


# Second Quarter of Fiscal 2024

December 31, 2023

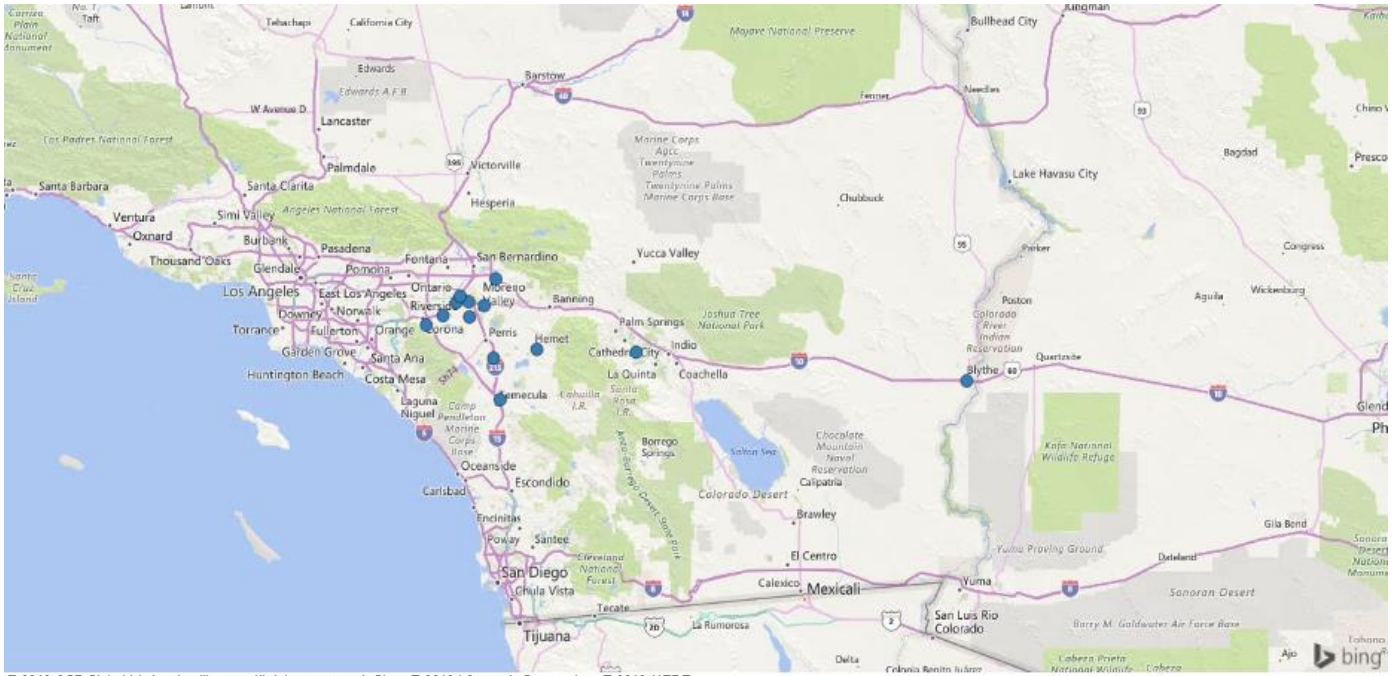
# Safe Harbor Statement

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 various 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: potential adverse impacts to economic conditions in our local market areas, other markets where the Company has lending relationships, or other aspects of the Company's business operations or financial markets, including, without limitation, as a result of employment levels, labor shortages and the effects of inflation, a potential recession or slowed economic growth; changes in the interest rate environment, including the past increases in the Board of Governors of the Federal Reserve Board (the “Federal Reserve”) benchmark rate and duration at which such increased interest rate levels are maintained, which could adversely affect our revenues and expenses, the value of assets and obligations, and the availability and cost of capital and liquidity; the impact of continuing inflation and the current and future monetary policies of the Federal Reserve in response thereto; the effects of any federal government shutdown; increased competitive pressures; changes in the interest rate environment; changes in general economic conditions and conditions within the securities markets; fluctuations in deposits; liquidity issues, including our ability to borrow funds or raise additional capital, if necessary; the impact of bank failures or adverse developments at other banks and related negative press about the banking industry in general on investor and depositor sentiment; legislative and regulatory changes, including changes in banking, securities and tax law, in regulatory policies and principles, or the interpretation of regulatory capital or other rules; disruptions, security breaches, or other adverse events, failures or interruptions in, or attacks on, our information technology systems or on the third-party vendors who perform several of our critical processing functions; the effects of climate change, severe weather events, natural disasters, pandemics, epidemics and other public health crises, acts of war or terrorism, and other external events on our business; and other factors described in the Company’s latest Annual Report on Form 10-K and Quarterly Reports on Form 10-Q and other reports filed with and furnished to the Securities and Exchange Commission (“SEC”) - 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 2024 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.

# Market Highlights

| **Provident Financial Holdings, Inc.** | |
|---|---|
| | |
| Nasdaq GS: | PROV |
| Share Price: | $12.61 |
| 52-Week Range: | $10.16 - $14.98 |
| Shares Outstanding: | 6,946,348 shares |
| Market Capitalization: | $87.6 million |
| P/E (ttm): | 10.97x |
| Diluted EPS (ttm): | $1.15 |
| Annual Dividend & Yield: | $0.56 (4.44%) |
| | |
| As of December 31, 2023 | |

# Franchise Overview




© 2019 S&P Global Market Intelligence All rights reserved. Bing, © 2019 Microsoft Corporation, © 2019 HERE

## Provident Bank Offices:

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

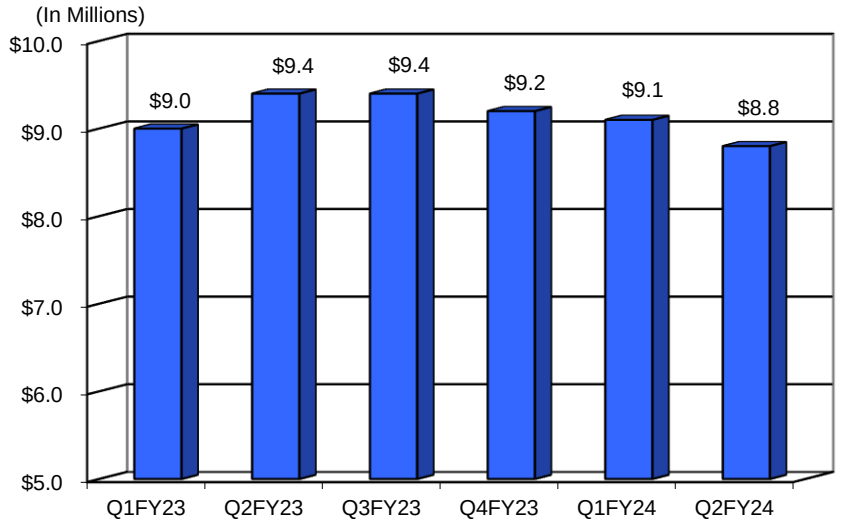
- Largest independent community bank headquartered in Riverside County, California
- Expanding customer base and market
- Eighth largest deposit market share in Riverside County; Largest deposit market share of community banks

# Financial Performance

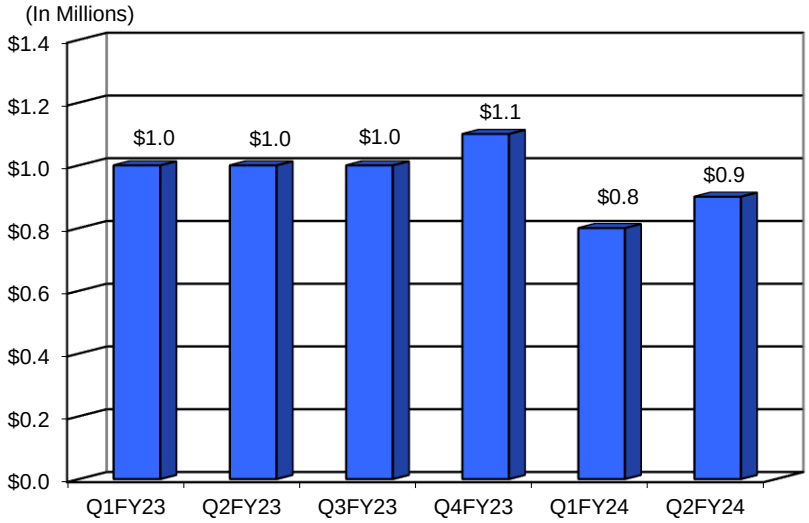
## Developments

- Net Income increased approximately 22% (sequential quarter)
- Net Interest Margin decreased 10 basis points to 2.78% (sequential quarter)
- Net Interest Income decreased approximately 4% (sequential quarter)
- Non-Interest Income increased approximately 17% (sequential quarter)
- Operating Expenses increased approximately 7% (sequential quarter)

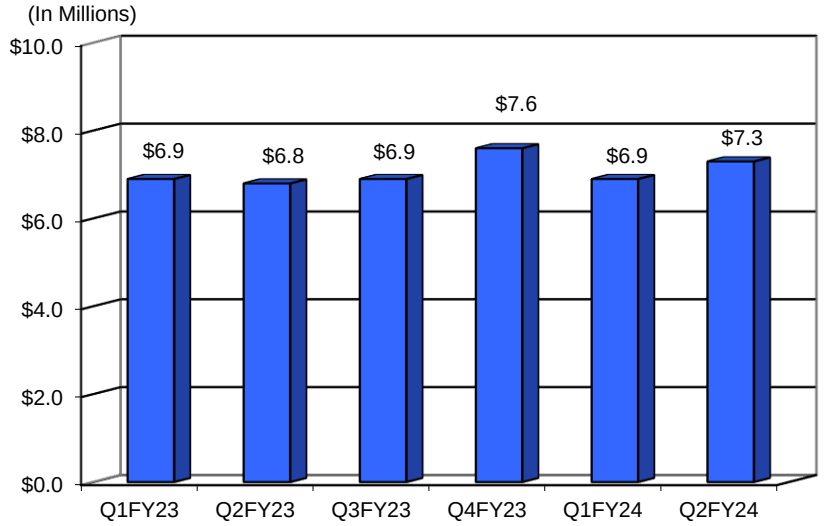
## Net Interest Income




## Non-Interest Income

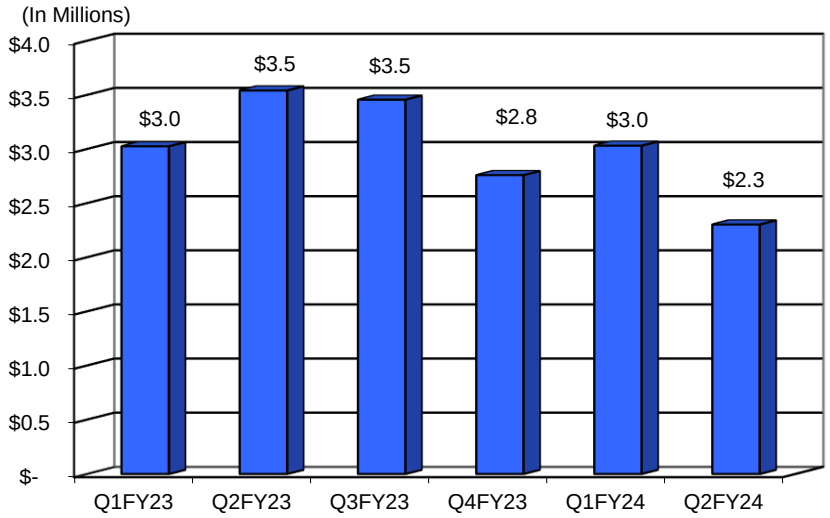



## Operating Expenses

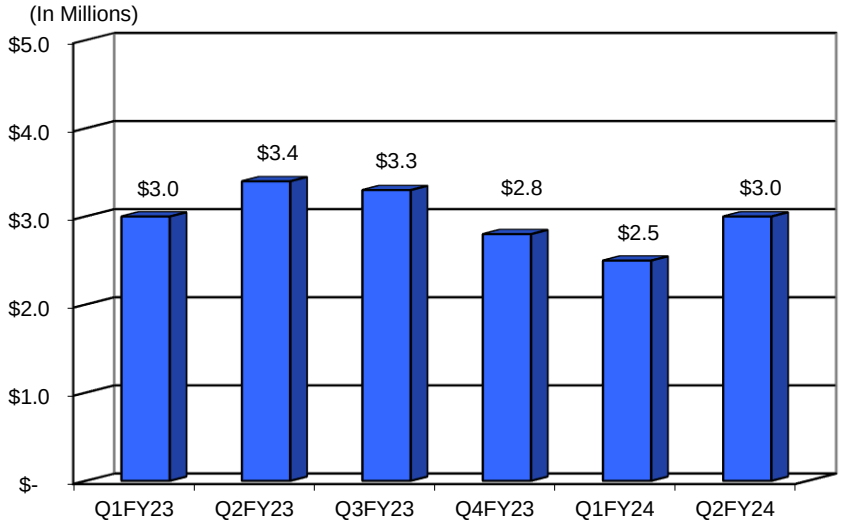


# Financial Performance

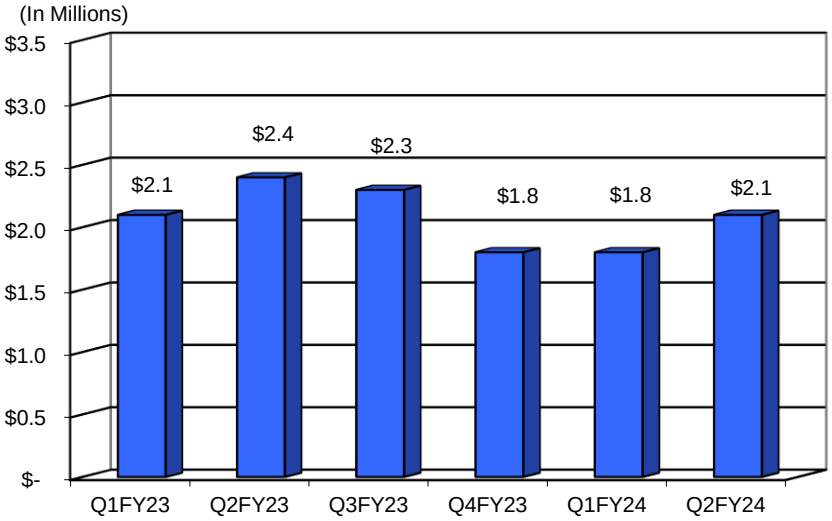
## Pre-Provision, Pre-Tax Income



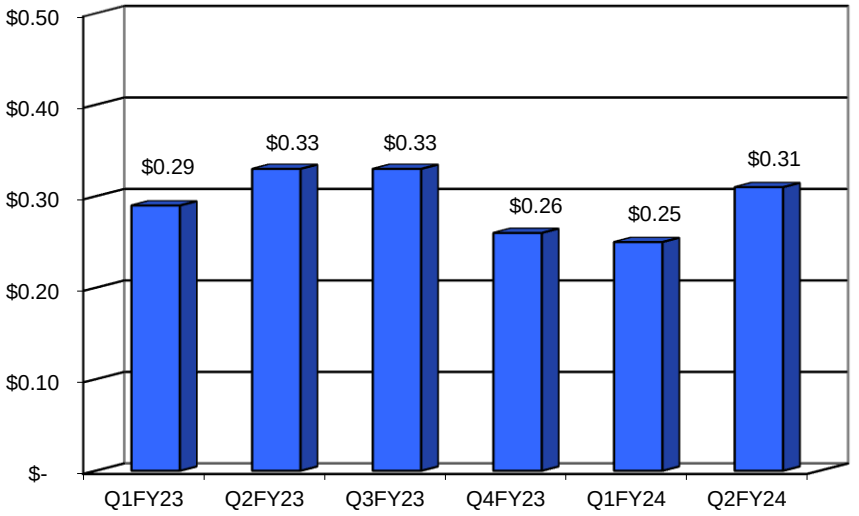

## Pre-Tax Income




## Quarterly Net Income

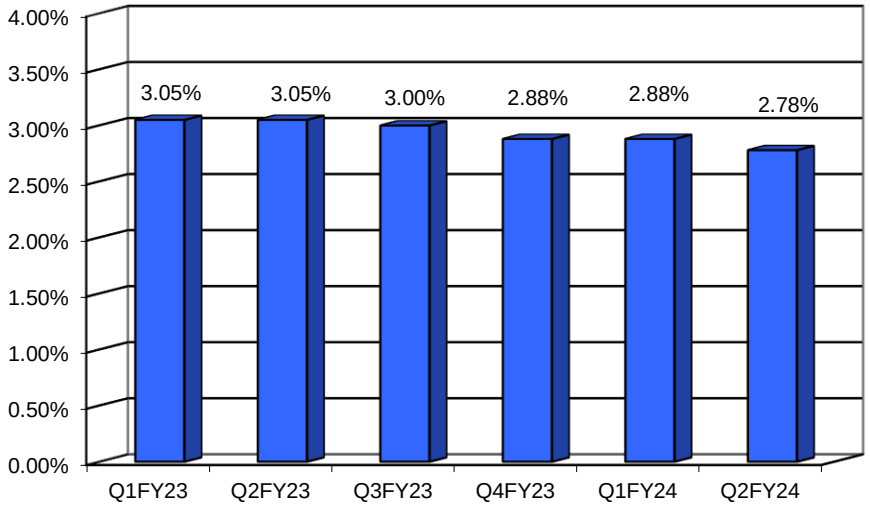



## Diluted Earnings Per Share

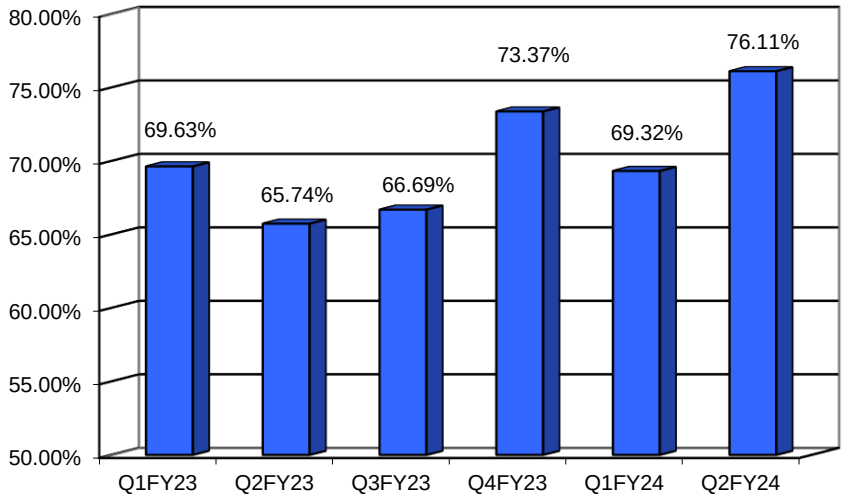


# Financial Ratios

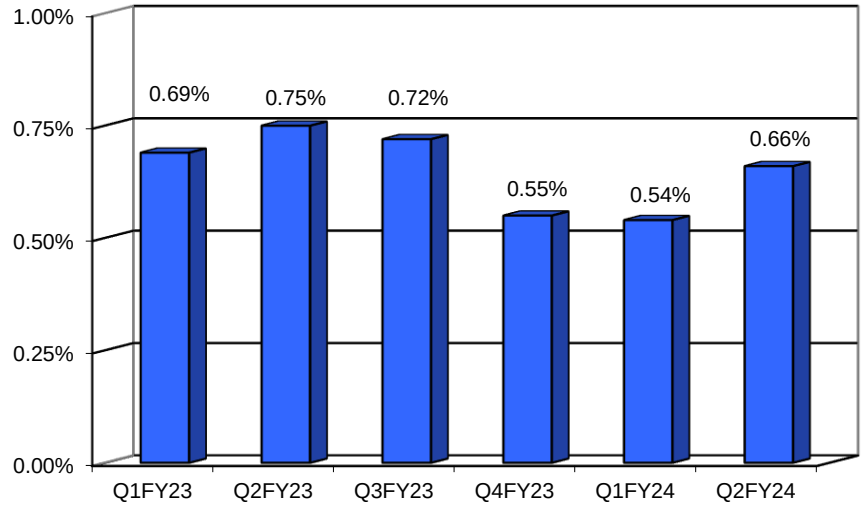
## Net Interest Margin



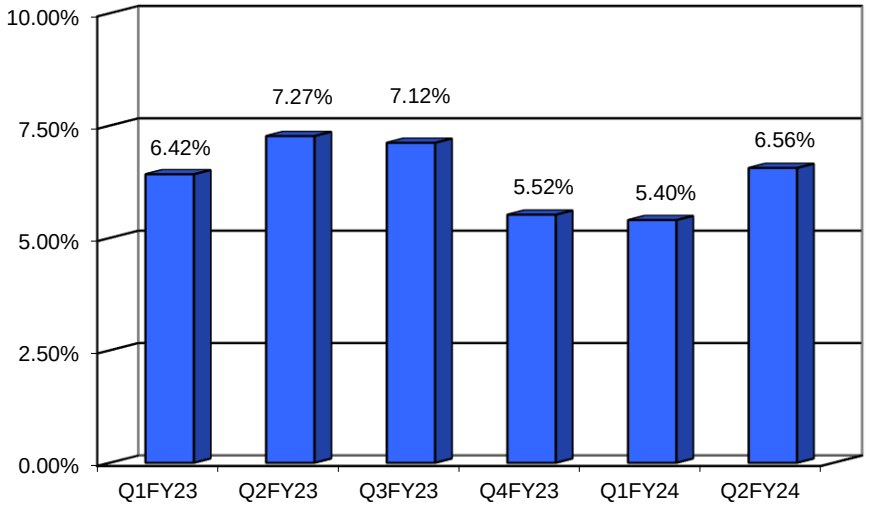

## Efficiency Ratio




## Return on Average Assets




## Return on Average Equity

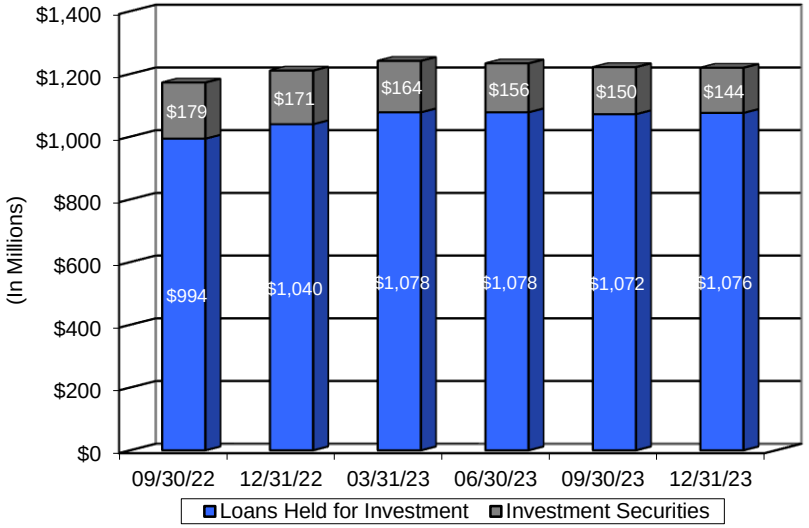


# Balances and Activity

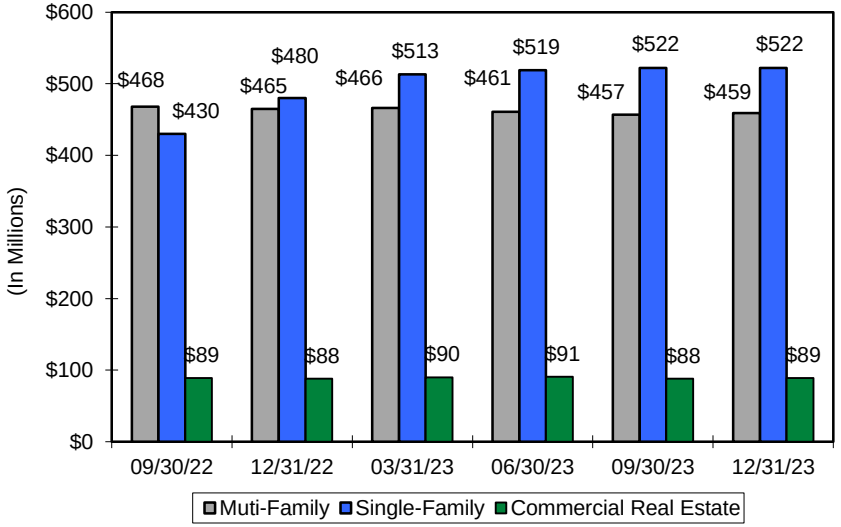
## Developments

- Loans Held for Investment balance virtually unchanged (sequential quarter)
- Yield on Loans Held for Investment increased 13 basis points from September 30, 2023
- Total Deposits balance decreased by approximately 2% (sequential quarter)
- Deposit costs increased 25 basis points from September 30, 2023
- Total Borrowings balance increased by approximately 3% (sequential quarter)
- Borrowing costs increased three basis points from September 30, 2023

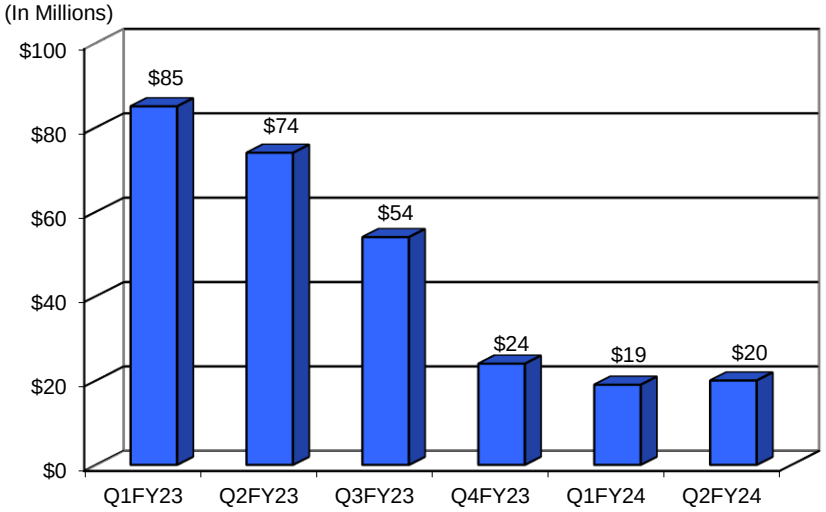
## Loan to Investment Mix




## Loan Portfolio Mix




## Portfolio Loan Originations and Purchases

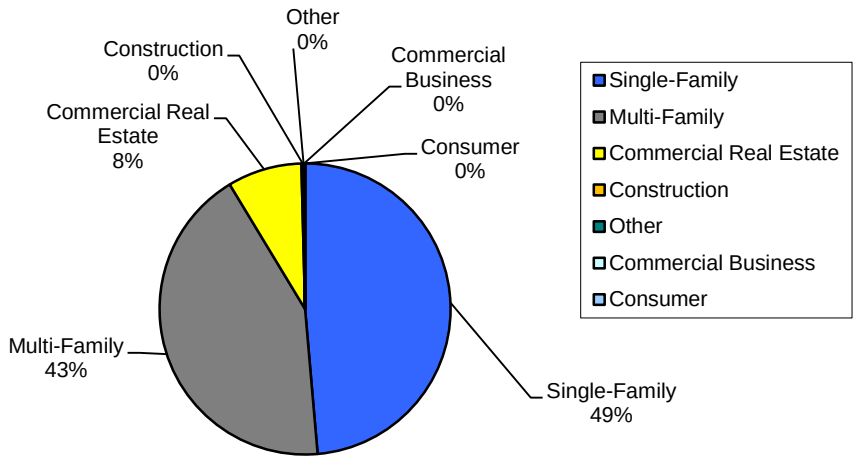


# Balances and Activity

## Loans Held for Investment Composition

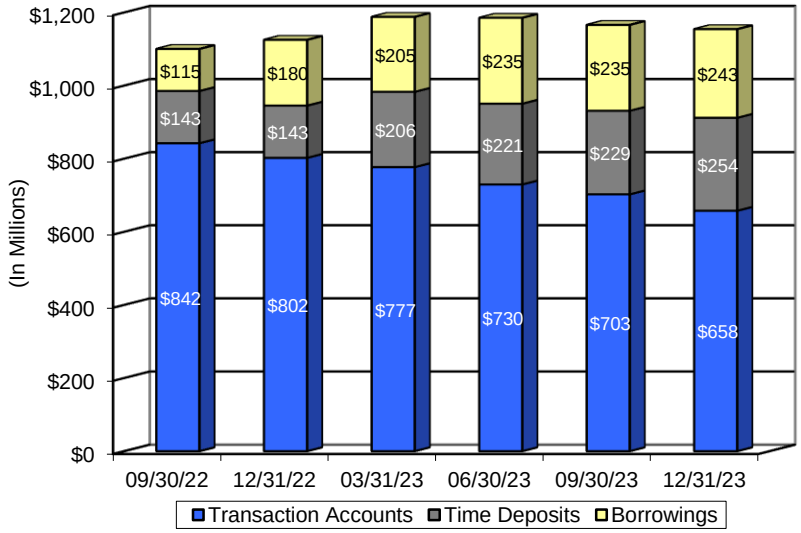
| Loan Category (Dollars In Thousands) | Balance as of 12/31/23 | Interest Rate | Balance as of 12/31/22 | Interest Rate |
|---|---|---|---|---|
| Single-Family | $ 521,944 | 4.32% | $ 479,730 | 3.82% |
| Multi-Family | 458,502 | 5.00% | 465,350 | 4.33% |
| Commercial Real Estate | 88,640 | 6.20% | 88,200 | 5.08% |
| Construction | 2,534 | 8.88% | 2,388 | 4.69% |
| Other | 102 | 5.25% | 112 | 5.25% |
| Commercial Business | 1,616 | 10.50% | 1,358 | 9.21% |
| Consumer | 68 | 18.50% | 75 | 17.13% |
| Total Loans Held for Investment | $ 1,073,406 | 4.79% | $ 1,037,213 | 4.17% |
| Advance Payments of Escrows | 106 | | 176 | |
| Deferred Loan Costs, net | 9,253 | | 8,778 | |
| Allowance for Credit Losses | (7,000) | | (5,830) | |
| Total Loans Held for Investment, net | $ 1,075,765 | | $ 1,040,337 | |

## Loan Composition as of 12/31/23



# Balances and Activity

## Deposits and Borrowings

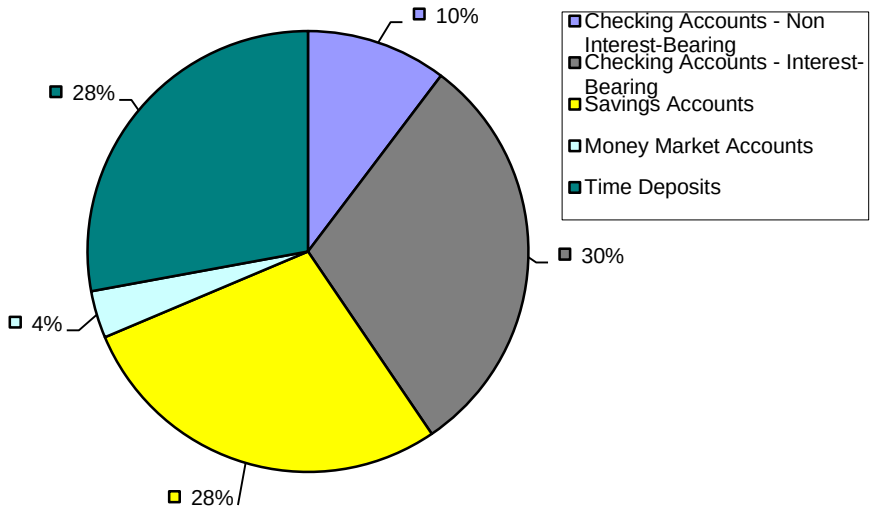



## Deposit Composition

| Category (Dollars In Thousands) | At 12/31/2023 | Rate | At 12/31/2022 | Rate |
|---|---|---|---|---|
| Checking Accounts - Non Interest-Bearing | $ 94,030 | - % | $ 108,891 | - % |
| Checking Accounts - Interest-Bearing | 275,396 | 0.04% | 331,132 | 0.04% |
| Savings Accounts | 256,578 | 0.14% | 321,909 | 0.05% |
| Money Market Accounts | 31,637 | 0.82% | 39,807 | 0.20% |
| Time Deposits | 254,339 | 3.76% | 143,563 | 1.18% |
| Total Deposits [1] [2] | $ 911,980 | 1.13% | $ 945,302 | 0.22% |
| | | | | |
| Brokered CDs Included in time deposits above | $ 122,700 | 5.26% | $ 31,237 | 2.90% |

1) Includes uninsured deposits of approximately $146.1 million and $177.9 million at December 31, 2023 and 2022, respectively.
2) The average balance of deposit accounts was approximately $34 thousand and $33 thousand at December 31, 2023 and 2022, respectively.

## Deposit Composition at 12/31/23




## Borrowings Maturity Schedule

| Category (Dollars In Thousands) | At 12/31/2023 | Rate | At 12/31/2022 | Rate |
|---|---|---|---|---|
| Overnight | $ - | - | $ - | - |
| Three Months or Less | 67,500 | 4.35% | 95,000 | 4.52% |
| Over Three to Six Months | 32,500 | 5.00% | 10,000 | 2.25% |
| Over Six to Twelve Months | 40,000 | 5.21% | 35,000 | 3.74% |
| Over One to Two Years | 67,500 | 4.14% | 20,000 | 2.50% |
| Over Two to Three Years | 20,000 | 4.72% | 20,000 | 2.70% |
| Over Three to Four Years | - | - | - | - |
| Over Four to Five Years | 15,000 | 4.41% | - | - |
| Over Five Years | - | - | - | - |
| Total Borrowings [1] | $ 242,500 | 4.55% | $ 180,000 | 3.82% |

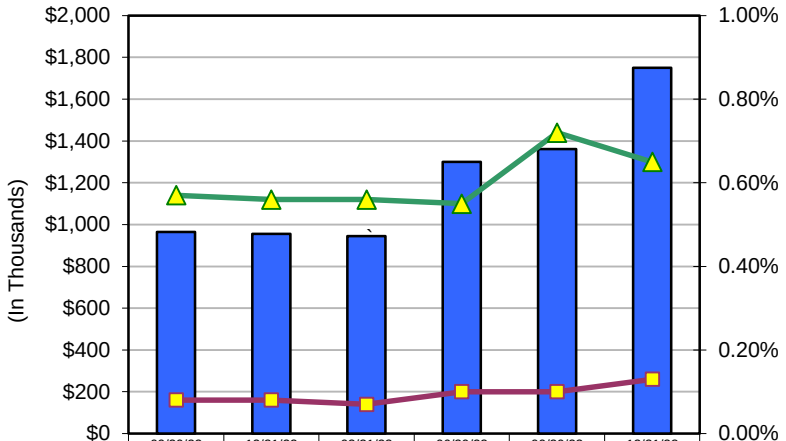
1) The Bank had approximately $266.5 million and $237.8 million of remaining borrowing capacity at the FHLB – San Francisco, approximately $183.0 million and $142.8 million of borrowing capacity at the Federal Reserve Bank of San Francisco and $50.0 million and $50.0 million of borrowing capacity with its correspondent bank at December 31, 2023 and 2022, respectively.

# Asset Quality

## Developments

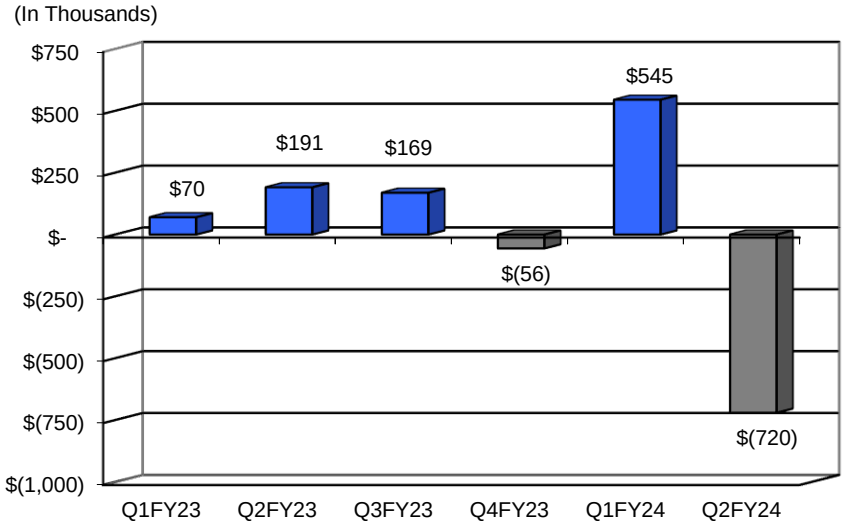
- Non-Performing Assets to Total Assets Ratio increased to 0.13% from 0.10% at September 30, 2023
- $720,000 Recovery of Credit Losses in the quarter ended December 31, 2023
- No REO
- Early-Stage Delinquencies remain at very low levels

## NPA, NPA to Total Assets Ratio and ACL to LHI Ratio

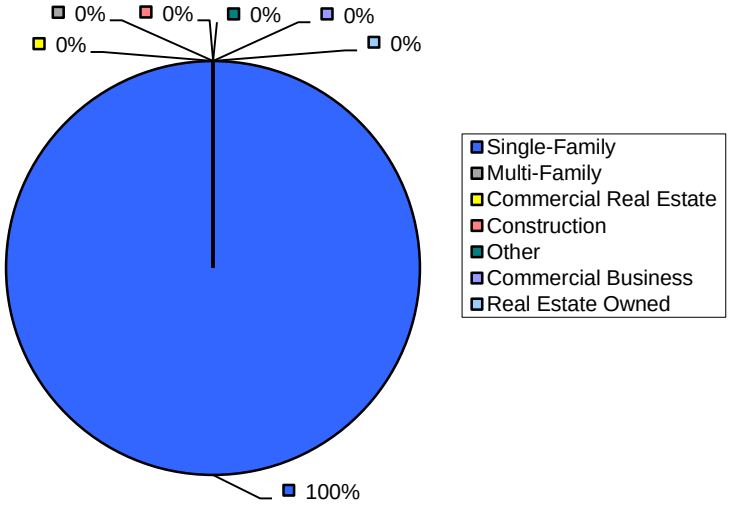



| | 09/30/22 | 12/31/22 | 03/31/23 | 06/30/23 | 09/30/23 | 12/31/23 |
|---|---|---|---|---|---|---|
| Non-Performing Assets | $964 | $956 | $945 | $1,300 | $1,361 | $1,750 |
| NPA to Total Assets | 0.08% | 0.08% | 0.07% | 0.10% | 0.10% | 0.13% |
| ACL to LHI | 0.57% | 0.56% | 0.56% | 0.55% | 0.72% | 0.65% |

## (Recovery of ) Provision for Credit Losses

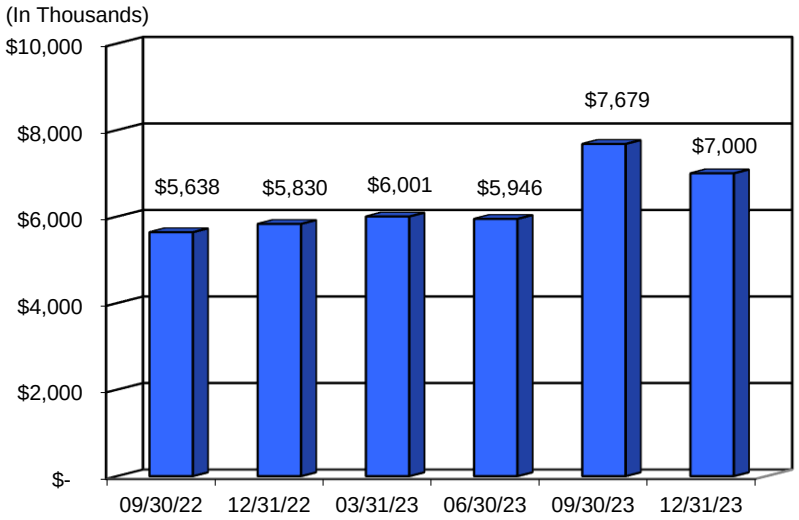



## Non-Performing Asset Composition 12/31/23

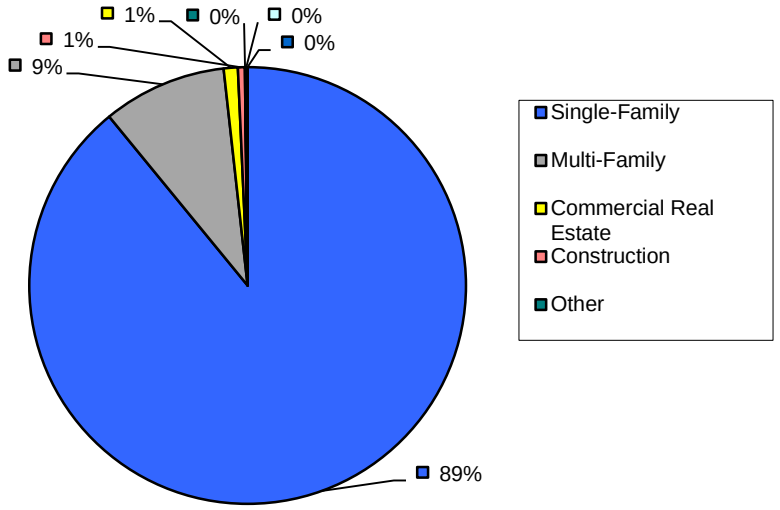


# Asset Quality

## Allowance for Credit Losses (ACL)



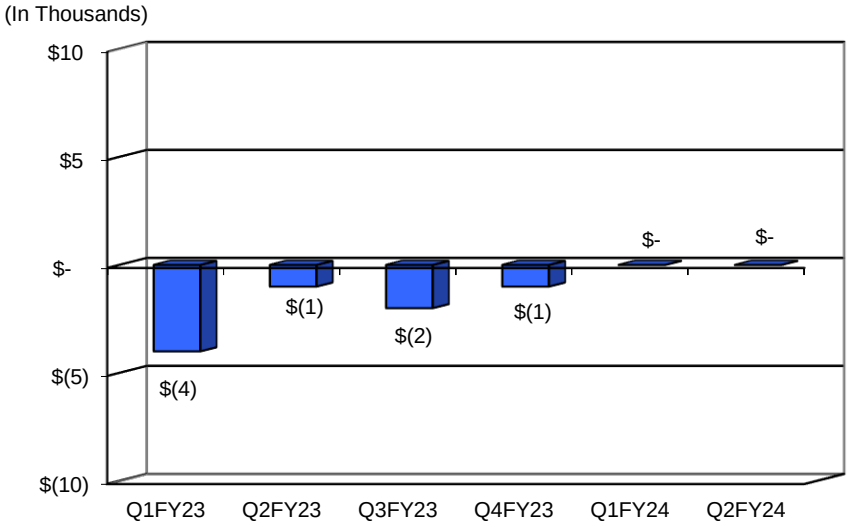

## ACL Allocation as of 12/31/23




## Delinquent and Non-Performing Loans

| (Dollars In Thousands) | At December 31, 2023 | | | | At December 31, 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | 30 - 89 Days | | Non-performing | | 30 - 89 Days | | Non-performing | |
| | # of Loans | Balance | # of Loans | Balance | # of Loans | Balance | # of Loans | Balance |
| Mortgage Loans: | | | | | | | | |
| Single-Family | 1 | $ 334 | 8 | $ 1,750 | - | $ - | 5 | $ 956 |
| Multi-Family | - | - | - | - | - | - | - | - |
| Commercial Real Estate | - | - | - | - | - | - | - | - |
| Construction | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Commercial Business Loans | - | - | - | - | - | - | - | - |
| Consumer Loans | - | - | - | - | - | - | - | - |
| Total | 1 | $ 334 | 8 | $ 1,750 | - | $ - | 5 | $ 956 |

## Net Charge-Offs (Recoveries)



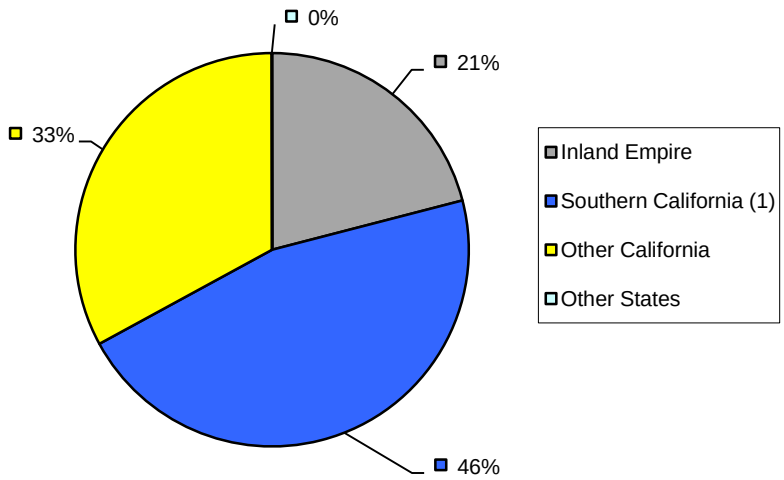
# Asset Quality

## 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 | $ 148,837 | 29% | $ 176,854 | 34% | $ 195,996 | 37% | $ 257 | 0% | $ 521,944 | 100% |
| Multi-Family | 60,411 | 13% | 267,624 | 58% | 130,467 | 29% | - | 0% | 458,502 | 100% |
| Commercial Real Estate | 15,250 | 17% | 47,824 | 54% | 25,566 | 29% | - | 0% | 88,640 | 100% |
| Construction | 197 | 8% | 1,615 | 64% | 722 | 28% | - | 0% | 2,534 | 100% |
| Other | - | 0% | 102 | 100% | - | 0% | - | 0% | 102 | 100% |
| Total | $ 224,695 | 21% | $ 494,019 | 47% | $ 352,751 | 33% | $ 257 | 0% | $1,071,722 | 101% |

(1) Other than Inland Empire.

## Geographic Location 12/31/23




(1) Other than Inland Empire.

# Asset Quality

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

| | Year of Origination | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 & Prior | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | TOTAL |
| Loan Balance (In Thousands) | $31,556 | $5,590 | $11,057 | $7,788 | $11,090 | $19,804 | $154,308 | $211,113 | $68,330 | $520,636 |
| Weighted Avg. LTV [1] | 46% | 54% | 60% | 61% | 56% | 60% | 62% | 69% | 72% | 65% |
| Weighted Avg. Age (In Years) | 16.68 | 7.36 | 6.58 | 5.57 | 4.58 | 3.41 | 2.46 | 1.47 | 0.64 | 2.95 |
| Weighted Avg. FICO [2] | 730 | 747 | 740 | 744 | 750 | 755 | 764 | 766 | 769 | 762 |
| Number of Loans | 164 | 13 | 20 | 20 | 19 | 30 | 210 | 304 | 81 | 861 |
| | | | | | | | | | | |
| *Geographic Breakdown (%)* | | | | | | | | | | |
| Inland Empire | 29% | 10% | 40% | 39% | 16% | 18% | 40% | 26% | 15% | 28% |
| Southern California [3] | 54% | 54% | 55% | 49% | 72% | 33% | 18% | 34% | 45% | 34% |
| Other California | 16% | 36% | 5% | 12% | 12% | 49% | 42% | 40% | 40% | 38% |
| 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 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 & Prior | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | TOTAL |
| Loan Balance (In Thousands) | $68,606 | $17,077 | $25,001 | $29,626 | $58,529 | $63,058 | $90,405 | $77,157 | $29,043 | $458,502 |
| Weighted Avg. LTV [1] | 40% | 42% | 40% | 47% | 43% | 48% | 48% | 46% | 37% | 44% |
| W. Avg. Debt Coverage Ratio [2] | 1.81x | 1.72x | 1.72x | 1.43x | 1.63x | 1.60x | 1.77x | 1.59x | 1.83x | 1.68x |
| Weighted Avg. Age (In Years) | 10.00 | 7.44 | 6.55 | 5.52 | 4.54 | 3.55 | 2.52 | 1.56 | 0.54 | 4.35 |
| Weighted Avg. FICO [3] | 757 | 756 | 754 | 751 | 758 | 761 | 760 | 761 | 758 | 758 |
| Number of Loans | 127 | 33 | 48 | 37 | 70 | 70 | 111 | 94 | 36 | 626 |
| | | | | | | | | | | |
| *Geographic Breakdown (%)* | | | | | | | | | | |
| Inland Empire | 17% | 13% | 22% | 18% | 13% | 17% | 14% | 7% | 0% | 13% |
| Southern California [4] | 49% | 53% | 61% | 68% | 69% | 63% | 49% | 62% | 57% | 58% |
| Other California | 34% | 34% | 17% | 14% | 18% | 20% | 37% | 31% | 43% | 29% |
| 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.

## Commercial RE – Loans Held for Investment

| | Year of Origination | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 & Prior | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | TOTAL (5) (6) |
| Loan Balance (In Thousands) | $13,849 | $5,673 | $5,065 | $5,412 | $9,847 | $5,521 | $5,454 | $23,560 | $14,259 | $88,640 |
| Weighted Avg. LTV [1] | 34% | 41% | 43% | 46% | 40% | 33% | 44% | 38% | 36% | 38% |
| W. Avg. Debt Coverage Ratio [2] | 1.91x | 1.68x | 1.44x | 1.57x | 1.46x | 2.04x | 1.77x | 1.70x | 1.76x | 1.72x |
| Weighted Avg. Age (In Years) | 9.74 | 7.67 | 6.17 | 5.28 | 4.47 | 3.70 | 2.26 | 1.49 | 0.49 | 4.03 |
| Weighted Avg. FICO [3] | 746 | 777 | 790 | 759 | 763 | 728 | 779 | 774 | 777 | 767 |
| Number of Loans | 21 | 10 | 6 | 8 | 13 | 8 | 6 | 27 | 18 | 117 |
| | | | | | | | | | | |
| *Geographic Breakdown (%)* | | | | | | | | | | |
| Inland Empire | 44% | 7% | 2% | 10% | 19% | 9% | 44% | 10% | 8% | 17% |
| Southern California [4] | 42% | 59% | 74% | 83% | 42% | 51% | 29% | 55% | 62% | 54% |
| Other California | 14% | 34% | 24% | 7% | 39% | 40% | 27% | 35% | 30% | 29% |
| 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: $31.6 million in Office; $16.4 million in Mixed Use ($7.1 million in Office/Retail, $4.8 million in Multi-Family/Retail, $761 thousand in Multi-Family/Office and $3.0 million in Other Mixed Use); $12.9 million in Warehouse; $12.6 million in Retail; $7.0 million in Mobile Home Park; $6.4 million in Medical/Dental Office; $995 thousand in Restaurant/Fast Food; $477 thousand in Automotive – Non-Gasoline; $318 thousand in Live/Work Unit.

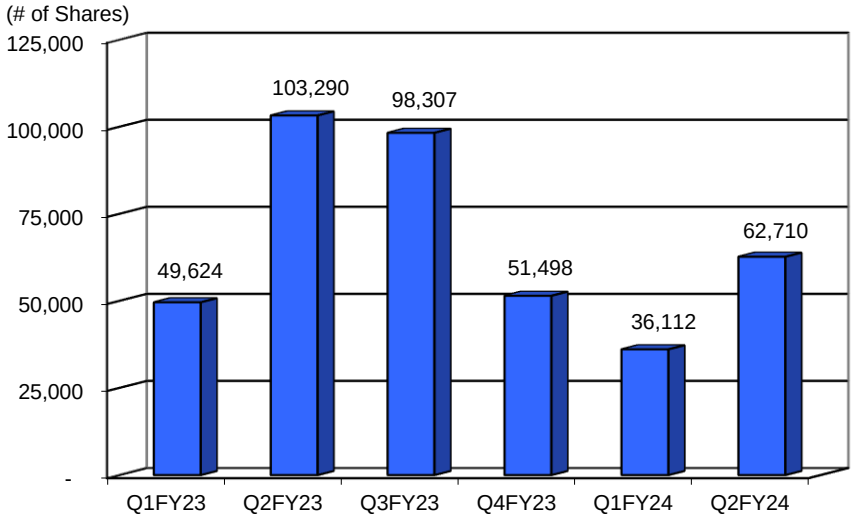
(6) Consisting of $77.0 million or 86.9% in investment properties and $11.6 million or 13.1% in owner occupied properties.

# Capital Management

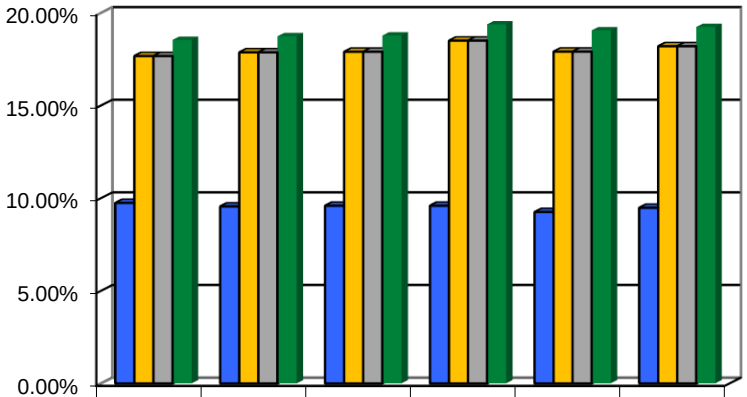
## Developments

- Strong Capital Ratios
- 4.44% cash dividend yield (approximately)
- Purchased approximately 63,000 shares of common stock in the second quarter of fiscal 2024

## Stock Repurchase Plan Activity

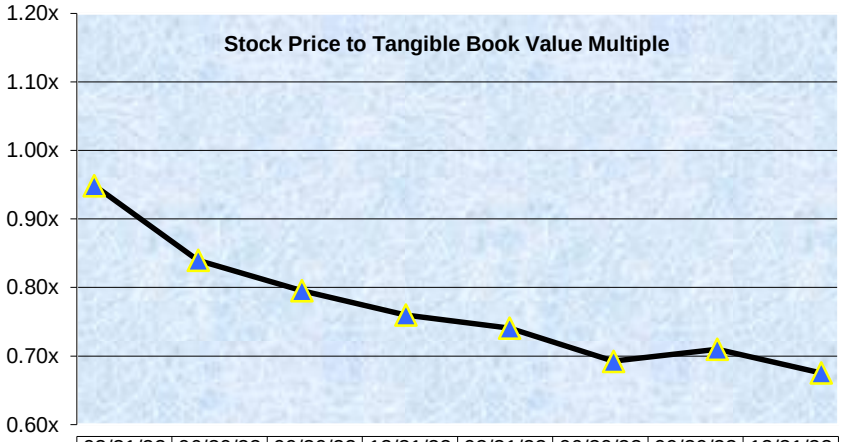



## Bank Capital Ratios




| | 09/30/22 | 12/31/22 | 03/31/23 | 06/30/23 | 09/30/23 | 12/31/23 |
|---|---|---|---|---|---|---|
| Tier 1 Leverage Ratio | 9.74% | 9.55% | 9.59% | 9.59% | 9.25% | 9.48% |
| CET1 Ratio | 17.67% | 17.87% | 17.90% | 18.50% | 17.91% | 18.20% |
| Tier 1 Risk-Based Capital Ratio | 17.67% | 17.87% | 17.90% | 18.50% | 17.91% | 18.20% |
| Total Risk-Based Capital Ratio | 18.54% | 18.74% | 18.78% | 19.38% | 19.06% | 19.24% |

## Value Proposition




| | 03/31/22 | 06/30/22 | 09/30/22 | 12/31/22 | 03/31/23 | 06/30/23 | 09/30/23 | 12/31/23 |
|---|---|---|---|---|---|---|---|---|
| Price /TBV | 0.95x | 0.84x | 0.80x | 0.76x | 0.74x | 0.69x | 0.71x | 0.68x |