

First Quarter of Fiscal 2023

September 30, 2022

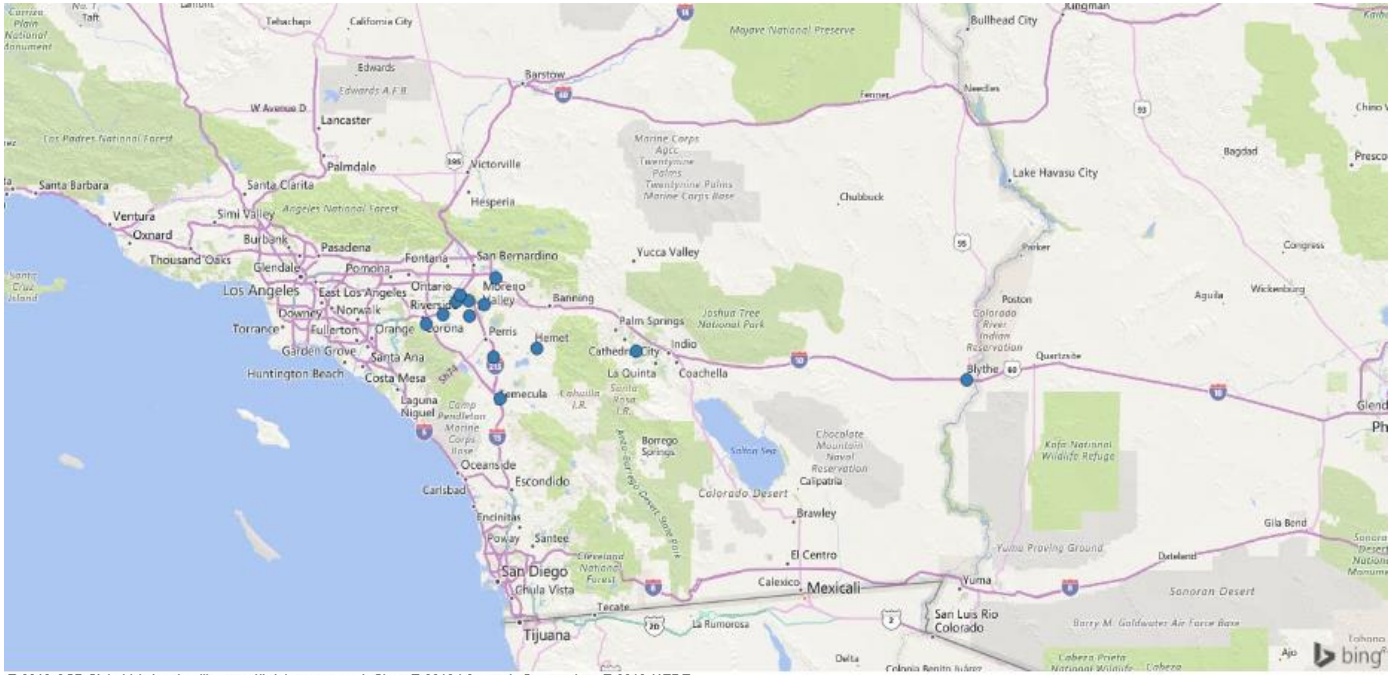
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Market Highlights

Provident Financial Holdings, Inc.	
Nasdaq GS:	PROV
Share Price:	$14.20
52-Week Range:	$13.76 - $17.37
Shares Outstanding:	7,235,560 shares
Market Capitalization:	$102.7 million
P/E (ttm):	12.24x
Diluted EPS (ttm):	$1.16
Annual Dividend & Yield:	$0.56 (3.94%)
As of September 30, 2022	

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

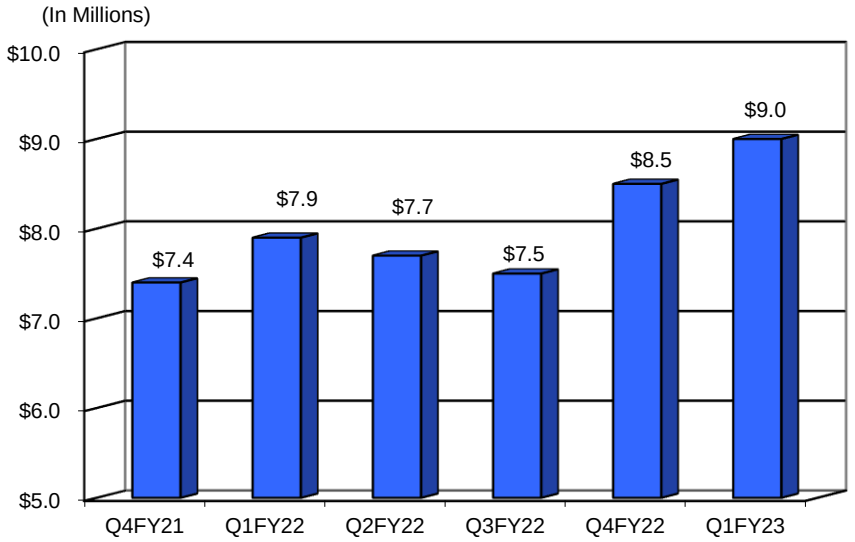
- Largest independent community bank headquartered in Riverside County, California
- Expanding customer base and market
- Eleventh largest deposit market share in Riverside County; fourth largest deposit market share of community banks

Financial Performance

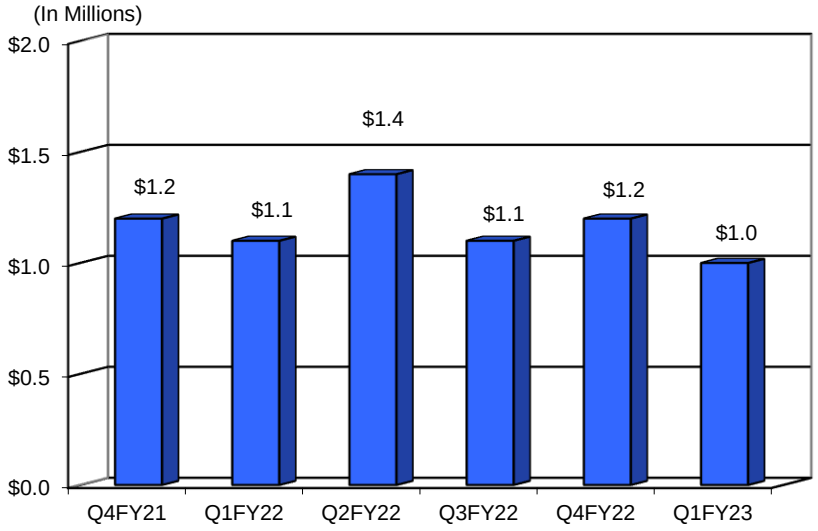
Developments

- Net Income decreases approximately 15% (sequential quarter)
- Net Interest Margin increases 12 basis points (sequential quarter)
- Net Interest Income increases approximately 5% (sequential quarter)
- Non-Interest Income decreases approximately 14% (sequential quarter)
- Operating Expenses increase approximately 8% (sequential quarter)

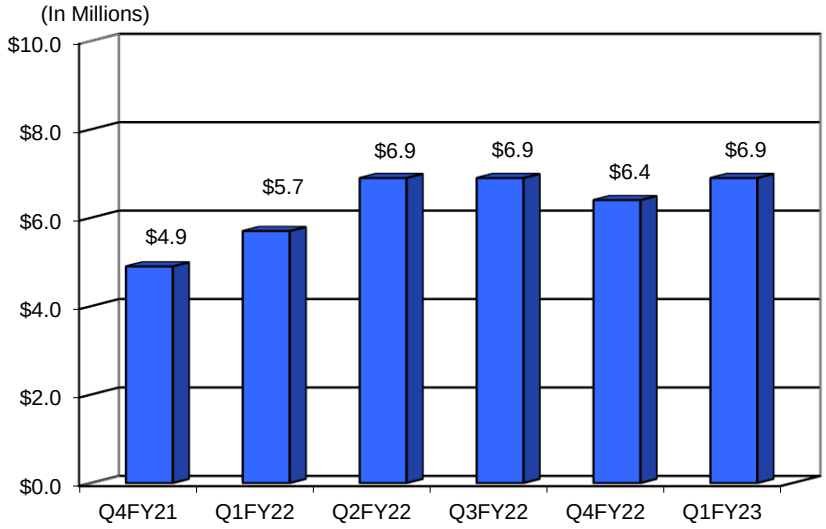
Net Interest Income



Non-Interest Income

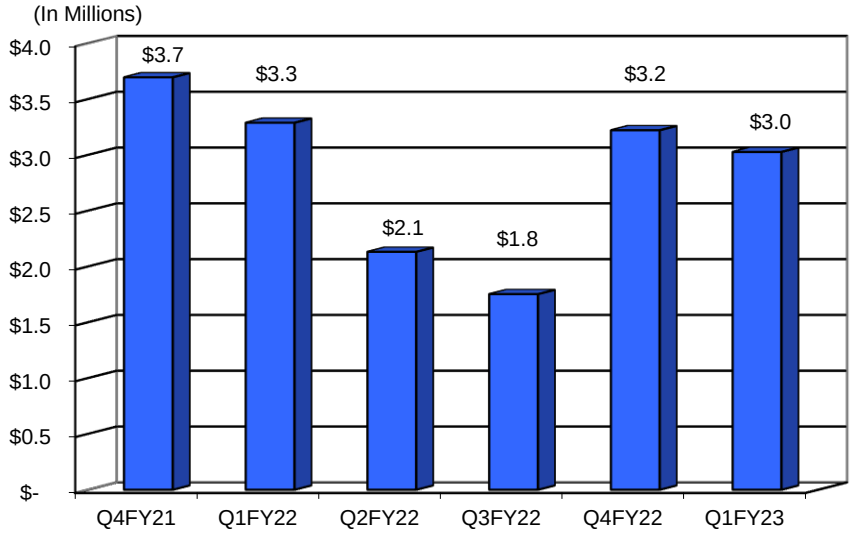


Operating Expenses

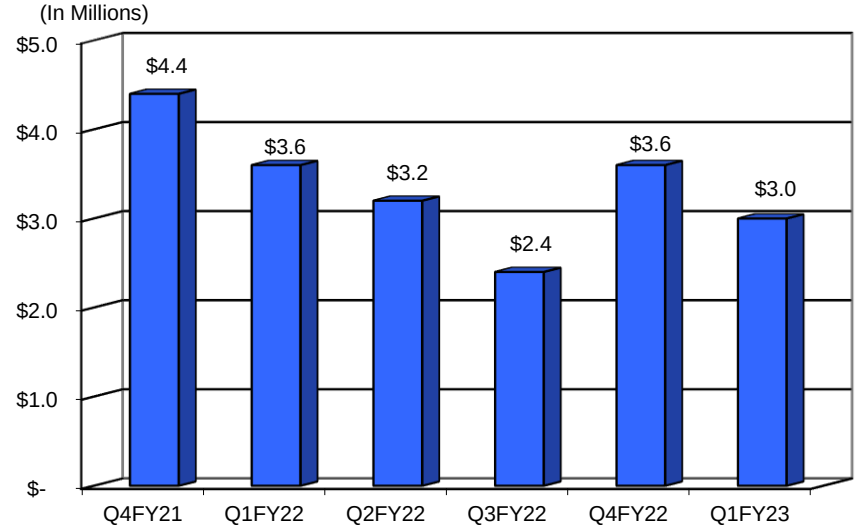


Financial Performance

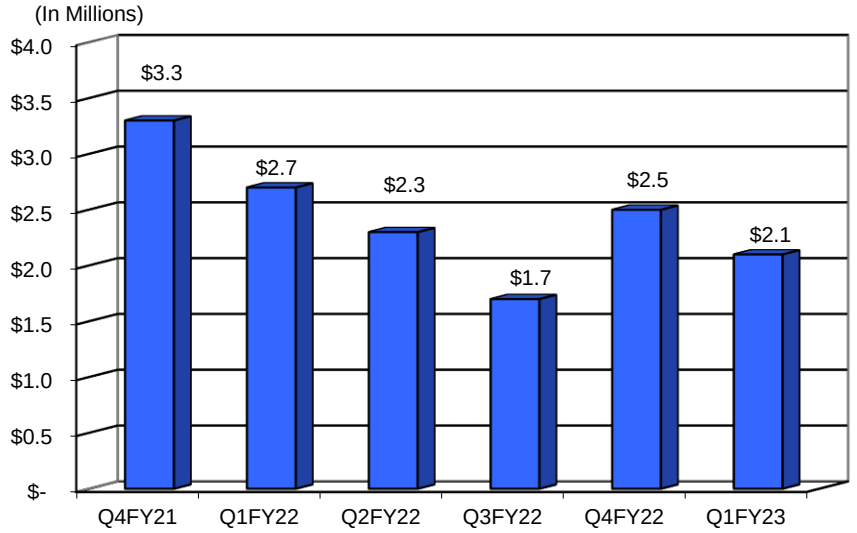
Pre-Provision, Pre-Tax Earnings



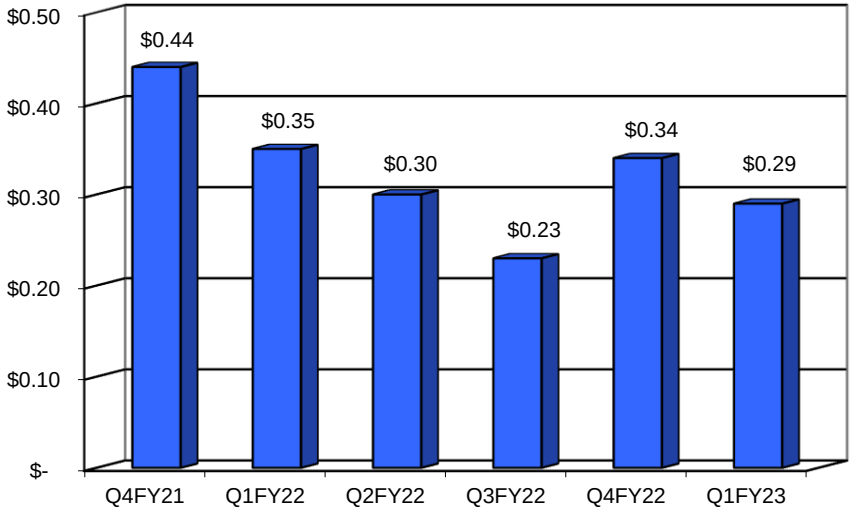
Pre-Tax Income



Quarterly Net Income

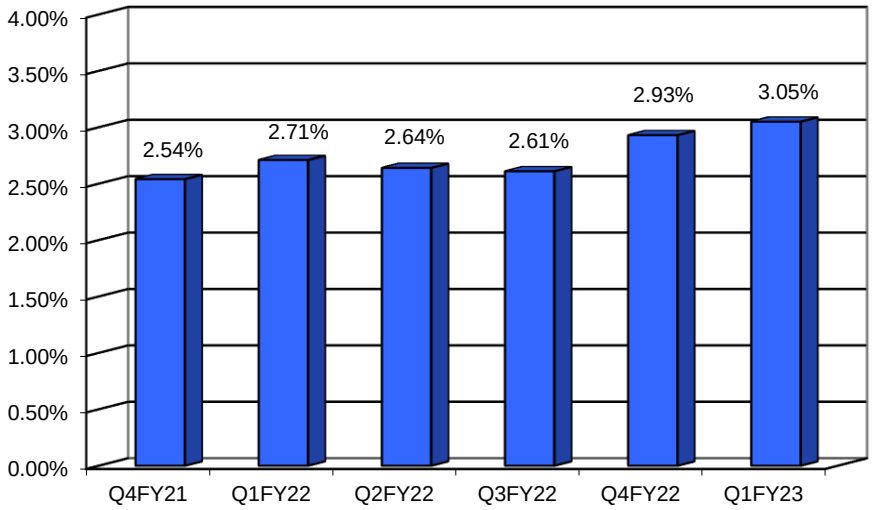


Diluted Earnings Per Share

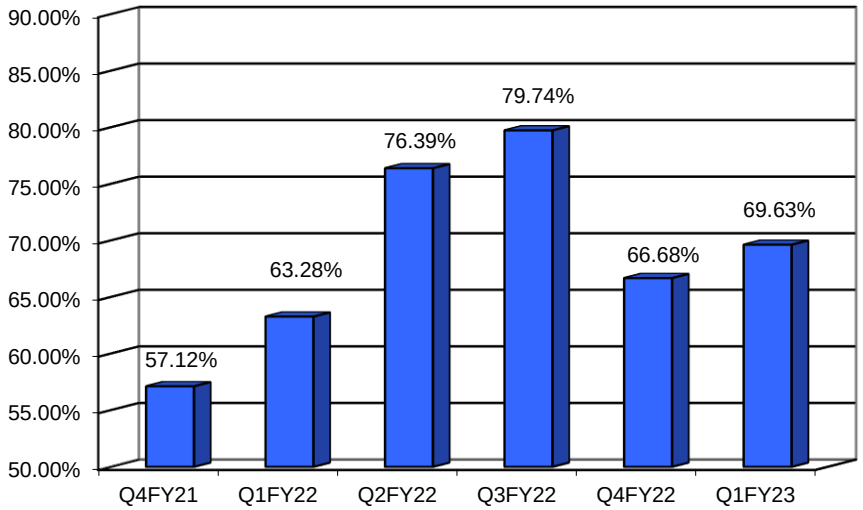


Financial Ratios

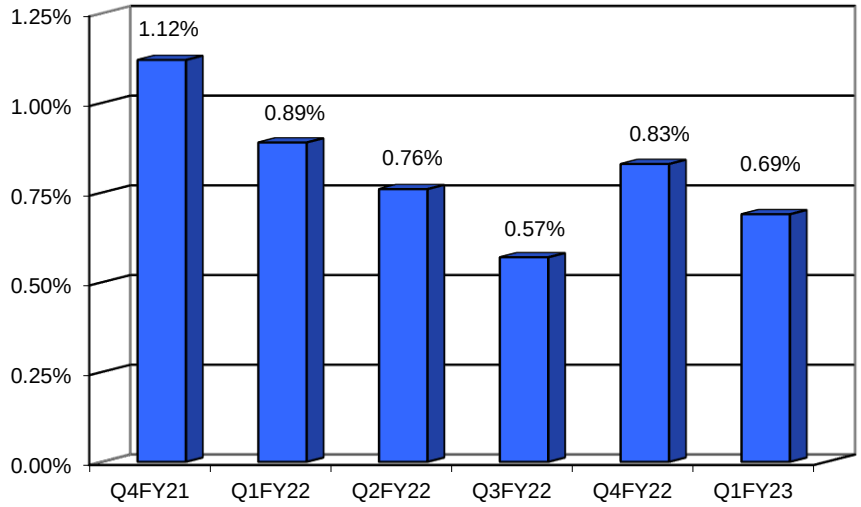
Net Interest Margin



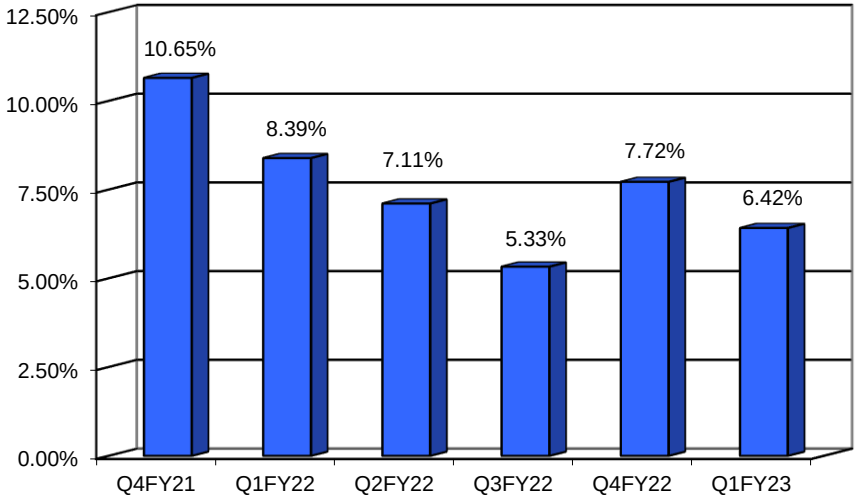
Efficiency Ratio



Return on Average Assets



Return on Average Equity

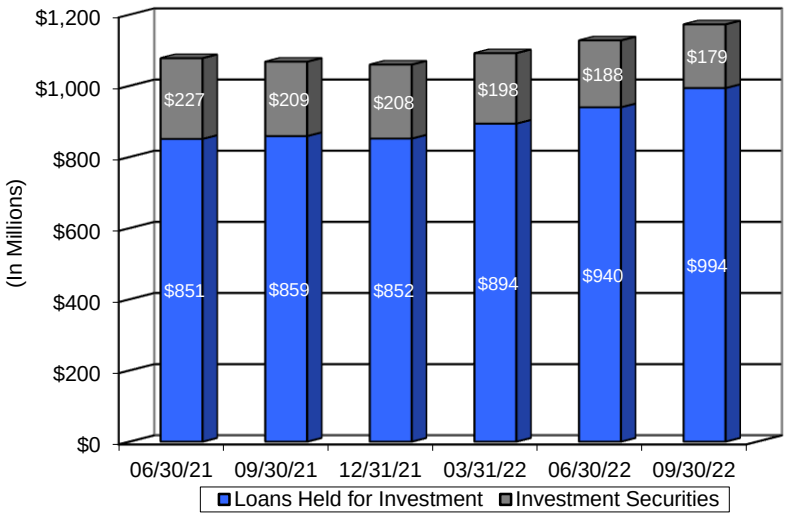


Balances and Activity

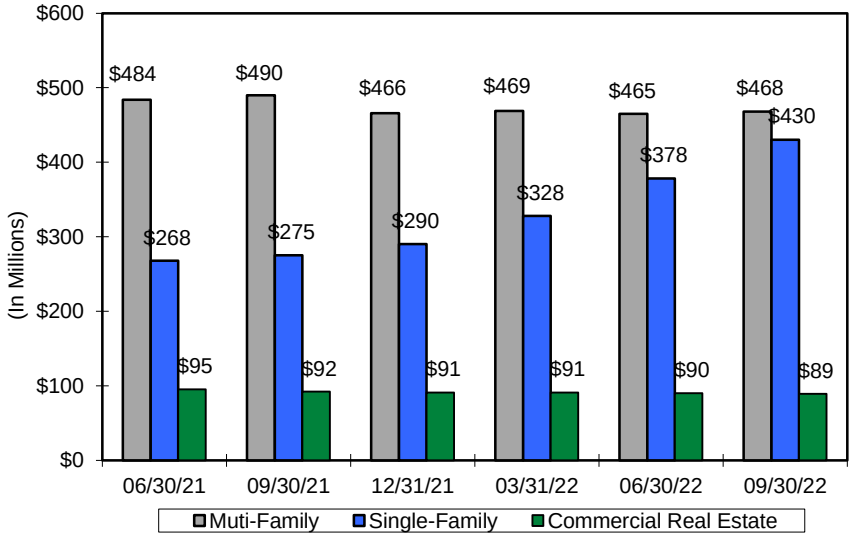
Developments

- Loans Held for Investment balance increases by approximately 6% (sequential quarter)
- Yield on Loans Held for Investment increases 16 basis points from June 30, 2022
- Total Deposits balance increases by approximately 3% (sequential quarter)
- Deposit costs increase seven basis points from June 30, 2022
- Total Borrowings balance increases by approximately 35% (sequential quarter)
- Borrowing costs increase 56 basis points from June 30, 2022

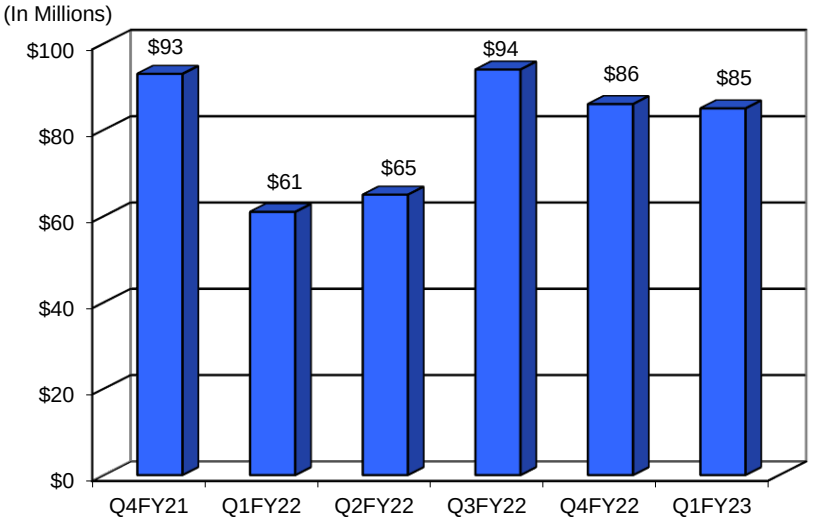
Loan to Investment Mix



Loan Portfolio Mix



Portfolio Loan Originations and Purchases

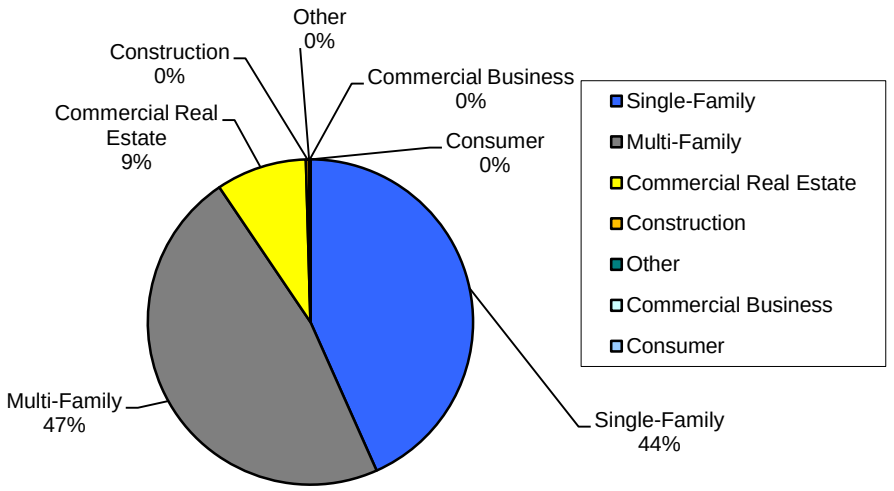


Balances and Activity

Loans Held for Investment Composition

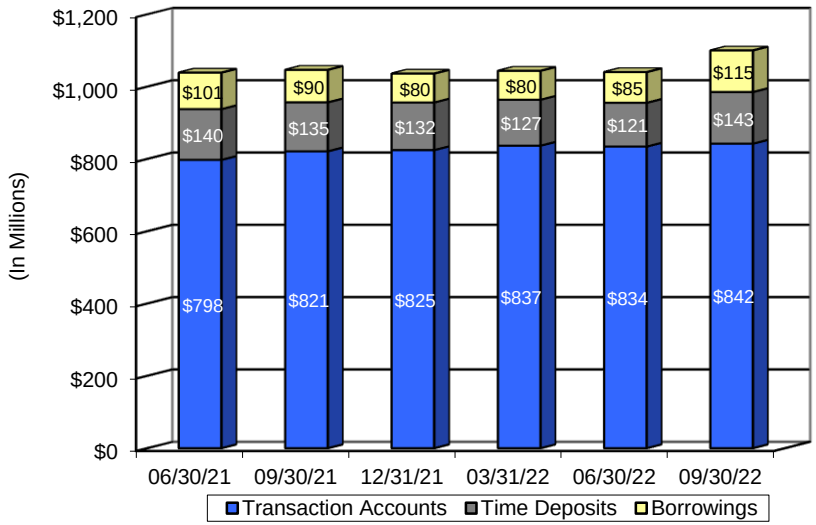
Loan Category (Dollars In Thousands)	Balance as of 09/30/22	Interest Rate	Balance as of 09/30/21	Interest Rate
Single-Family	$ 429,575	3.56%	$ 274,970	3.29%
Multi-Family	468,031	4.18%	489,550	4.06%
Commercial Real Estate	89,339	4.89%	91,779	4.67%
Construction	3,151	3.84%	2,574	5.98%
Other	118	5.25%	137	5.25%
Commercial Business	1,117	7.97%	865	6.41%
Consumer	70	15.50%	84	15.00%
Total Loans Held for Investment	$ 991,401	3.98%	$ 859,959	3.89%
Advance Payments of Escrows	20		68	
Deferred Loan Costs, net	8,159		6,421	
Allowance for Loan Losses	(5,638)		(7,413)	
Total Loans Held for Investment, net	$ 993,942		$ 859,035	

Loan Composition as of 09/30/22



Balances and Activity

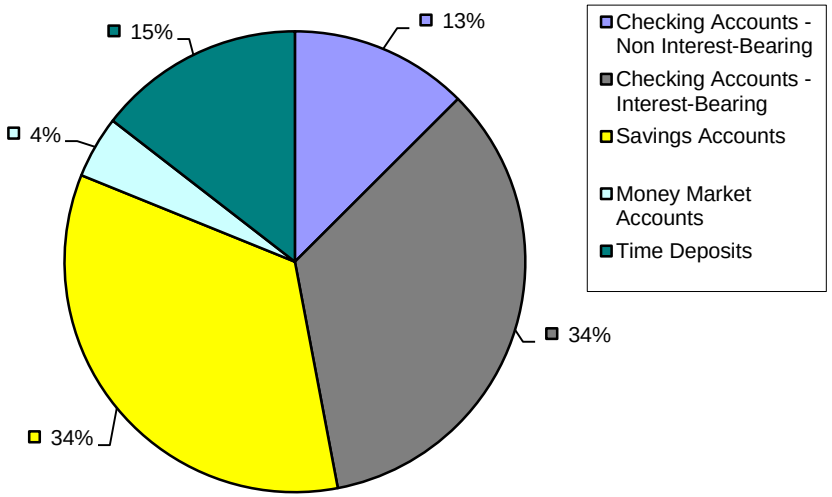
Deposits and Borrowings



Deposit Composition

Category (Dollars In Thousands)	At 09/30/2022	Rate	At 09/30/2021	Rate
Checking Accounts - Non Interest-Bearing	$ 123,314	- %	$ 120,883	- %
Checking Accounts - Interest-Bearing	339,961	0.04%	341,281	0.04%
Savings Accounts	336,075	0.05%	318,318	0.05%
Money Market Accounts	42,968	0.25%	40,785	0.22%
Time Deposits	143,006	0.95%	135,475	0.65%
Total Deposits	$ 985,324	0.18%	$ 956,742	0.13%
Brokered Deposits Included Above	$ 30,000	2.83%	$ -	-%

Deposit Composition at 09/30/22



Borrowings Maturity Schedule

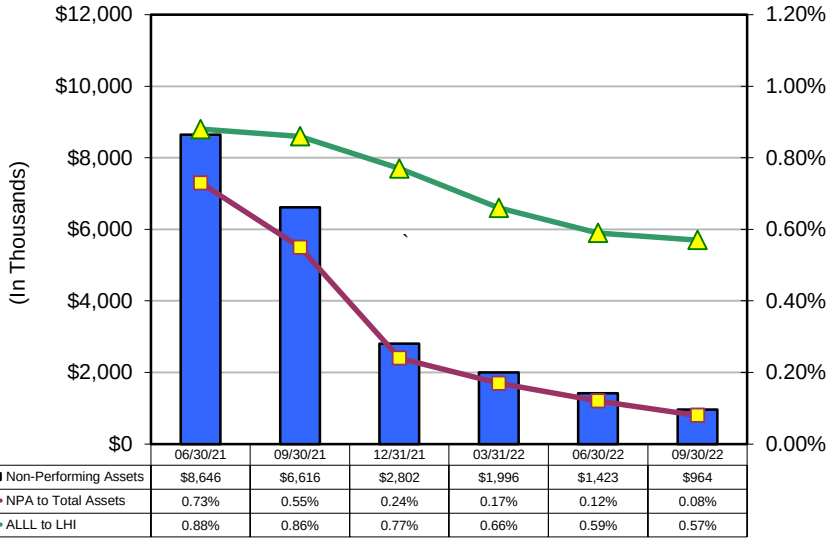
Category (Dollars In Thousands)	At 09/30/2022	Rate	At 09/30/2021	Rate
Overnight	$ -	-	$ -	-
Three Months or Less	55,000	3.16%	-	-
Over Three to Six Months	-	-	10,000	2.20%
Over Six to Twelve Months	20,000	2.00%	20,000	1.75%
Over One to Two Years	20,000	2.50%	20,000	2.00%
Over Two to Three Years	20,000	2.70%	20,000	2.50%
Over Three to Four Years	-	-	20,000	2.70%
Over Four to Five Years	-	-	-	-
Over Five Years	-	-	-	-
Total Borrowings	$ 115,000	2.76%	$ 90,000	2.23%

Asset Quality

Developments

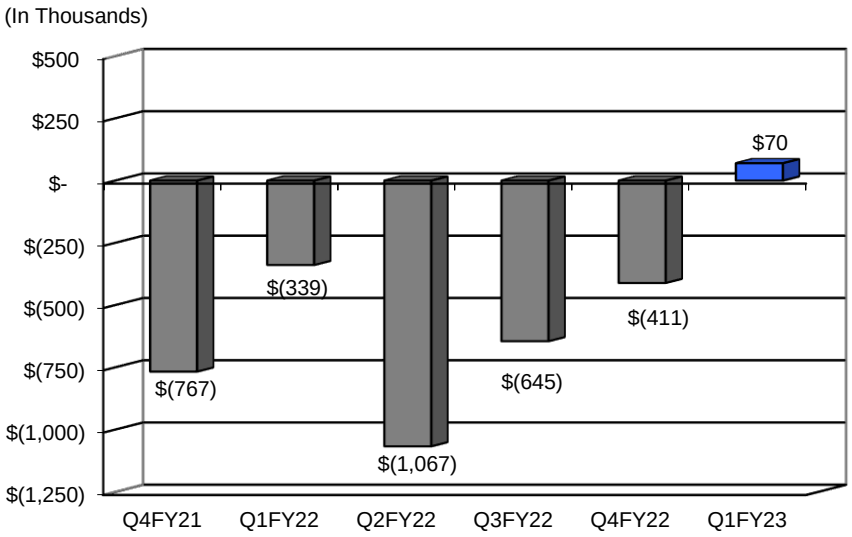
- Non-Performing Assets to Total Assets Ratio declines to 0.08% at September 30, 2022
- $70,000 Provision for Loan Losses
- No REO
- Early-Stage Delinquencies remain at very low levels

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

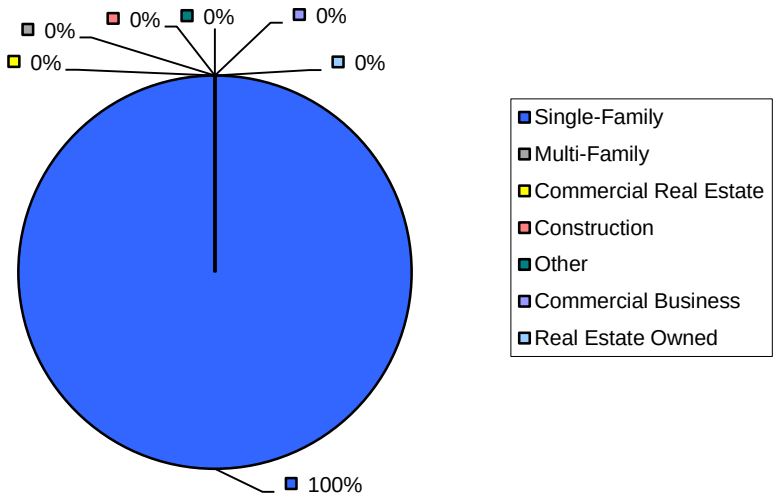


	06/30/21	09/30/21	12/31/21	03/31/22	06/30/22	09/30/22
Non-Performing Assets	$8,646	$6,616	$2,802	$1,996	$1,423	$964
NPA to Total Assets	0.73%	0.55%	0.24%	0.17%	0.12%	0.08%
ALLL to LHI	0.88%	0.86%	0.77%	0.66%	0.59%	0.57%

(Recovery) Provision for Loan Losses

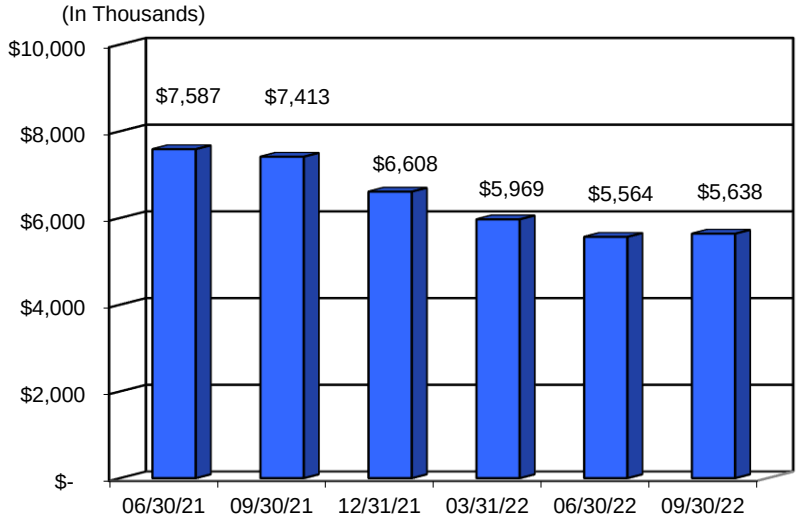


Non-Performing Asset Composition 09/30/22

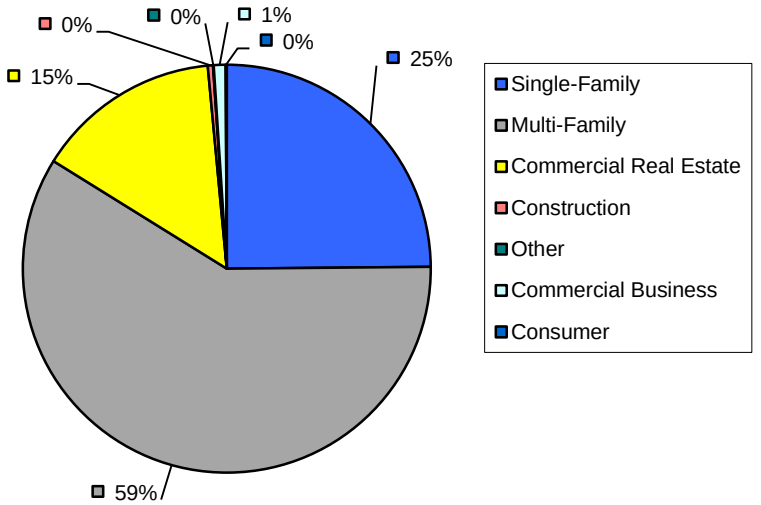


Asset Quality

Allowance for Loan Losses (ALLL)



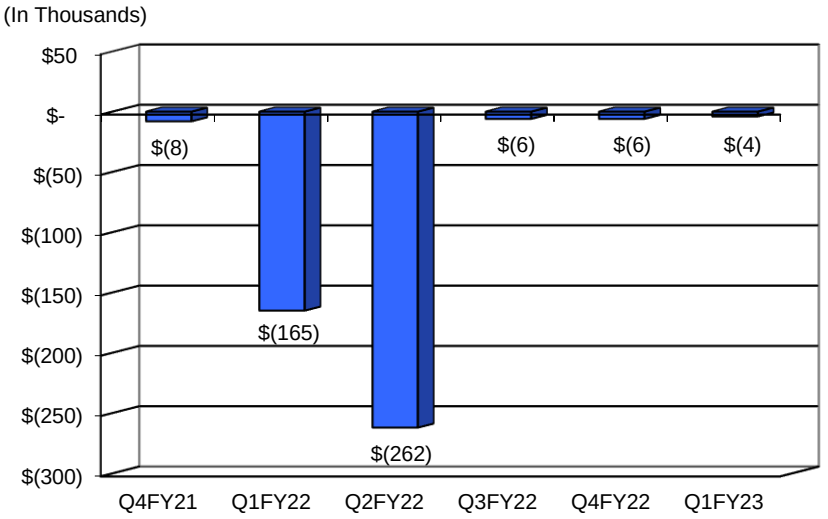
ALLL Allocation as of 09/30/22



Delinquent and Non-Performing Loans

	At September 30, 2022				At September 30, 2021			
	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	-	$ -	5	$ 964	1	$ 19	20	$ 5,841
Multi-Family	-	-	-	-	-	-	1	775
Commercial Real Estate	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Commercial Business Loans	-	-	-	-	-	-	-	-
Consumer Loans	-	-	-	-	-	-	-	-
Total	-	$ -	5	$ 964	1	$ 19	21	$ 6,616

Net Charge-Offs (Recoveries)



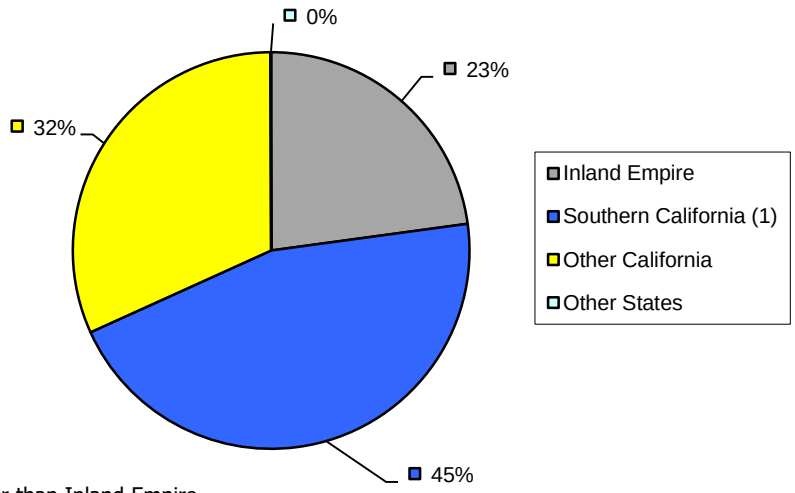
Asset Quality

Geographic Location

Category	Inland Empire		Southern California [1]		Other California		Other States		Total	
	Balance	Percentage	Balance	Percentage	Balance	Percentage	Balance	Percentage	Balance	Percentage
Single-Family	$ 138,408	32%	$ 131,176	31%	$ 159,713	37%	$ 278	0%	$ 429,575	100%
Multi-Family	64,483	14%	277,878	59%	125,397	27%	273	0%	468,031	100%
Commercial Real Estate	20,439	23%	40,017	45%	28,883	32%	-	0%	89,339	100%
Construction	2,927	93%	224	7%	-	0%	-	0%	3,151	100%
Other	-	0%	118	100%	-	0%	-	0%	118	100%
Total	$ 226,257	23%	$ 449,413	45%	$ 313,993	32%	$ 551	0%	$ 990,214	100%

[1] Other than Inland Empire.

Geographic Location 09/30/22



[1] Other than Inland Empire.

Asset Quality

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

	Year of Origination									
	2014 & Prior	2015	2016	2017	2018	2019	2020	2021	YTD2022	TOTAL
Loan Balance (In Thousands)	$30,997	$3,010	$5,855	$11,286	$11,052	$18,112	$21,649	$152,795	$173,211	$427,967
Weighted Avg. LTV (1)	48%	56%	51%	65%	61%	53%	61%	64%	71%	65%
Weighted Avg. Age (In Years)	16.75	7.45	6.09	5.35	4.32	3.26	2.17	1.22	0.35	2.43
Weighted Avg. FICO (2)	728	735	750	731	749	761	751	764	765	759
Number of Loans	176	4	16	20	25	39	33	201	242	756
Geographic Breakdown (%)										
Inland Empire	34%	6%	12%	41%	40%	11%	16%	36%	33%	32%
Southern California (3)	52%	89%	55%	54%	54%	60%	35%	19%	28%	31%
Other California	13%	5%	33%	5%	6%	29%	49%	45%	39%	37%
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									
	2014 & Prior	2015	2016	2017	2018	2019	2020	2021	YTD2022	TOTAL
Loan Balance (In Thousands)	$32,671	$23,469	$42,087	$28,996	$35,739	$64,924	$74,687	$94,130	$71,328	$468,031
Weighted Avg. LTV (1)	41%	42%	40%	42%	42%	46%	50%	49%	47%	46%
W. Avg. Debt Coverage Ratio (2)	1.84x	1.83x	1.73x	1.69x	1.58x	1.61x	1.58x	1.77x	1.59x	1.67x
Weighted Avg. Age (In Years)	10.60	7.19	6.11	5.29	4.30	3.18	2.20	1.27	0.37	3.41
Weighted Avg. FICO (3)	753	750	764	754	752	760	759	760	761	759
Number of Loans	70	50	56	55	55	75	78	112	84	635
Geographic Breakdown (%)										
Inland Empire	24%	18%	5%	21%	16%	12%	15%	15%	7%	14%
Southern California (4)	44%	48%	59%	64%	66%	70%	68%	49%	62%	59%
Other California	31%	34%	36%	15%	18%	18%	17%	36%	31%	27%
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) At time of loan origination, borrowers and/or guarantors.

(4) Other than Inland Empire.

Commercial RE – Loans Held for Investment

	Year of Origination									
	2014 & Prior	2015	2016	2017	2018	2019	2020	2021	YTD2022	TOTAL (5)(6)
Loan Balance (In Thousands)	$13,668	$5,505	$7,705	$11,588	$9,573	$11,856	$6,641	$5,640	$17,163	$89,339
Weighted Avg. LTV (1)	33%	37%	44%	44%	39%	44%	37%	45%	39%	40%
W. Avg. Debt Coverage Ratio (2)	2.27x	1.73x	1.60x	1.48x	1.75x	1.46x	2.03x	1.77x	1.81x	1.78x
Weighted Avg. Age (In Years)	9.17	7.22	6.39	4.96	4.31	3.21	2.48	1.01	0.40	4.26
Weighted Avg. FICO (3)	756	738	776	784	762	761	725	779	767	764
Number of Loans	19	10	12	12	17	14	9	6	20	119
Geographic Breakdown (%)										
Inland Empire	59%	25%	5%	32%	6%	16%	7%	44%	8%	23%
Southern California (4)	31%	54%	51%	39%	58%	50%	44%	29%	49%	45%
Other California	10%	21%	44%	29%	36%	34%	49%	27%	43%	32%
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) At time of loan origination, borrowers and/or guarantors.

(4) Other than Inland Empire.

(5) Comprised of the following: $36.3 million in Office; $18.4 million in Mixed Use ($6.9 million in Office/Retail, $5.9 million in Multi-Family/Retail, $2.6 million in Multi-Family/Office and $3.0 million in Other Mixed Use); $14.2 million in Retail; $6.6 million in Warehouse; $6.6 million in Mobile Home Park; $5.1 million in Medical/Dental Office; $1.0 million in Restaurant/Fast Food; $499 thousand in Automotive – Non-Gasoline; $364 thousand in Live/Work Unit; and $278 thousand in Light Industrial/Manufacturing.

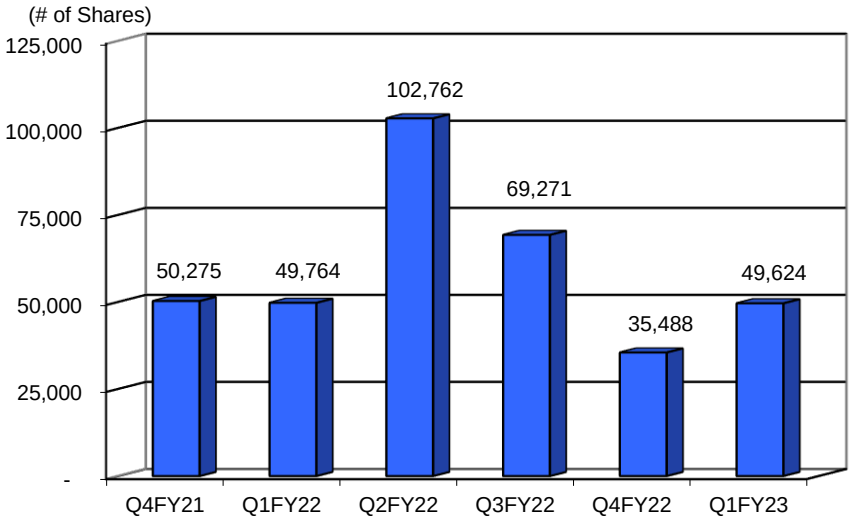
(6) Consisting of $79.6 million or 89.2% in investment properties and $9.7 million or 10.8% in owner occupied properties.

Capital Management

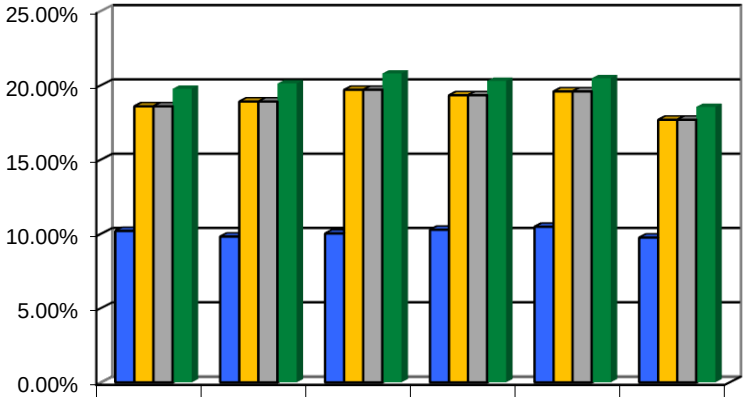
Developments

- Strong Capital Ratios
- 3.94% cash dividend yield (approximately)
- $9.5 million cash dividend from Provident Bank to Provident Financial Holdings on September 29, 2022
- Purchased approximately 50,000 shares of common stock in the first quarter of fiscal 2023

Stock Repurchase Plan Activity

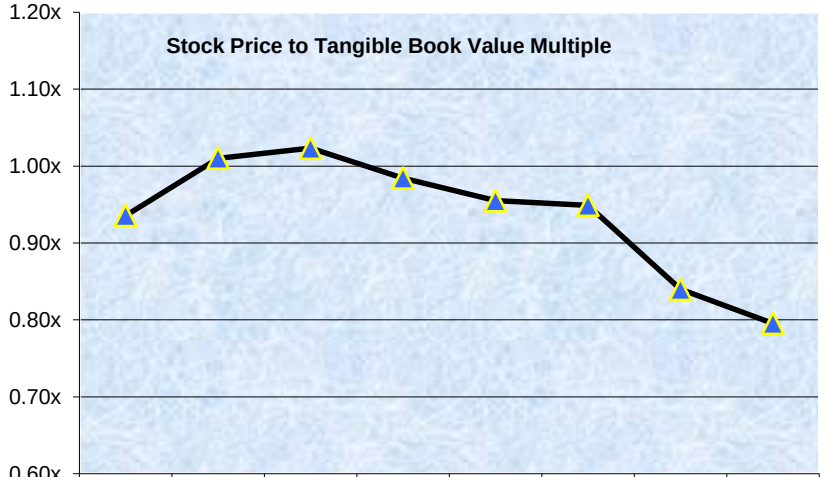


Bank Capital Ratios



	06/30/21	09/30/21	12/31/21	03/31/22	06/30/22	09/30/22
Tier 1 Leverage Ratio	10.19%	9.81%	10.02%	10.27%	10.47%	9.74%
CET1 Ratio	18.58%	18.90%	19.69%	19.32%	19.58%	17.67%
Tier 1 Risk-Based Capital Ratio	18.58%	18.90%	19.69%	19.32%	19.58%	17.67%
Total Risk-Based Capital Ratio	19.76%	20.12%	20.79%	20.29%	20.47%	18.54%

Value Proposition



	12/31/20	03/31/21	06/30/21	09/30/21	12/31/21	03/31/22	06/30/22	09/30/22
Price/TBV	0.94x	1.01x	1.02x	0.98x	0.95x	0.95x	0.84x	0.80x