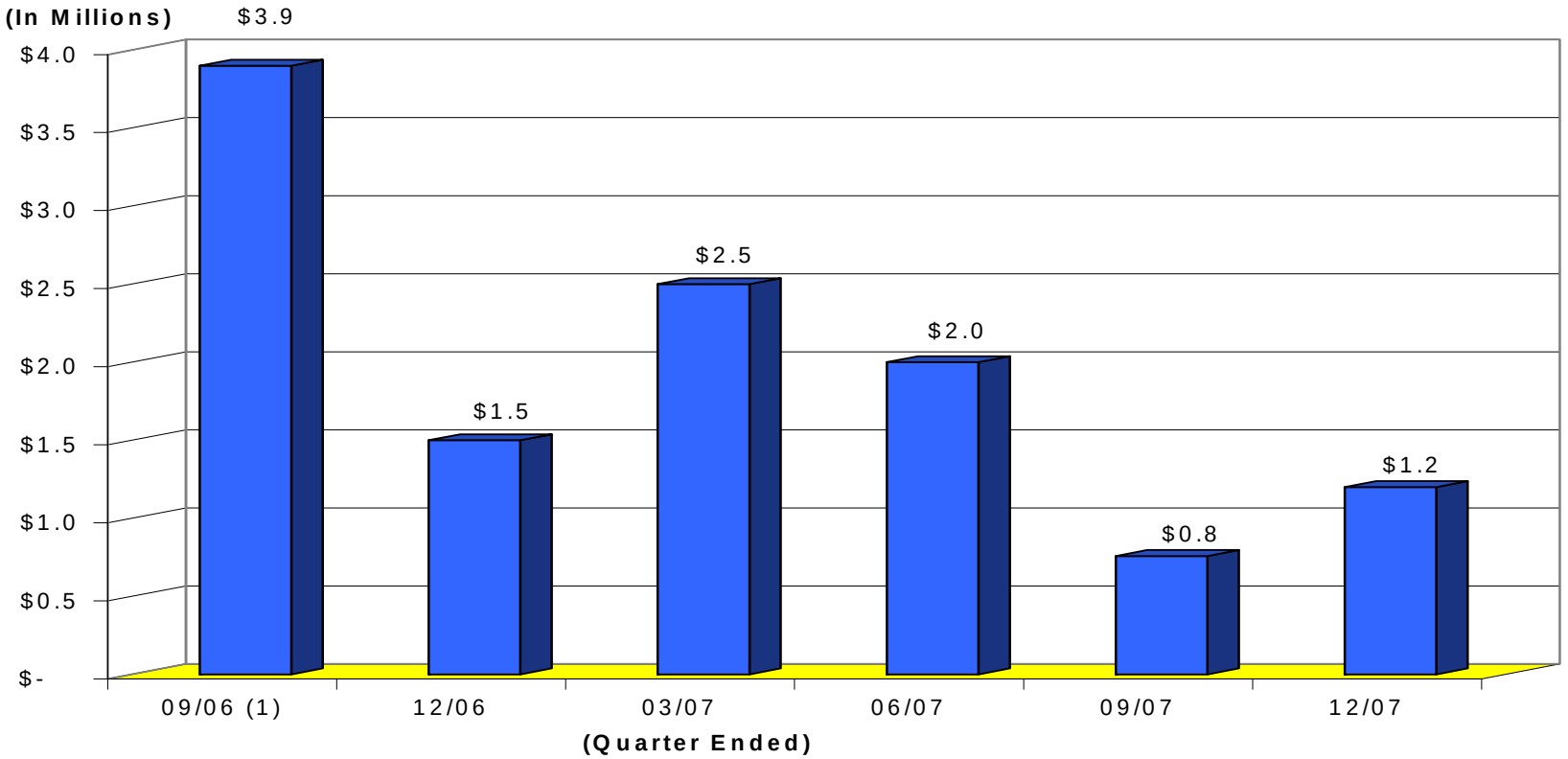
# PROV Highlights

| Financial Position: | As of 12/31/2007 | As of 09/30/2006 |
|---|---|---|
| Total assets …… | $ 1.64 billion | $ 1.70 billion |
| Loans held for investment ……. | $ 1.40 billion | $ 1.31 billion |
| Deposits …….. | $ 1.01 billion | $ 915.0 million |
| Equity …… | $ 126.3 million | $ 138.4 million |
| Tangible equity …… | $ 126.3 million | $ 138.4 million |

| Financial Results: | Quarter Ended 12/31/2007 | Quarter Ended 09/30/2006 |
|---|---|---|
| Net income …….. | $ 1.2 million | $ 5.3 million |
| Return on average equity …… | 3.72% | 15.25% |
| Return on average assets ……. | 0.29% | 1.28% |
| Net interest margin …… | 2.42% | 2.68% |
| Efficiency ratio …… | 62.45% | 45.37% |
| Total loan originations …… | $ 192.7 million | $ 429.7 million |
| Provident Bank …… | $ 61.6 million | $ 70.2 million |
| Provident Bank Mortgage …. | $ 131.1 million | $ 359.5 million |

Provident Financial Holdings, Inc.

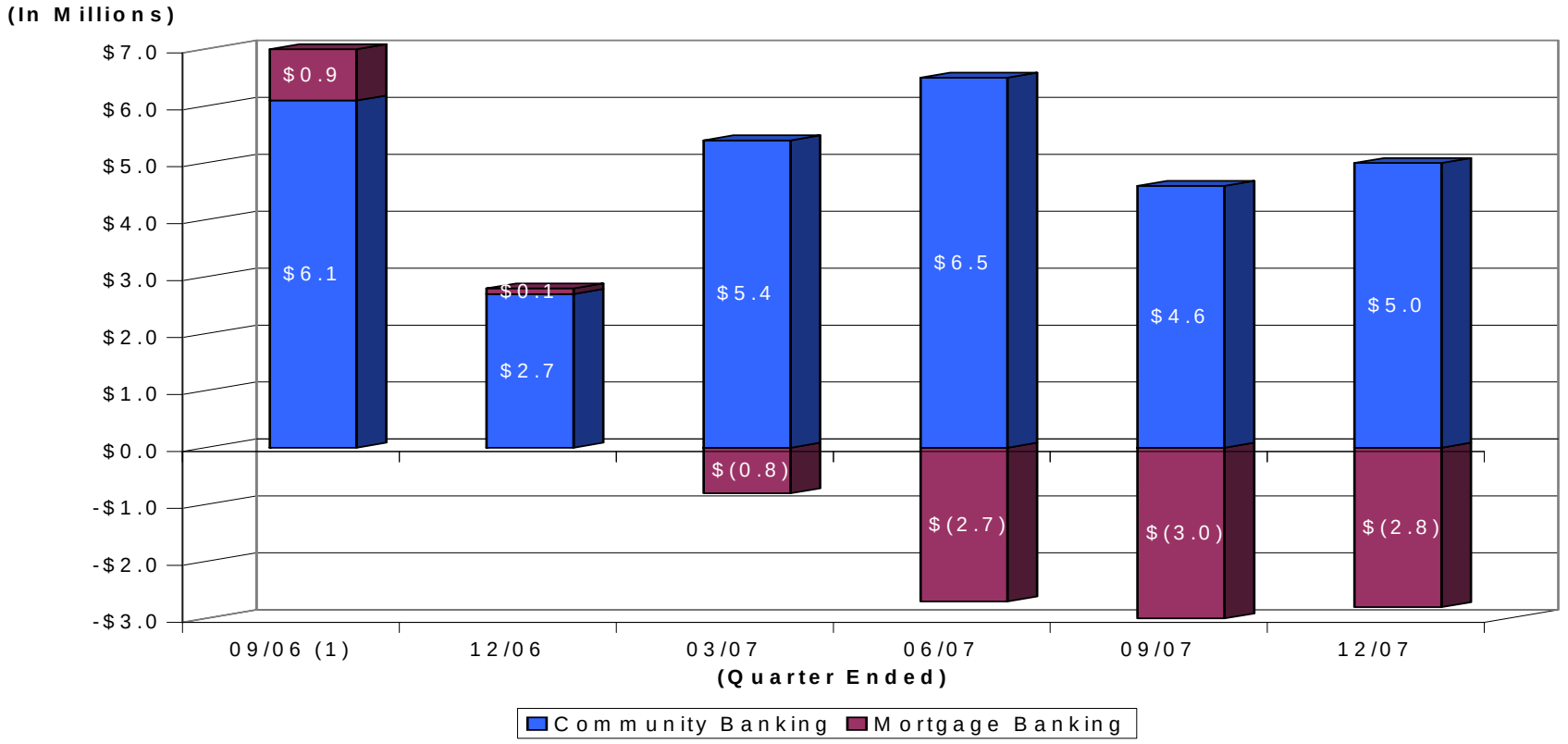
# Quarterly Net Income




(1) 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.

Provident Financial Holdings, Inc.

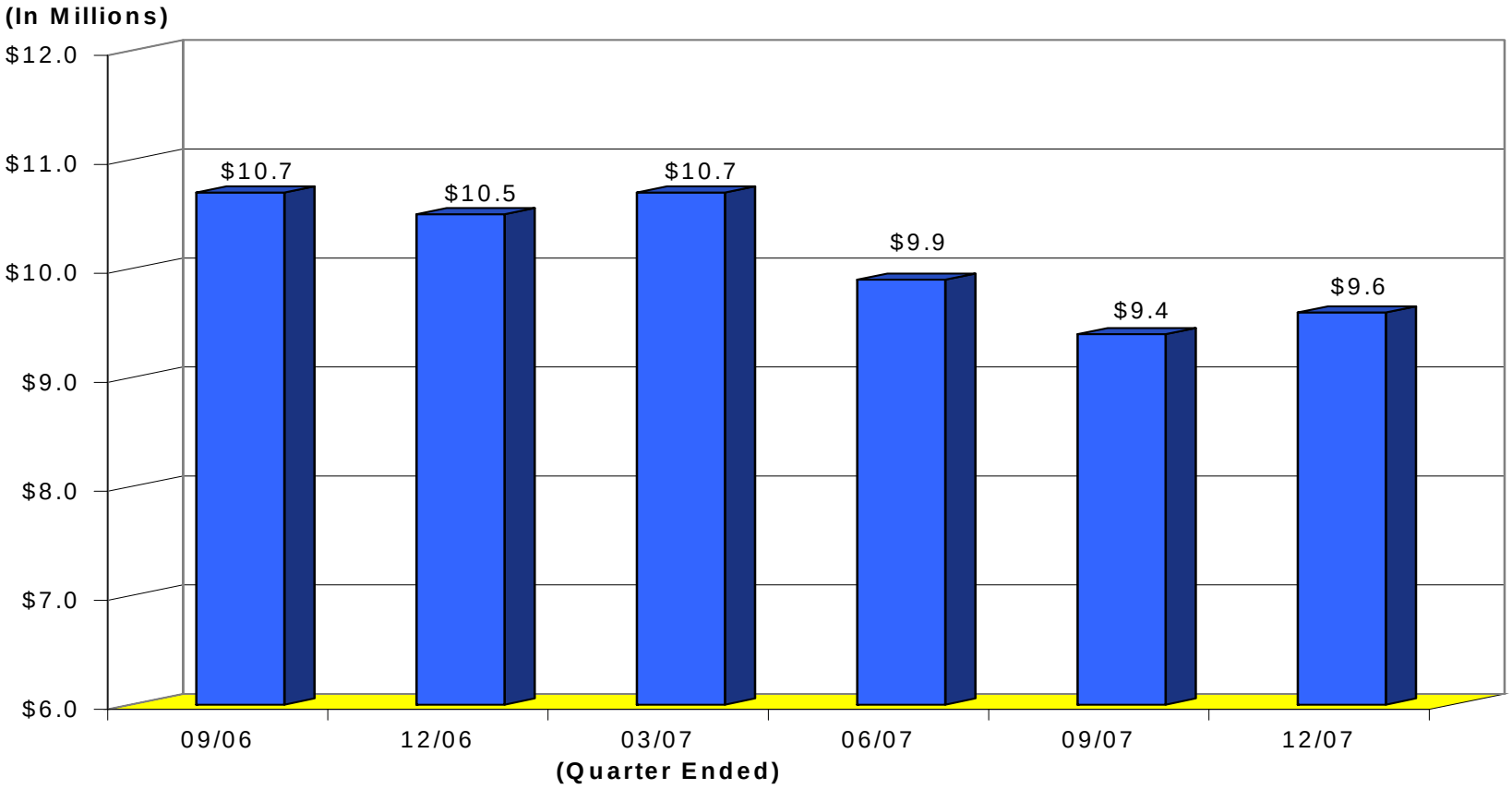
# Pre-Tax Income - Operating Segments




(1) 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.

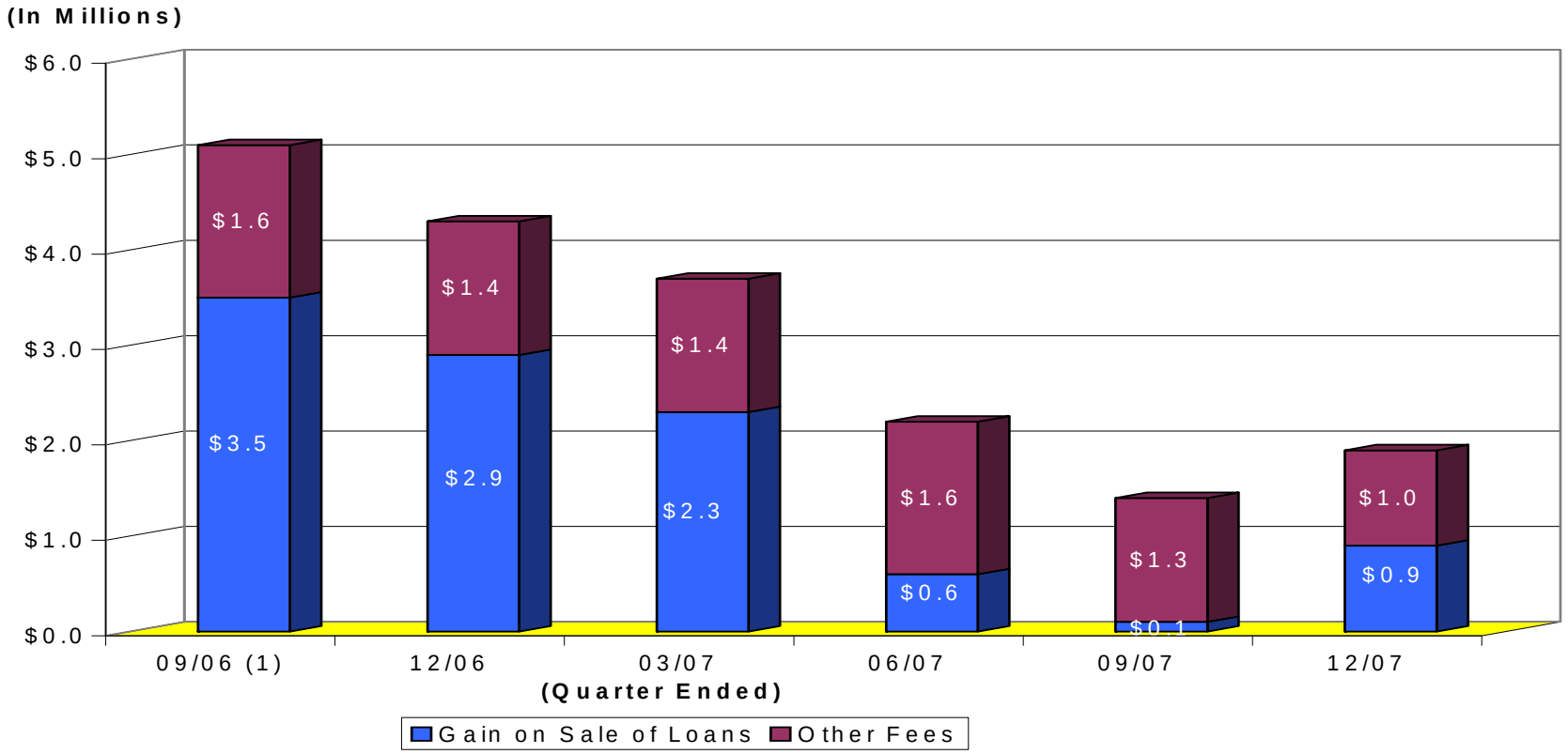
Provident Financial Holdings, Inc.

# Quarterly Net Interest Income



Provident Financial Holdings, Inc.

# Non-Interest Income




(1) 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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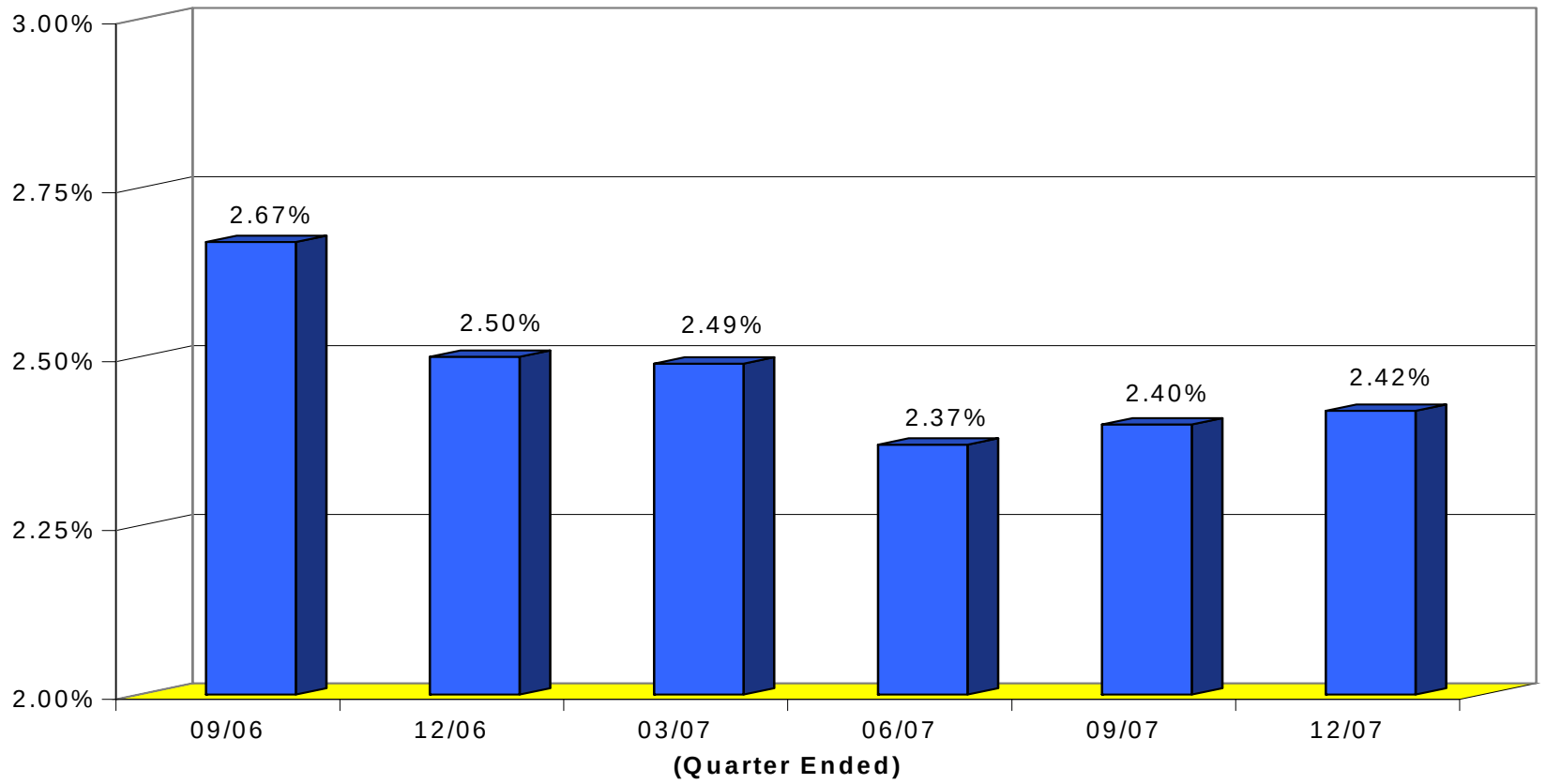
# Net Interest Margin



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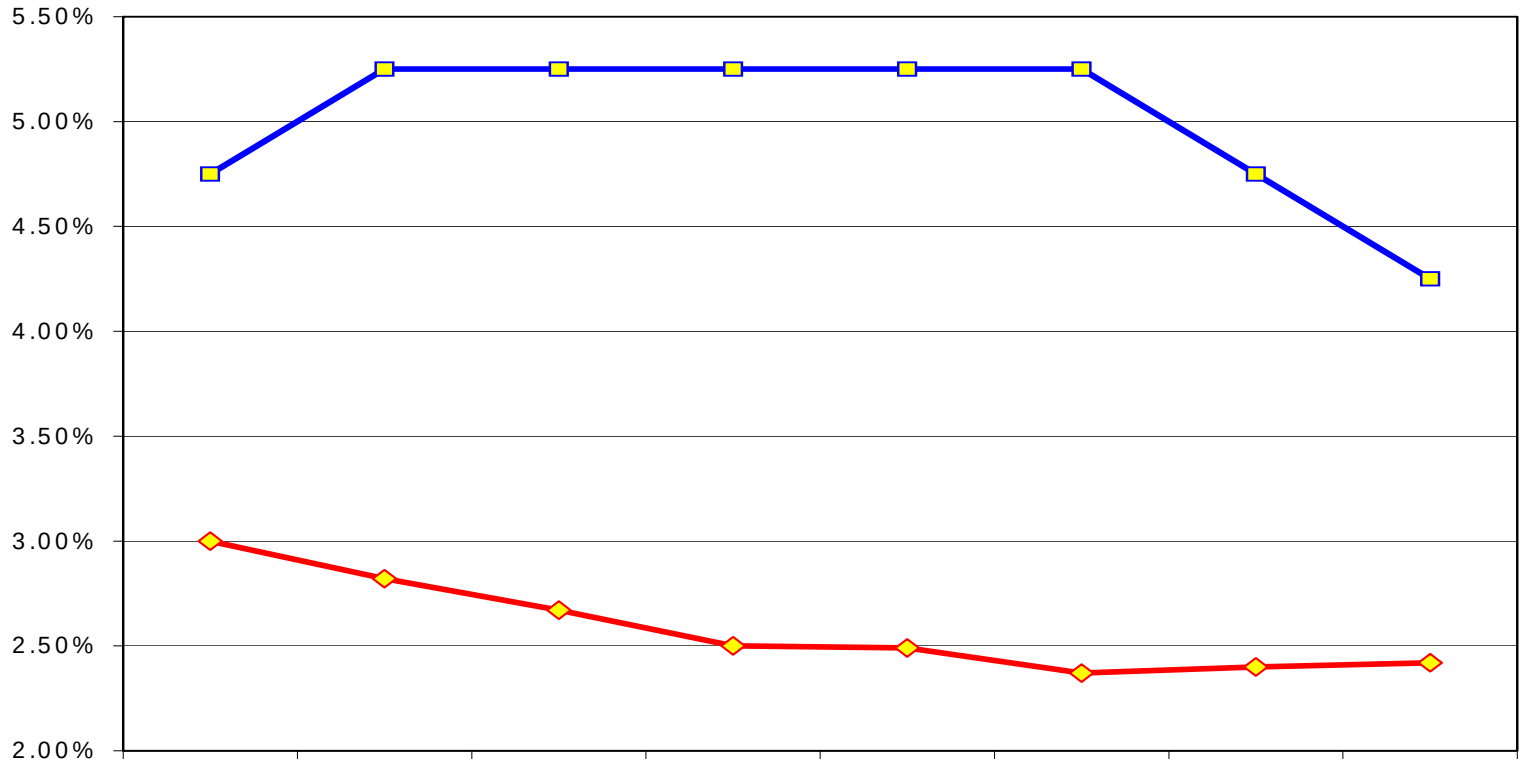
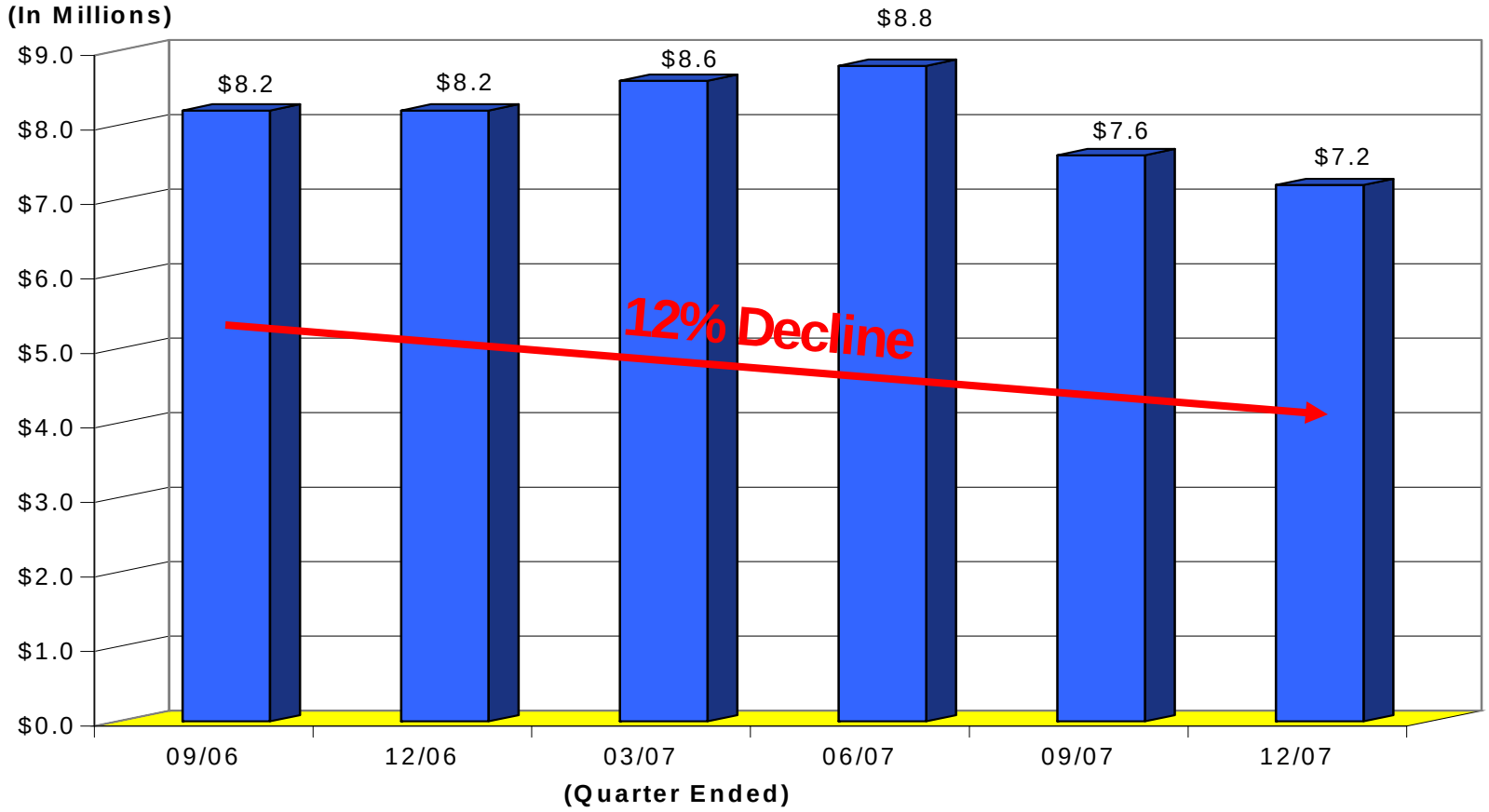
# Net Interest Margin vs. Fed Funds

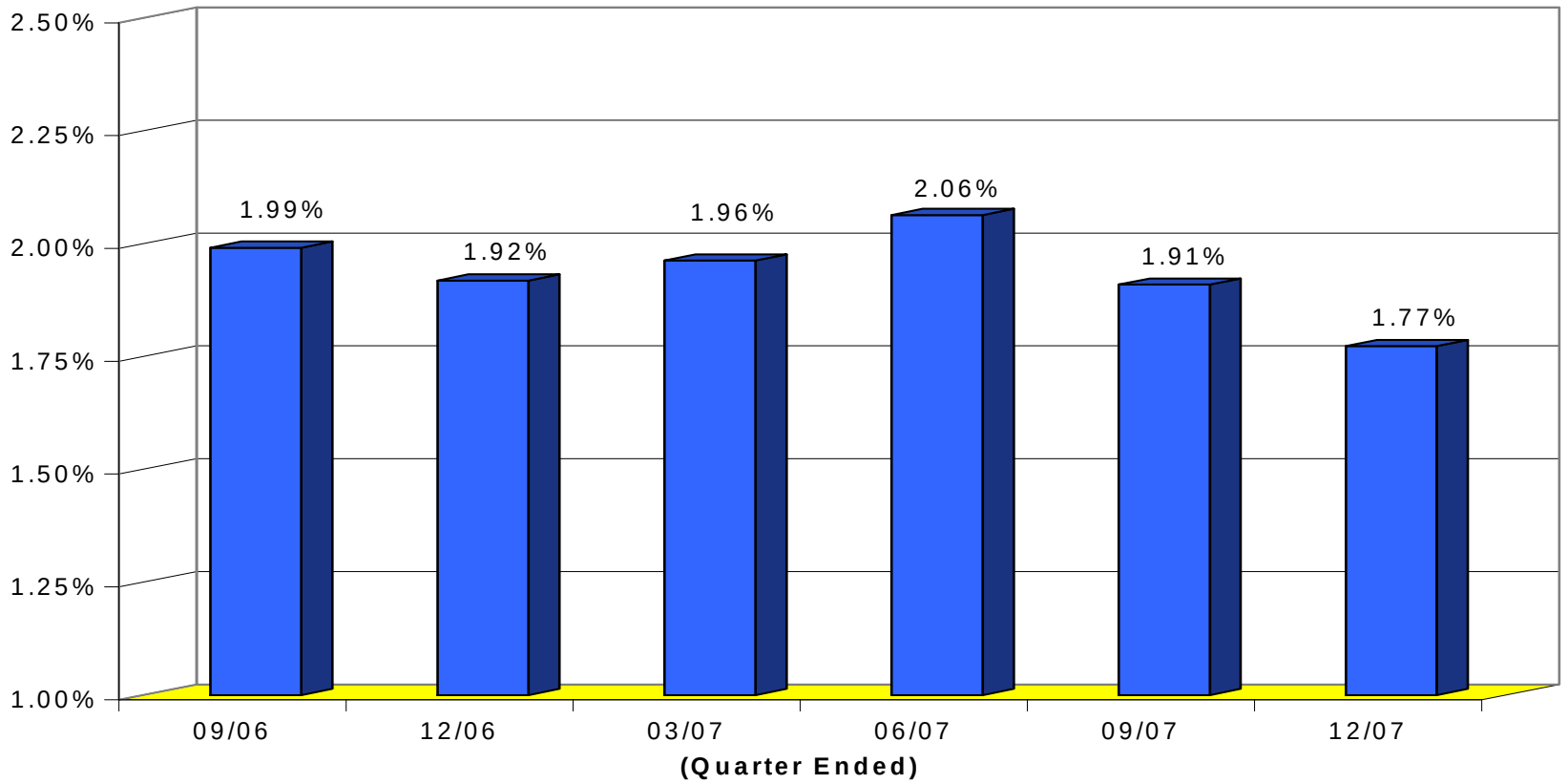



| | 03/06 | 06/06 | 09/06 | 12/06 | 03/07 | 06/07 | 09/07 | 12/07 |
|---|---|---|---|---|---|---|---|---|
| NIM (%) | 3.00% | 2.82% | 2.67% | 2.50% | 2.49% | 2.37% | 2.40% | 2.42% |
| Fed Funds (%) | 4.75% | 5.25% | 5.25% | 5.25% | 5.25% | 5.25% | 4.75% | 4.25% |

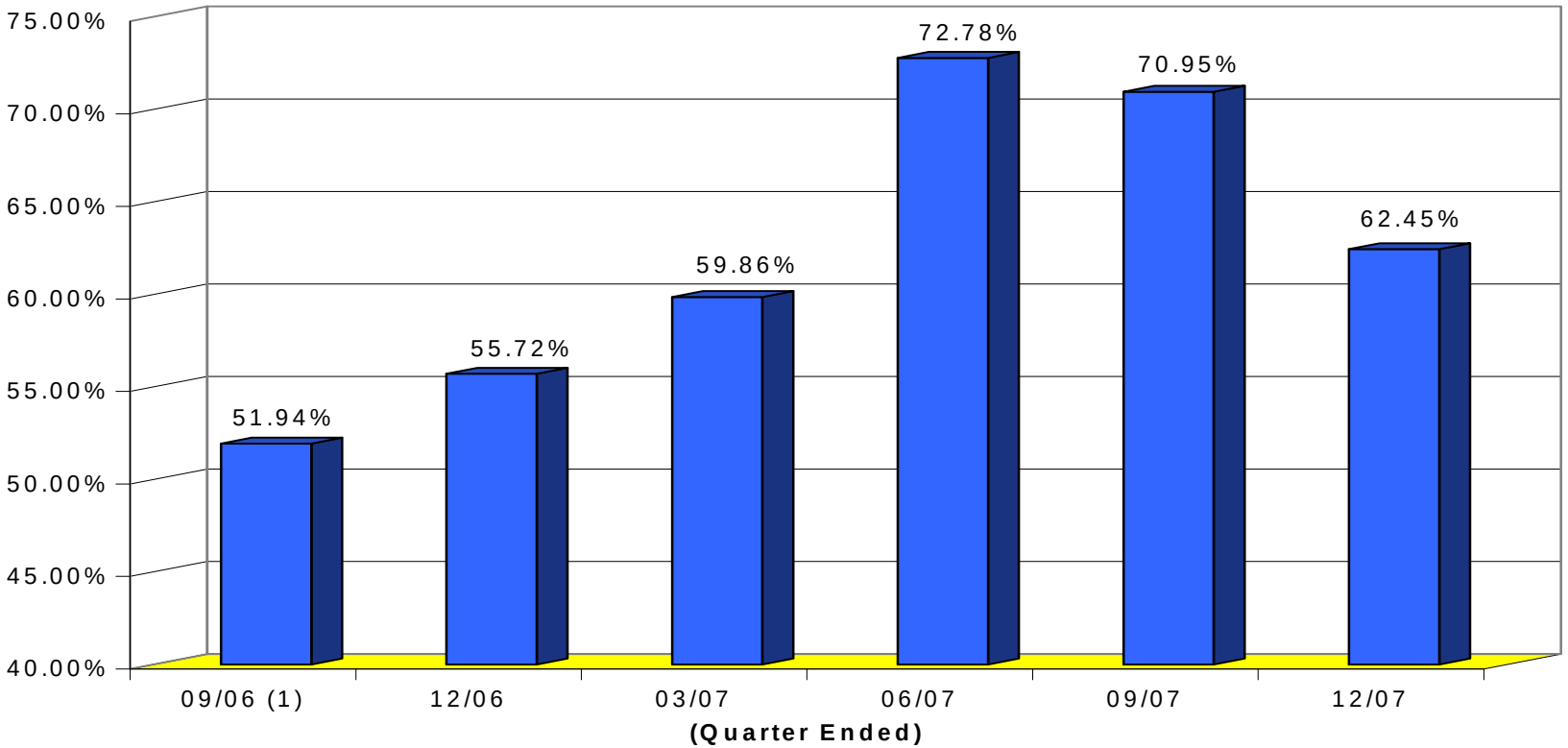
# Operating Expenses



# G&A to Average Assets

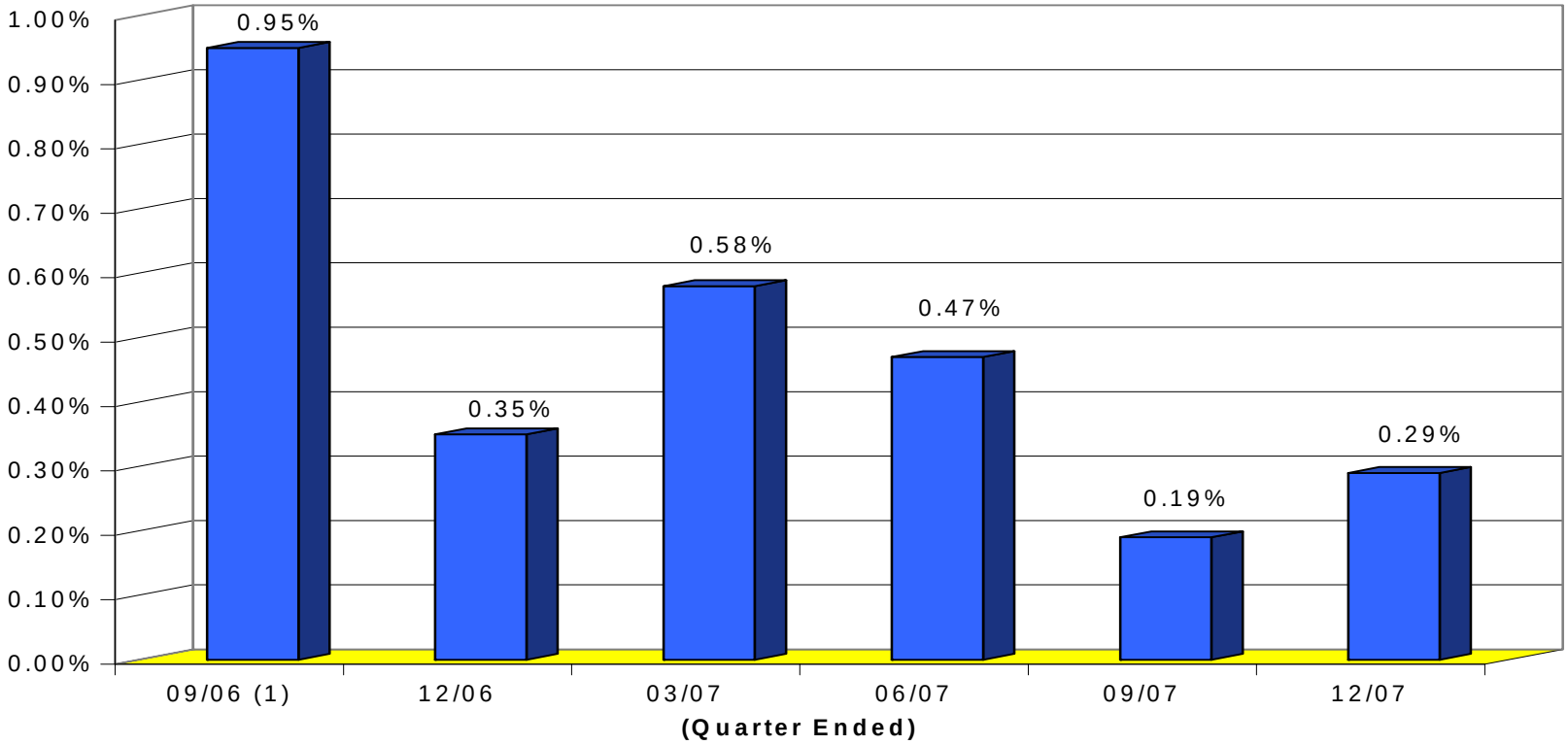


# Efficiency Ratio



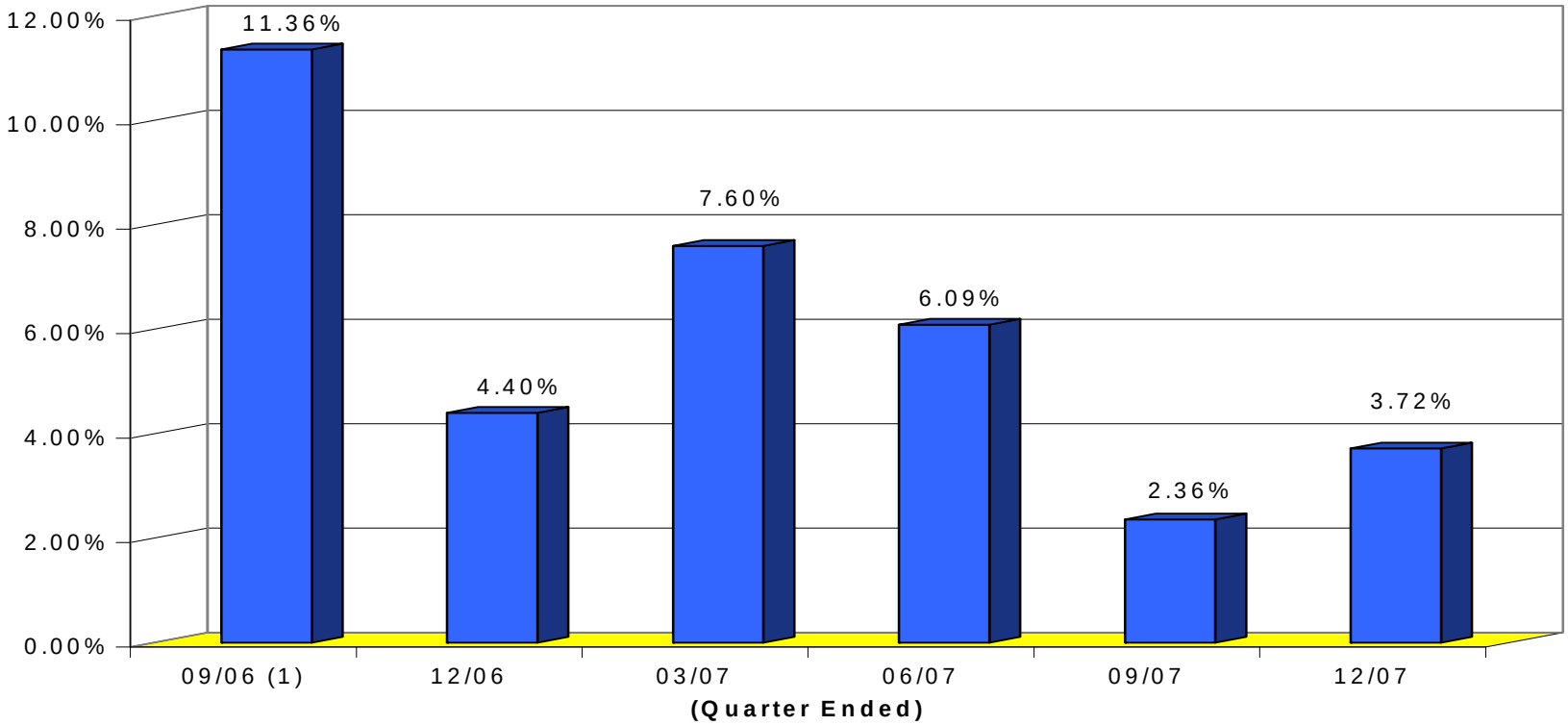

(1) Excluding the gain on sale of real estate of $2.3 million. On a GAAP basis, the Efficiency Ratio was 45.37% as described in the Form 10-Q for the quarter ended September 30, 2006.

# Return on Average Assets



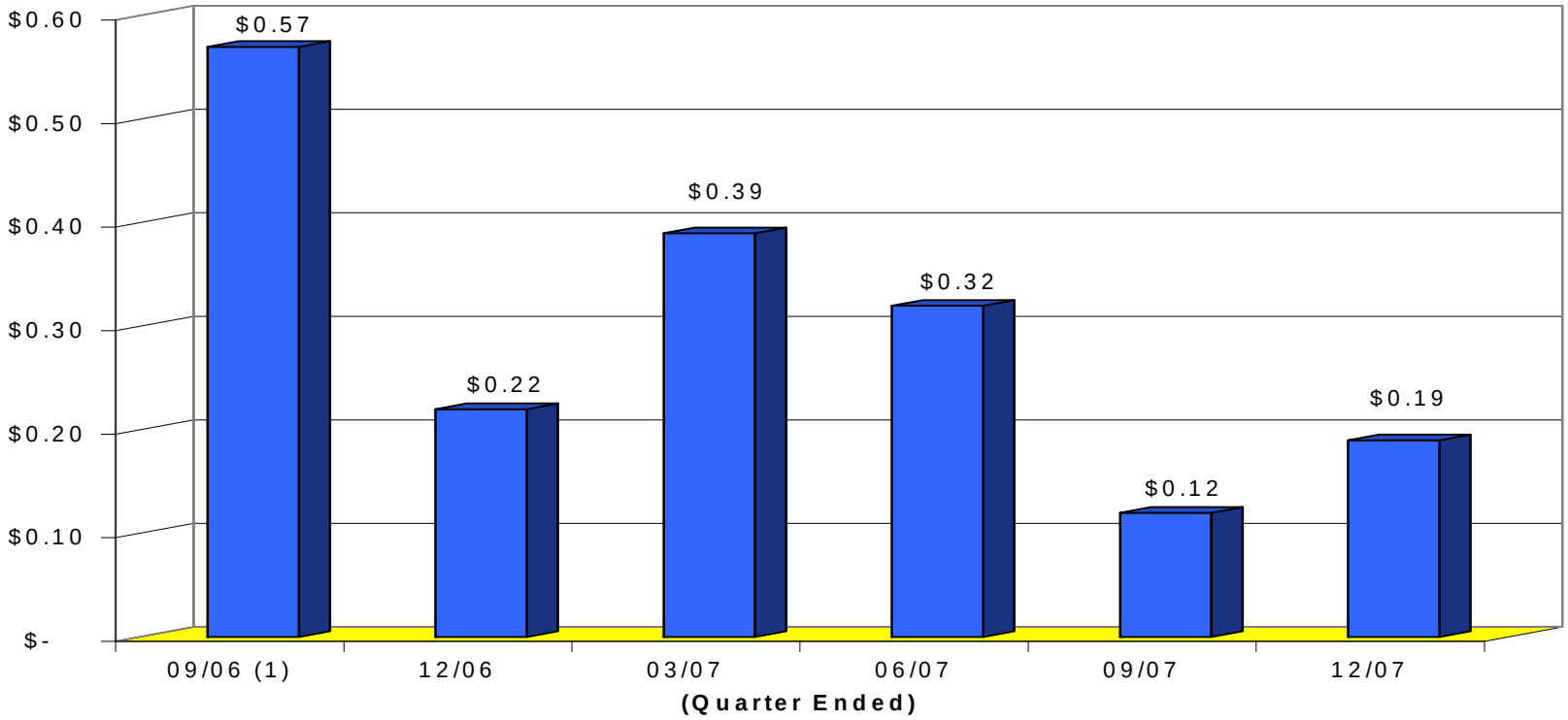

(1) Excluding the gain on sale of real estate of $2.3 million. On a GAAP basis, Return on Average Assets was 1.28% as described in the Form 10-Q for the quarter ended September 30, 2006.

# Return on Average Equity




(1) Excluding the gain on sale of real estate of $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 $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.

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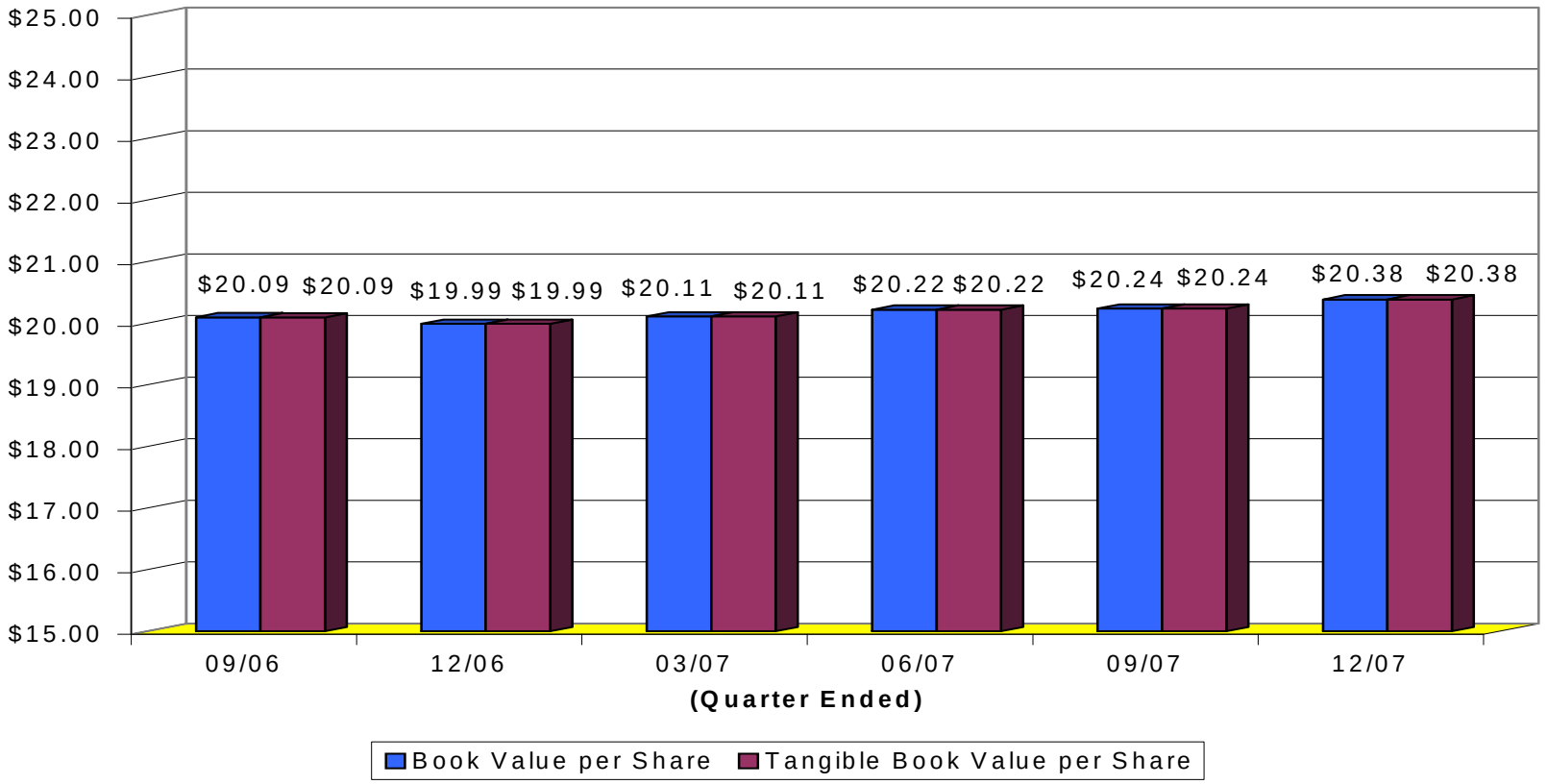
# Book Value per Share



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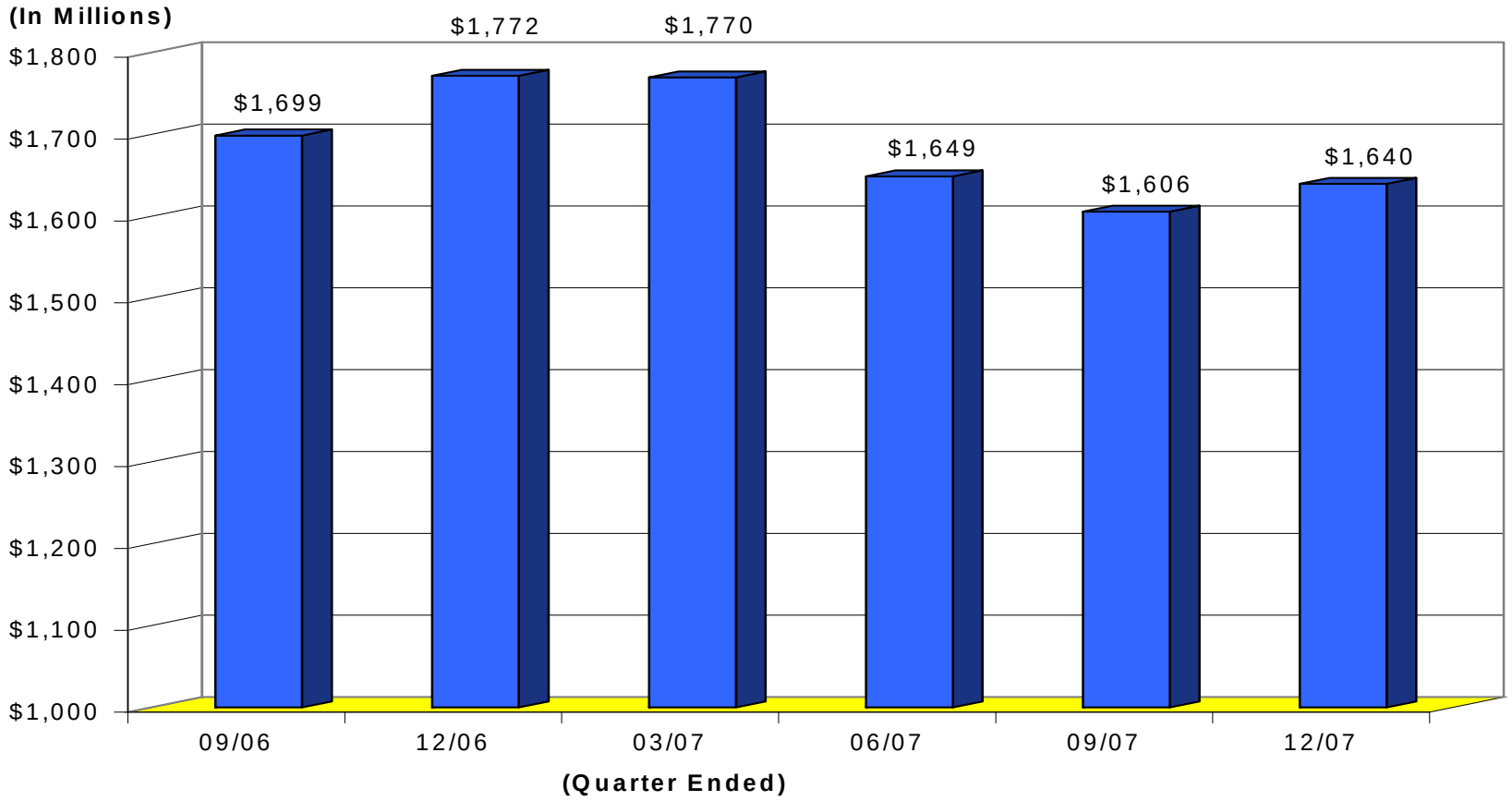
# Community Banking

PROVIDENT Bank™

More for you everyday.

# Total Assets



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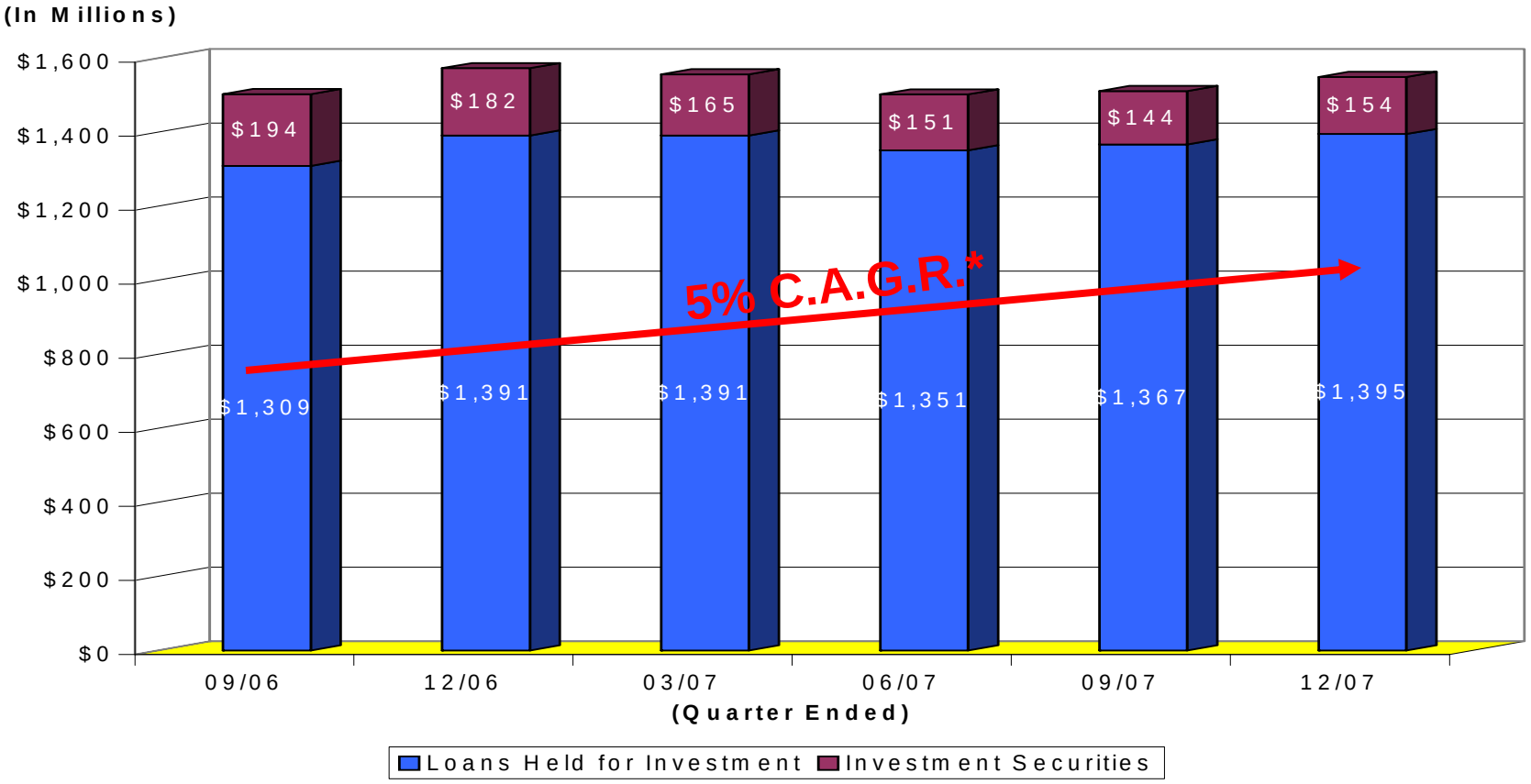
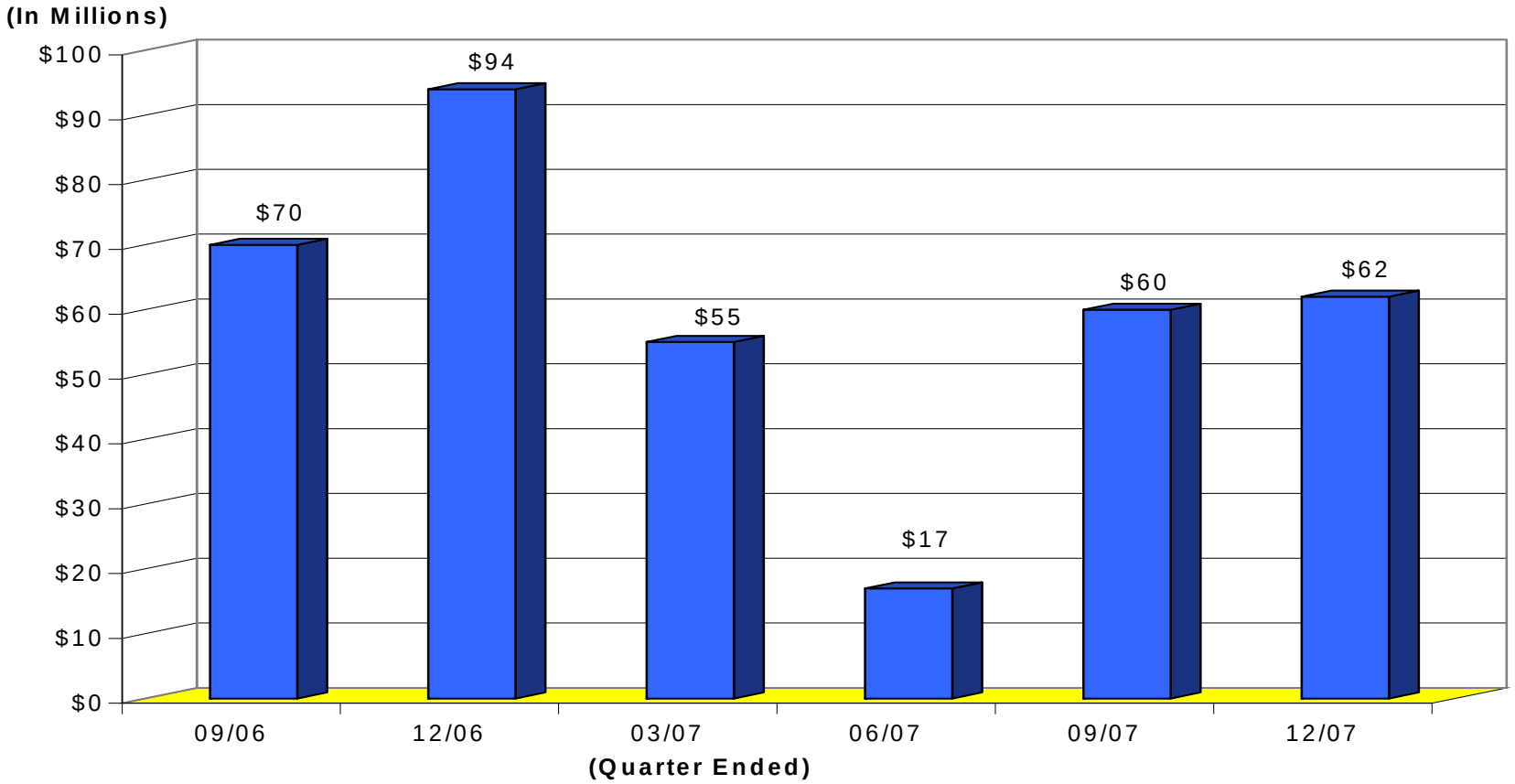
# Loan to Investment Mix

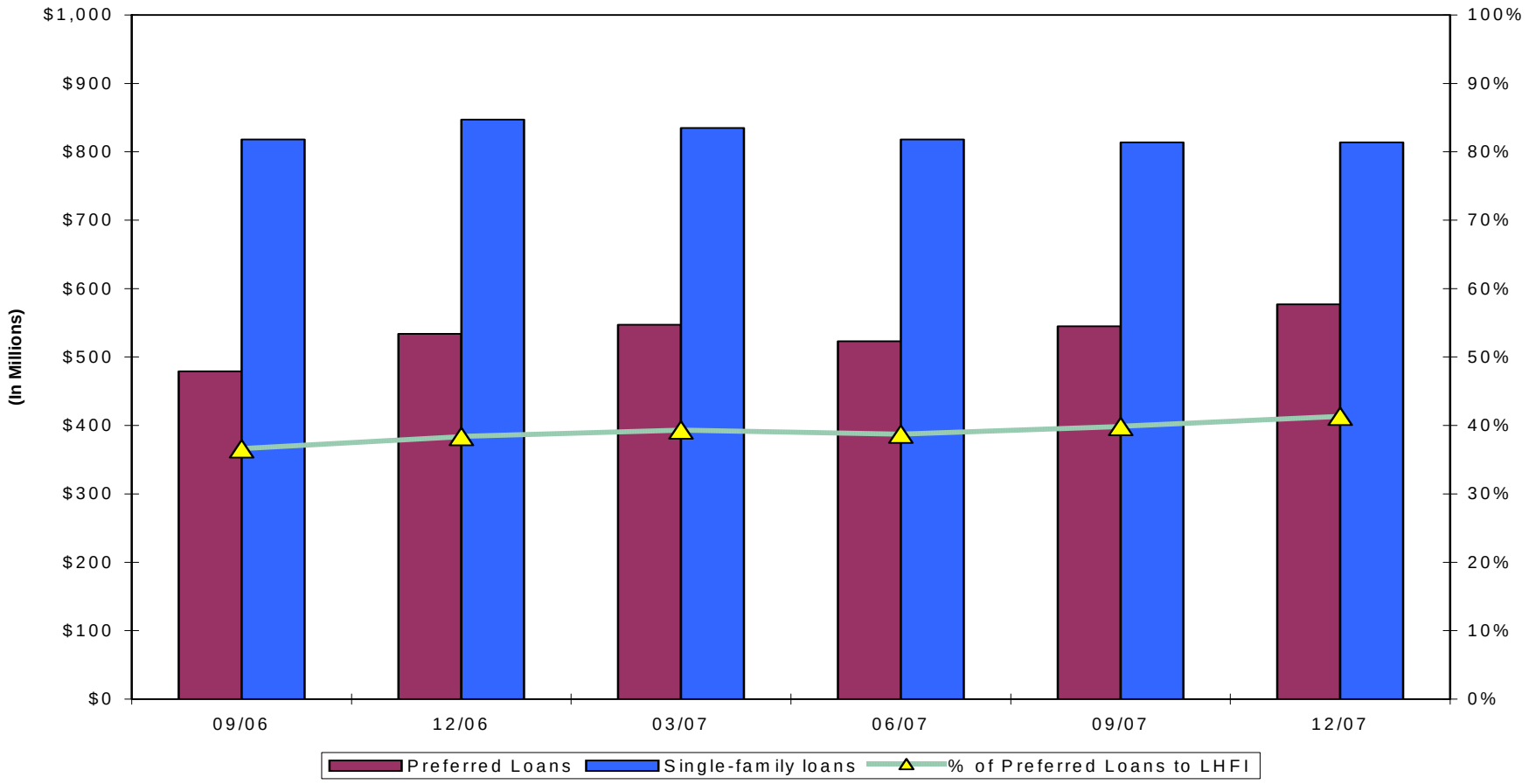



* C.A.G.R. - Compound annual growth rate from the quarter ended 09/30/06 through 12/31/07.

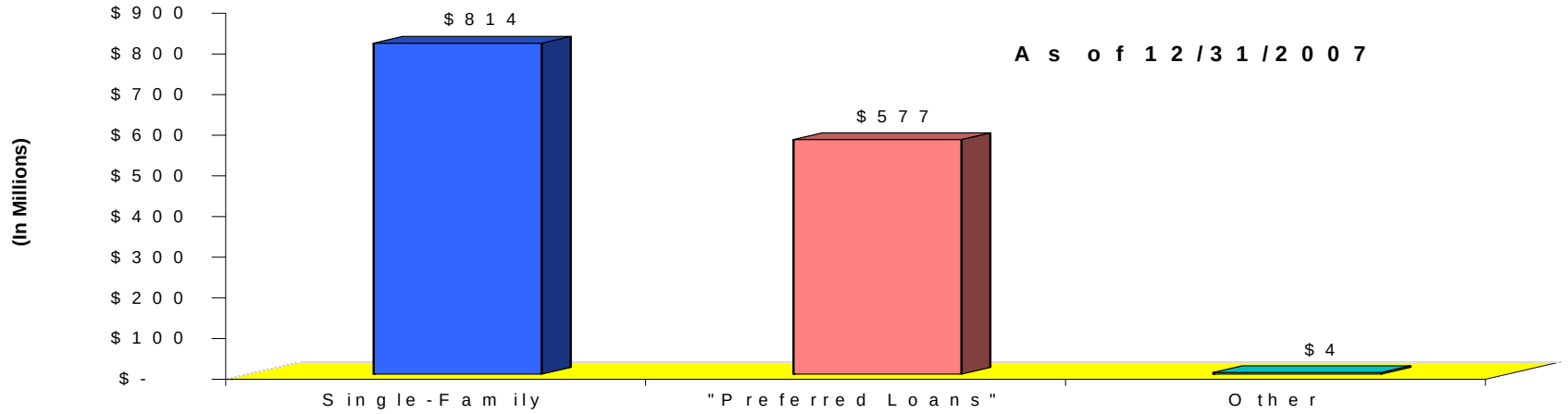
# Provident Bank Loan Originations (Primarily "Preferred Loans")

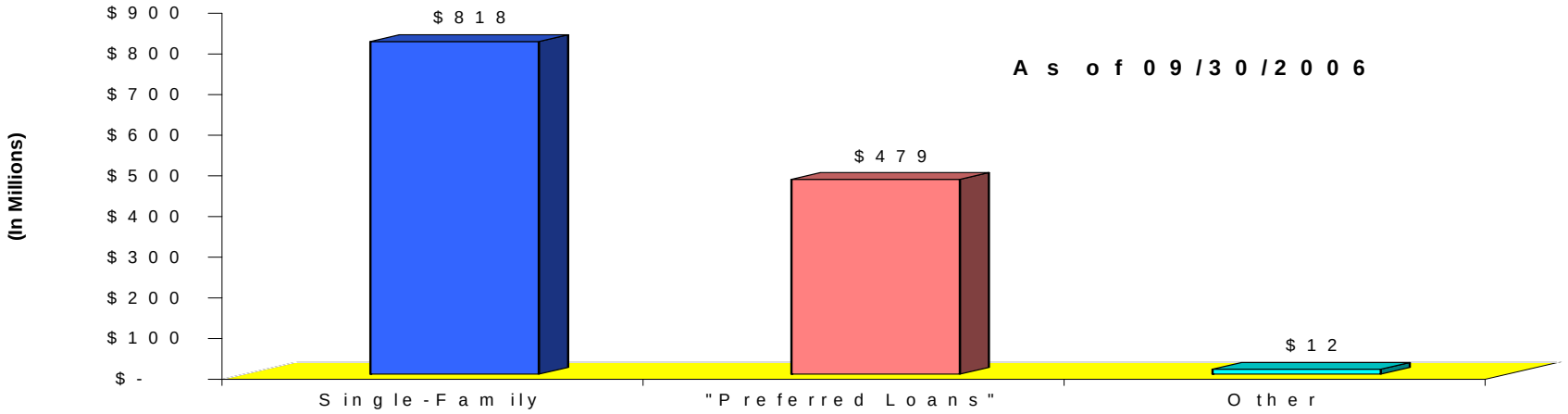


# Loan Portfolio Mix
# (Loans Held for Investment)



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



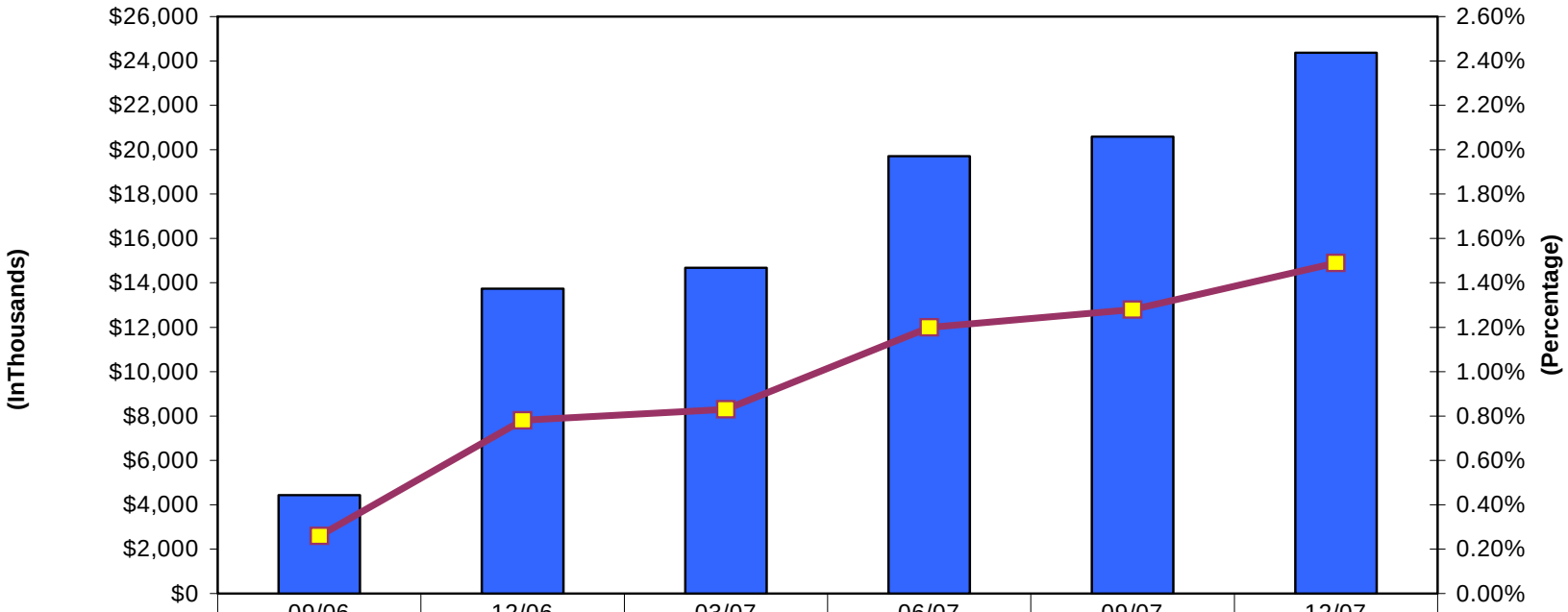




"Preferred Loans" - Multi-Family, Commercial RE, Construction and Commercial Business loans.

# Asset Quality

Provident Financial Holdings, Inc.

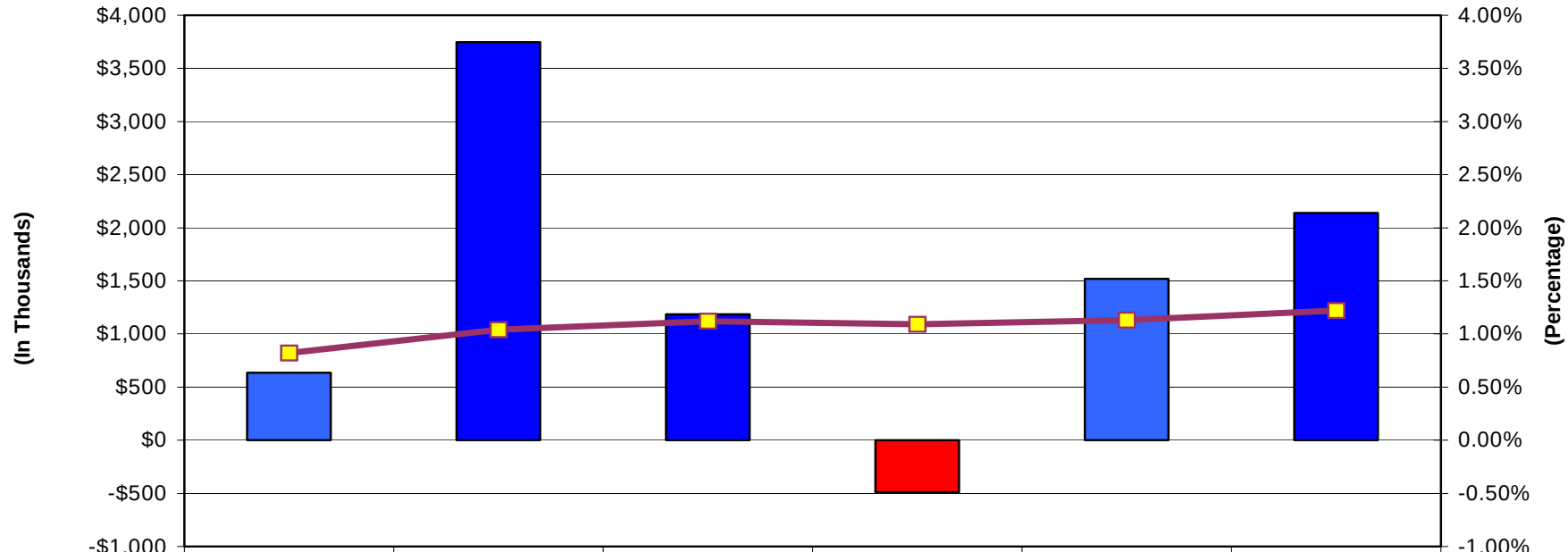
## Non-Performing Assets ("NPA") & NPA to Total Assets




| | 09/06 | 12/06 | 03/07 | 06/07 | 09/07 | 12/07 |
|---|---|---|---|---|---|---|
| Non-Performing Assets | $4,426 | $13,740 | $14,680 | $19,711 | $20,591 | $24,372 |
| NPA to Total Assets | 0.26% | 0.78% | 0.83% | 1.20% | 1.28% | 1.49% |

# Asset Quality

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




| | 09/06 | 12/06 | 03/07 | 06/07 | 09/07 | 12/07 |
|---|---|---|---|---|---|---|
| PLL | $637 | $3,746 | $1,185 | -$490 | $1,519 | $2,140 |
| ALL to LHI | 0.82% | 1.04% | 1.12% | 1.09% | 1.13% | 1.22% |

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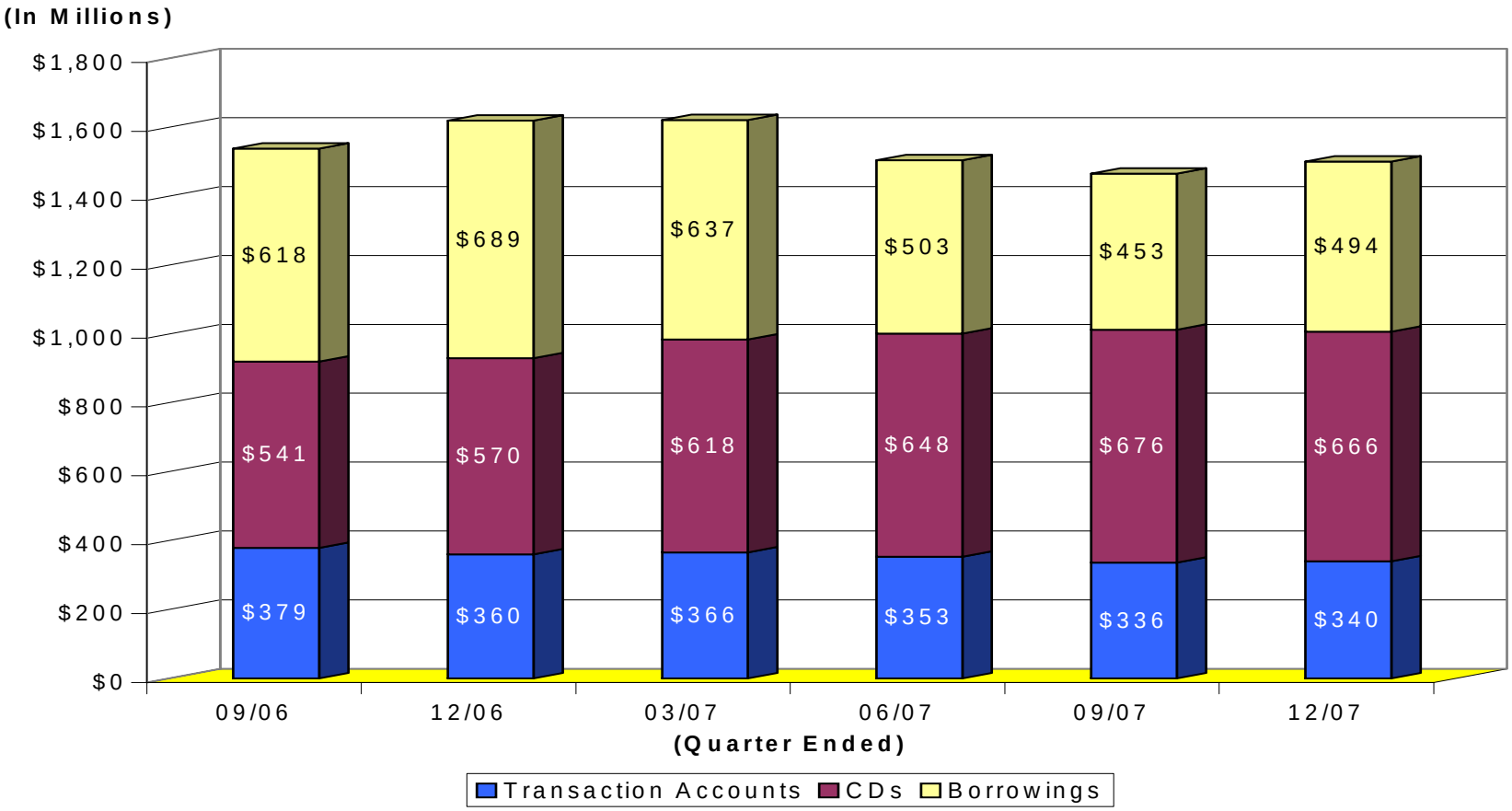
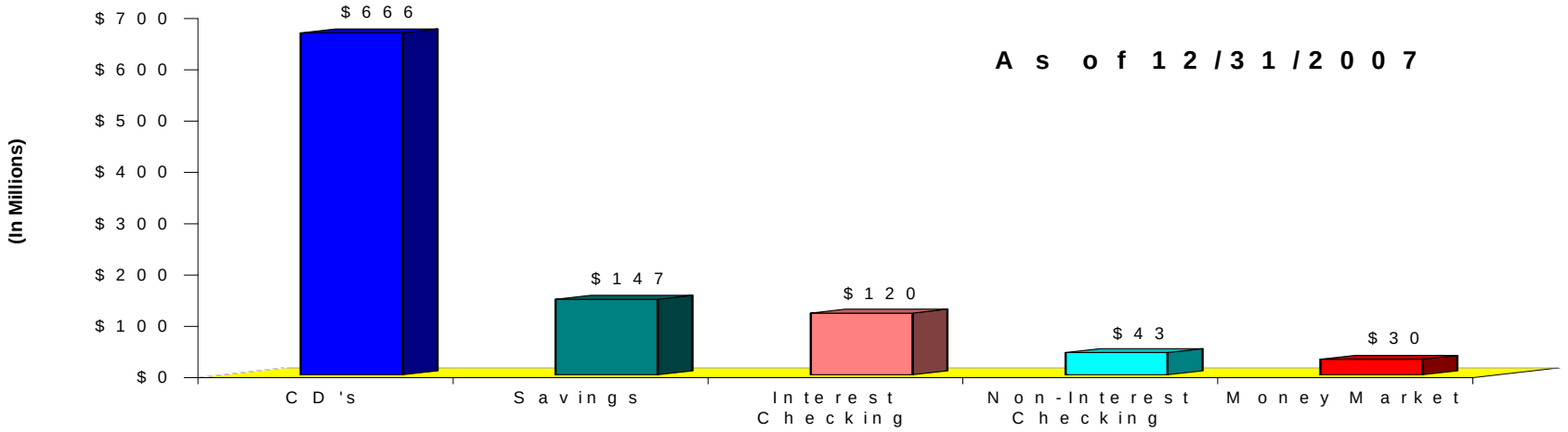
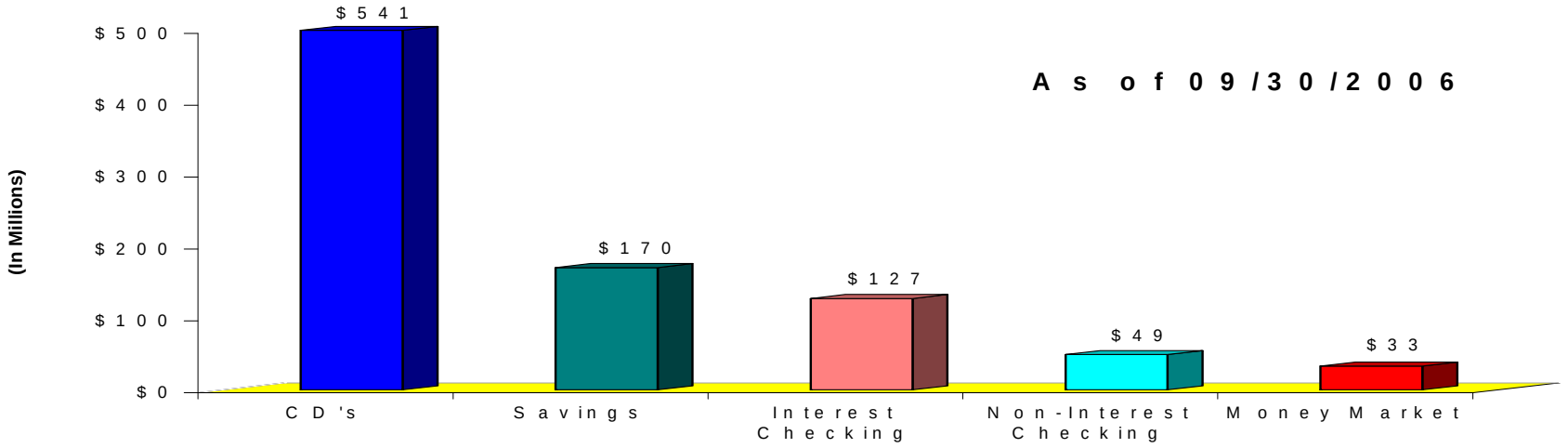
# Transaction Accounts, CDs & Borrowings



# Deposit Composition



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# Mortgage Banking

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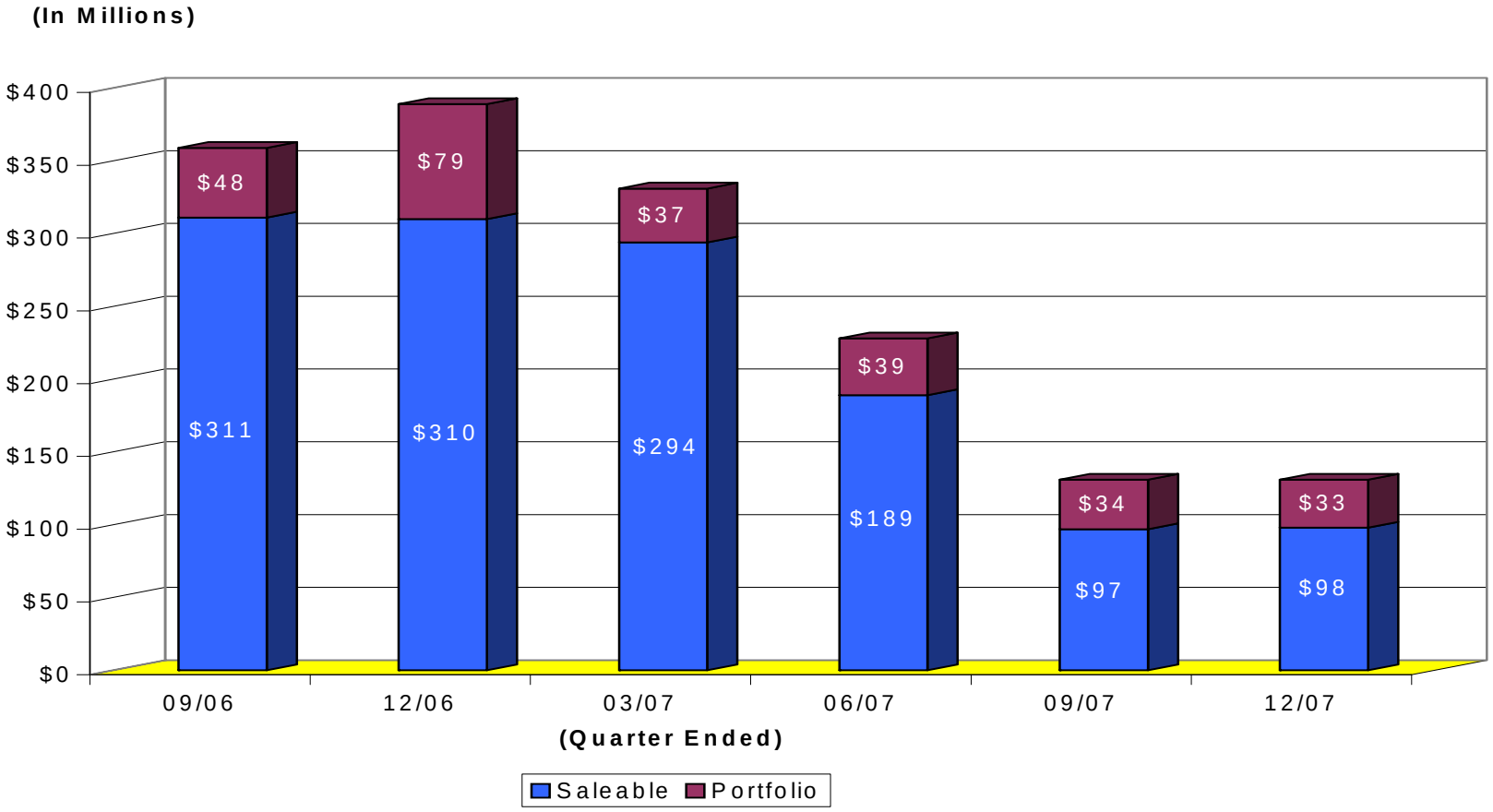
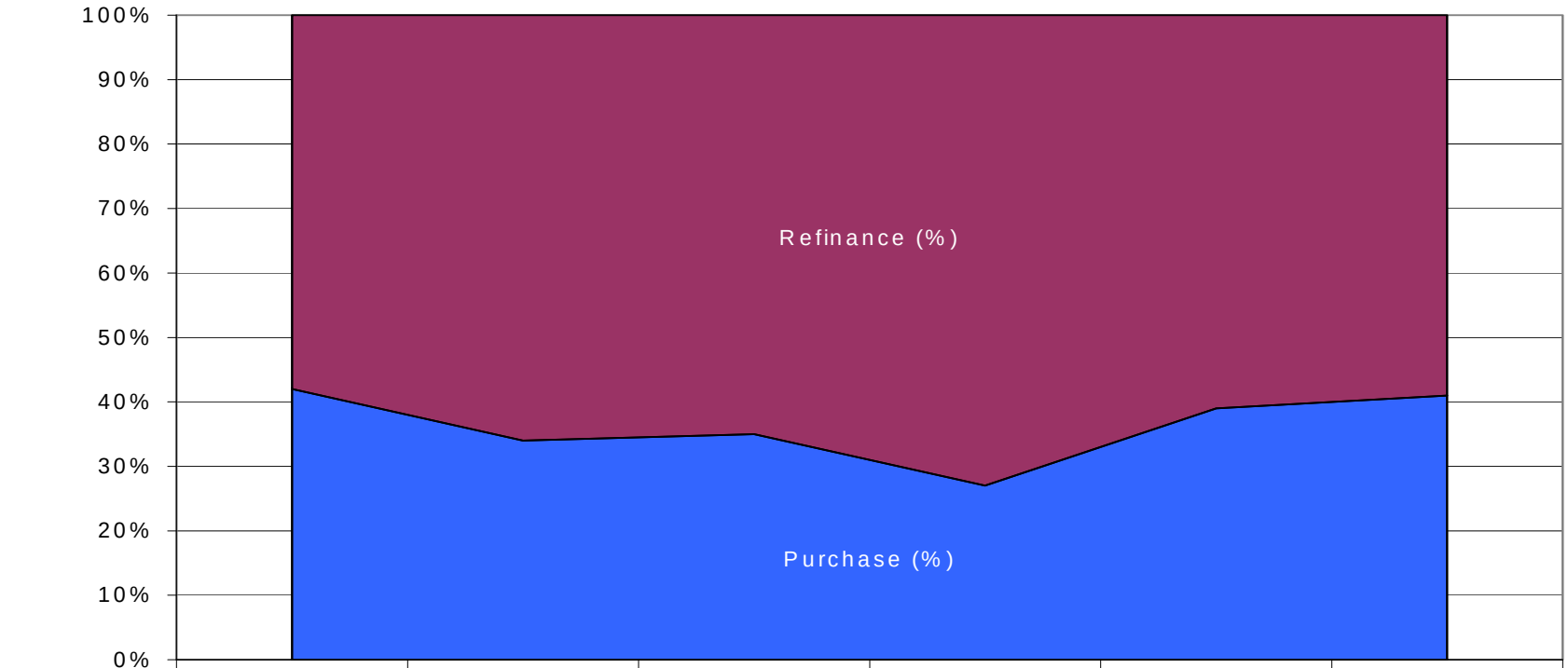
Bank Mortgage™
Faster funded home loans.

# Provident Bank Mortgage Loan Originations



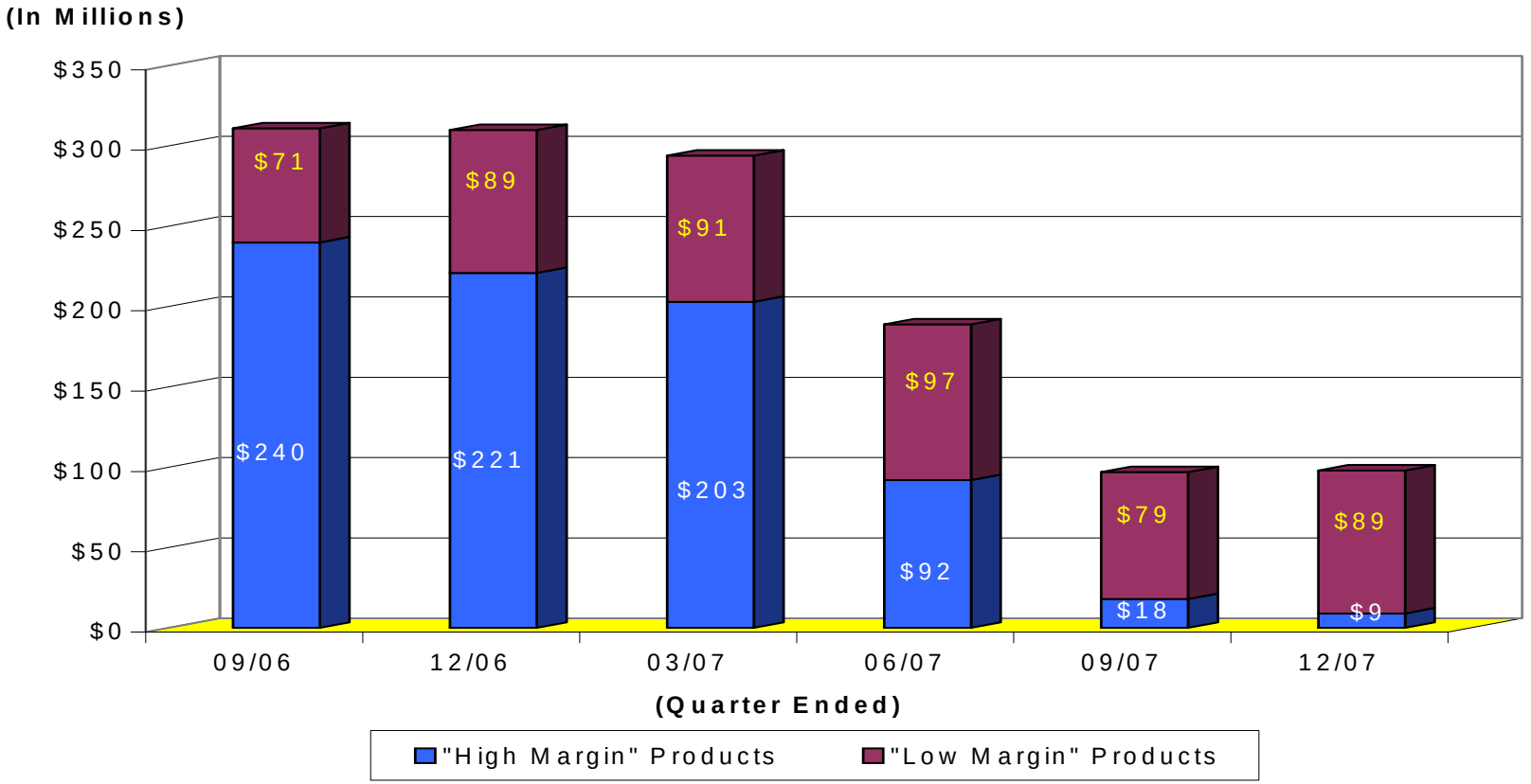
# PBM Purchase vs. Refinance



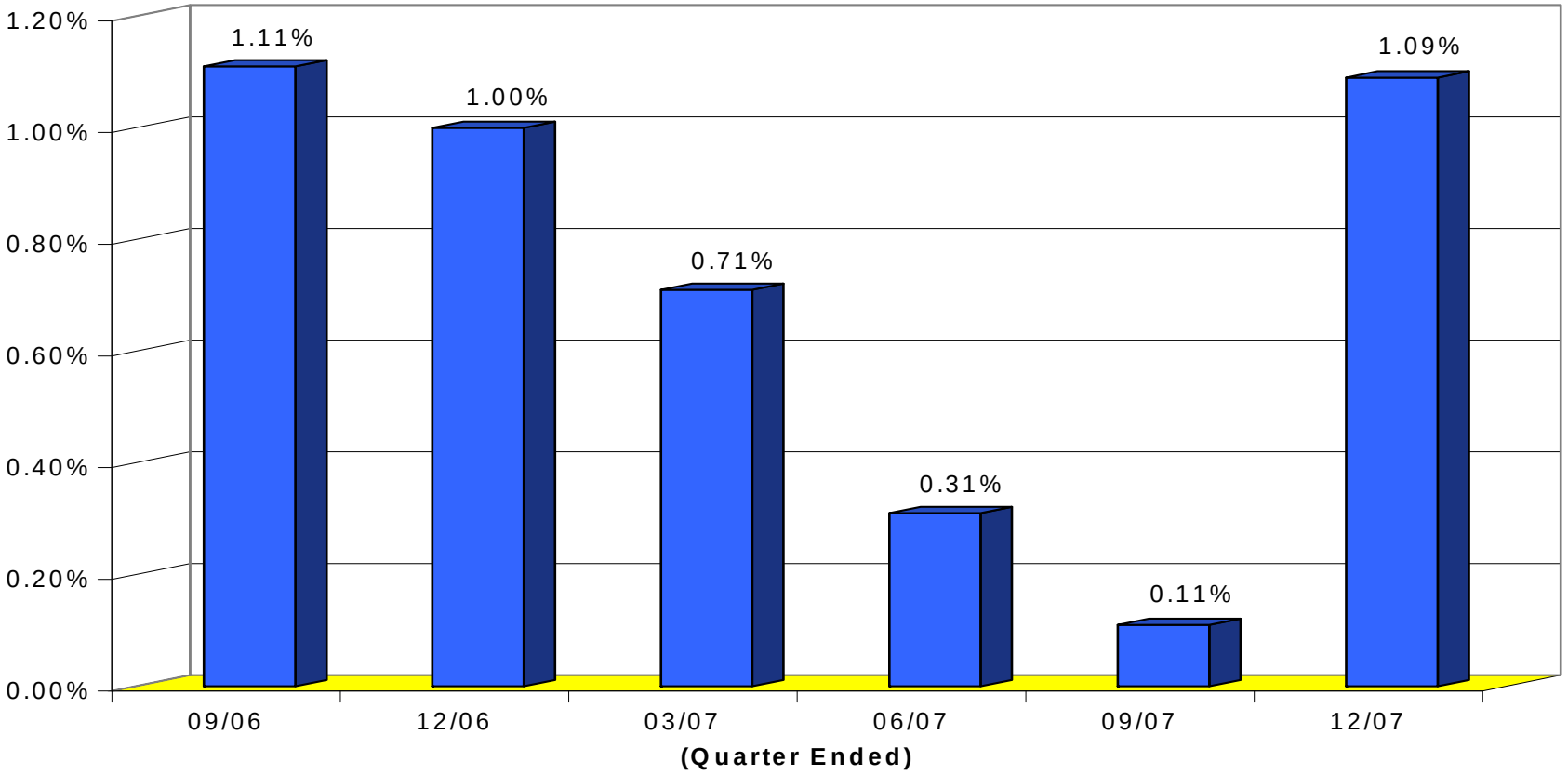

| | 09/06 | 12/06 | 03/07 | 06/07 | 09/07 | 12/07 |
|---|---|---|---|---|---|---|
| Refinance | 58% | 66% | 65% | 73% | 61% | 59% |
| Purchase | 42% | 34% | 35% | 27% | 39% | 41% |

**(Quarter Ended)**

# “High Margin” vs. “Low Margin” Products



# Loan Sale Margin



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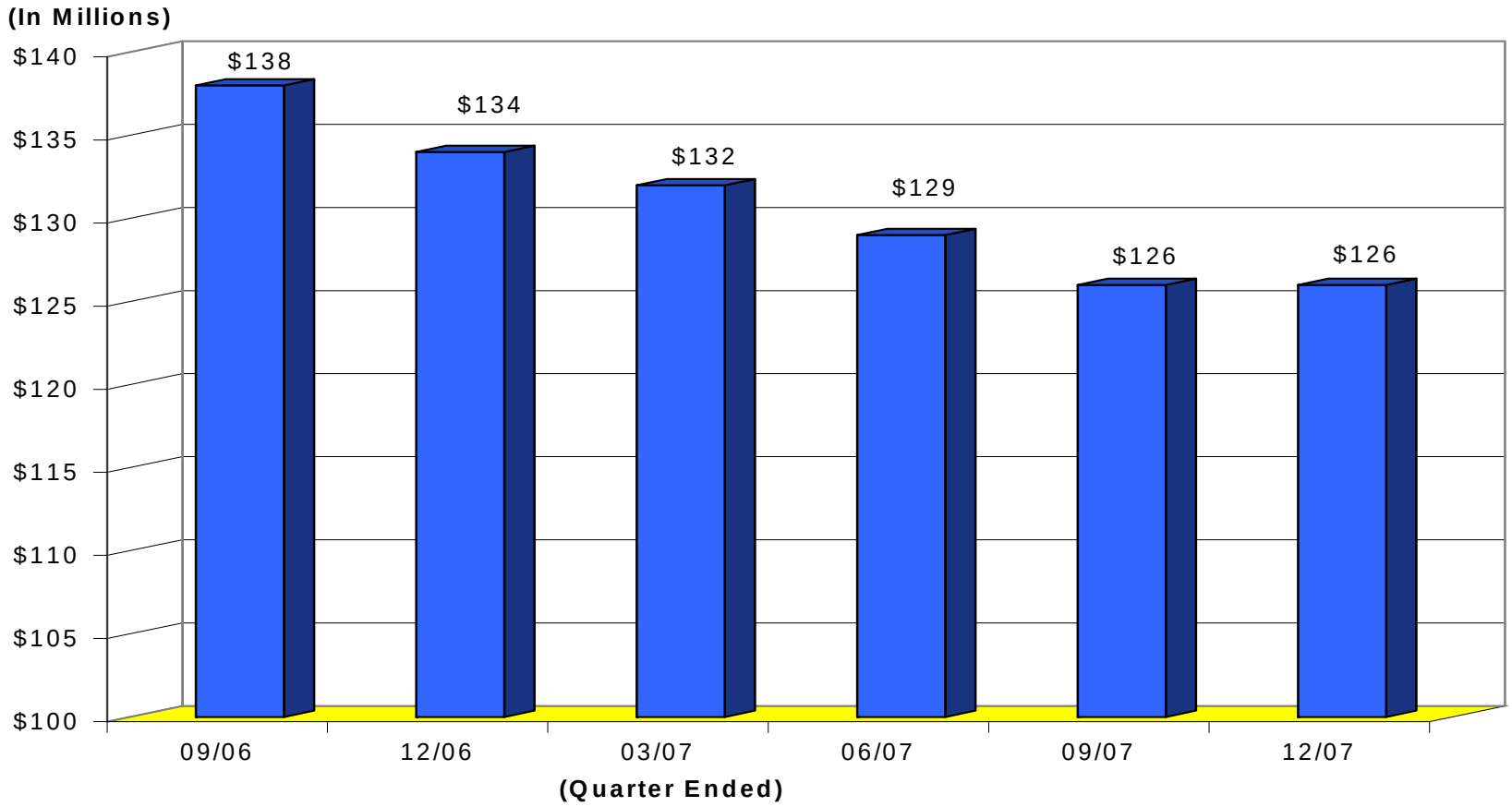
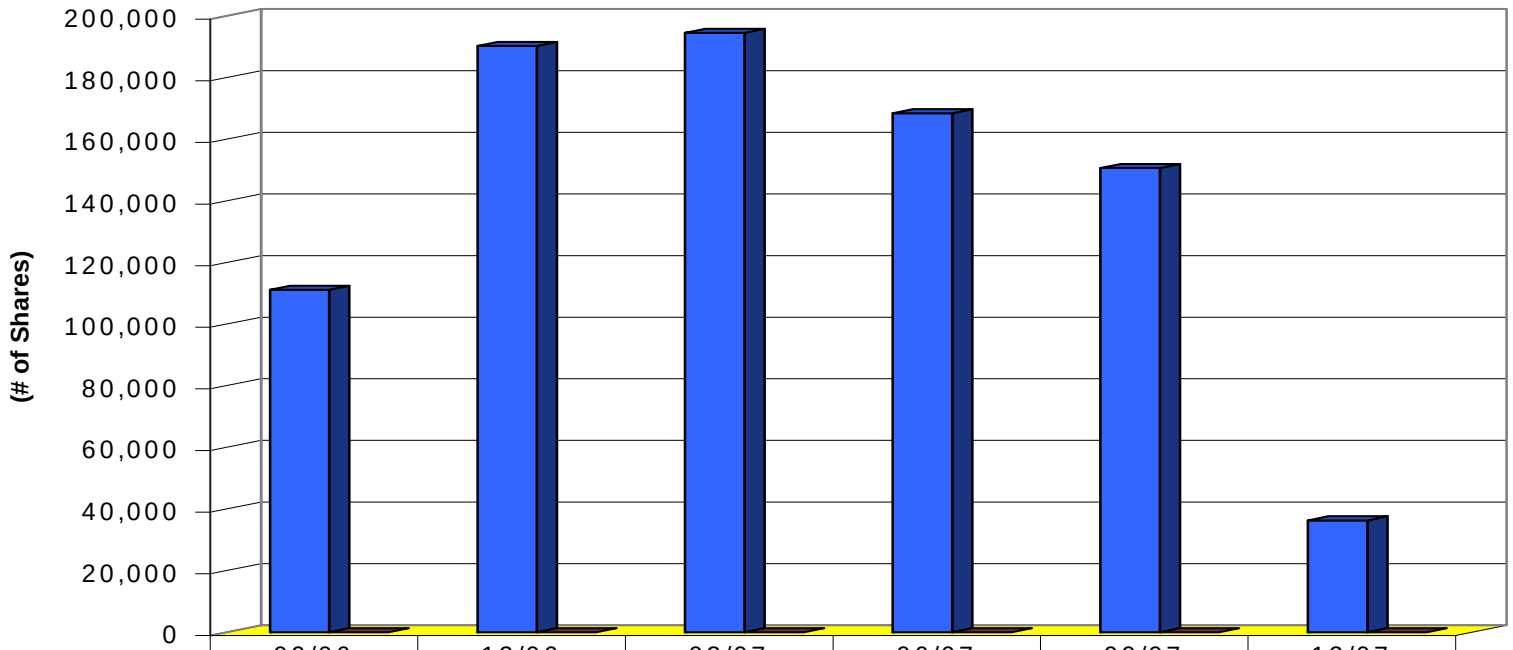
# Capital Management

# Stockholders' Equity



# Share Repurchase Program

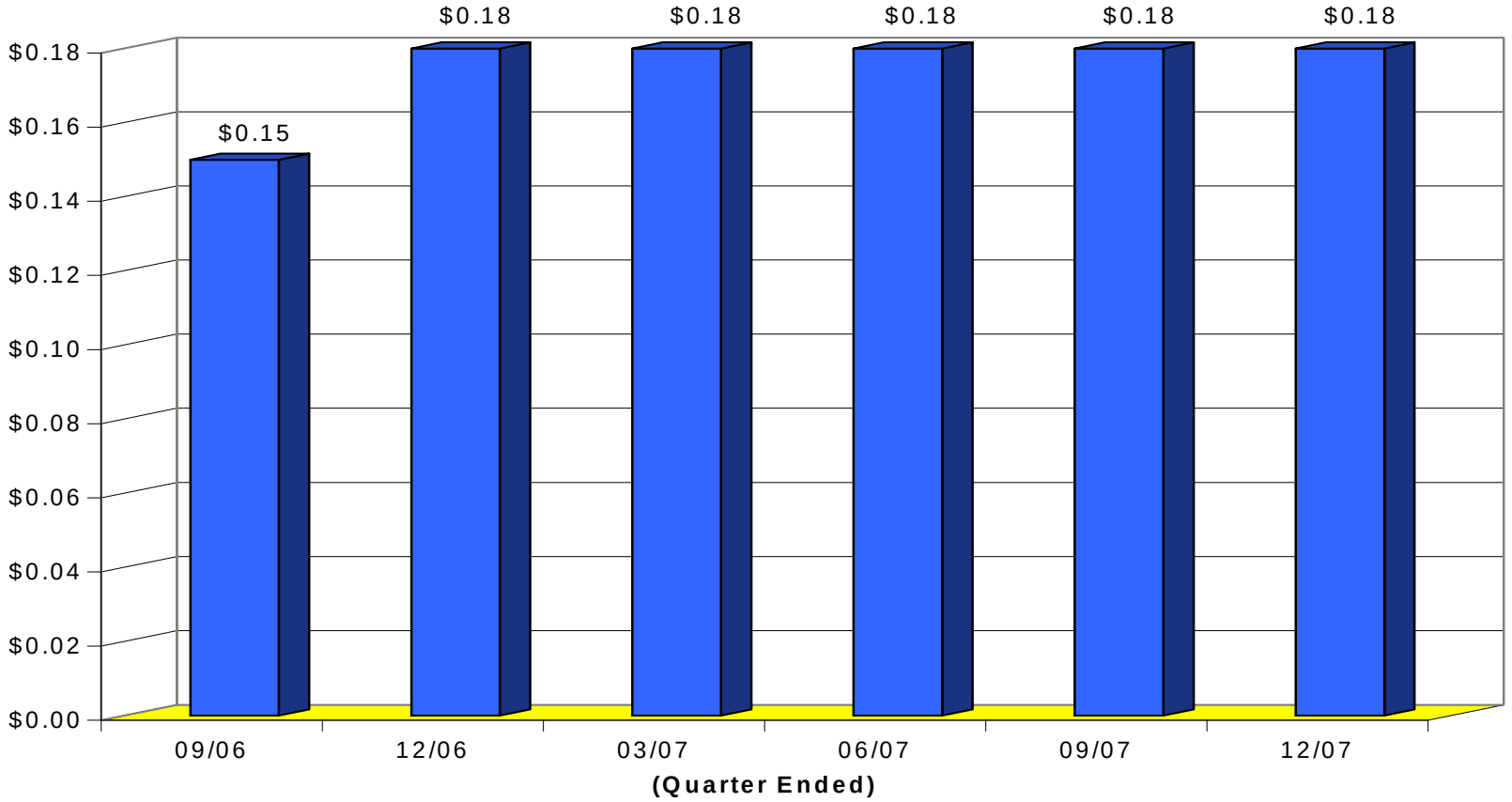



| | 09/06 | 12/06 | 03/07 | 06/07 | 09/07 | 12/07 |
|---|---|---|---|---|---|---|
| Shares Repurchased | 111,185 | 190,338 | 194,580 | 168,491 | 150,712 | 36,369 |
| Average Cost per Share | $30.35 | $30.09 | $27.62 | $24.79 | $22.40 | $19.24 |

(Quarter Ended)

Provident Financial Holdings, Inc.

# Cash Dividend per Share



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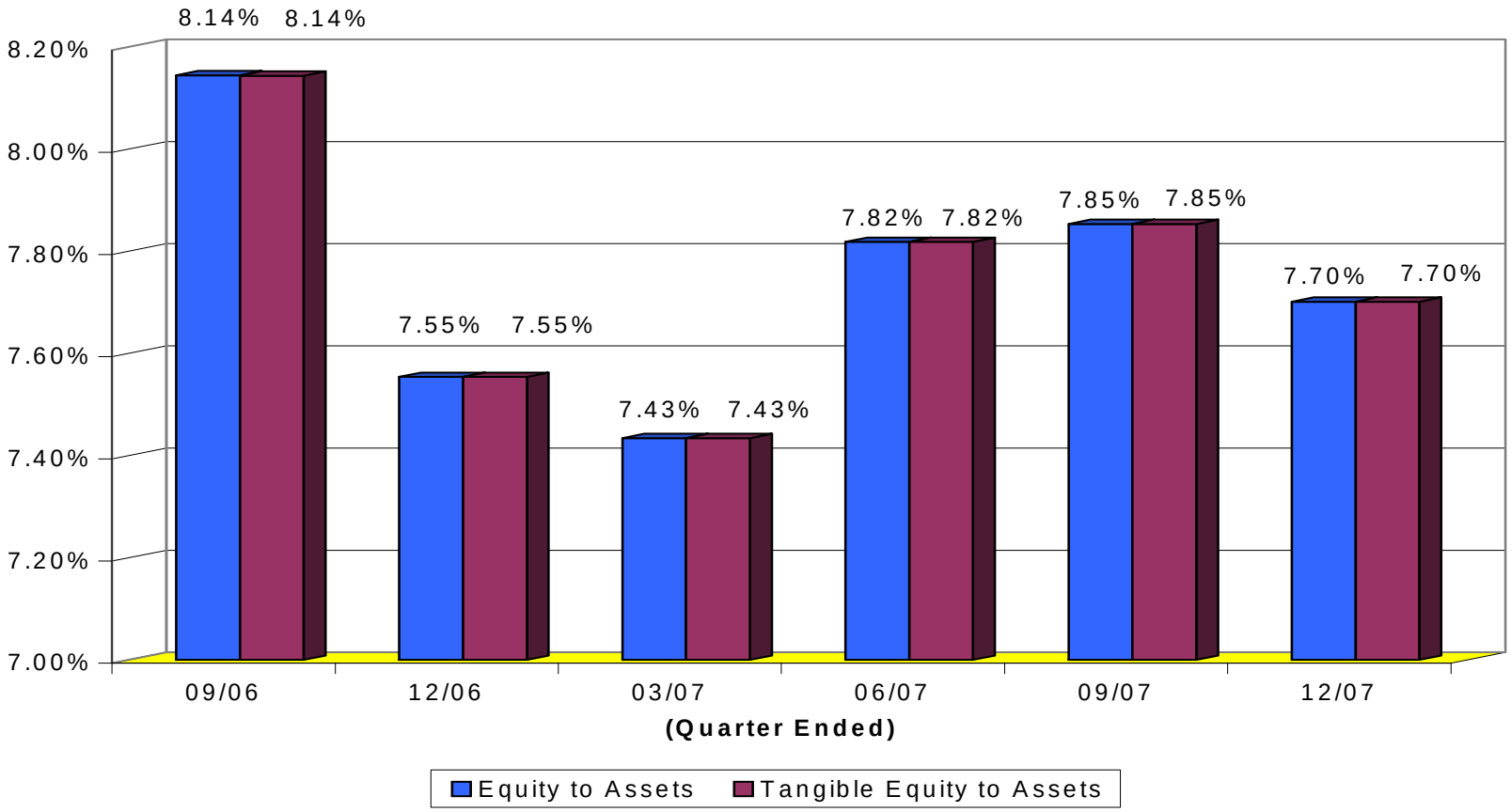
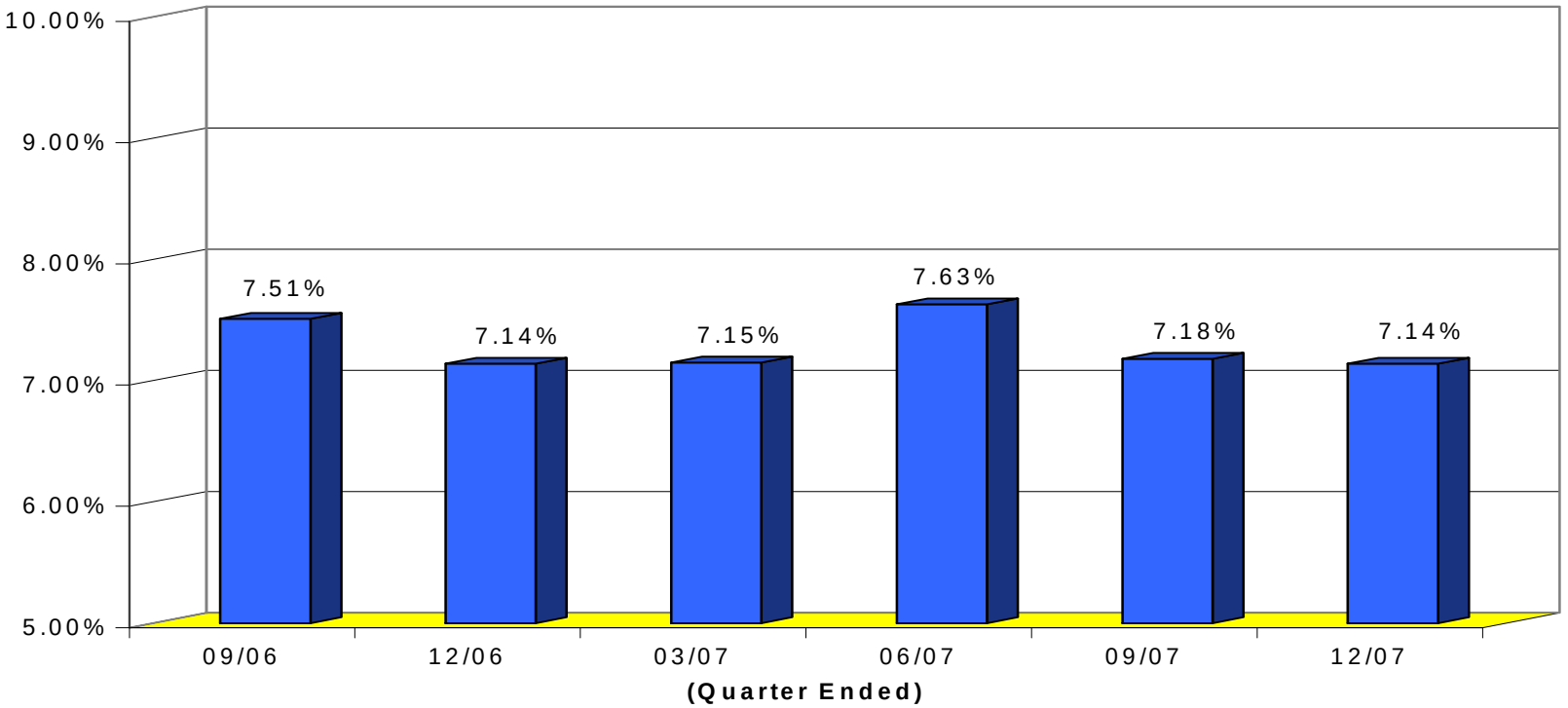
# Consolidated Capital Ratio

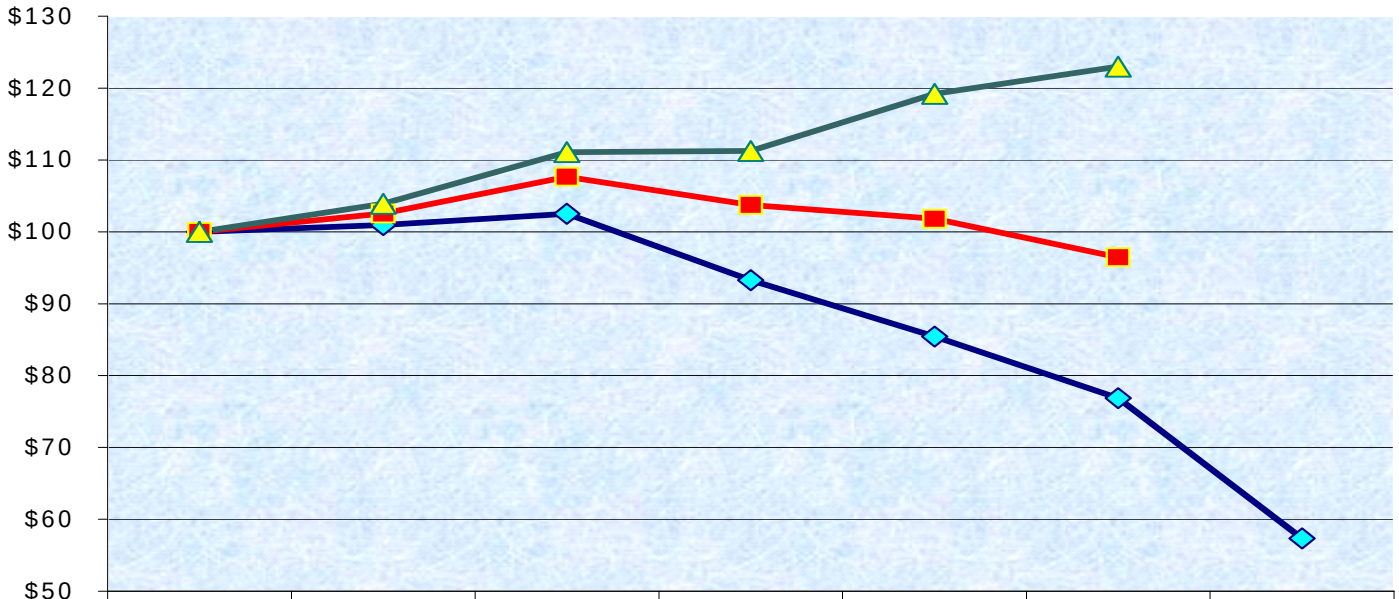


# Bank Capital Ratio

## Tier 1 Core Capital Ratio



# Stock Performance




| | Jun 2006 | Sep 2006 | Dec 2006 | Mar 2007 | Jun 2007 | Sep 2007 | Dec 2007 |
|---|---|---|---|---|---|---|---|
| PROV | $100 | $101 | $103 | $93 | $85 | $77 | $57 |
| Nasdaq Bank Index | $100 | $103 | $108 | $104 | $102 | $96 | |
| Nasdaq Stock Index | $100 | $104 | $111 | $111 | $119 | $123 | |

**Assumes that the value of the investment in the Company's Common Stock and in each Index was $100 on June 30, 2006 and that all dividends were reinvested.**

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