

First Quarter of Fiscal 2020

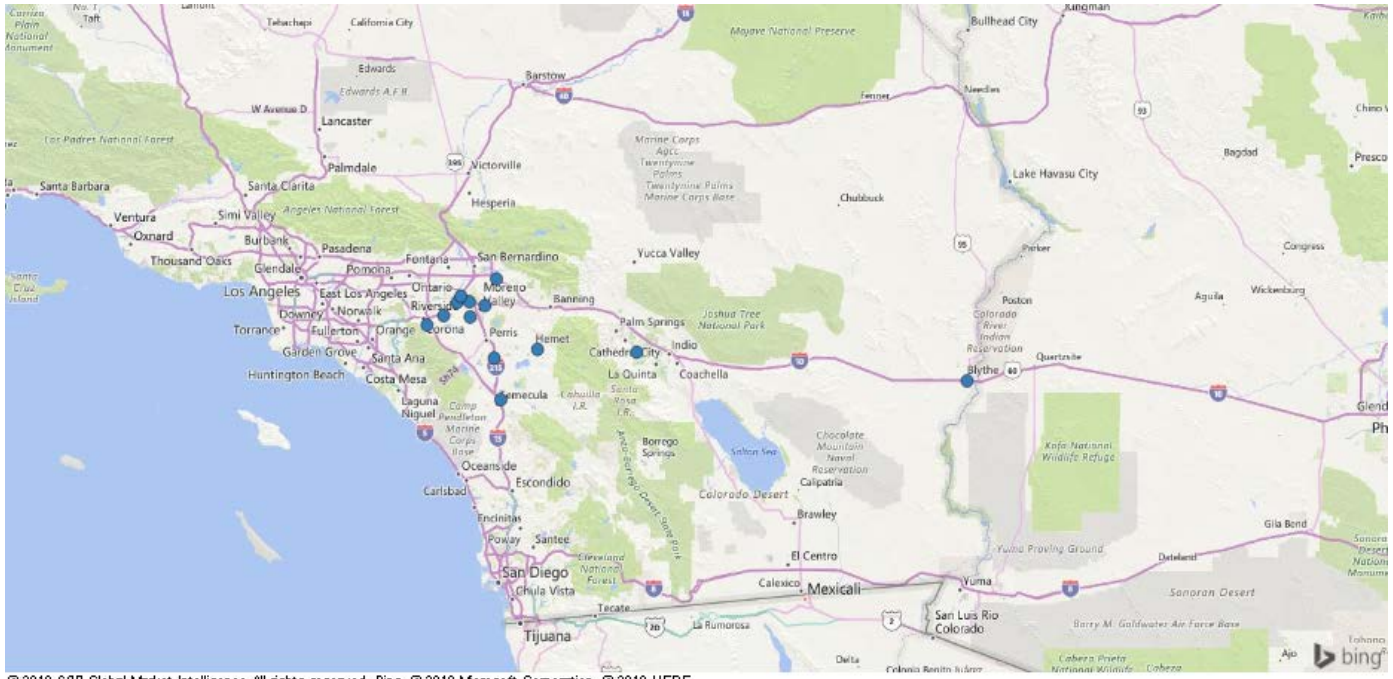
September 30, 2019

Safe Harbor Statement

This presentation contains statements that the Company believes are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to the Company’s financial condition, liquidity, 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 from the results anticipated or implied by our forward-looking statements include, but are not limited to increased competitive pressures; changes in the interest rate environment; secondary market conditions for loans and our ability to sell loans in the secondary market; changes in general economic conditions and conditions within the securities markets; legislative and regulatory changes; and other factors described in the Company’s latest Annual Report on Form 10-K and Quarterly Reports on Form 10-Q and other filings with the Securities and Exchange Commission-which are available on our website at www.myprovident.com and on the SEC’s website at www.sec.gov. We do not undertake and specifically disclaim any obligation to revise any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements whether as a result of new information, future events or otherwise. These risks could cause our actual results for fiscal 2020 and beyond to differ materially from those expressed in any forward-looking statements by, or on behalf of us and could negatively affect our operating and stock price performance.

Provident Financial Holdings, Inc.	
Nasdaq GS:	PROV
Share Price:	$20.75
52-Week Range:	$14.67 - $21.81
Shares Outstanding:	7,479,682 shares
Market Capitalization:	$155.2 million
P/E (ttm):	30.97x
Diluted EPS (ttm):	$0.67
Annual Dividend & Yield:	$0.56 (2.70%)
As of September 30, 2019	

Franchise Overview



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Provident Bank Offices:

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

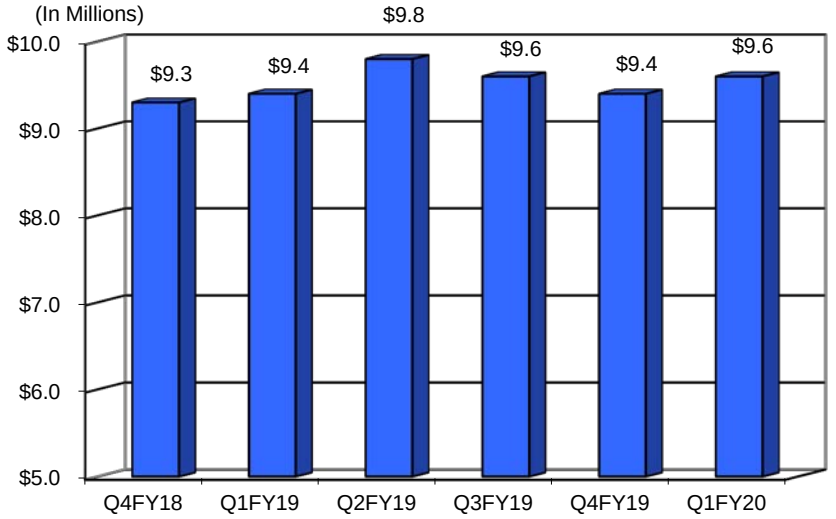
- Largest independent community bank headquartered in Riverside County, California
- Expanding customer base and market
- Ninth largest deposit market share in Riverside County; second largest deposit market share of community banks

Financial Performance

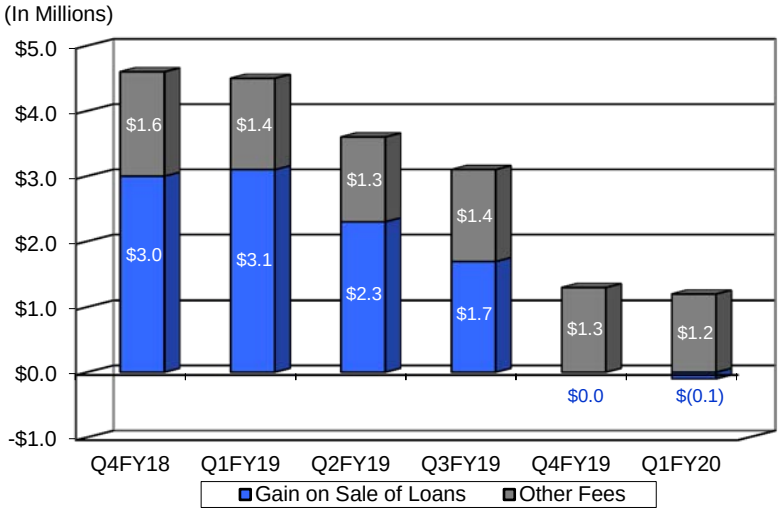
Developments

- Net Interest Income increases by 2% (sequential quarter)
- Net Interest Margin increases by 12 basis points (sequential quarter)
- Operating Expenses decrease by 26% (sequential quarter)
- Efficiency Ratio improves to 67.95%

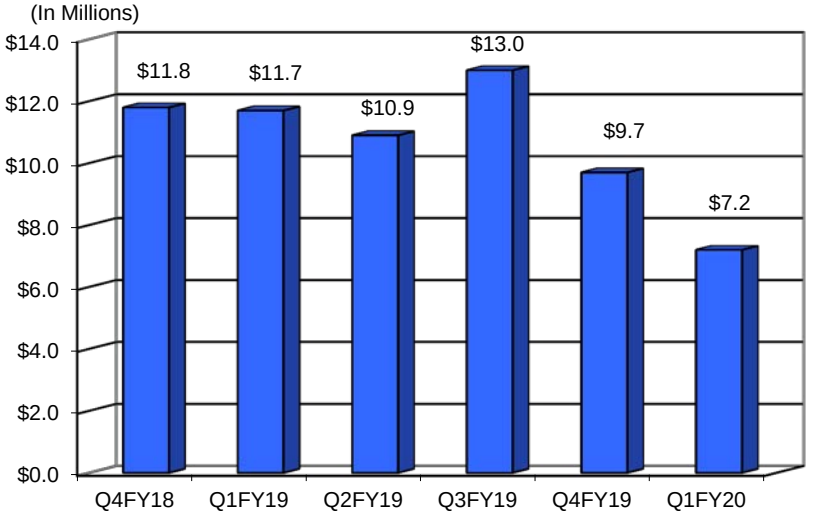
Net Interest Income



Non-Interest Income

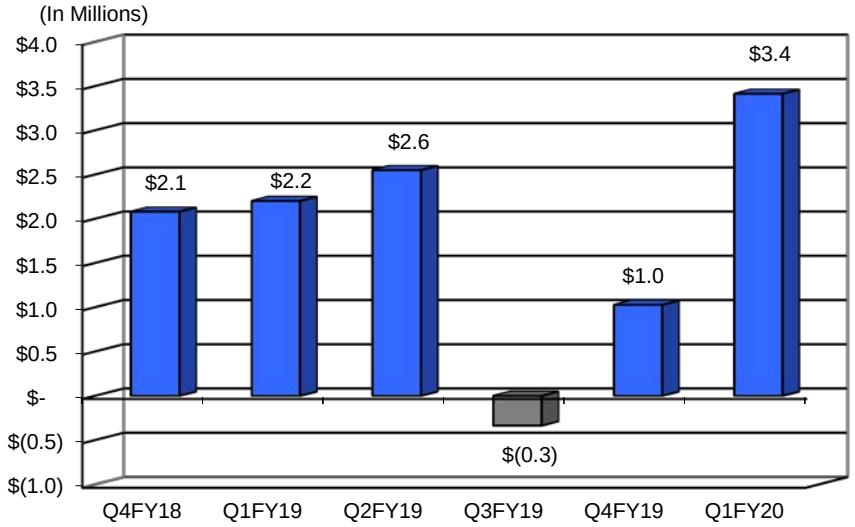


Operating Expenses

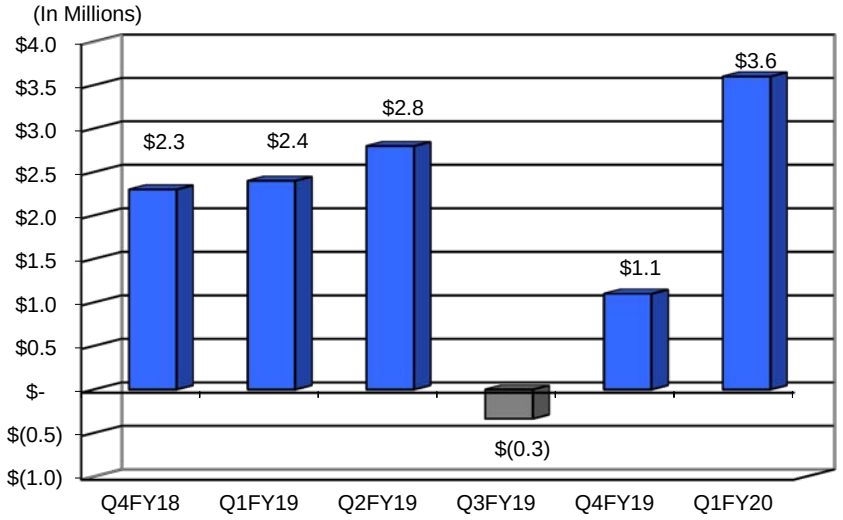


Financial Performance

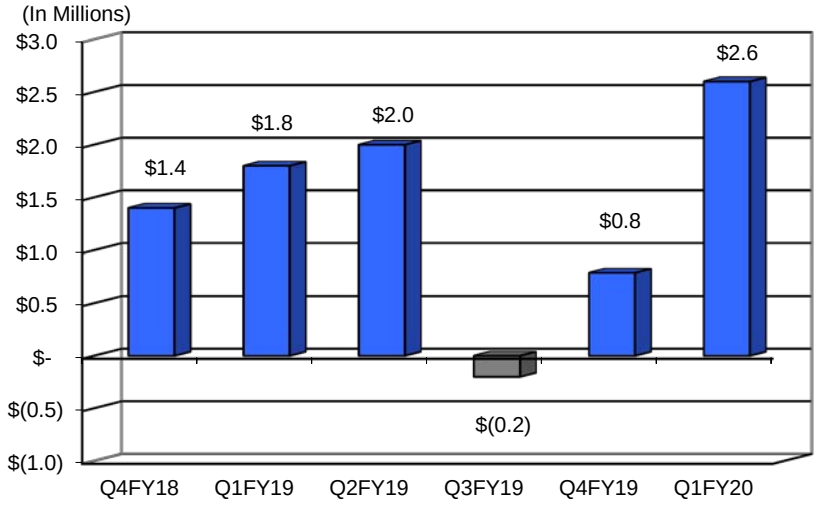
Pre-Provision, Pre-Tax Earnings (Loss)



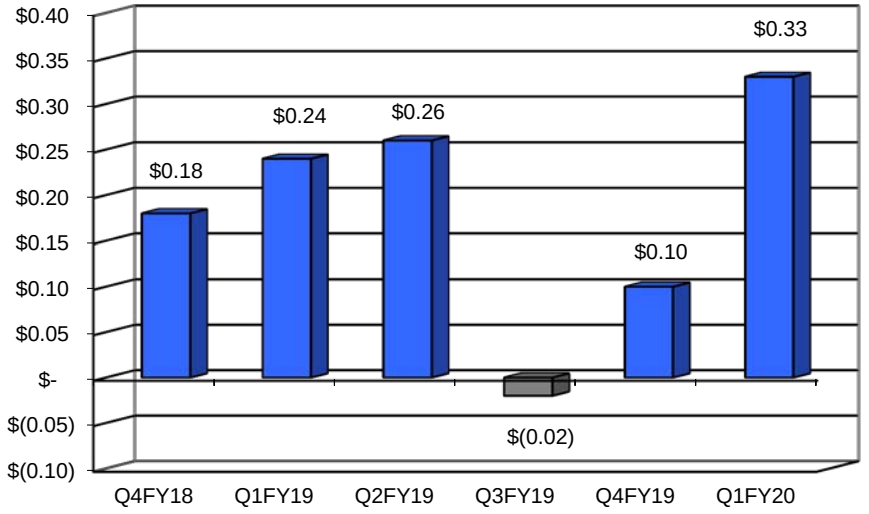
Pre-Tax Income (Loss)



Quarterly Net Income (Loss)

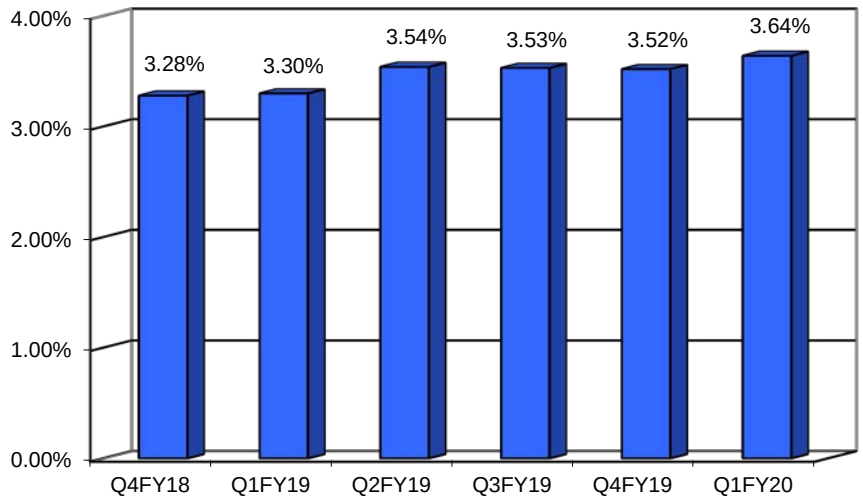


Diluted Earnings (Loss) Per Share

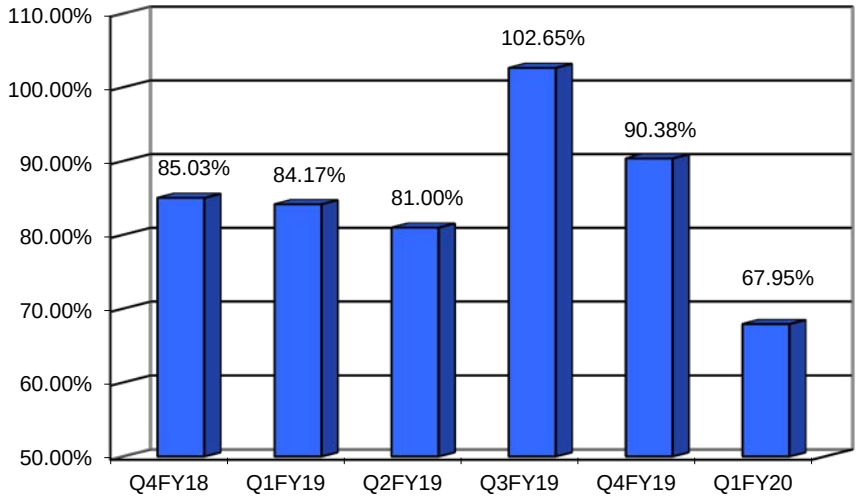


Financial Ratios

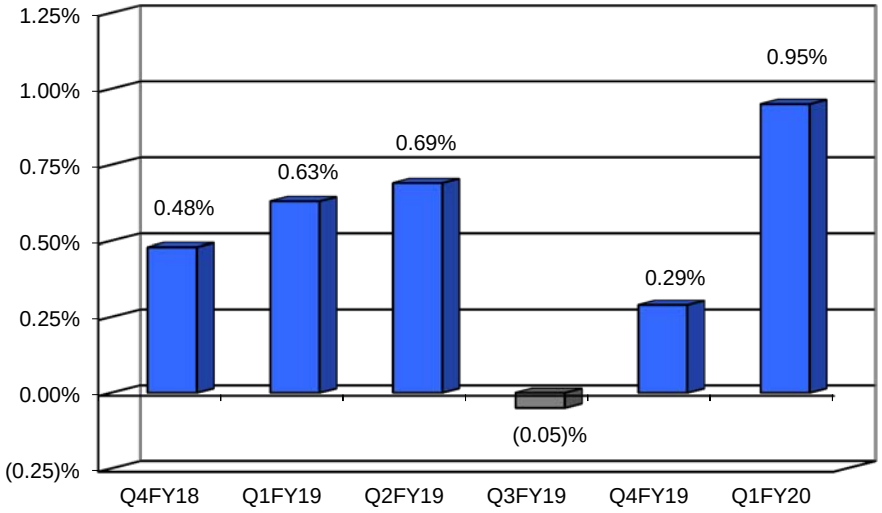
Net Interest Margin



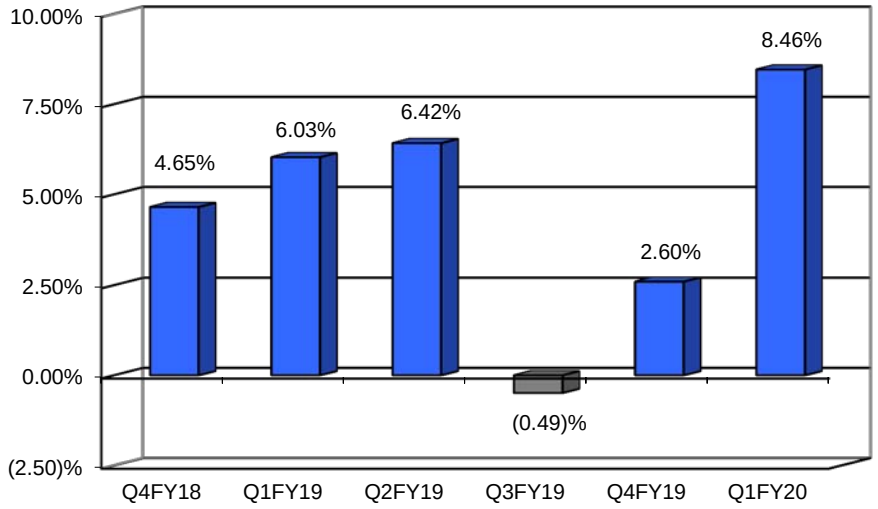
Efficiency Ratio



Return on Average Assets



Return on Average Equity

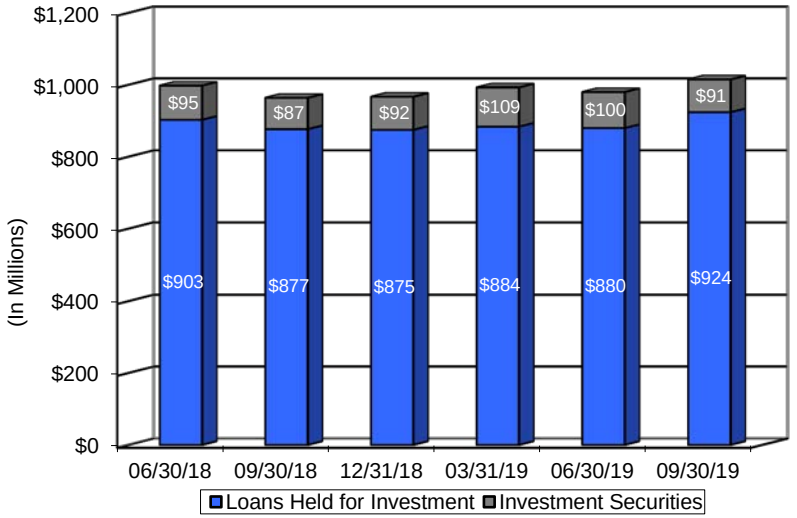


Balances and Activity

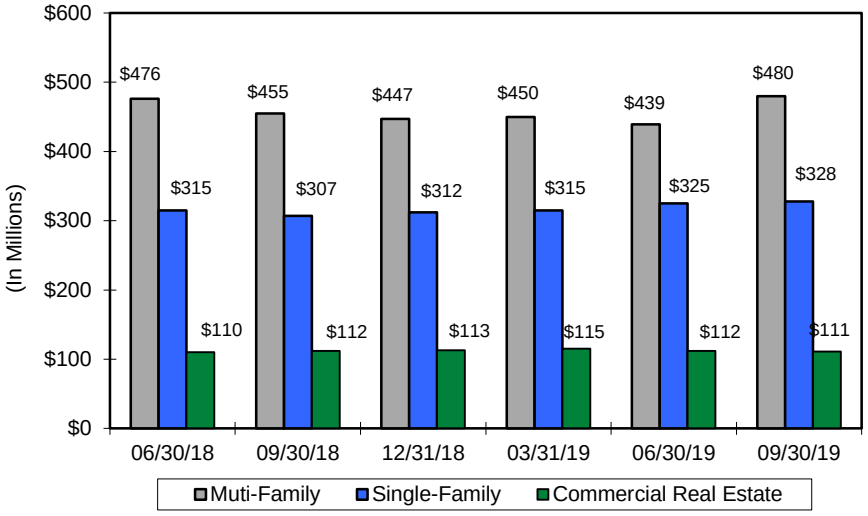
Developments

- Loans Held for Investment balance increases 5% at September 30, 2019 in comparison to June 30, 2019
- Yield on Loans Held for Investment increases eight basis points from September 30, 2018
- Deposit costs decline by two basis points from September 30, 2018
- Borrowing costs decline by 11 basis points from September 30, 2018

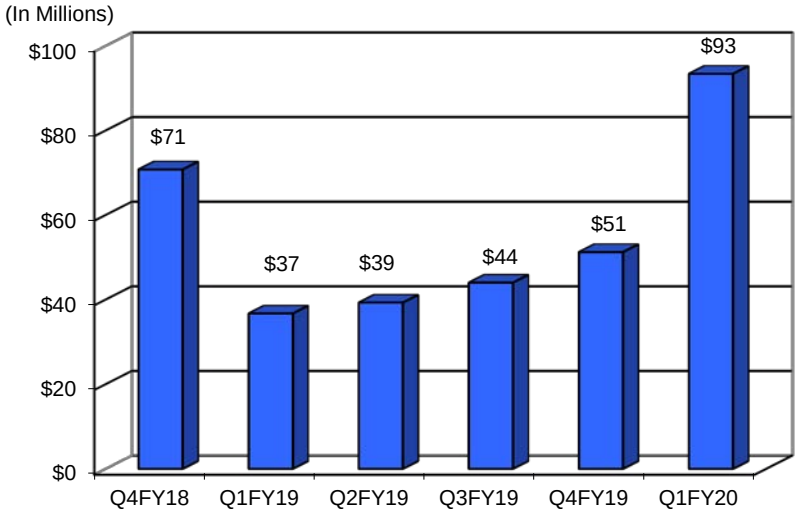
Loan to Investment Mix



Loan Portfolio Mix



Portfolio Loan Originations and Purchases

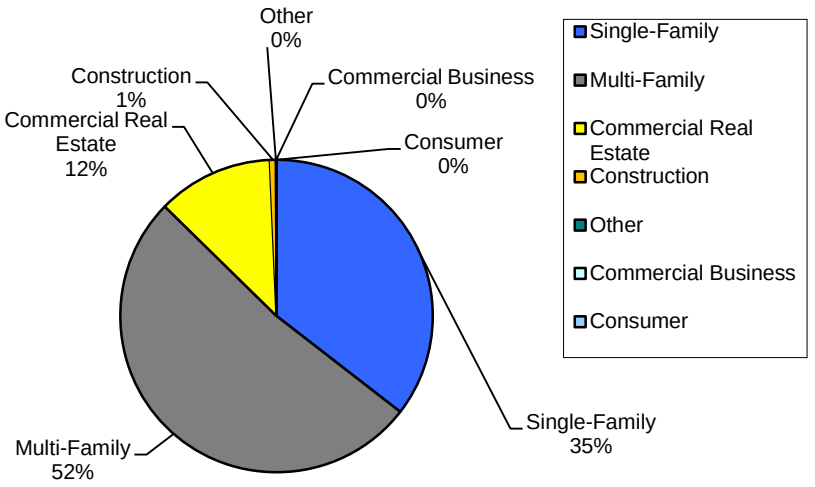


Balances and Activity

Loans Held for Investment Composition

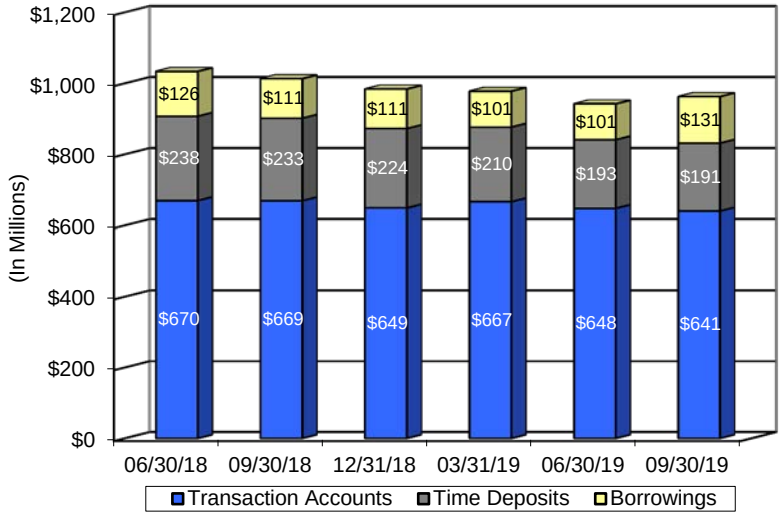
Loan Category (Dollars In Thousands)	Balance as of 09/30/19	Interest Rate	Balance as of 09/30/18	Interest Rate
Single-Family	$ 328,332	4.39%	$ 307,480	4.45%
Multi-Family	479,597	4.39%	454,821	4.23%
Commercial Real Estate	110,652	5.00%	112,026	4.79%
Construction	5,912	7.17%	3,846	6.68%
Other	-	0.00%	167	6.50%
Commercial Business	368	6.57%	416	6.44%
Consumer	144	15.25%	104	14.76%
Total Loans Held for Investment	$ 925,005	4.48%	$ 878,860	4.40%
Advance Payments of Escrows	34		3	
Deferred Loan Costs, net	6,204		5,383	
Allowance for Loan Losses	(6,929)		(7,155)	
Total Loans Held for Investment, net	924,314		877,091	

Loan Composition as of 09/30/19



Balances and Activity

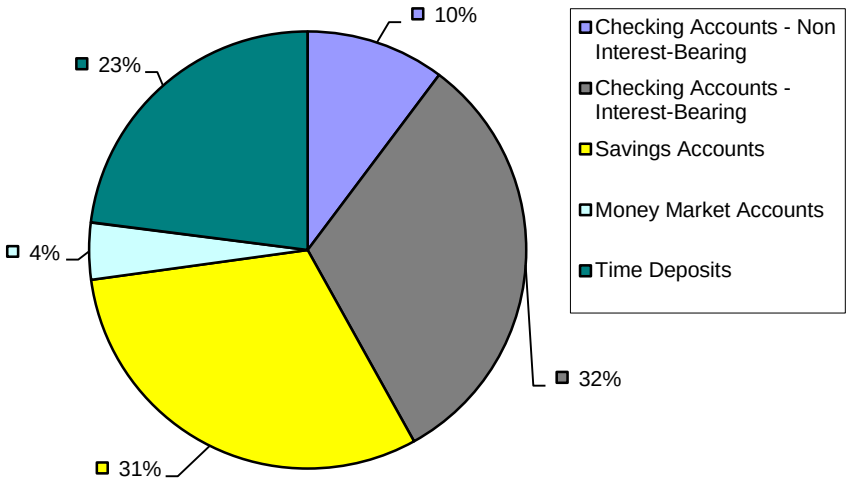
Deposits and Borrowings



Deposit Composition

Category (Dollars In Thousands)	At 09/30/2019	Rate	At 09/30/2018	Rate
Checking Accounts - Non Interest-Bearing	$ 85,338	- %	$ 87,250	- %
Checking Accounts - Interest-Bearing	263,400	0.12%	261,295	0.12%
Savings Accounts	256,880	0.20%	284,705	0.21%
Money Market Accounts	34,959	0.36%	36,213	0.37%
Time Deposits	191,159	1.14%	232,649	1.10%
Total Deposits	$ 831,736	0.38%	$ 902,112	0.40%
Brokered Deposits Included Above	$ -	- %	$ 1,567	3.88%

Deposit Composition at 09/30/19



Borrowings Maturity Schedule

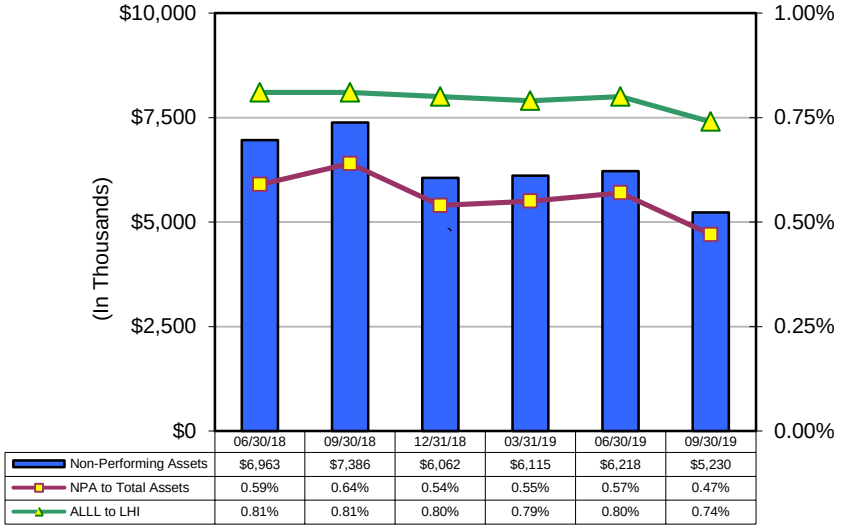
Category (Dollars In Thousands)	At 09/30/2019	Rate	At 09/30/2018	Rate
Overnight	$ -	-	$ -	-
Three Months or Less	-	-	-	-
Over Three to Six Months	-	-	-	-
Over Six to Twelve Months	-	-	10,000	1.53%
Over One to Two Years	41,092	2.78%	-	-
Over Two to Three Years	30,000	1.90%	31,149	3.17%
Over Three to Four Years	20,000	2.00%	10,000	2.20%
Over Four to Five Years	20,000	2.50%	20,000	2.00%
Over Five Years	20,000	2.70%	40,000	2.60%
Total Borrowings	$ 131,092	2.41%	$ 111,149	2.52%

Asset Quality

Developments

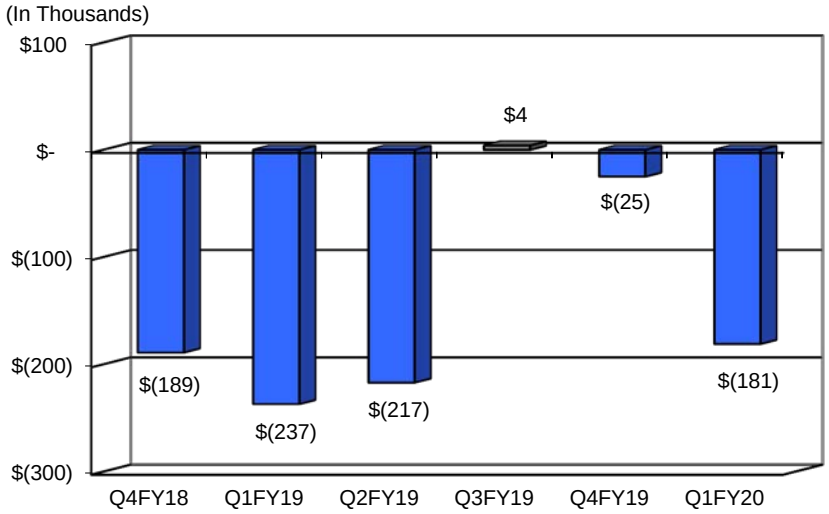
- Low level of Non-Performing Assets
- Non-Performing Assets to Total Assets Ratio declined to 0.47% on September 30, 2019
- No REO
- Early-Stage Delinquencies remain at low levels

NPA, NPA to Total Assets Ratio and ALLL to LHI Ratio

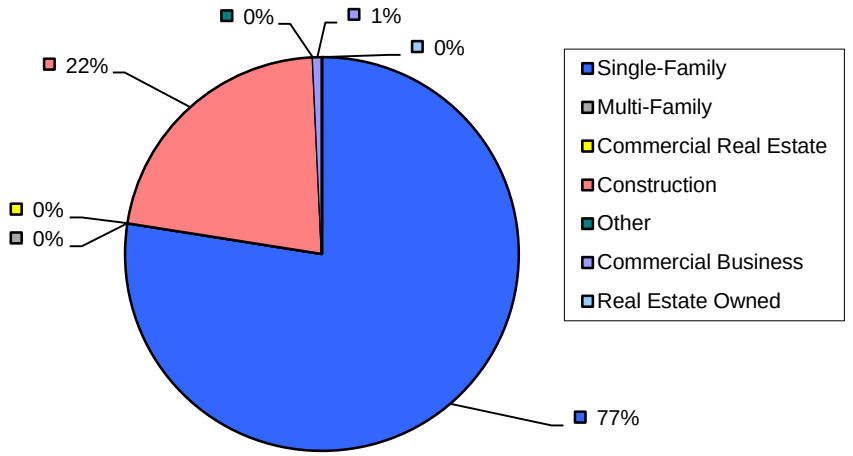


	06/30/18	09/30/18	12/31/18	03/31/19	06/30/19	09/30/19
Non-Performing Assets	$6,963	$7,386	$6,062	$6,115	$6,218	$5,230
NPA to Total Assets	0.59%	0.64%	0.54%	0.55%	0.57%	0.47%
ALLL to LHI	0.81%	0.81%	0.80%	0.79%	0.80%	0.74%

(Recovery) Provision for Loan Losses

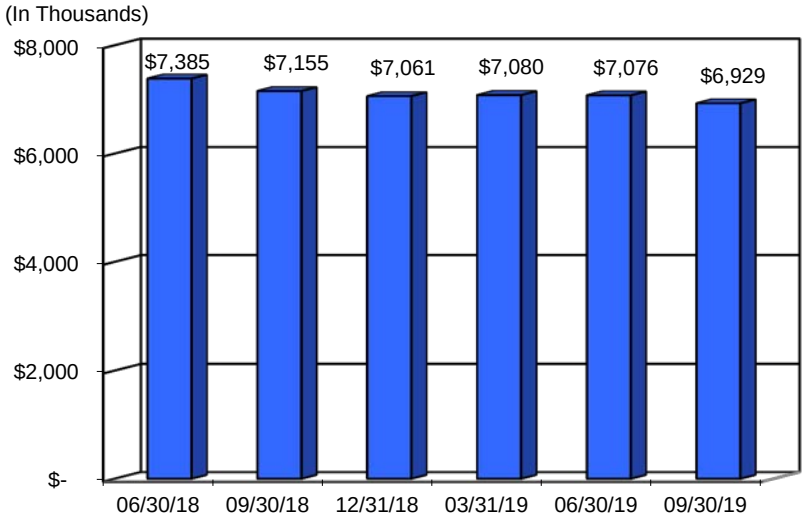


Non-Performing Asset Composition 09/30/19

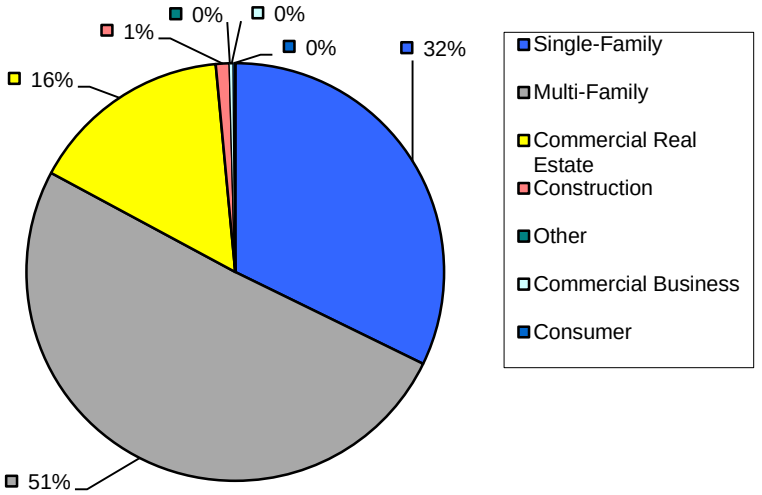


Asset Quality

Allowance for Loan Losses (ALLL)



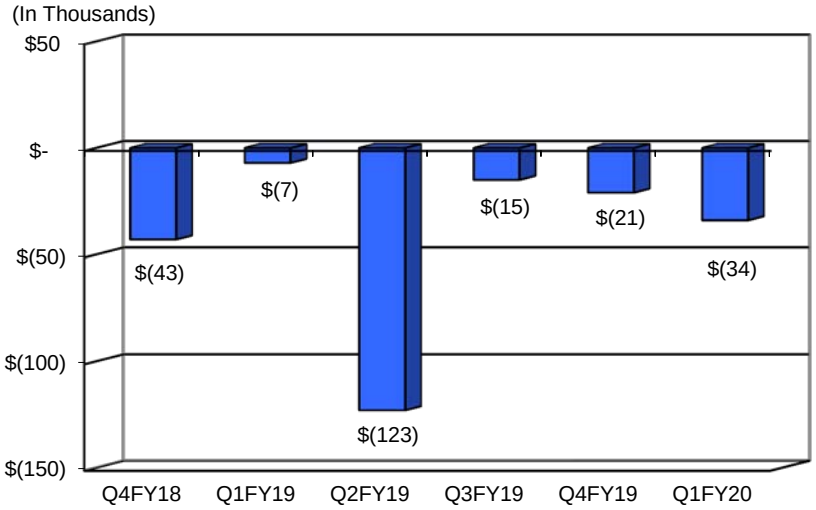
ALLL Allocation as of 09/30/19



Delinquent and Non-Performing Loans

	At September 30, 2019				At September 30, 2018			
	30 - 89 Days		Non-performing		30 - 89 Days		Non-performing	
(Dollars In Thousands)	# of Loans	Balance	# of Loans	Balance	# of Loans	Balance	# of Loans	Balance
Mortgage Loans:								
Single-Family	2	$992	17	$4,186	-	$ -	22	$6,425
Multi-Family	-	-	-	-	-	-	-	-
Commercial Real Estate	-	-	-	-	-	-	-	-
Construction	-	-	1	1,139	-	-	1	745
Other	-	-	-	-	-	-	-	-
Commercial Business Loans	-	-	1	45	-	-	1	68
Consumer Loans		-	-	-	2	-	-	-
Total	2	$ 992	19	$ 5,370	2	$ -	24	$ 7,238

Net Charge-Offs (Recoveries)



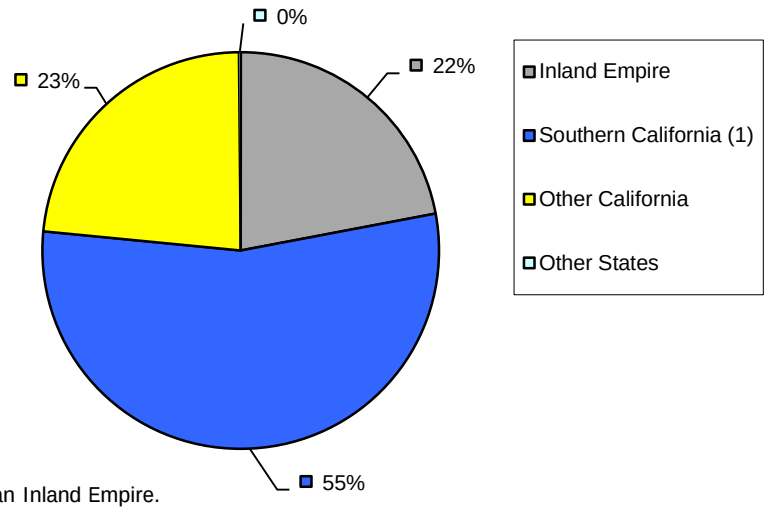
Asset Quality

Geographic Location

Category	Inland Empire Balance	Inland Empire Percentage	Southern California [1] Balance	Southern California [1] Percentage	Other California Balance	Other California Percentage	Other States Balance	Other States Percentage	Total Balance	Total Percentage
Single-Family	$ 101,646	31%	$ 146,556	45%	$ 79,118	24%	$ 1,012	0%	$ 328,332	100%
Multi-Family	71,578	15%	300,295	63%	107,403	22%	321	0%	479,597	100%
Commercial Real Estate	29,401	26%	52,886	48%	28,365	26%	-	0%	110,652	100%
Construction	947	16%	4,302	73%	663	11%	-	0%	5,912	100%
Other	-	0%	-	0%	-	0%	-	0%	-	0%
Total	$ 203,572	22%	$ 504,039	55%	$ 215,549	23%	$ 1,333	0%	$ 924,493	100%

[1] Other than Inland Empire.

Geographic Location 09/30/19



[1] Other than Inland Empire.

Asset Quality

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

	Year of Origination									
	2011 & Prior	2012	2013	2014	2015	2016	2017	2018	2019 YTD	TOTAL
Loan Balance (In Thousands)	$82,135	$926	$1,540	$3,809	$7,803	$24,604	$57,230	$67,587	$72,891	$318,525
Weighted Avg. LTV [1]	56%	45%	41%	59%	67%	61%	71%	69%	64%	64%
Weighted Avg. Age (In Years)	13.93	6.99	6.35	5.26	4.32	2.99	2.29	1.24	0.29	4.78
Weighted Avg. FICO [2]	730	723	756	748	747	754	739	746	772	747
Number of Loans	313	9	18	13	12	49	91	116	134	755
Geographic Breakdown (%)										
Inland Empire	37%	34%	57%	23%	20%	27%	36%	45%	10%	31%
Southern California [3]	51%	7%	24%	38%	64%	33%	43%	48%	41%	45%
Other California	11%	59%	19%	39%	16%	40%	21%	7%	49%	24%
Other States	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	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) Other than Inland Empire.

Multi-Family – Loans Held for Investment

	Year of Origination									
	2011 & Prior	2012	2013	2014	2015	2016	2017	2018	2019 YTD	TOTAL
Loan Balance (In Thousands)	$14,651	$8,730	$22,181	$33,448	$62,115	$103,538	$67,917	$74,817	$92,200	$479,597
Weighted Avg. LTV [1]	37%	49%	47%	49%	51%	47%	48%	45%	50%	48%
W. Avg. Debt Coverage Ratio [2]	1.79x	1.90x	1.83x	1.78x	1.68x	1.66x	1.67x	1.56x	1.58x	1.66x
Weighted Avg. Age (In Years)	13.40	7.06	6.12	5.20	4.22	3.25	2.32	1.33	0.26	3.02
Weighted Avg. FICO [2]	730	750	768	768	754	763	750	757	764	758
Number of Loans	35	11	38	55	106	129	109	92	91	666
Geographic Breakdown (%)										
Inland Empire	34%	0%	38%	21%	18%	11%	18%	12%	8%	15%
Southern California [3]	55%	76%	49%	49%	58%	61%	65%	68%	69%	63%
Other California	9%	24%	13%	30%	24%	28%	17%	20%	23%	22%
Other States	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	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) Other than Inland Empire.

Commercial RE – Loans Held for Investment

	Year of Origination									
	2011 & Prior	2012	2013	2014	2015	2016	2017	2018	2019 YTD	TOTAL [4][5]
Loan Balance (In Thousands)	$495	$9,260	$5,545	$15,599	$17,131	$14,332	$18,199	$19,657	$10,434	$110,652
Weighted Avg. LTV [1]	37%	43%	0.47	42%	39%	46%	41%	43%	43%	43%
W. Avg. Debt Coverage Ratio [2]	1.37x	1.98x	1.68x	1.99x	1.83x	1.59x	1.84x	1.61x	1.42x	1.75x
Weighted Avg. Age (In Years)	10.45	6.98	6.35	5.06	4.18	3.38	2.09	1.29	0.42	3.36
Weighted Avg. FICO [2]	711	742	761	752	753	761	773	754	757	758
Number of Loans	4	7	9	19	23	20	22	29	13	146
Geographic Breakdown (%)										
Inland Empire	67%	78%	16%	47%	28%	12%	22%	10%	12%	26%
Southern California [3]	33%	22%	53%	36%	31%	62%	54%	55%	67%	48%
Other California	0%	0%	31%	17%	41%	26%	24%	35%	21%	26%
Other States	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	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) Other than Inland Empire.

(4) Comprised of the following: $48.6 million in Mixed Use; $22.4 million in Office; $16.9 million in Retail; $8.5 million in Mobile Home Parks; $4.7 million in Warehouse; $4.2 million in Medical/Dental Office; $2.7 million in Mini-Storage; $1.3 million in Restaurant/Fast Food; $1.1 million in Automotive – Non-Gasoline; and $312,000 in Light Industrial/Manufacturing.

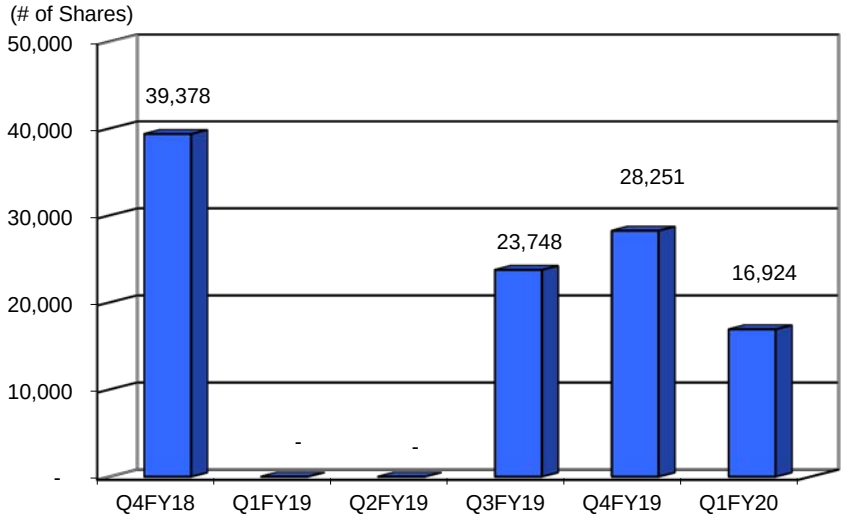
(5) Consisting of $103.9 million or 93.9% in investment properties and $6.8 million or 6.1% in owner occupied properties.

Capital Management

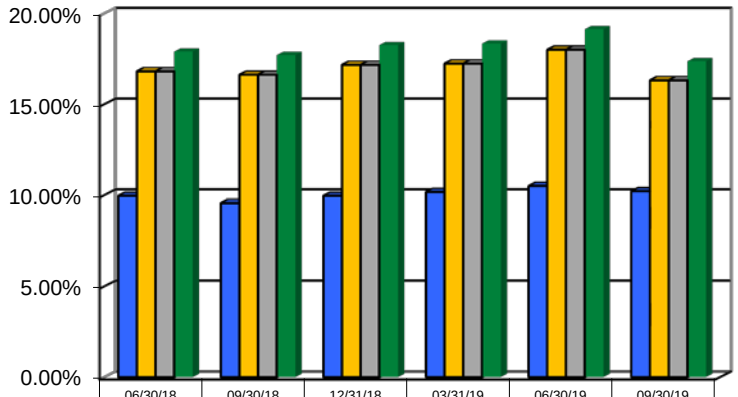
Developments

- Bank Capital Ratios remain strong
- 2.70% cash dividend yield (approximately)
- Repurchased approximately 17,000 shares of common stock

Stock Repurchase Plan Activity

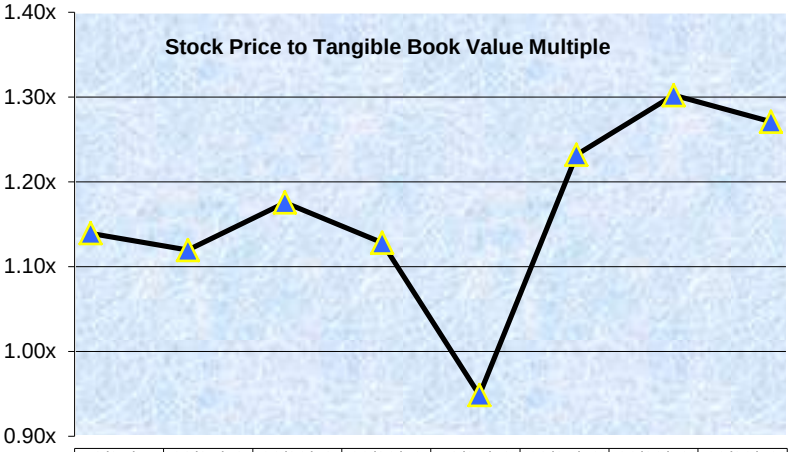


Bank Capital Ratios



	06/30/18	09/30/18	12/31/18	03/31/19	06/30/19	09/30/19
Tier 1 Leverage Ratio	9.96%	9.59%	9.96%	10.17%	10.50%	10.21%
CET1 Ratio	16.81%	16.62%	17.17%	17.24%	18.00%	16.32%
Tier 1 Risk-Based Capital Ratio	16.81%	16.62%	17.17%	17.24%	18.00%	16.32%
Total Risk-Based Capital Ratio	17.90%	17.71%	18.26%	18.34%	19.13%	17.37%

Value Proposition



	12/31/17	03/31/18	06/30/18	09/30/18	12/31/18	03/31/19	06/30/19	09/30/19
Price/TBV	1.14x	1.12x	1.18x	1.13x	0.95x	1.23x	1.30x	1.27x