


# Provident Financial Holdings, Inc.

## December 31, 2010

www.myprovident.com

PROVIDENT
Provident Financial Holdings, Inc.

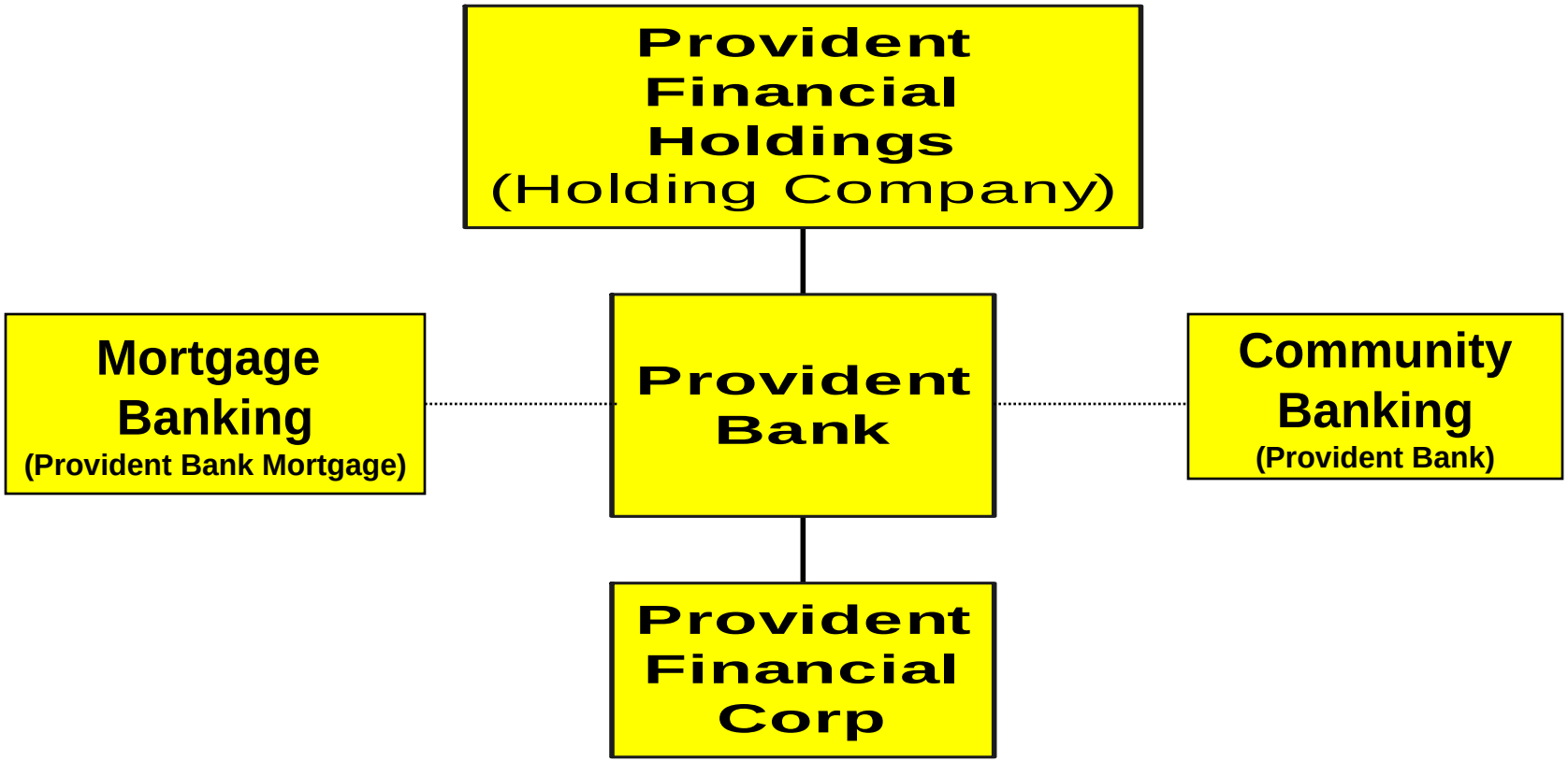
# Safe-Harbor Statement

This presentation contains statements that the Company believes are “forward-looking statements.” These statements relate to the Company’s financial condition, results of operations, plans, objectives, future performance or business. You should not place undue reliance on these statements, as they are subject to risks and uncertainties. When considering these forward-looking statements, you should keep in mind these risks and uncertainties, as well as any cautionary statements the Company may make. Moreover, you should treat these statements as speaking only as of the date they are made and based only on information then actually known to the Company. There are a number of important factors that could cause future results to differ materially from historical performance and these forward-looking statements. Factors which could cause actual results to differ materially include, but are not limited to the credit risks of lending activities, including changes in the level and trend of loan delinquencies and write-offs and changes in our allowance for loan losses and provision for loan losses that may be impacted by deterioration in the housing and commercial real estate markets; changes in general economic conditions, either nationally or in our market areas; changes in the levels of general interest rates, and the relative differences between short and long term interest rates, deposit interest rates, our net interest margin and funding sources; fluctuations in the demand for loans, the number of unsold homes, land and other properties and fluctuations in real estate values in our market areas; secondary market conditions for loans and our ability to sell loans in the secondary market; results of examinations of us by the Office of Thrift Supervision or other regulatory authorities, including the possibility that any such regulatory authority may, among other things, require us to increase our reserve for loan losses, write-down assets, change our regulatory capital position or affect our ability to borrow funds or maintain or increase deposits, which could adversely affect our liquidity and earnings; legislative or regulatory changes that adversely affect our business including changes in regulatory policies and principles, or the interpretation of regulatory capital or other rules; our ability to attract and retain deposits; further increases in premiums for deposit insurance; our ability to control operating costs and expenses; the use of estimates in determining fair value of certain of our assets, which estimates may prove to be incorrect and result in significant declines in valuation; difficulties in reducing risk associated with the loans on our balance sheet; staffing fluctuations in response to product demand or the implementation of corporate strategies that affect our workforce and potential associated charges; computer systems on which we depend could fail or experience a security breach; our ability to retain key members of our senior management team; costs and effects of litigation, including settlements and judgments; our ability to implement our branch expansion strategy; our ability to successfully integrate any assets, liabilities, customers, systems, and management personnel we have acquired or may in the future acquire into our operations and our ability to realize related revenue synergies and cost savings within expected time frames and any goodwill charges related thereto; increased competitive pressures among financial services companies; changes in consumer spending, borrowing and savings habits; the availability of resources to address changes in laws, rules, or regulations or to respond to regulatory actions; our ability to pay dividends on our common stock; adverse changes in the securities markets; inability of key third-party providers to perform their obligations to us; changes in accounting policies and practices, as may be adopted by the financial institution regulatory agencies or the Financial Accounting Standards Board, including additional guidance and interpretation on accounting issues and details of the implementation of new accounting methods; and other economic, competitive, governmental, regulatory, and technological factors affecting our operations, pricing, products and services and the other risks described detailed in the Company’s reports filed with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended June 30, 2010.

# Market Highlights

| Provident Financial Holdings, Inc. | |
|---|---|
| | |
| Nasdaq GS: | PROV |
| Share Price: | $7.24 |
| 52-Week Range: | $2.58 - $7.47 |
| Shares Outstanding: | 11,407,454 shares |
| Market Capitalization: | $82.6 million |
| P/E (ttm): | 6.70x |
| EPS (ttm): | $1.08 |
| Annual Dividend & Yield: | $0.04 (0.55%) |
| | |
| As of December 31, 2010 | |

# Organizational Chart



# PROV Overview

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

- Expanding customer base and market
- Strong mortgage operations
- Largest independent community bank headquartered in Riverside County, California
- Seventh largest deposit market share in the Riverside-San Bernardino RMA; second largest of community banks

PROVIDENT
Provident Financial Holdings, Inc.

# 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 Plaza
- Orangecrest, Riverside
- Rancho Mirage
- Redlands
- Sun City
- Temecula

**Provident Bank Mortgage**

**Wholesale Offices:**

- Pleasanton
- Rancho Cucamonga

**Retail Offices:**

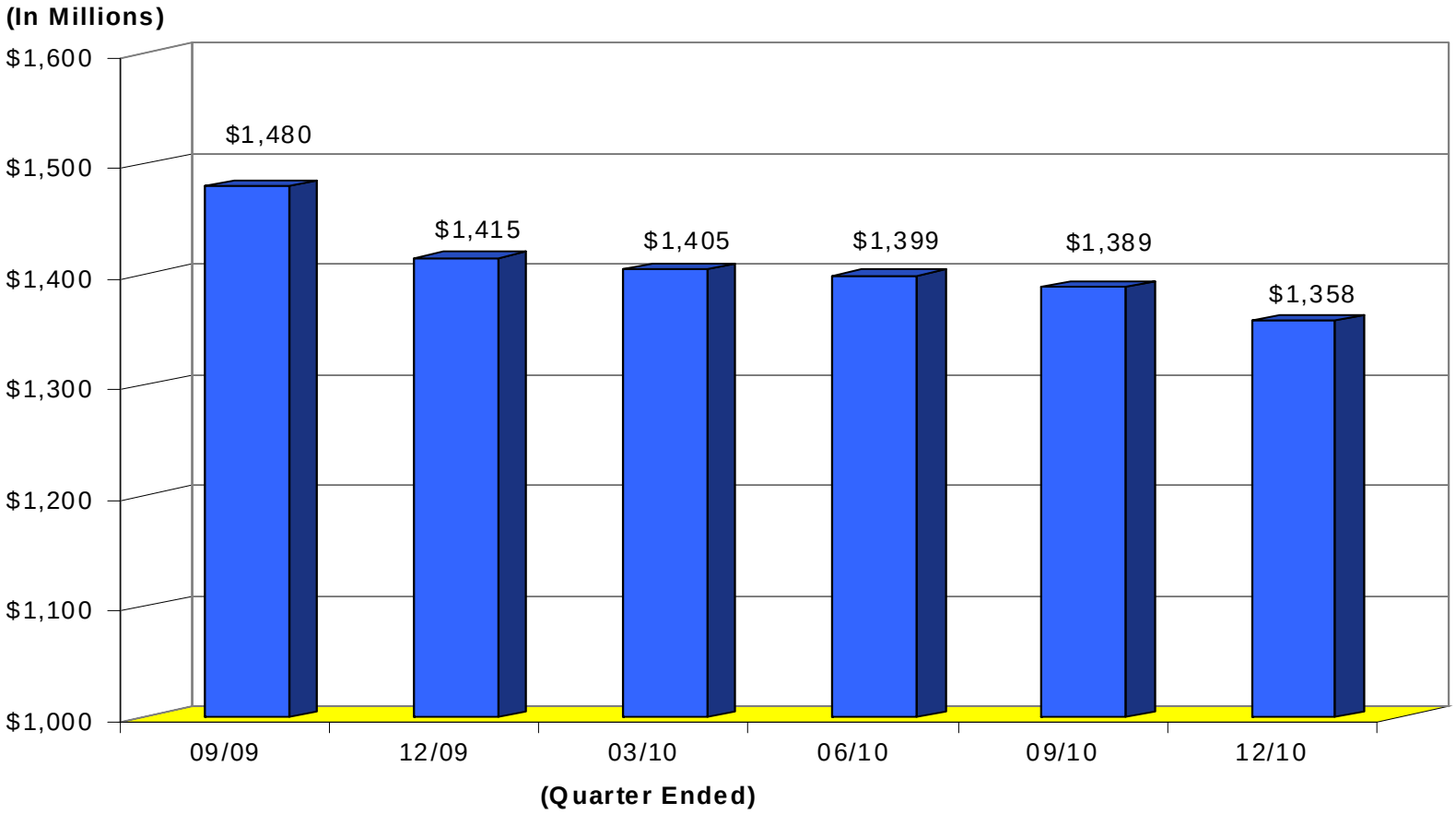
- City of Industry
- Escondido
- Glendora
- Rancho Cucamonga
- Riverside, Indiana Avenue
- Riverside, Market Street
- Riverside, Riverside Avenue

# PROV Highlights

| Financial Position: | As of 12/31/2010 | As of 09/30/2009 |
|---|---|---|
| Total Assets | $ 1.36 Billion | $ 1.48 Billion |
| Loans Held for Investment | $ 932.2 Million | $ 1.11 Billion |
| Deposits | $ 926.6 Million | $ 931.9 Million |
| Equity | $ 136.8 Million | $ 108.9 Million |
| Tangible Equity | $ 136.8 Million | $ 108.9 Million |

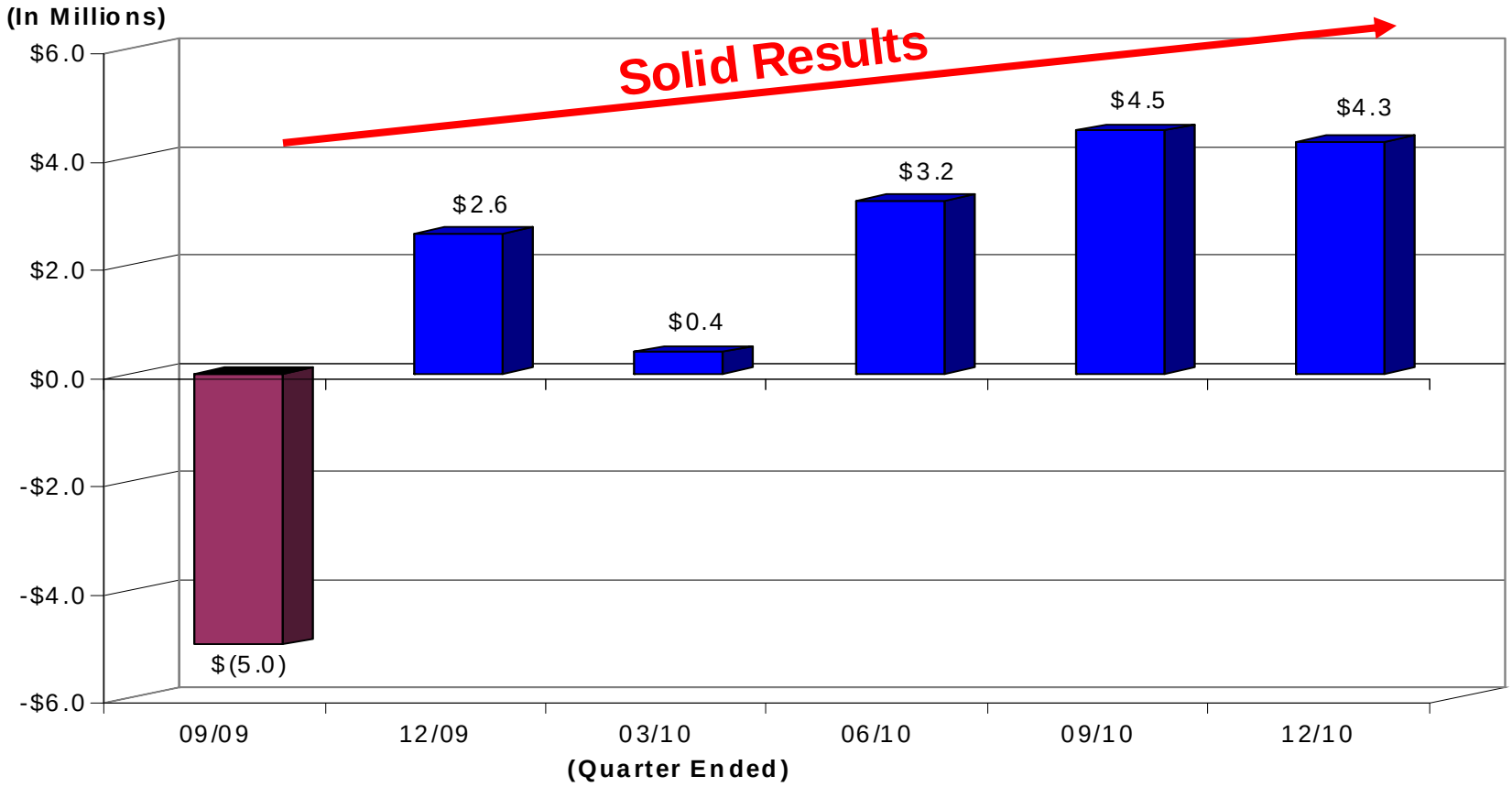
| Financial Results: | Quarter Ended 12/31/2010 | Quarter Ended 09/30/2009 |
|---|---|---|
| Net Income | $ 4.3 Million | $ (5.0) Million |
| Return on Average Equity | 12.62% | -17.68% |
| Return on Average Assets | 1.24% | -1.28% |
| Net Interest Margin | 2.96% | 2.69% |
| Efficiency Ratio | 57.27% | 49.97% |
| Total Loan Originations | $ 620.6 Million | $ 491.7 Million |
| Provident Bank | $ 0.1 Million | $ 0.1 Million |
| Provident Bank Mortgage | $ 620.5 Million | $ 491.6 Million |

# Total Assets



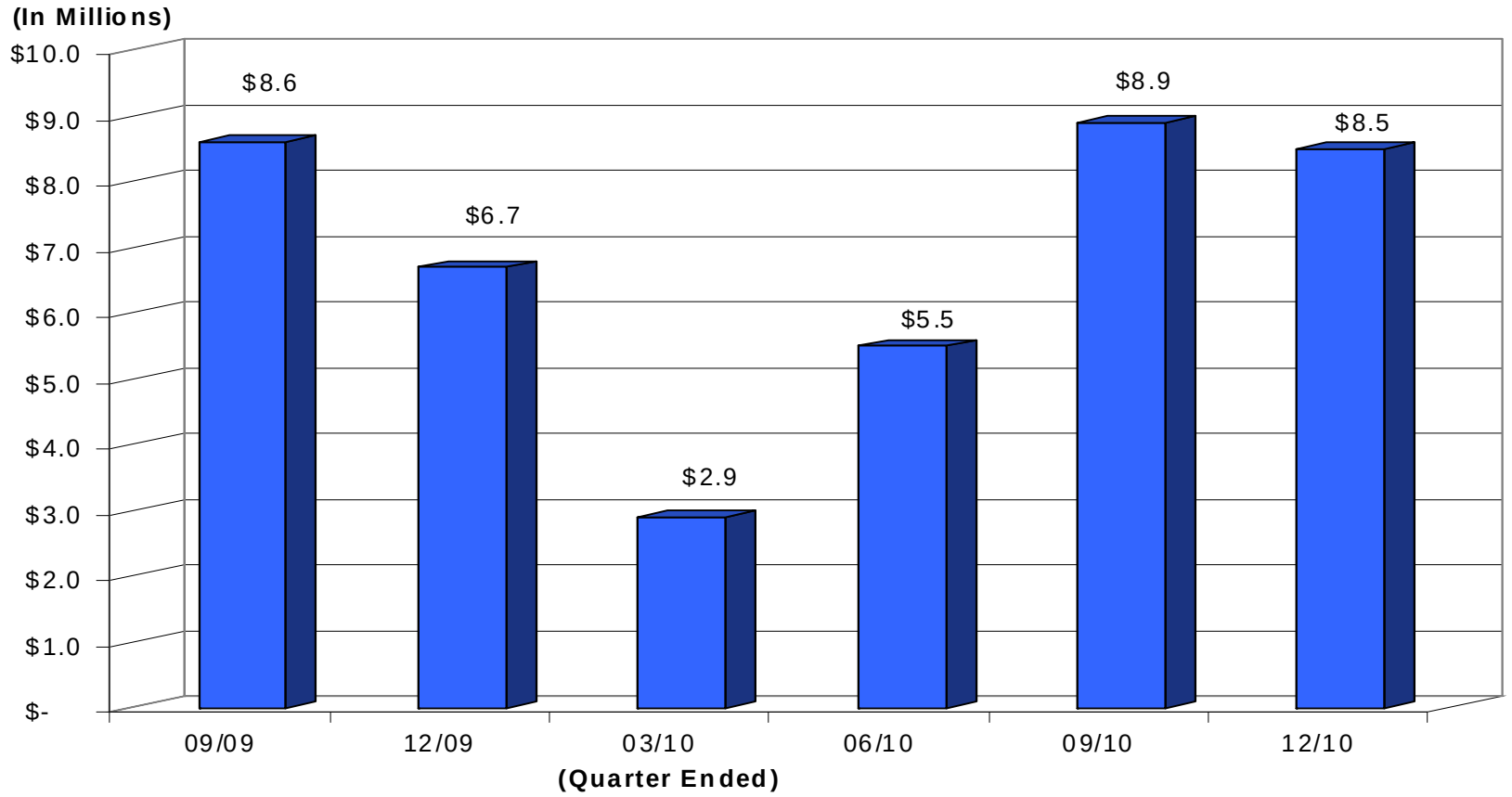
Provident Financial Holdings, Inc.

# Quarterly Net Income



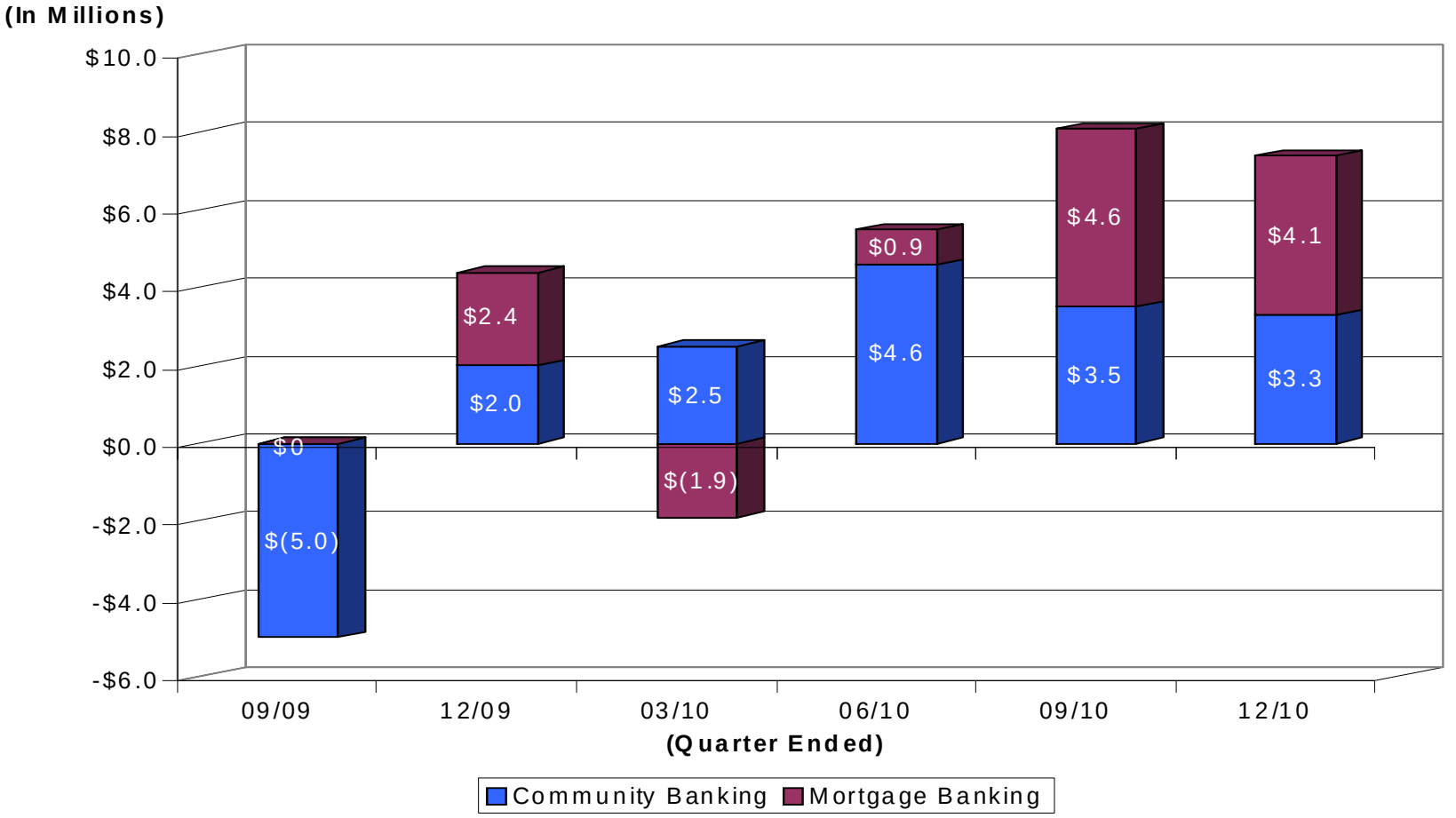
Provident Financial Holdings, Inc.

# Pre-Provision, Pre-Tax Earnings



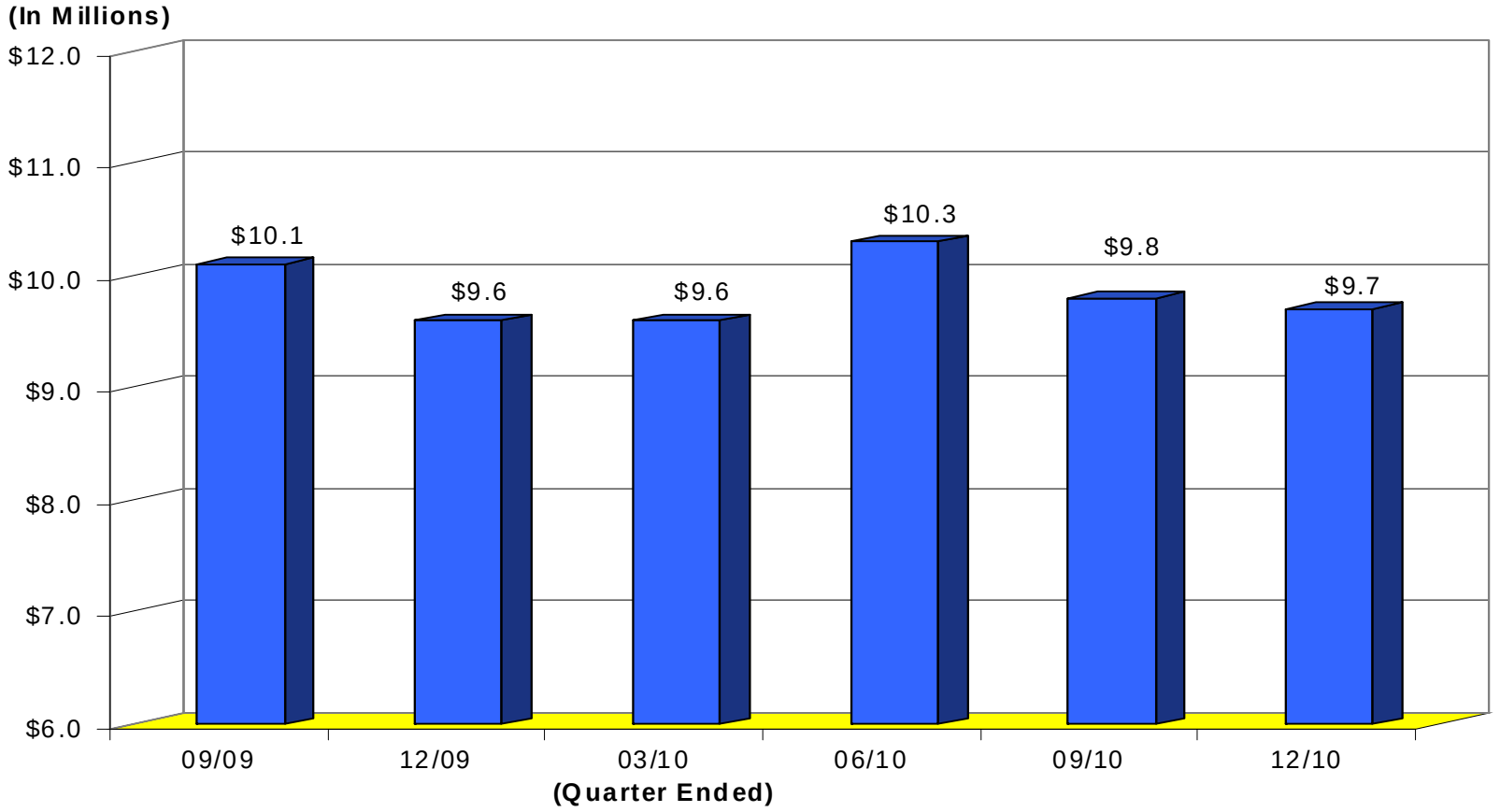
Provident Financial Holdings, Inc.

# Pre-Tax Income - Operating Segments

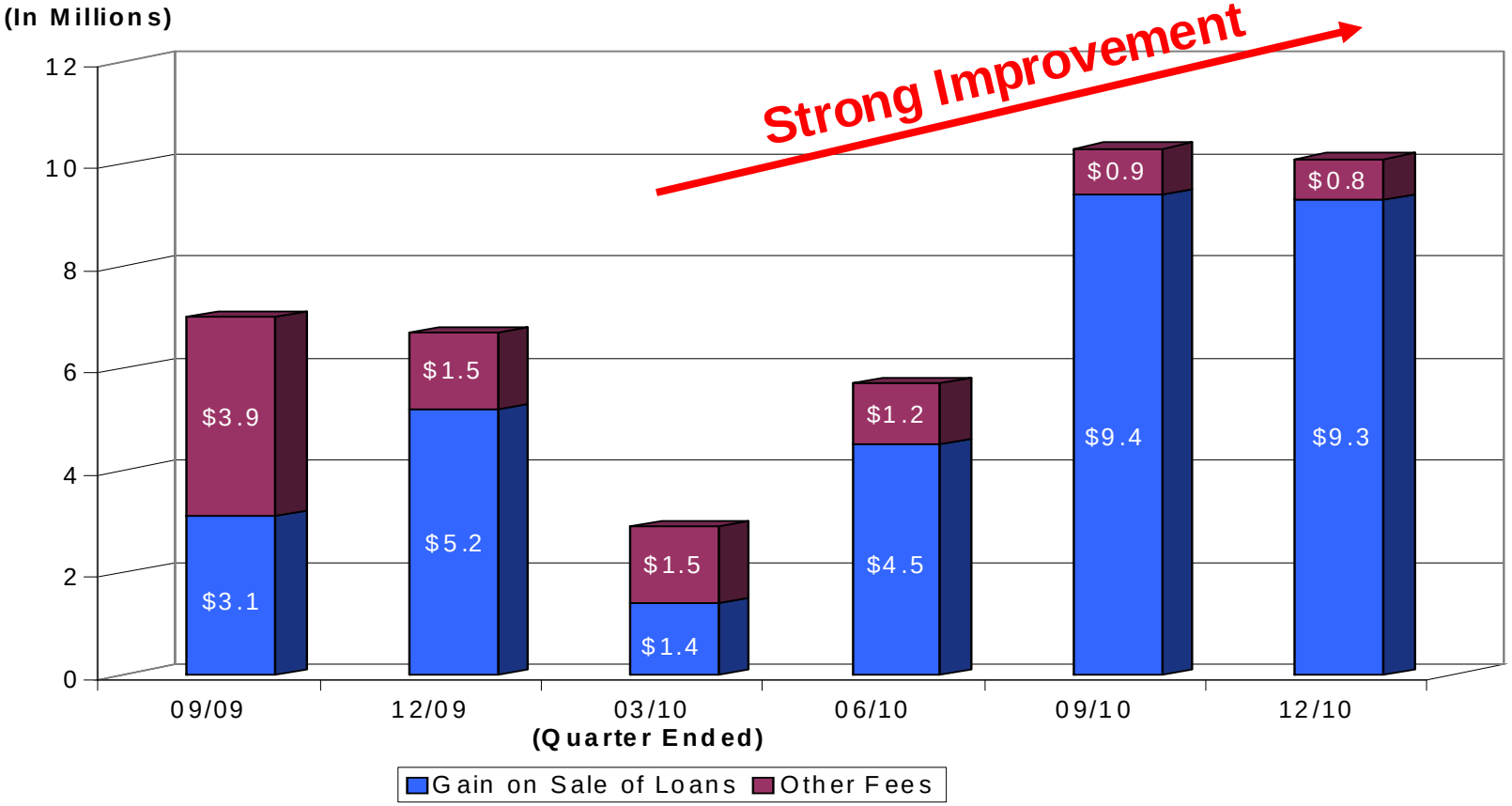


Provident Financial Holdings, Inc.

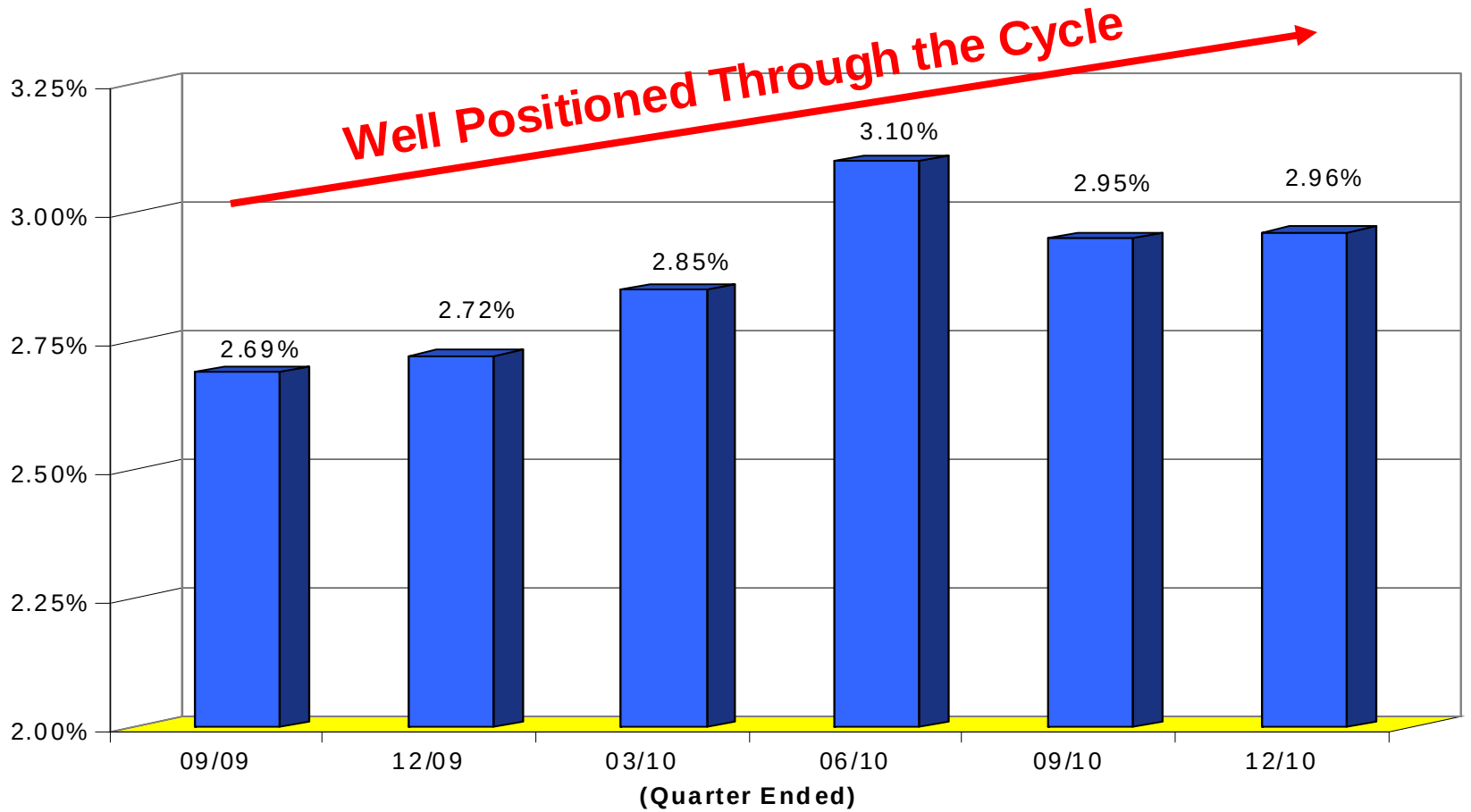
# Quarterly Net Interest Income



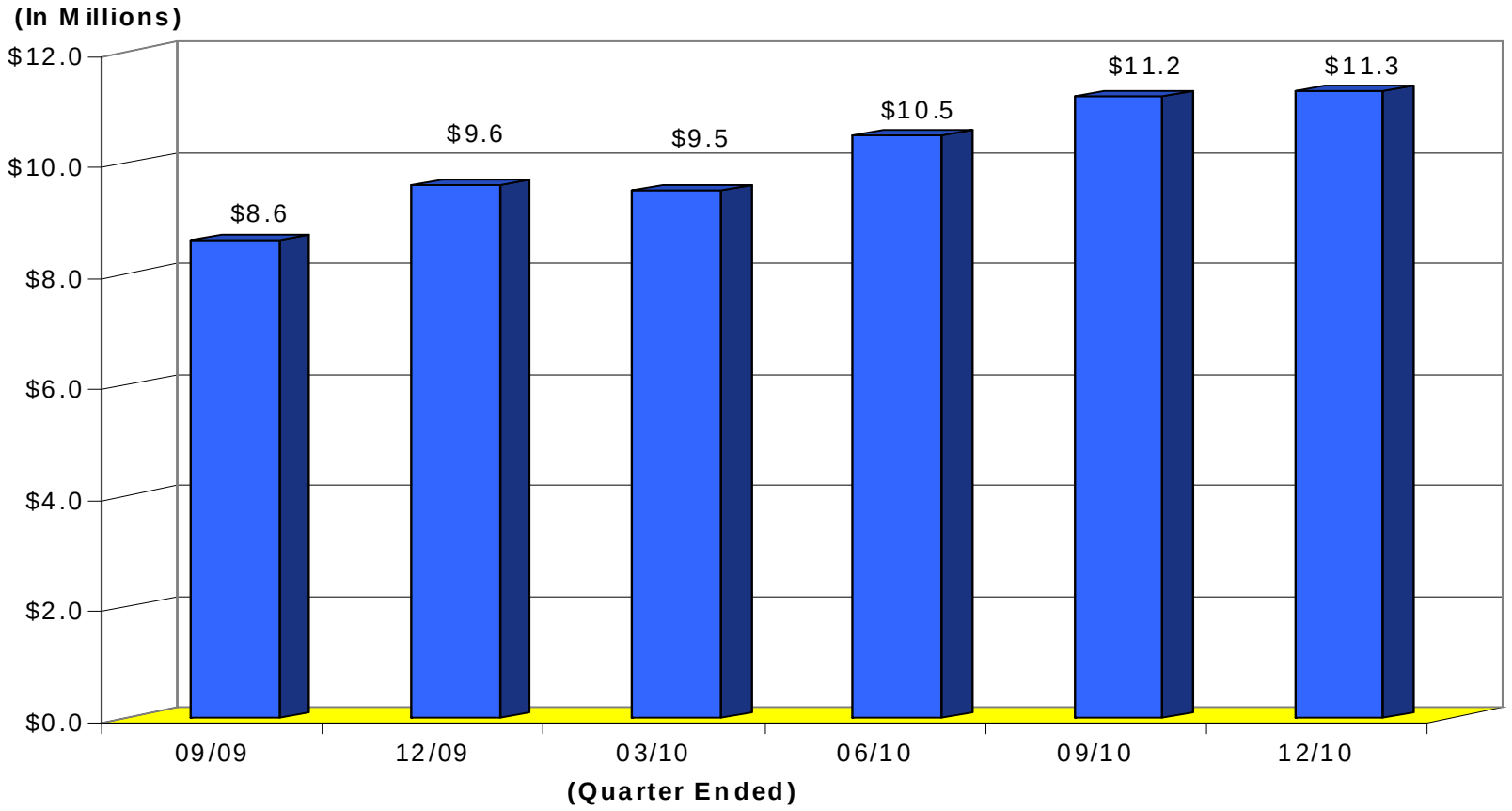
# Non-Interest Income



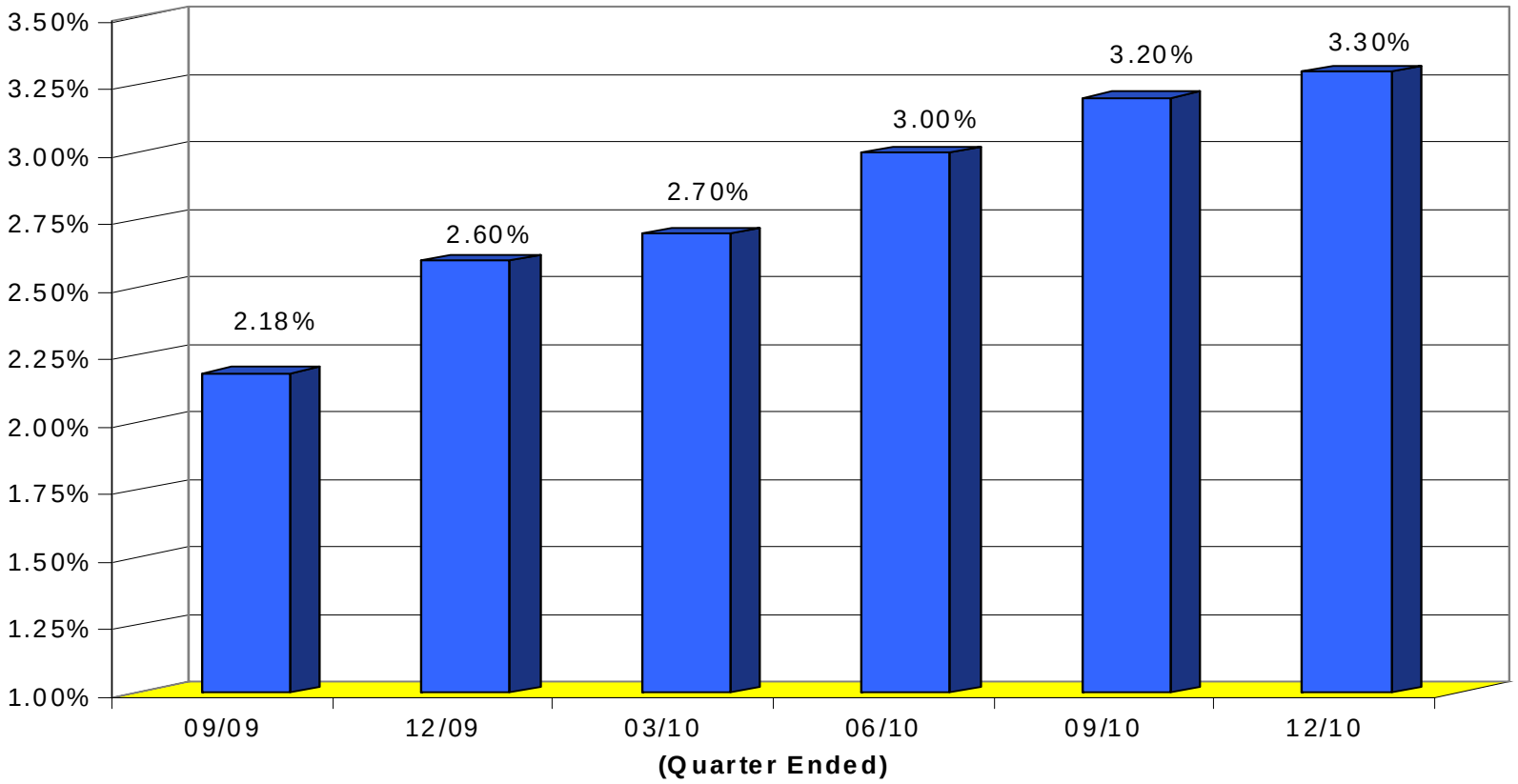
# Net Interest Margin



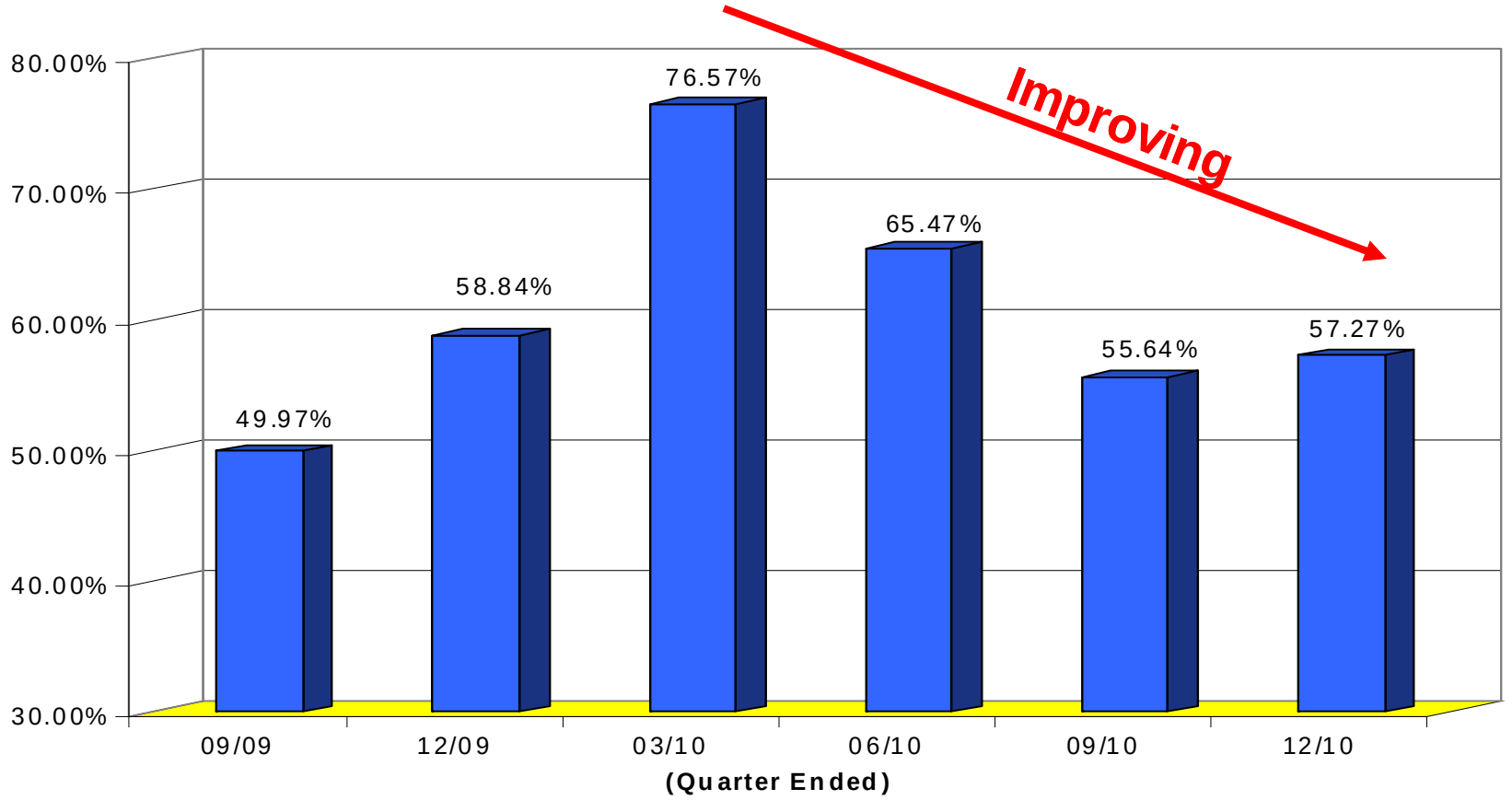
# Operating Expenses



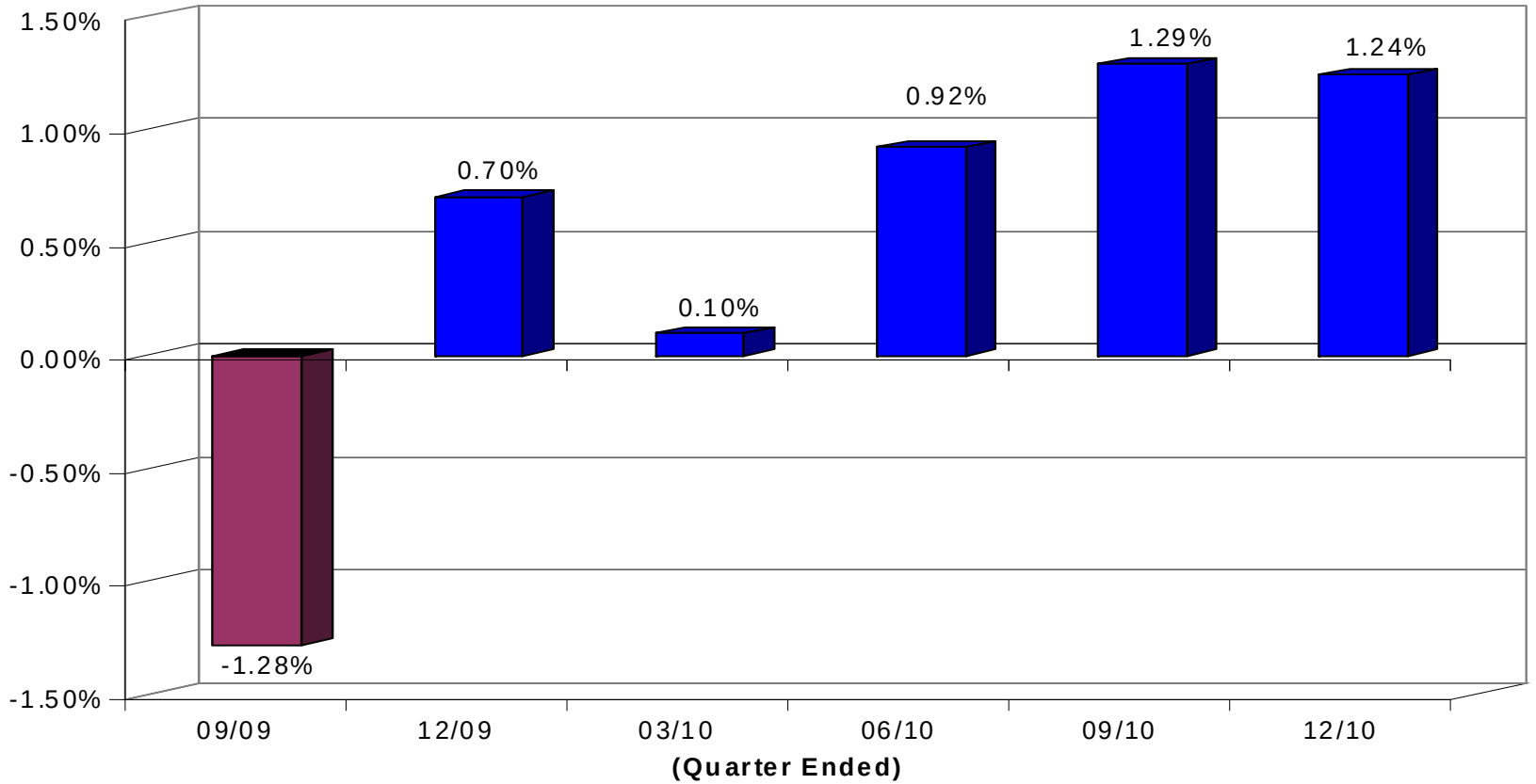
# G&A to Average Assets



# Efficiency Ratio

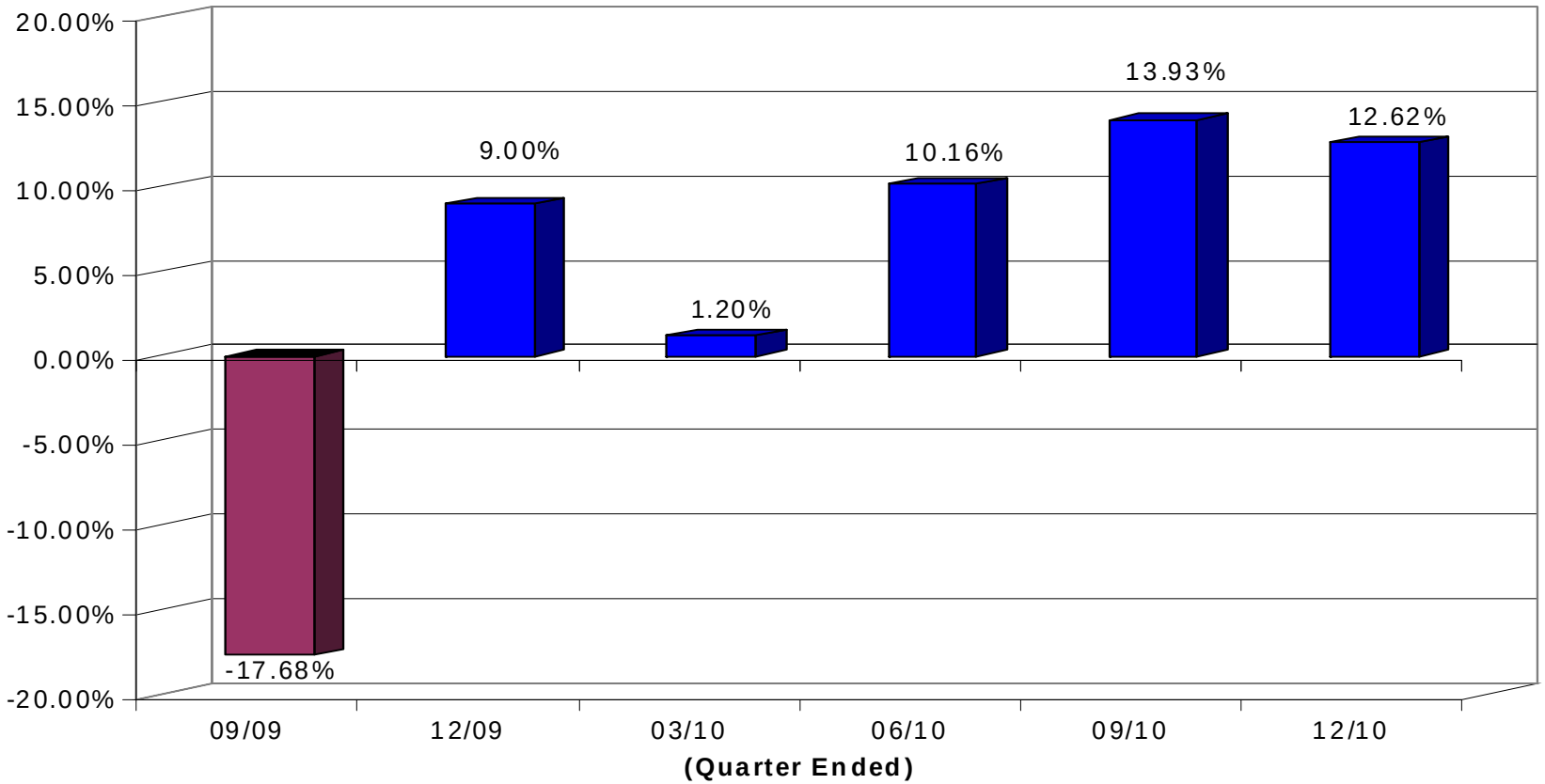


# Return on Average Assets



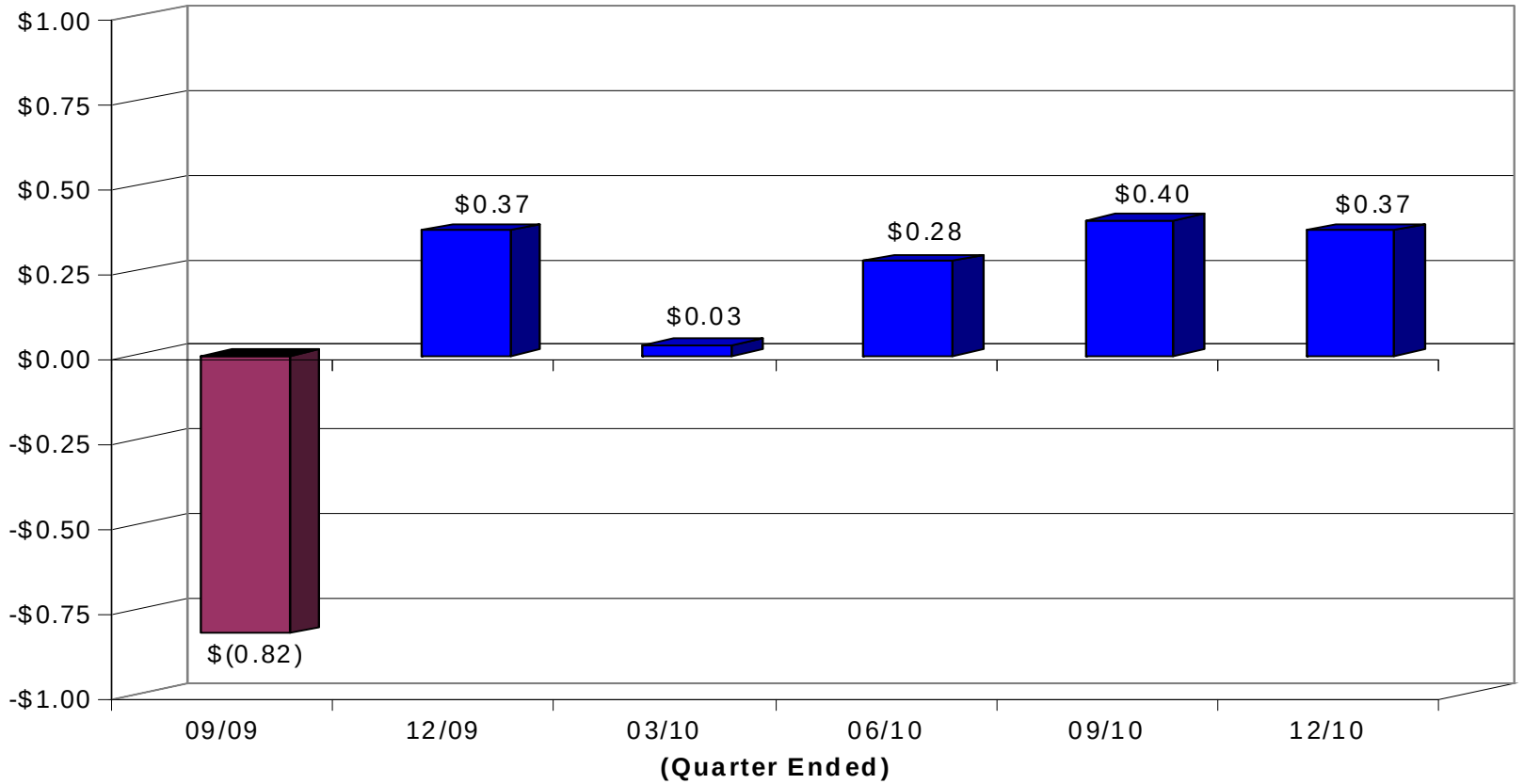
Provident Financial Holdings, Inc.

# Return on Average Equity

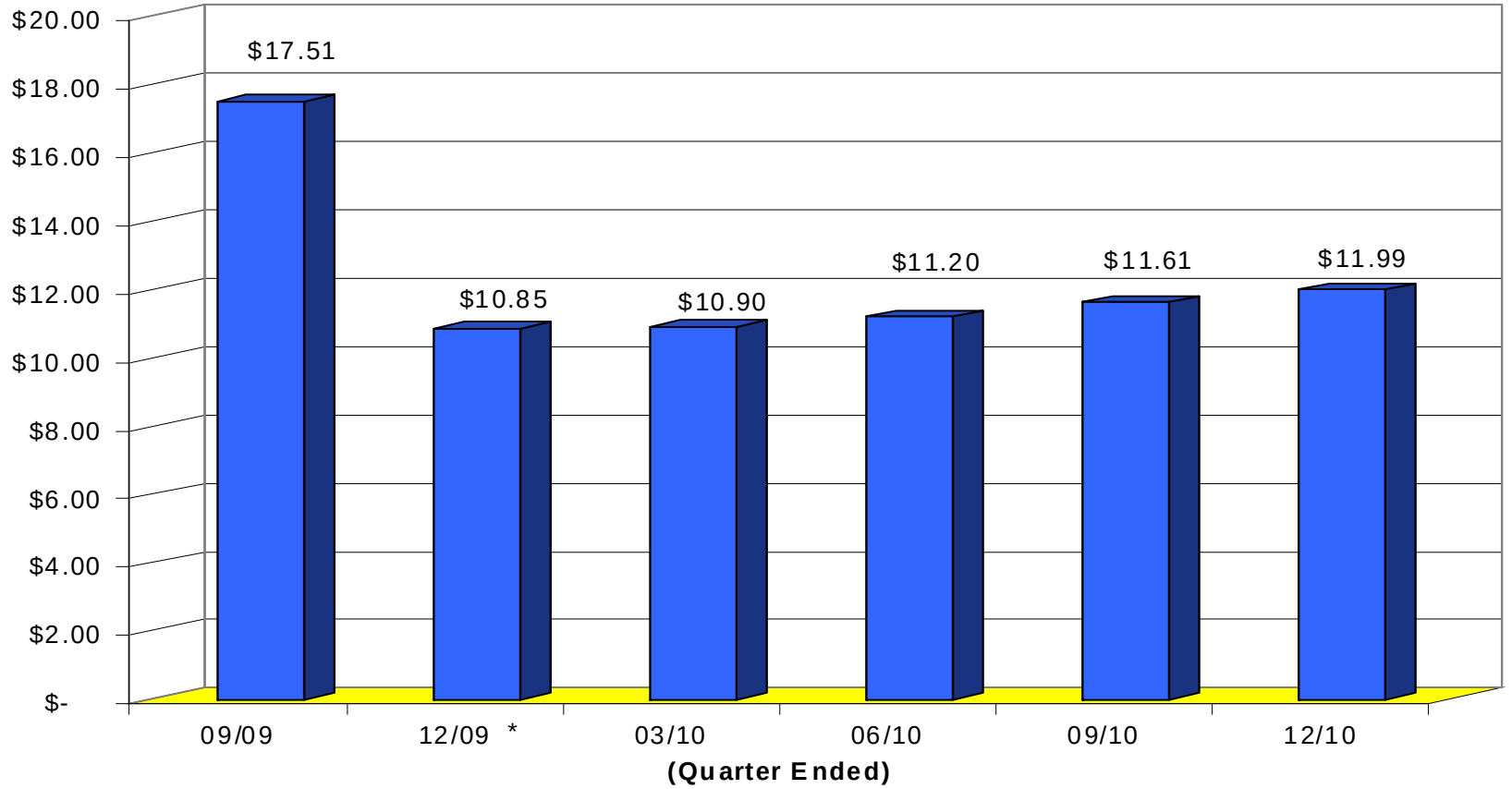


Provident Financial Holdings, Inc.

# Diluted Earnings per Share



# Book Value per Share




* Includes the $11.9 million capital raise in December 2009.

PROVIDENT
Provident Financial Holdings, Inc.

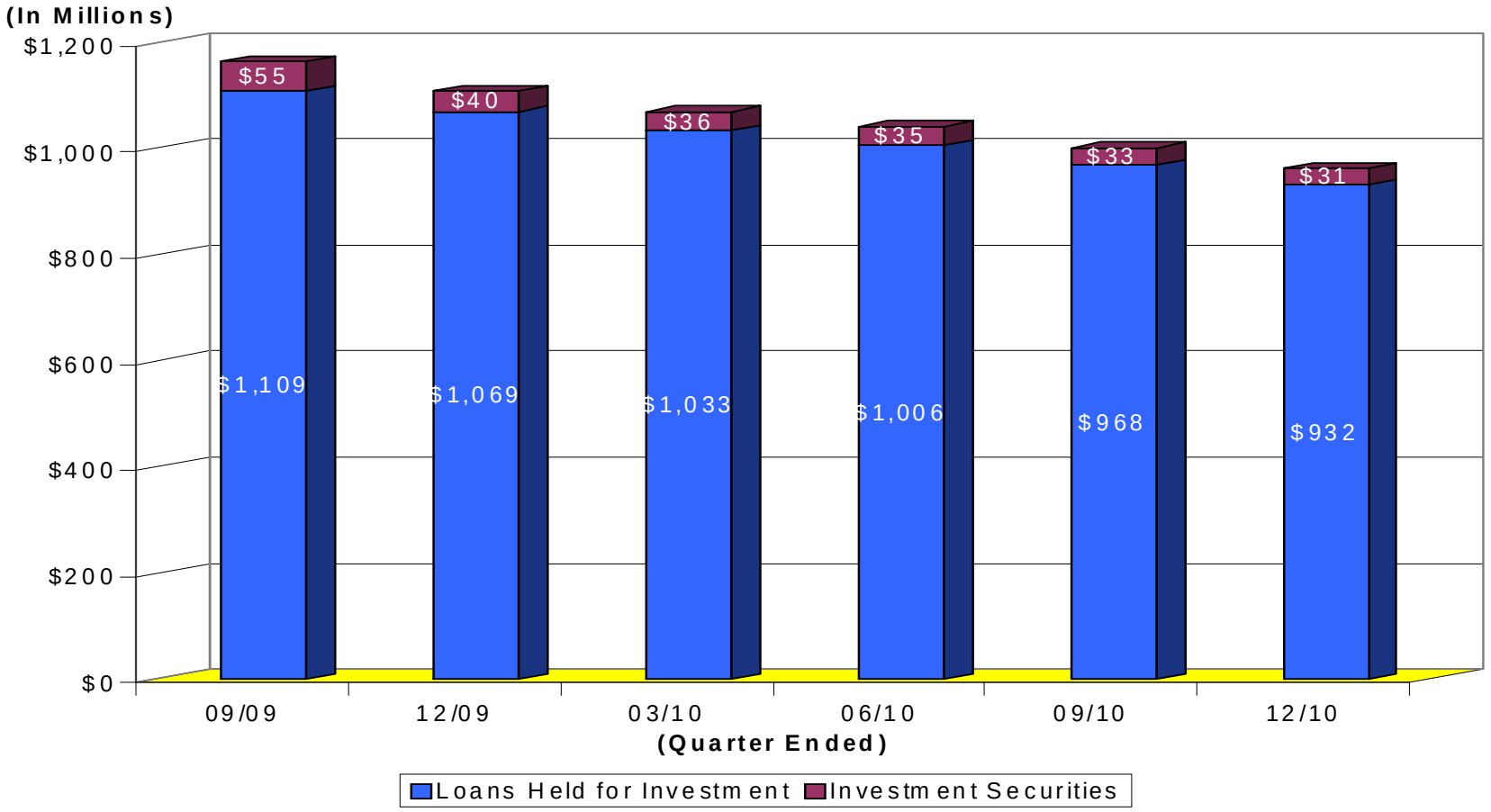
# Community Banking

PROVIDENT Bank™

More for you everyday.

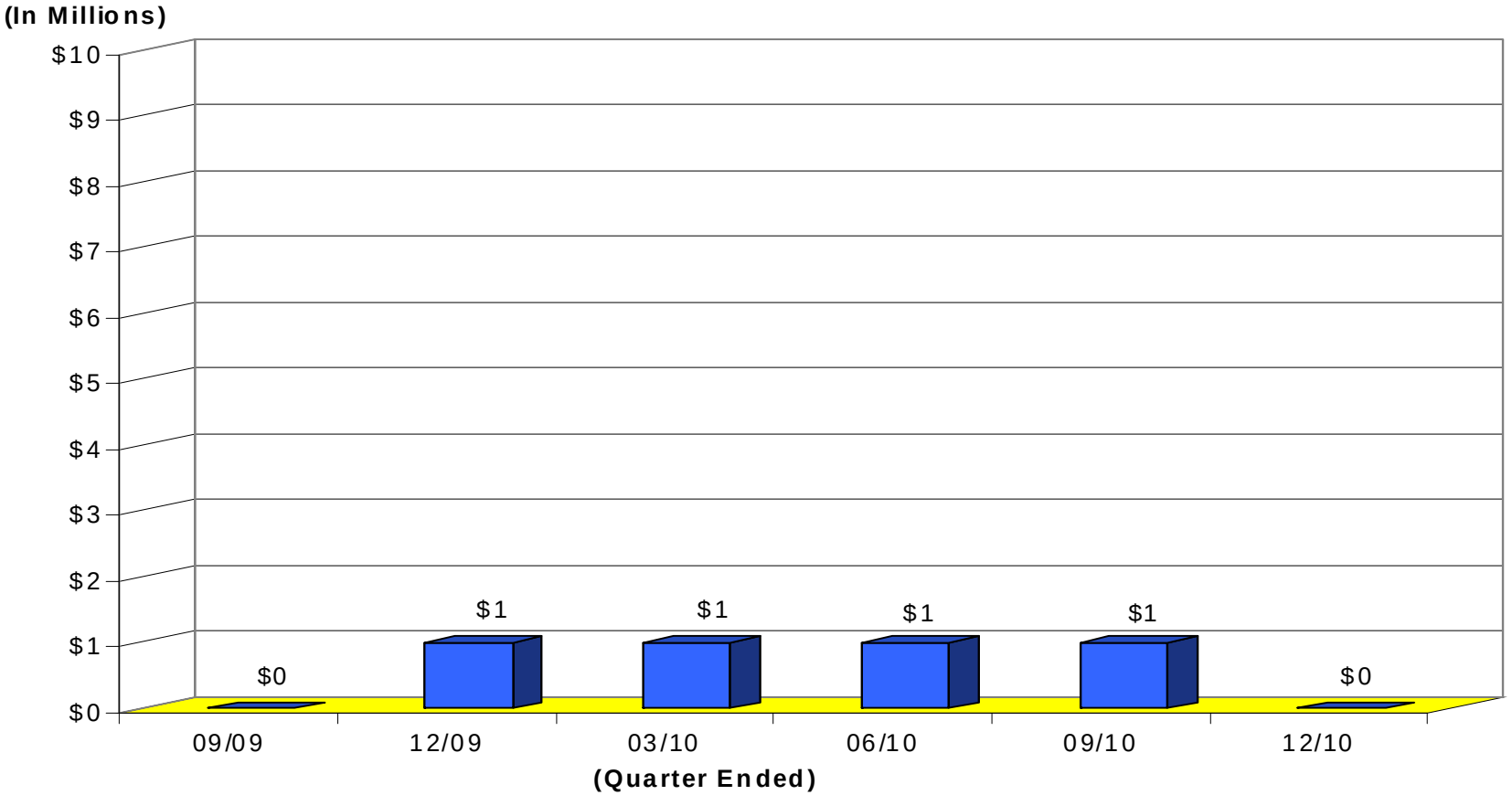
Provident Financial Holdings, Inc.

# Loan to Investment Mix

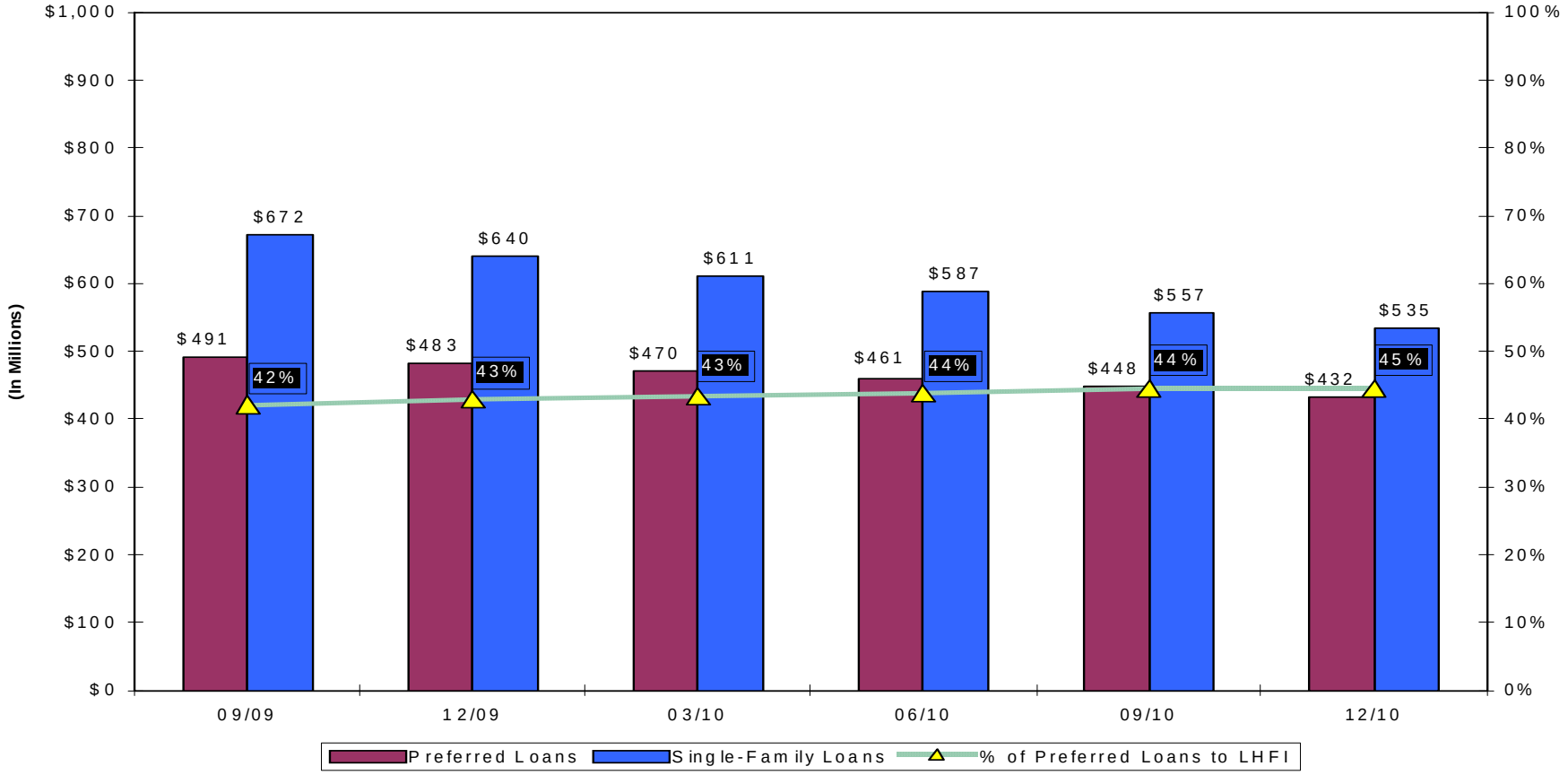


# Provident Bank Loan Originations (Primarily "Preferred Loans")

Provident Financial Holdings, Inc.



# Loan Portfolio Mix
# (Loans Held for Investment)

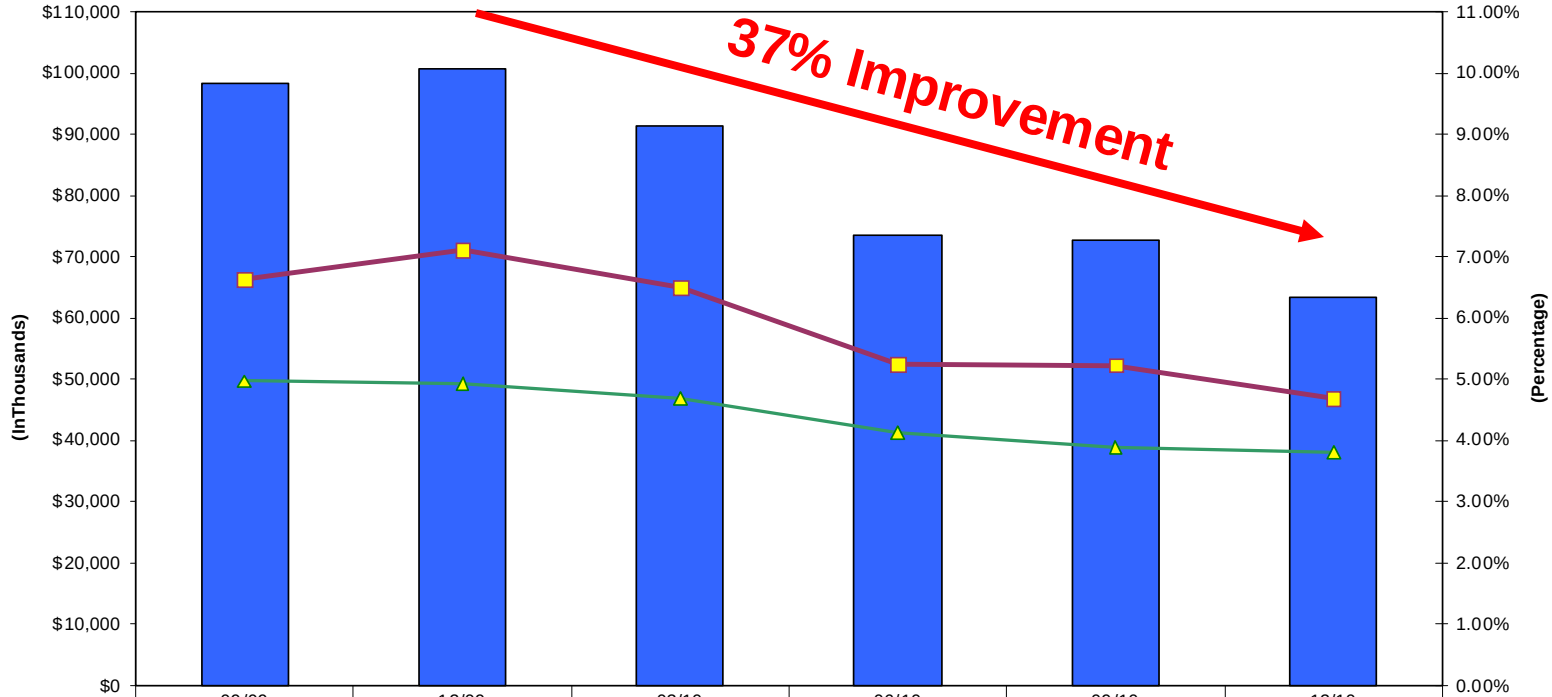



"Preferred Loans" – Multi-Family, Commercial Real Estate, Construction and Commercial Business Loans.

# Asset Quality

Provident Financial Holdings, Inc.

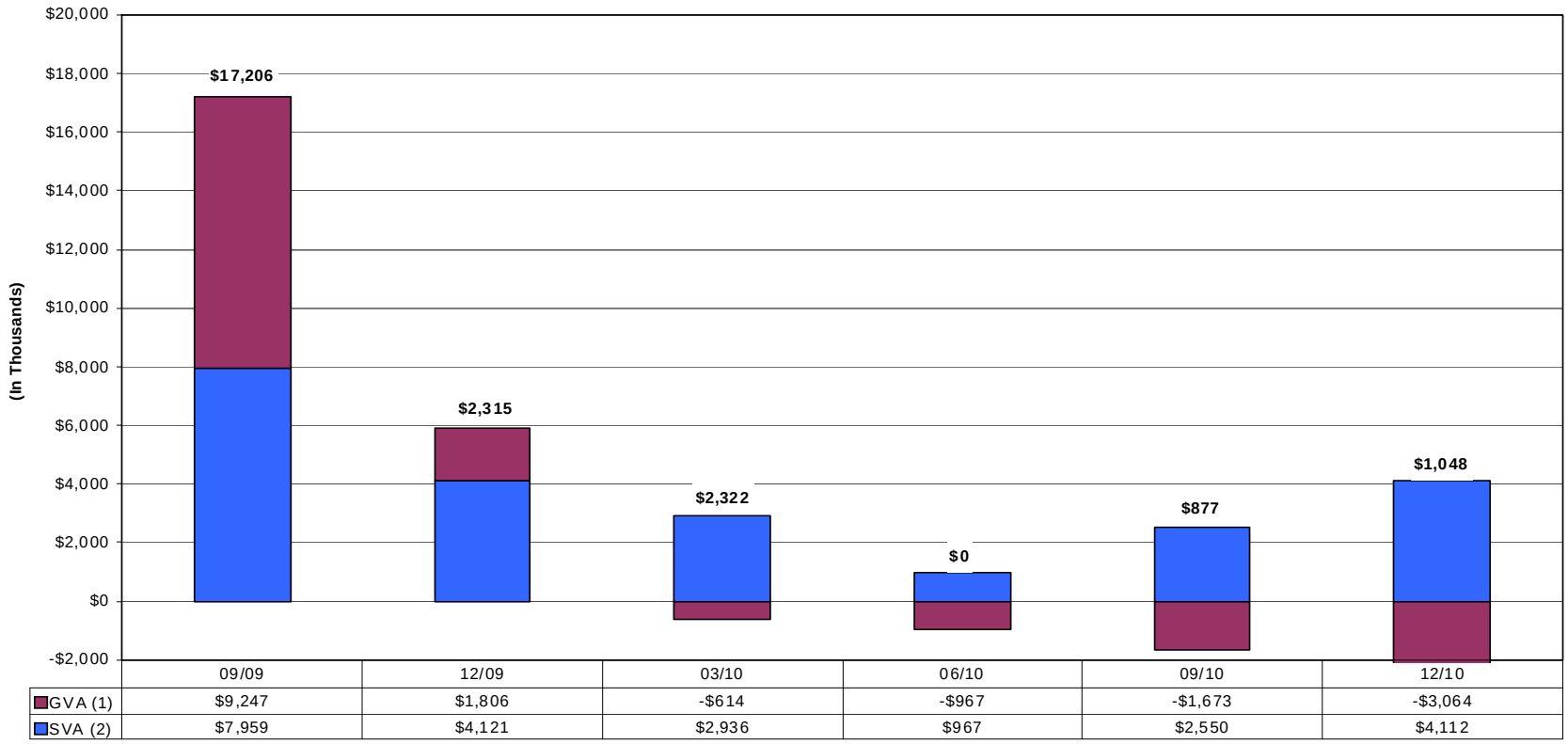
**Non-Performing Assets ("NPA"), NPA to Total Assets Ratio and Allowance for Loan Losses to Loans Held for Investment Ratio ("ALLL to LHI")**




| | 09/09 | 12/09 | 03/10 | 06/10 | 09/10 | 12/10 |
|---|---|---|---|---|---|---|
| Non-Performing Assets | $98,222 | $100,704 | $91,394 | $73,450 | $72,722 | $63,505 |
| NPA to Total Assets | 6.64% | 7.12% | 6.50% | 5.25% | 5.23% | 4.68% |
| ALLL to LHI | 4.97% | 4.92% | 4.69% | 4.14% | 3.88% | 3.81% |

# Asset Quality

**Provision for Loan Losses**




| | 09/09 | 12/09 | 03/10 | 06/10 | 09/10 | 12/10 |
|---|---|---|---|---|---|---|
| GVA (1) | $9,247 | $1,806 | -$614 | -$967 | -$1,673 | -$3,064 |
| SVA (2) | $7,959 | $4,121 | $2,936 | $967 | $2,550 | $4,112 |

(1) General Valuation Allowance.

(2) Specific Valuation Allowance.

# Asset Quality

## Single-Family (1st) – Loans Held for Investment

| | Year of Origination | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2002 & Prior | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | TOTAL |
| Loan Balance (In Thousands) | $12,462 | $21,542 | $74,475 | $162,587 | $134,886 | $85,669 | $34,188 | $1,591 | $817 | $528,217 |
| Weighted Avg. LTV (1) | 50% | 68% | 74% | 72% | 71% | 72% | 76% | 58% | 73% | 71% |
| Weighted Avg. Age (In Years) | 14.54 | 7.35 | 6.30 | 5.44 | 4.46 | 3.48 | 2.74 | 1.62 | 0.59 | 5.09 |
| Weighted Avg. FICO (2) | 696 | 720 | 723 | 731 | 741 | 732 | 743 | 750 | 731 | 733 |
| Number of Loans | 139 | 86 | 227 | 421 | 301 | 164 | 64 | 6 | 2 | 1,410 |
| *Geographic Breakdown (%)* | | | | | | | | | | |
| Inland Empire | 36% | 39% | 30% | 30% | 29% | 29% | 29% | 100% | 100% | 31% |
| Southern California (Other than Inland Empire) | 58% | 57% | 64% | 62% | 52% | 40% | 41% | 0% | 0% | 54% |
| Other California | 4% | 4% | 5% | 7% | 17% | 30% | 30% | 0% | 0% | 14% |
| Other States | 2% | 0% | 1% | 1% | 2% | 1% | 0% | 0% | 0% | 1% |
| | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

(1) Current loan balance in comparison to the original appraised value.

(2) At time of loan origination.

# Asset Quality

## Commercial Real Estate – Loans Held for Investment

| | Year of Origination | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2002 & Prior | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | TOTAL [3][4] |
| Loan Balance (In Thousands) | $9,027 | $12,439 | $8,978 | $16,453 | $21,008 | $19,839 | $6,226 | $11,217 | $533 | $105,720 |
| Weighted Avg. LTV [1] | 46% | 45% | 51% | 48% | 56% | 54% | 37% | 59% | 49% | 51% |
| Weighted Avg. Debt Coverage Ratio [2] | 1.45x | 1.64x | 2.53x | 2.13x | 2.40x | 2.32x | 1.74x | 1.05x | 1.59x | 2.00x |
| Weighted Avg. Age (In Years) | 10.52 | 7.51 | 6.47 | 5.46 | 4.42 | 3.50 | 2.69 | 1.50 | 0.49 | 5.04 |
| Weighted Avg. FICO [2] | 735 | 729 | 709 | 699 | 719 | 715 | 756 | 722 | 705 | 718 |
| Number of Loans | 14 | 21 | 18 | 22 | 24 | 21 | 10 | 5 | 4 | 139 |
| *Geographic Breakdown (%)* | | | | | | | | | | |
| Inland Empire | 92% | 52% | 45% | 66% | 22% | 40% | 7% | 86% | 58% | 50% |
| Southern California (Other than Inland Empire) | 8% | 48% | 55% | 34% | 77% | 51% | 93% | 0% | 42% | 47% |
| Other California | 0% | 0% | 0% | 0% | 1% | 9% | 0% | 0% | 0% | 2% |
| Other States | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 14% | 0% | 1% |
| | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

(1) Current loan balance in comparison to the original appraised value.

(2) At time of loan origination.

(3) Comprised of the following: $27.8 million in Retail; $26.4 million in Office; $9.4 million in Medical/Dental Office; $9.3 million in Mixed Use; $8.9 million in Light Industrial/Manufacturing; $5.8 million in Warehouse; $3.6 million in Restaurant/Fast Food; $3.5 million in Mini-Storage; $3.0 million in Research and Development; $2.5 million in Mobile Home Parks; $2.0 million in Schools; $1.9 million in Hotel and Motel; $1.1 million in Automotive – Non Gasoline; and $488,000 in Other.

(4) Consisting of $69.7 million or 65.9% in investment properties and $36.0 million or 34.1% in owner occupied properties.

# Asset Quality

## Multi-Family – Loans Held for Investment

| | Year of Origination | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2002 & Prior | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | TOTAL |
| Loan Balance (In Thousands) | $5,936 | $11,324 | $40,571 | $53,424 | $95,349 | $96,572 | $16,129 | - | $974 | $320,279 |
| Weighted Avg. LTV [1] | 39% | 54% | 51% | 53% | 55% | 56% | 51% | - | 69% | 54% |
| Weighted Avg. Debt Coverage Ratio [2] | 1.89x | 1.43x | 1.46x | 1.28x | 1.27x | 1.25x | 1.39x | - | 1.33x | 1.31x |
| Weighted Avg. Age (In Years) | 10.51 | 7.47 | 6.52 | 5.50 | 4.55 | 3.48 | 2.69 | - | 0.68 | 4.74 |
| Weighted Avg. FICO [2] | 740 | 708 | 711 | 708 | 707 | 700 | 755 | - | 715 | 711 |
| Number of Loans | 14 | 26 | 56 | 88 | 108 | 118 | 22 | - | 4 | 436 |
| *Geographic Breakdown (%)* | | | | | | | | | | |
| Inland Empire | 35% | 8% | 21% | 7% | 13% | 3% | 9% | 0% | 0% | 10% |
| Southern California (Other than Inland Empire) | 65% | 80% | 75% | 65% | 57% | 85% | 89% | 0% | 33% | 72% |
| Other California | 0% | 12% | 3% | 27% | 27% | 12% | 2% | 0% | 67% | 17% |
| Other States | 0% | 0% | 1% | 1% | 3% | 0% | 0% | 0% | 0% | 1% |
| | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 0% | 100% | 100% |

(1) Current loan balance in comparison to the original appraised value.

(2) At time of loan origination.

# Asset Quality

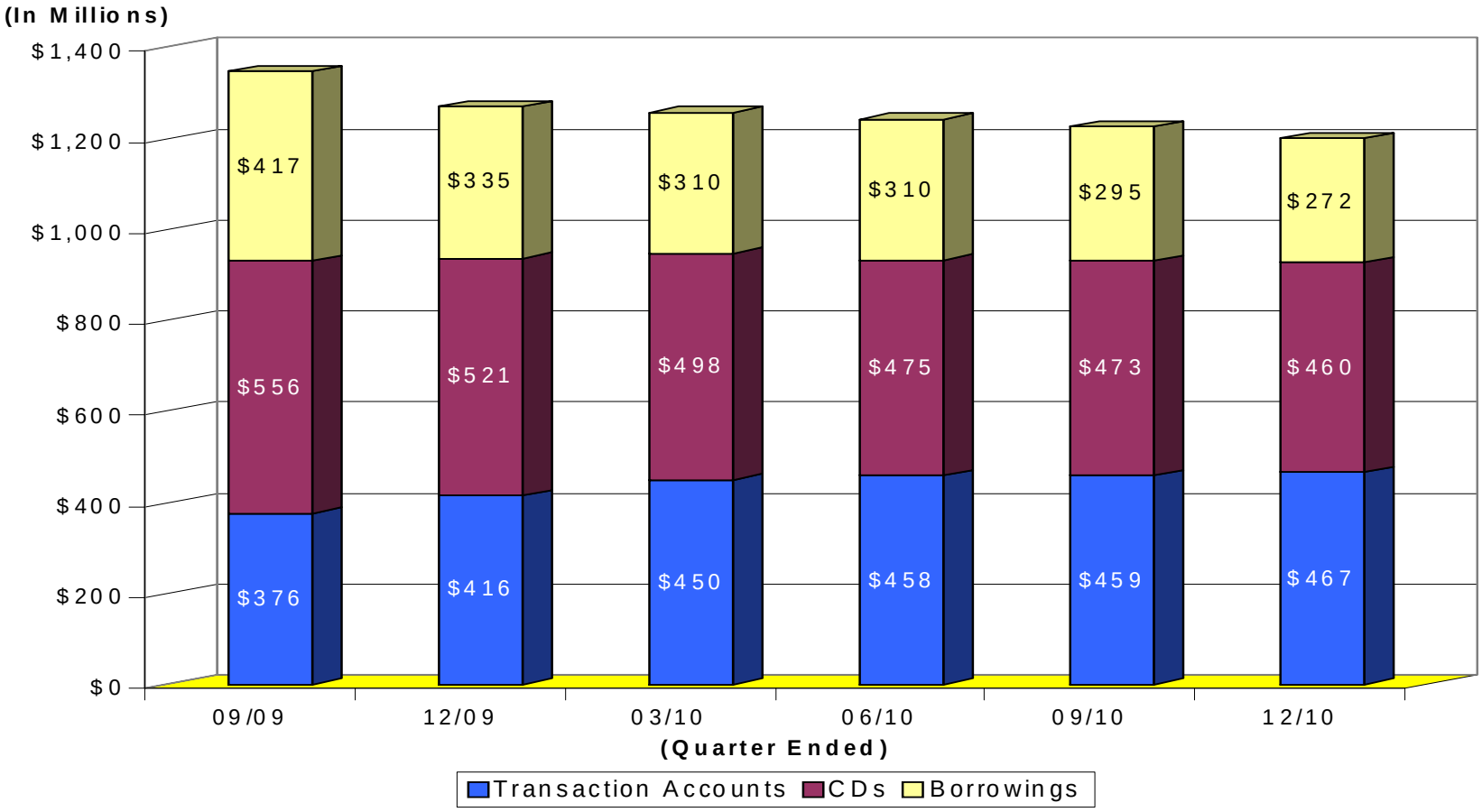
## Geographic Locations

| | Inland Empire | | Southern California [1] | | Other California | | Other States | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| Category | Balance | Percentage | Balance | Percentage | Balance | Percentage | Balance | Percentage | Balance | Percentage |
| Single-Family | $163,985 | 31% | $286,667 | 54% | $75,676 | 14% | $5,358 | 1% | $531,686 | 100% |
| Multi-Family | 31,782 | 10% | 229,230 | 72% | 55,665 | 17% | 3,602 | 1% | 320,279 | 100% |
| Commercial Real Estate | 52,521 | 50% | 49,400 | 47% | 2,187 | 2% | 1,612 | 1% | 105,720 | 100% |
| Construction | - | 0% | 400 | 100% | - | 0% | - | 0% | 400 | 100% |
| Other loans | 1,531 | 100% | - | 0% | - | 0% | - | 0% | 1,531 | 100% |
| Total | $249,819 | 26% | $565,697 | 59% | $133,528 | 14% | $10,572 | 1% | $959,616 | 100% |

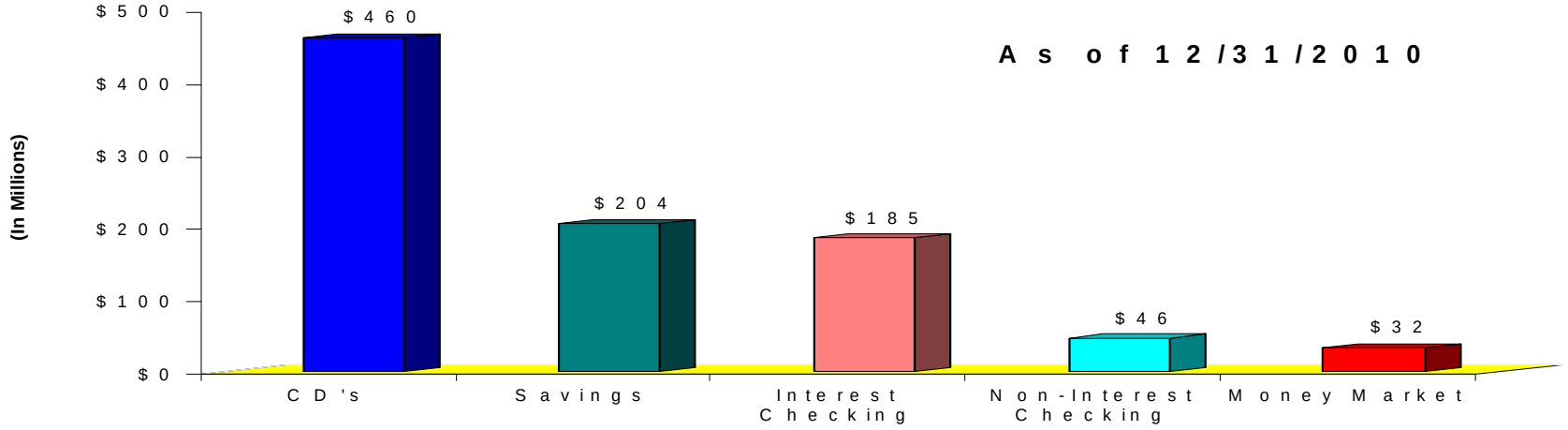
(1) Other than Inland Empire.

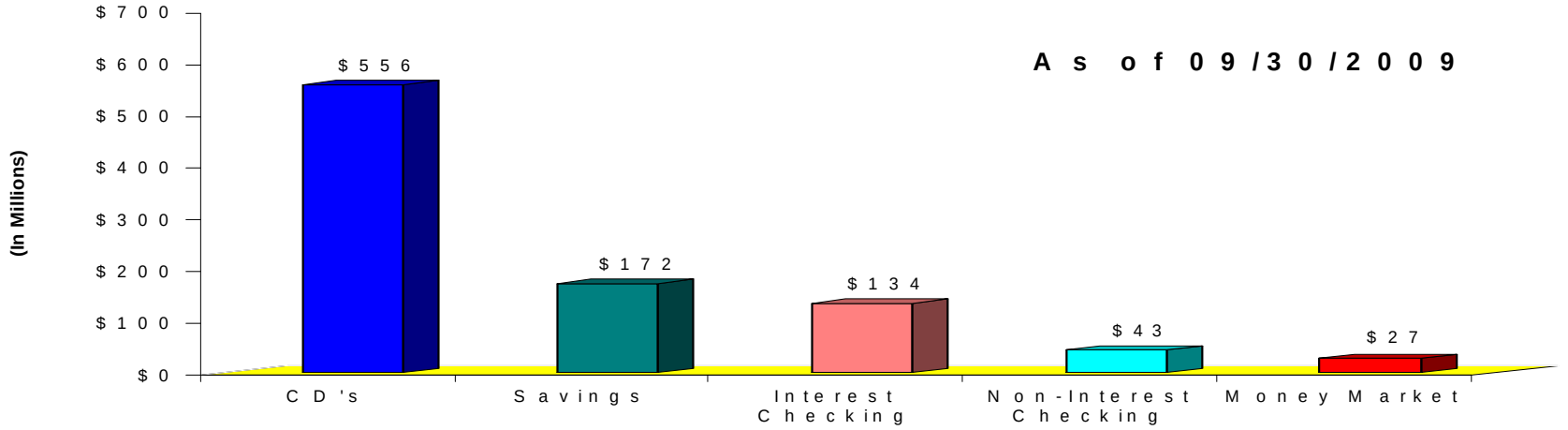
Provident Financial Holdings, Inc.

# Transaction Accounts, CDs & Borrowings



# Deposit Composition



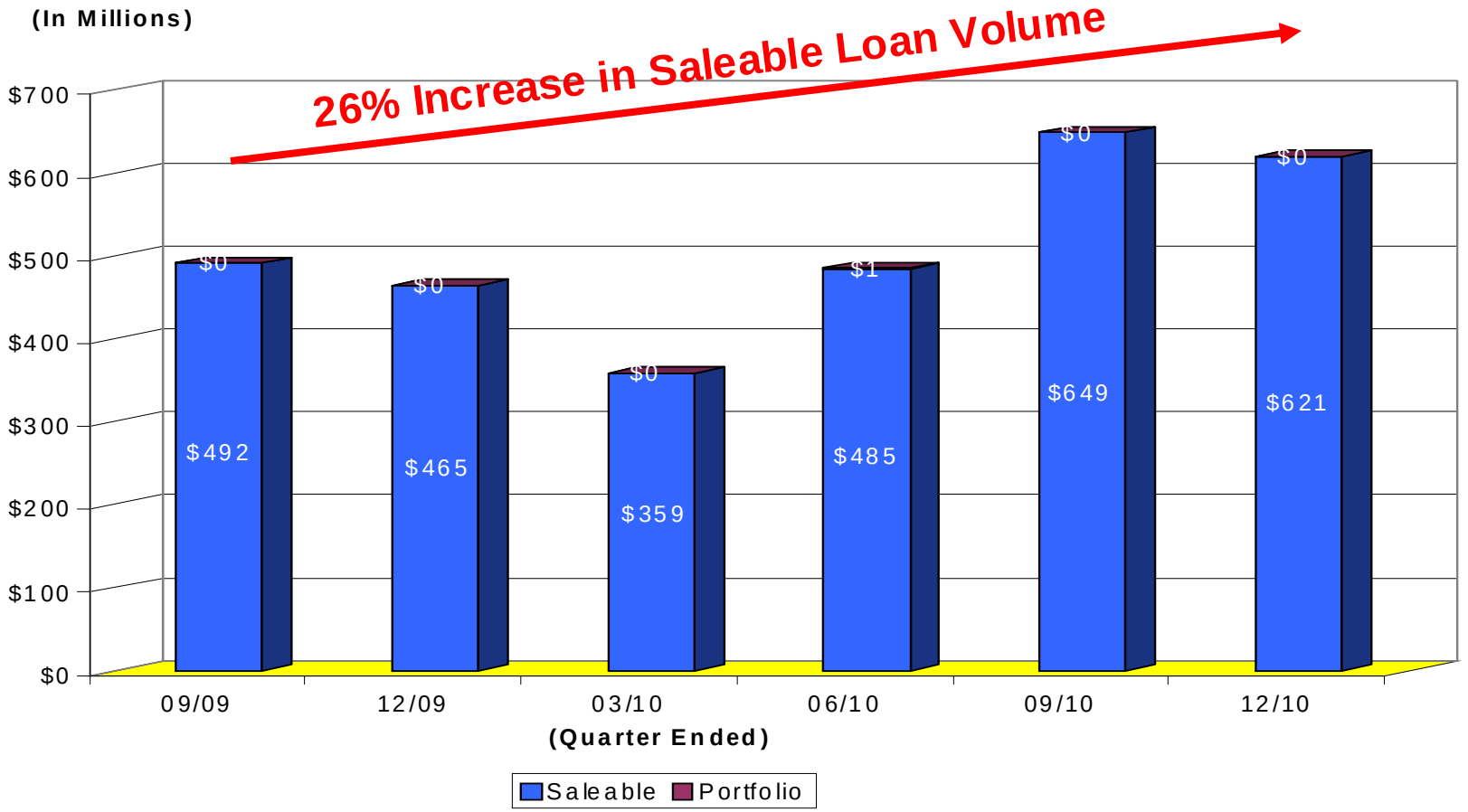
PROVIDENT
Provident Financial Holdings, Inc.

# Mortgage Banking

PROVIDENT
Bank Mortgage™
Faster funded home loans.

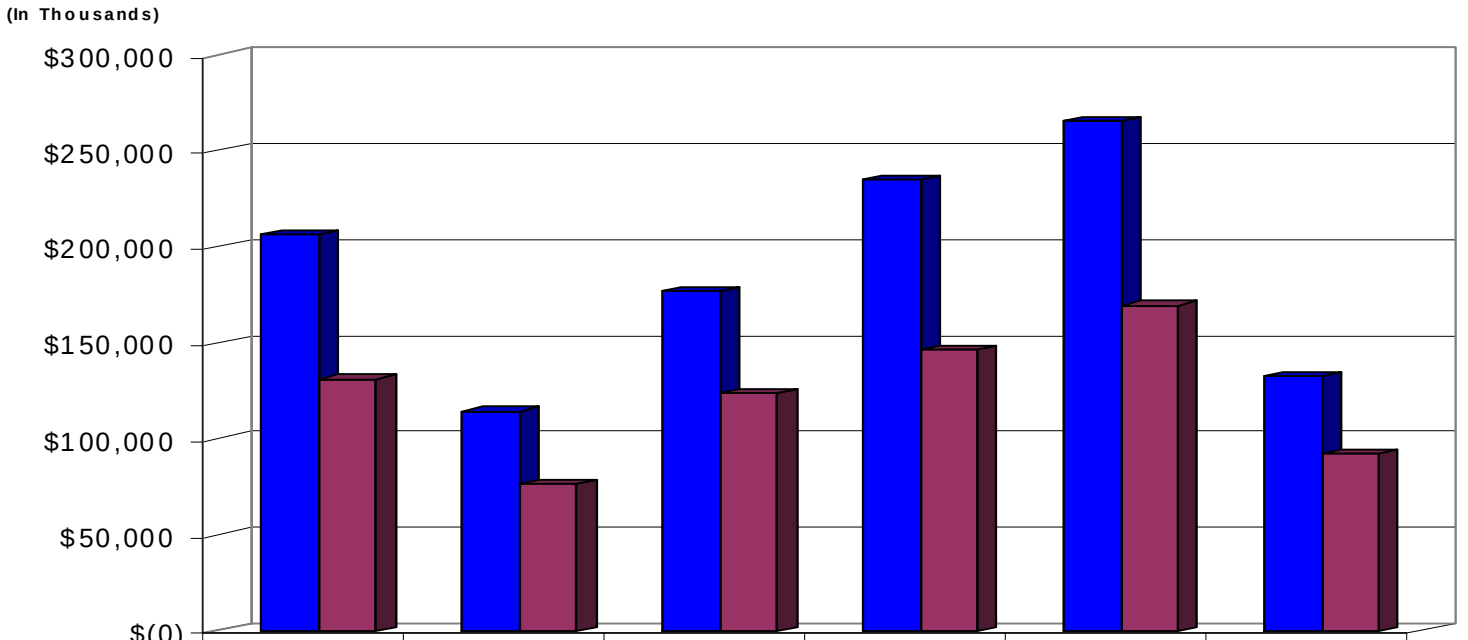
Provident Financial Holdings, Inc.

# Provident Bank Mortgage Loan Originations



# Provident Bank Mortgage Locked Pipeline

**Locked Pipeline - Available for Sale**

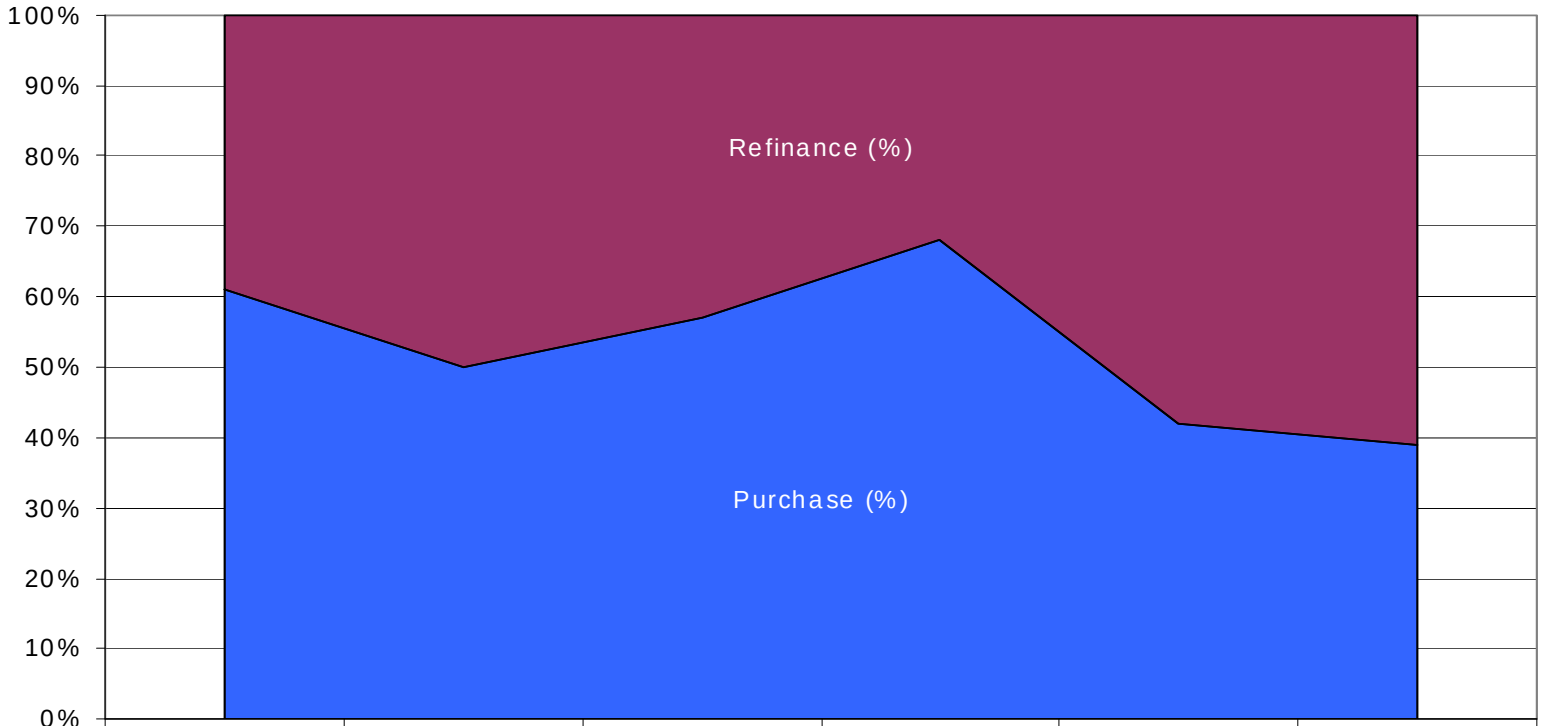



| | 09/09 | 12/09 | 03/10 | 06/10 | 09/10 | 12/10 |
|---|---|---|---|---|---|---|
| Gross Locked Pipeline | $206,321 | $114,464 | $177,101 | $235,356 | $265,884 | $133,041 |
| Net Locked Pipeline (1) | $131,149 | $76,755 | $123,449 | $146,379 | $169,614 | $91,956 |

**(Quarter Ended)**

(1) Net of management's estimate of commitments to extend credit which may not fund.

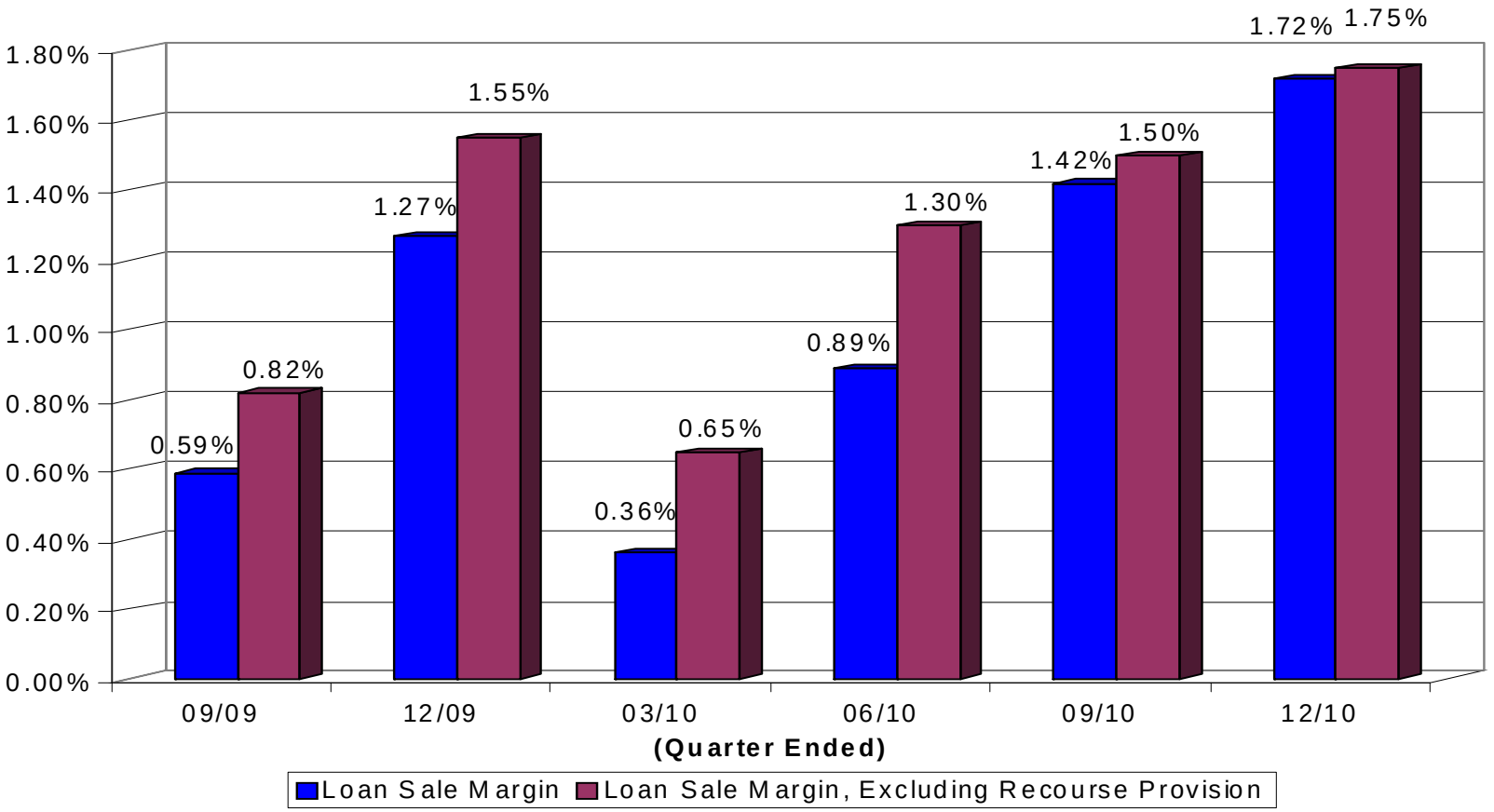
# PBM Purchase vs. Refinance




| | 09/09 | 12/09 | 03/10 | 06/10 | 09/10 | 12/10 |
|---|---|---|---|---|---|---|
| Refinance | 39% | 50% | 43% | 32% | 58% | 61% |
| Purchase | 61% | 50% | 57% | 68% | 42% | 39% |

**(Quarter Ended)**

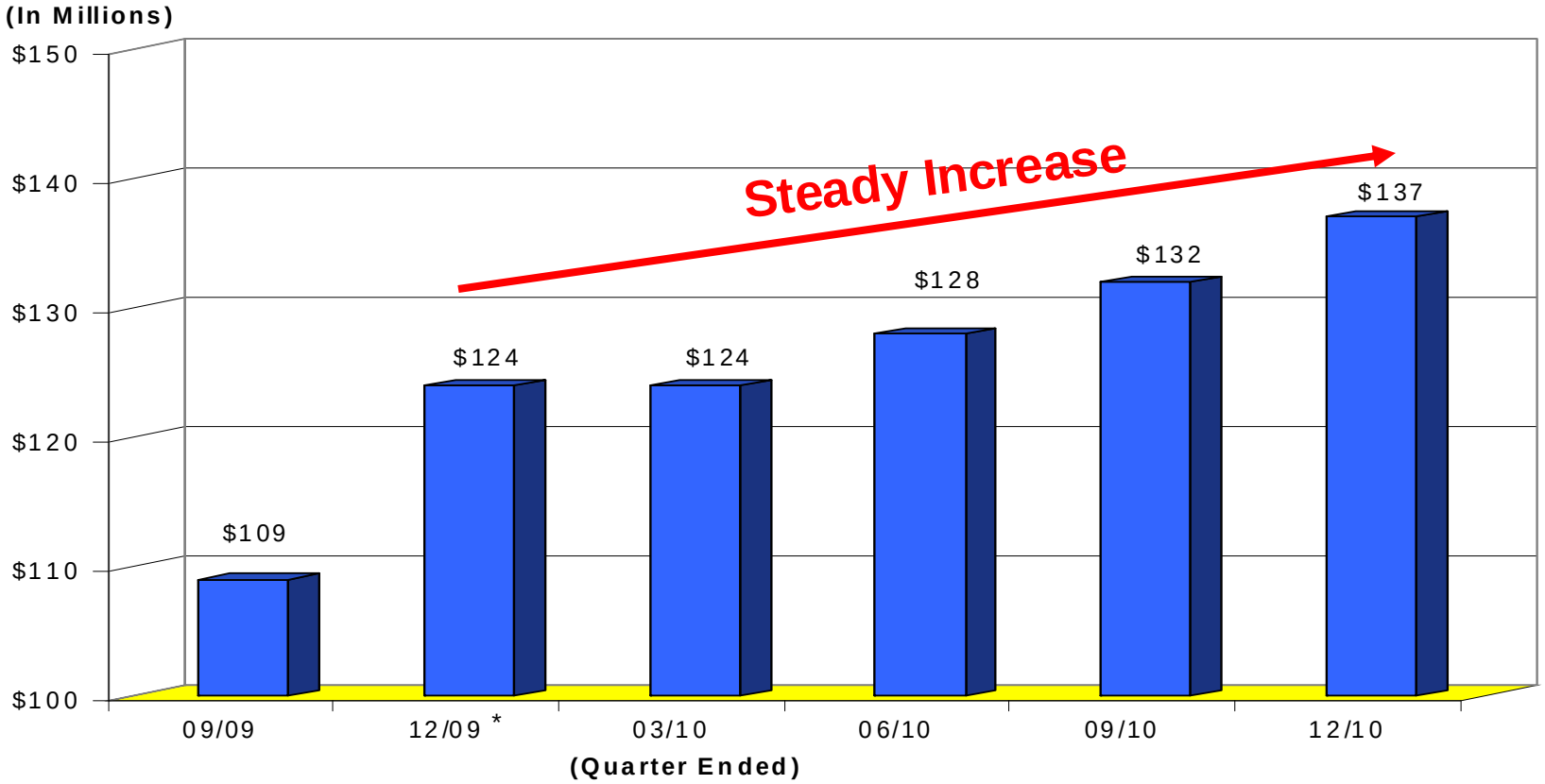
# Loan Sale Margin



PROVIDENT
Provident Financial Holdings, Inc.

# Capital Management

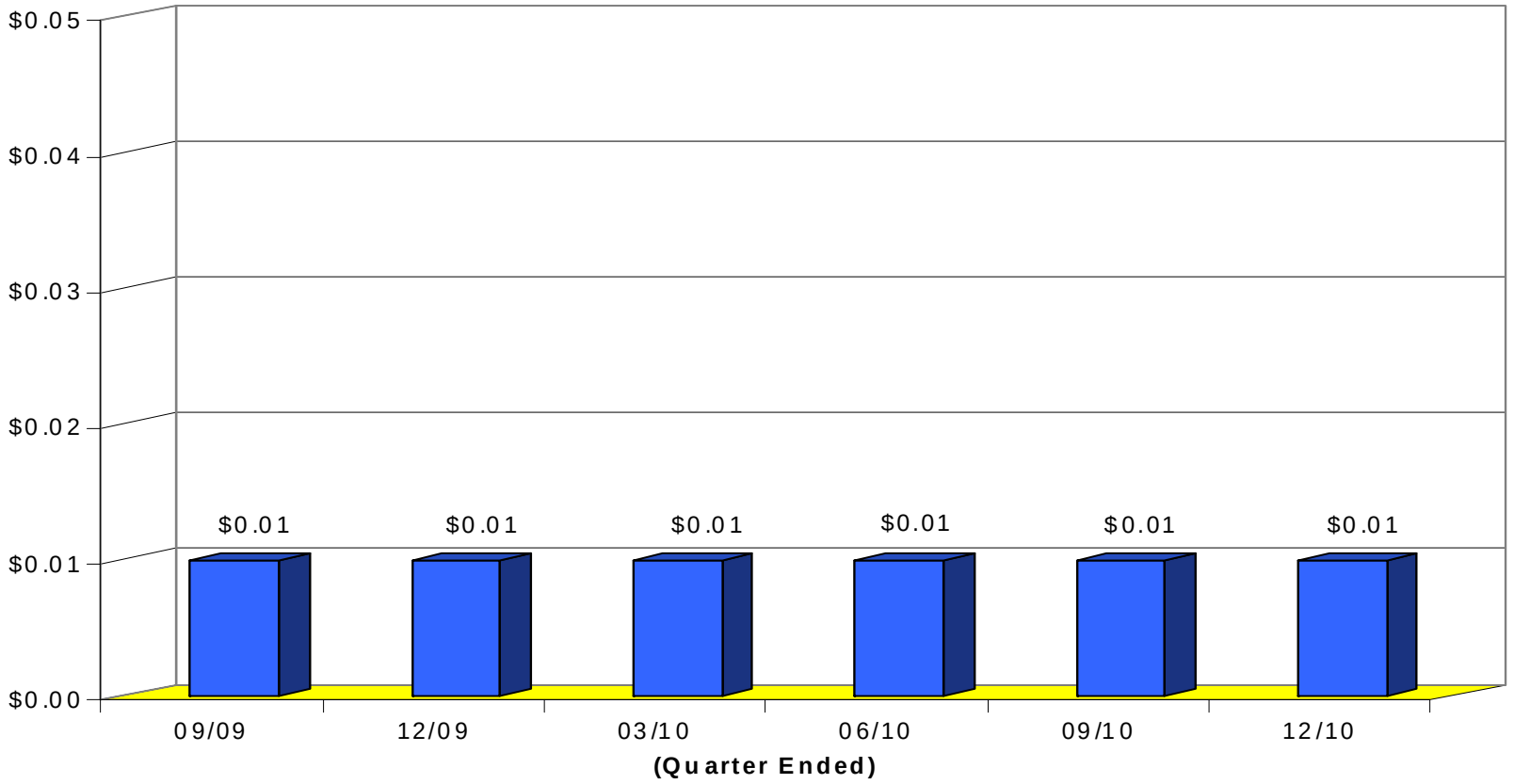
# Stockholders' Equity




* Includes the $11.9 million capital raise in December 2009.

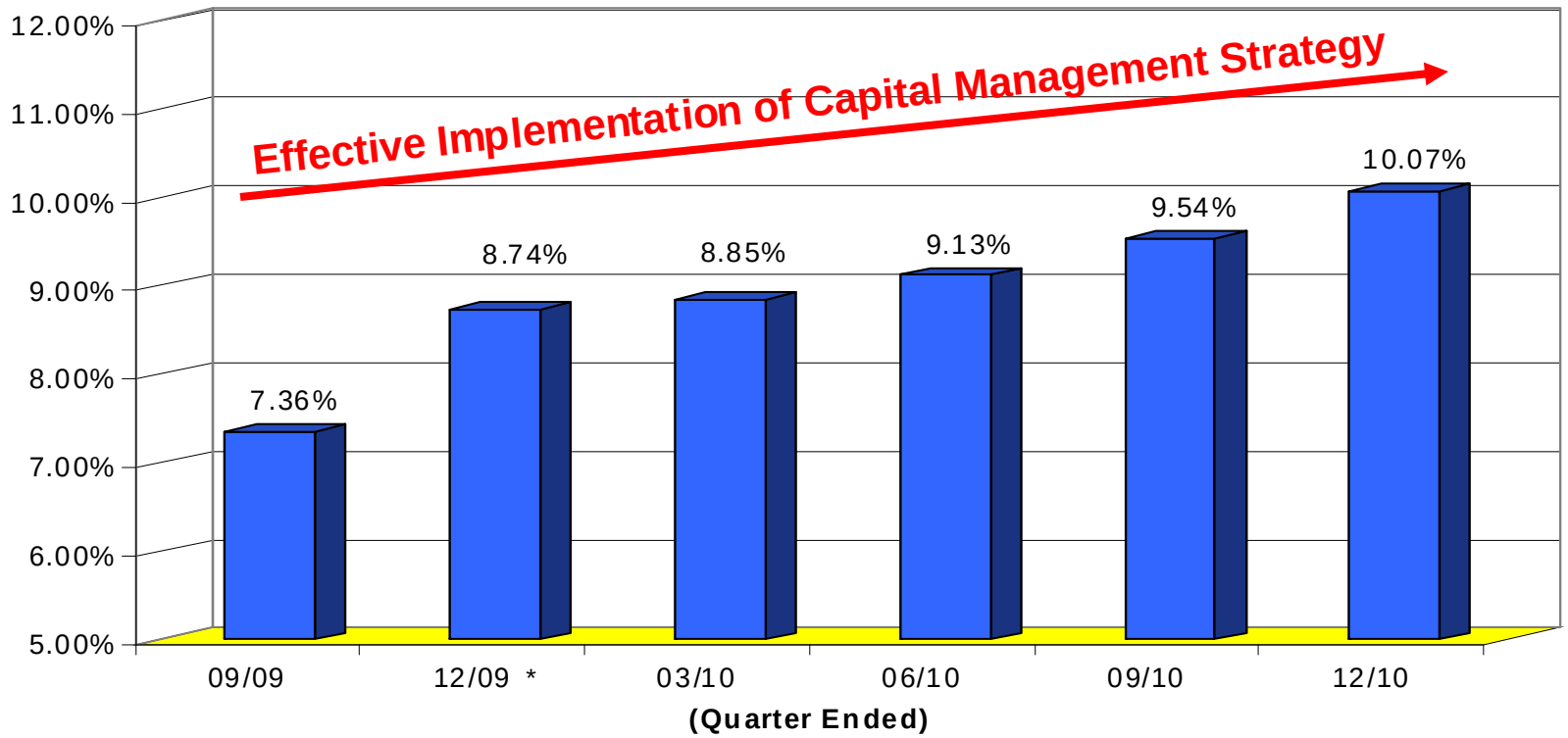
Provident Financial Holdings, Inc.

# Cash Dividend per Share



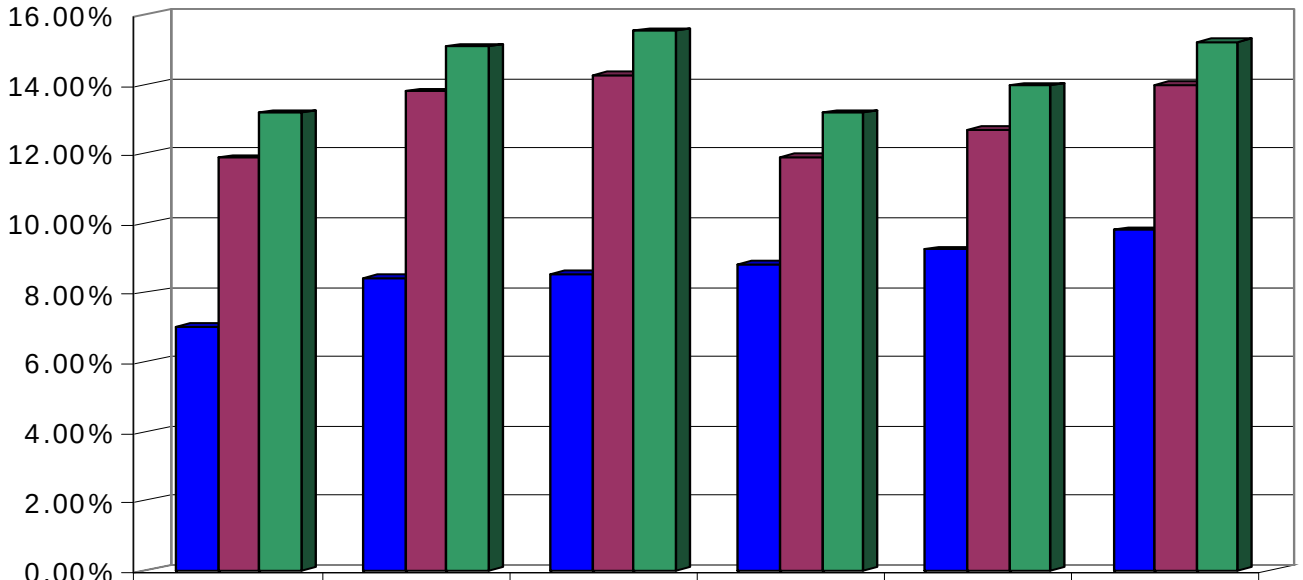
# Consolidated Capital Ratio

## Equity to Assets




* Includes the $11.9 million capital raise in December 2009.

# Bank Capital Ratios



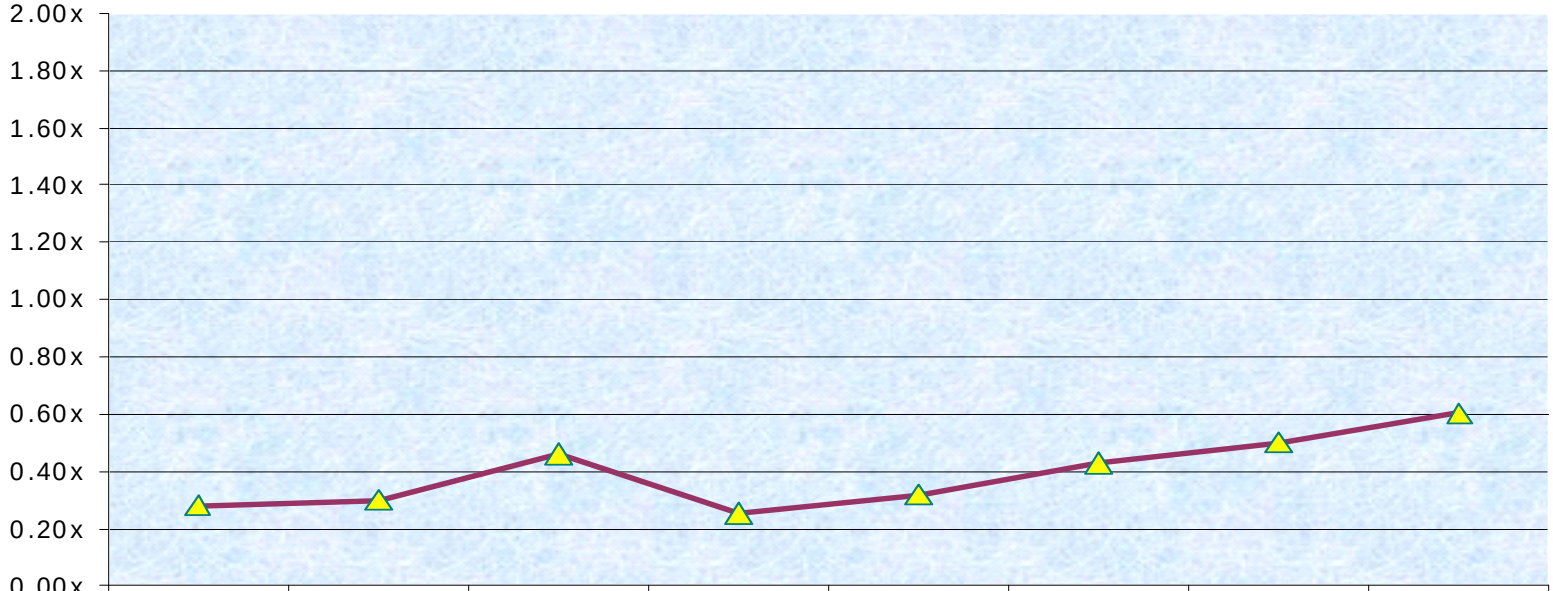

| | 09/09 | 12/09 | 03/10 | 06/10 | 09/10 | 12/10 |
|---|---|---|---|---|---|---|
| Core Capital Ratio | 7.03% | 8.41% | 8.53% | 8.82% | 9.25% | 9.80% |
| Tier 1 Risk-Based Capital Ratio | 11.89% | 13.79% | 14.25% | 11.91% | 12.69% | 13.97% |
| Total Risk-Based Capital Ratio | 13.16% | 15.06% | 15.53% | 13.17% | 13.96% | 15.23% |

**(Quarter Ended)**

To be deemed "Well Capitalized," the Bank must maintain its Core Capital Ratio, Tier 1 Risk-Based Capital Ratio and Total Risk-Based Capital Ratio at or above 5.00%, 6.00% and 10.00%, respectively.

# Value Proposition

**Stock Price to Tangible Book Value Multiple**




| | Mar 2009 | Jun 2009 | Sep 2009 | Dec 2009 | Mar 2010 | Jun 2010 | Sep 2010 | Dec 2010 |
|---|---|---|---|---|---|---|---|---|
| Price/TBV | 0.28x | 0.30x | 0.46x | 0.25x | 0.32x | 0.43x | 0.50x | 0.60x |

PROVIDENT

Provident Financial Holdings, Inc.

PROV

NASDAQ LISTED

**www.myprovident.com**