

Third Quarter of Fiscal 2023

March 31, 2023

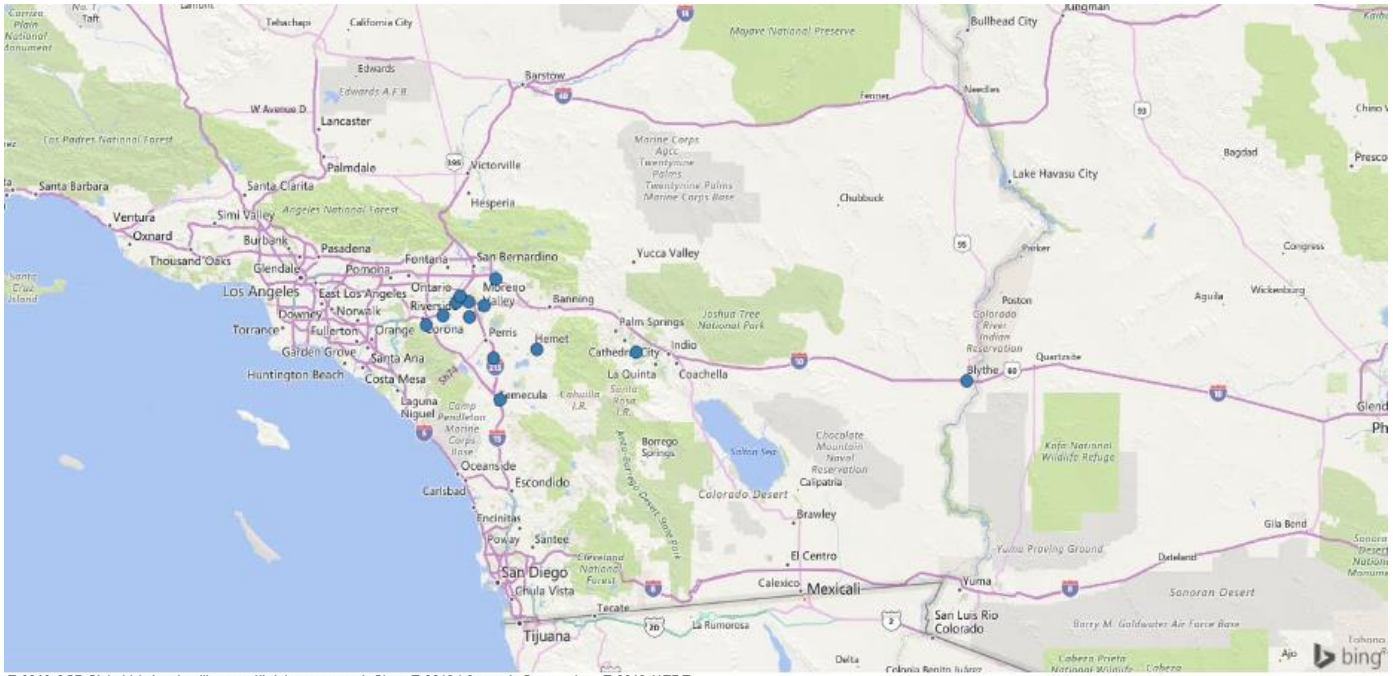
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Market Highlights

Provident Financial Holdings, Inc.	
Nasdaq GS:	PROV
Share Price:	$13.63
52-Week Range:	$13.29 - $16.54
Shares Outstanding:	7,033,963 shares
Market Capitalization:	$95.9 million
P/E (ttm):	10.65x
Diluted EPS (ttm):	$1.28
Annual Dividend & Yield:	$0.56 (4.11%)
As of March 31, 2023	

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

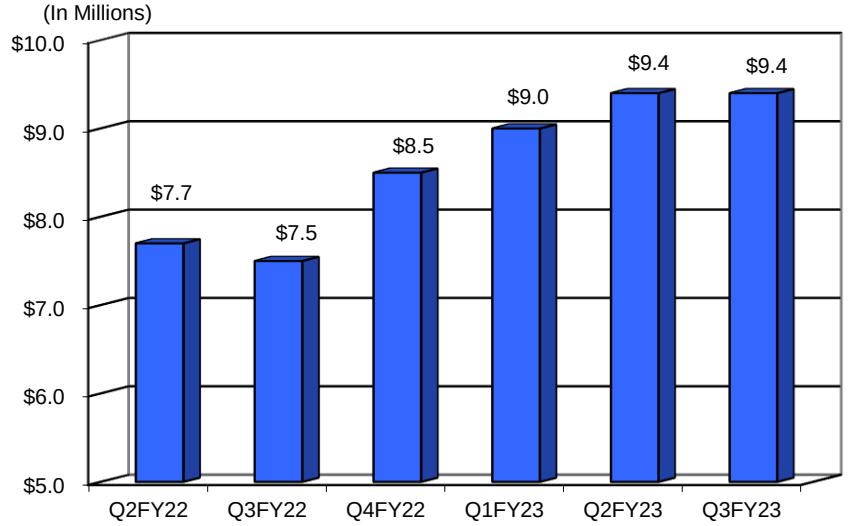
- Largest independent community bank headquartered in Riverside County, California
- Expanding customer base and market
- Tenth largest deposit market share in Riverside County; second largest deposit market share of community banks

Financial Performance

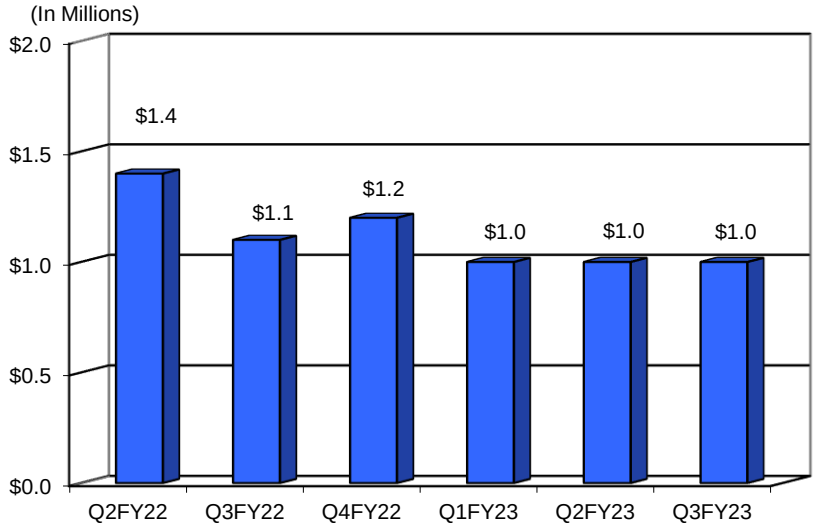
Developments

- Net Income decreased approximately 2% (sequential quarter)
- Net Interest Margin decreased five basis points to 3.00% (sequential quarter)
- Net Interest Income remained virtually unchanged (sequential quarter)
- Provision for Loan Losses decreased approximately 12% (sequential quarter)
- Non-Interest Income increased approximately 3% (sequential quarter)
- Operating Expenses increased approximately 2% (sequential quarter)

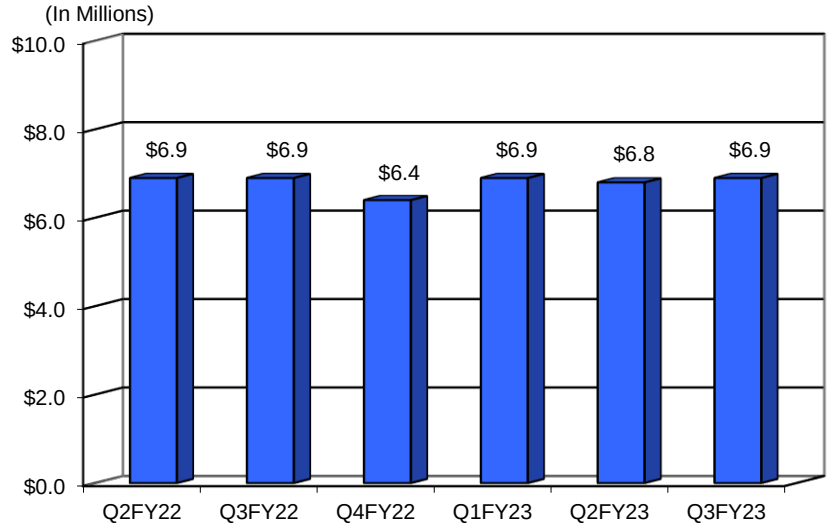
Net Interest Income



Non-Interest Income

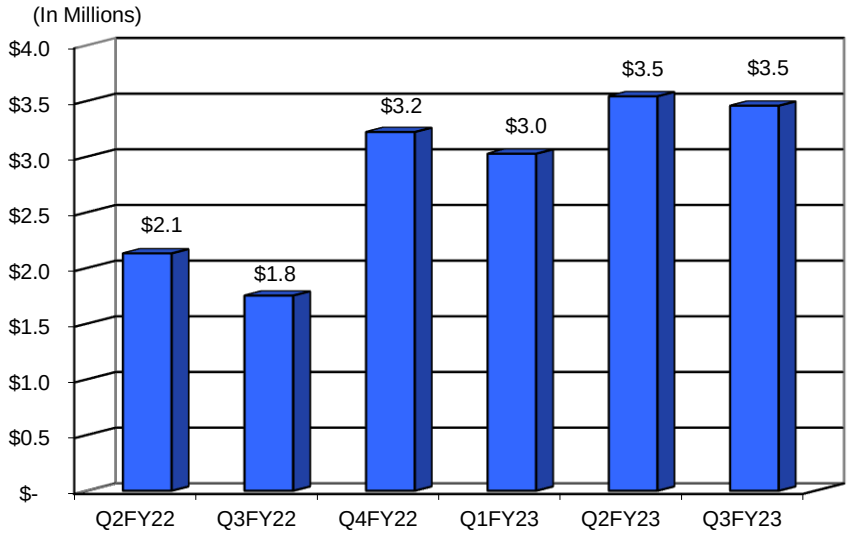


Operating Expenses

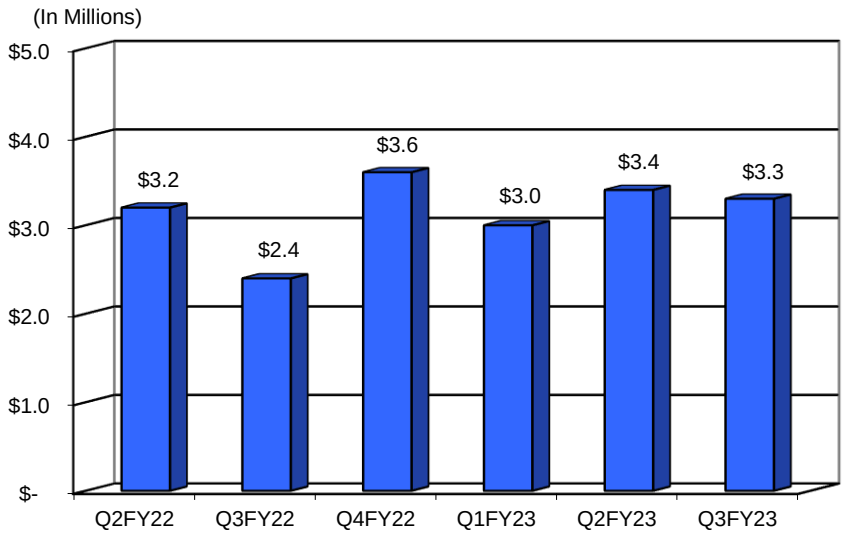


Financial Performance

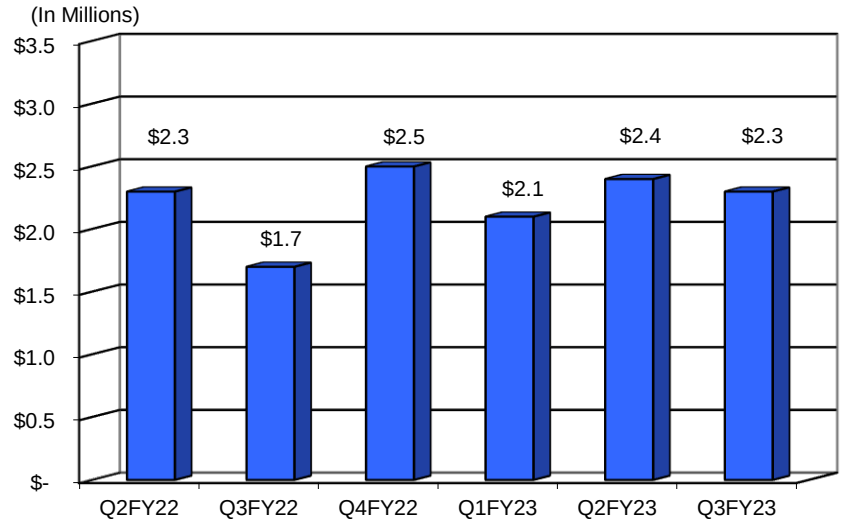
Pre-Provision, Pre-Tax Income



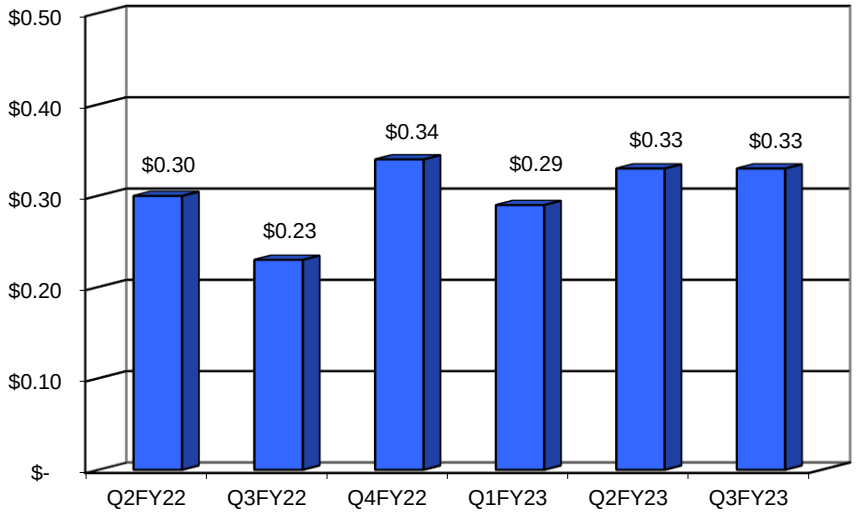
Pre-Tax Income



Quarterly Net Income

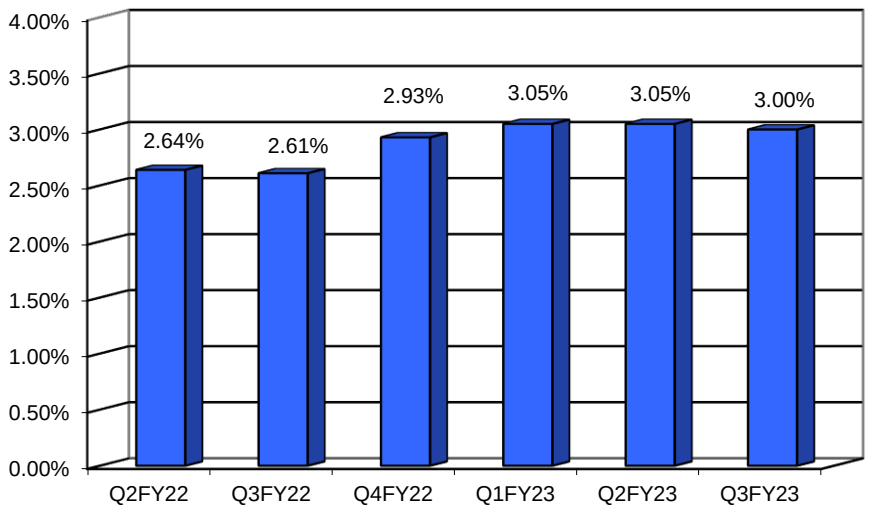


Diluted Earnings Per Share

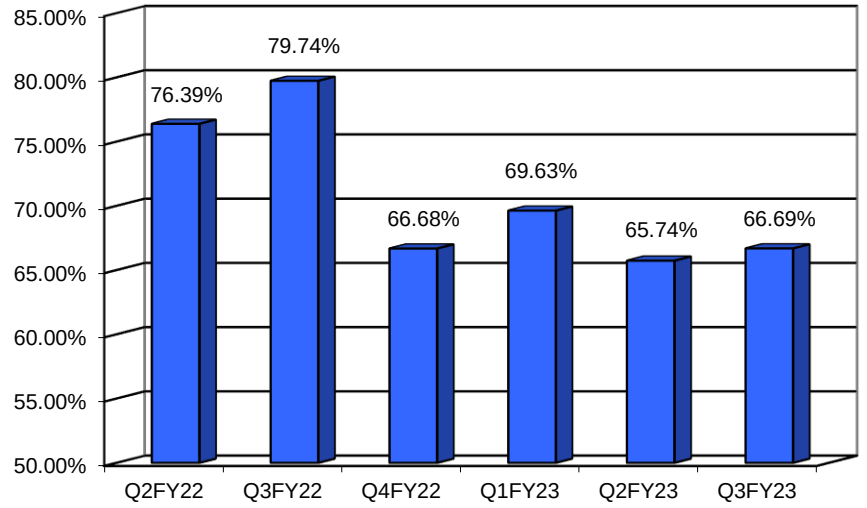


Financial Ratios

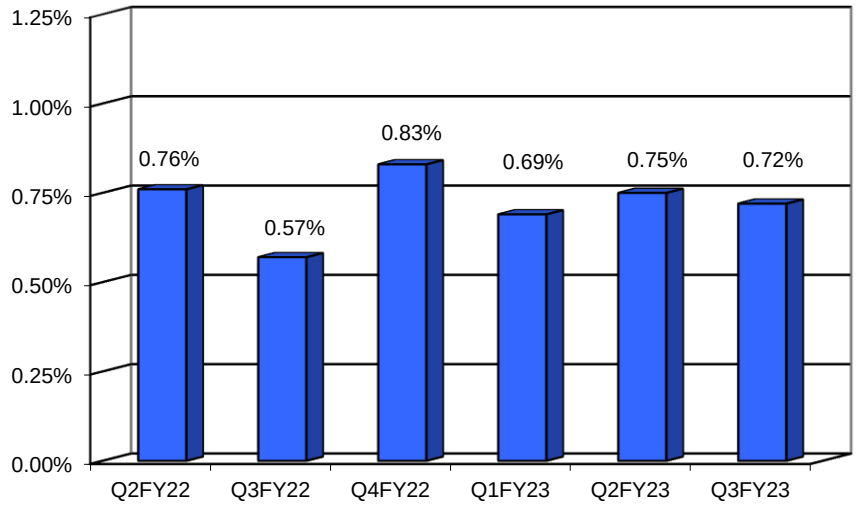
Net Interest Margin



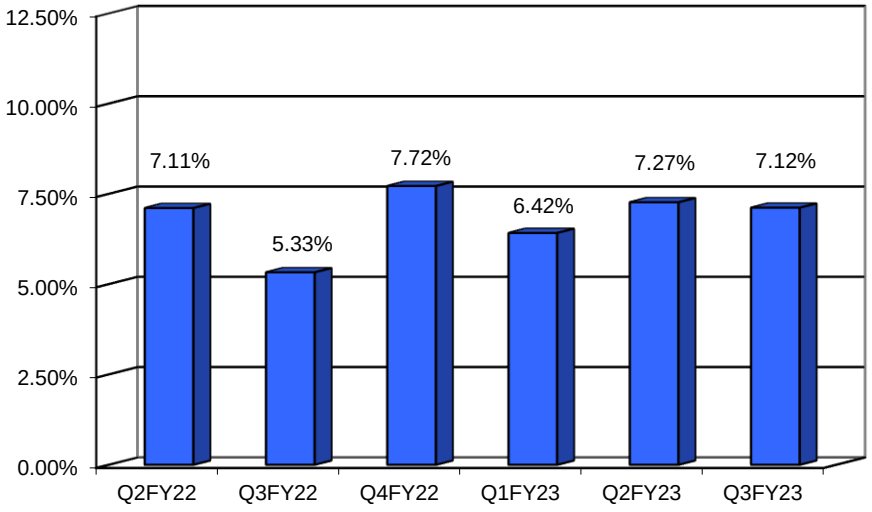
Efficiency Ratio



Return on Average Assets



Return on Average Equity

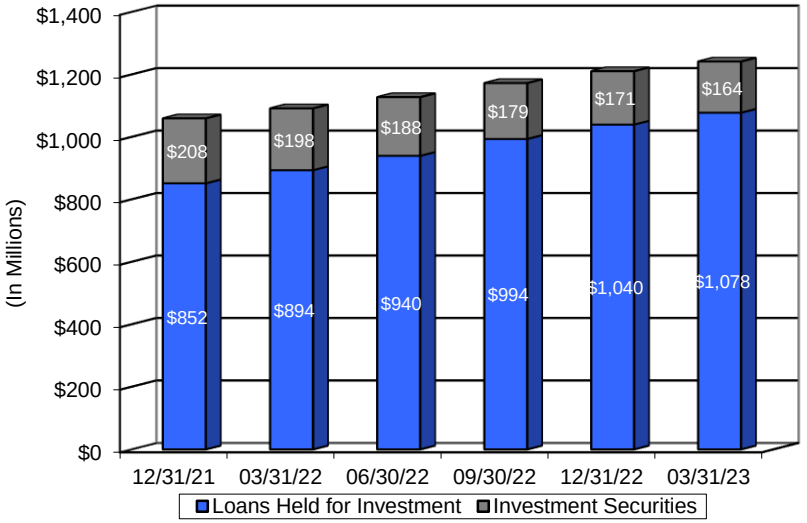


Balances and Activity

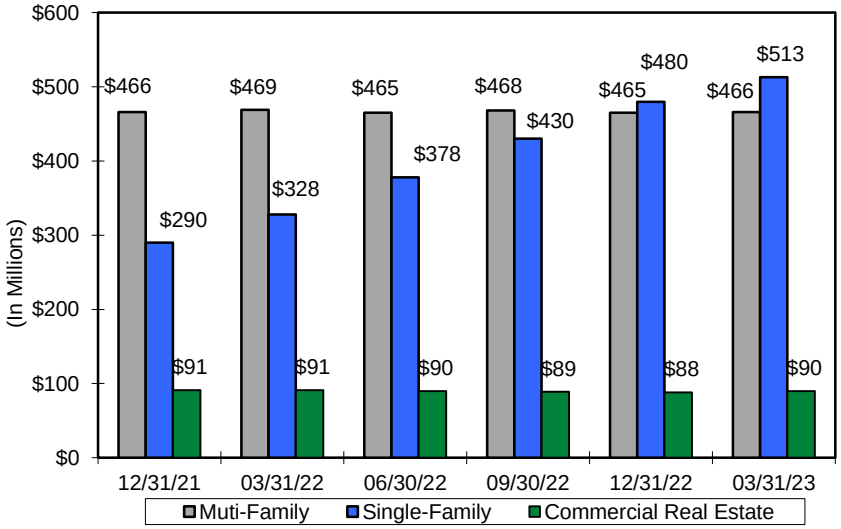
Developments

- Loans Held for Investment balance increased by approximately 4% (sequential quarter)
- Yield on Loans Held for Investment increased 22 basis points from December 31, 2022
- Total Deposits balance increased by approximately 4% (sequential quarter)
- Deposit costs increased 33 basis points from December 31, 2022
- Total Borrowings balance increased by approximately 14% (sequential quarter)
- Borrowing costs increased 28 basis points from December 31, 2022

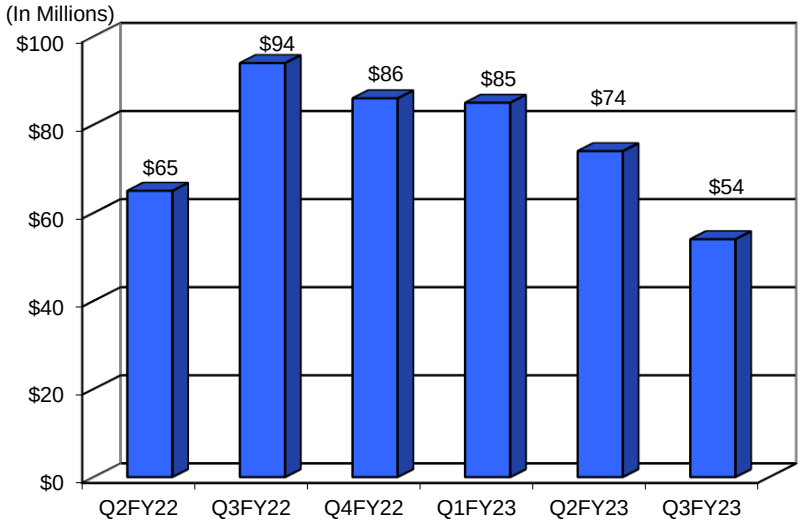
Loan to Investment Mix



Loan Portfolio Mix



Portfolio Loan Originations and Purchases

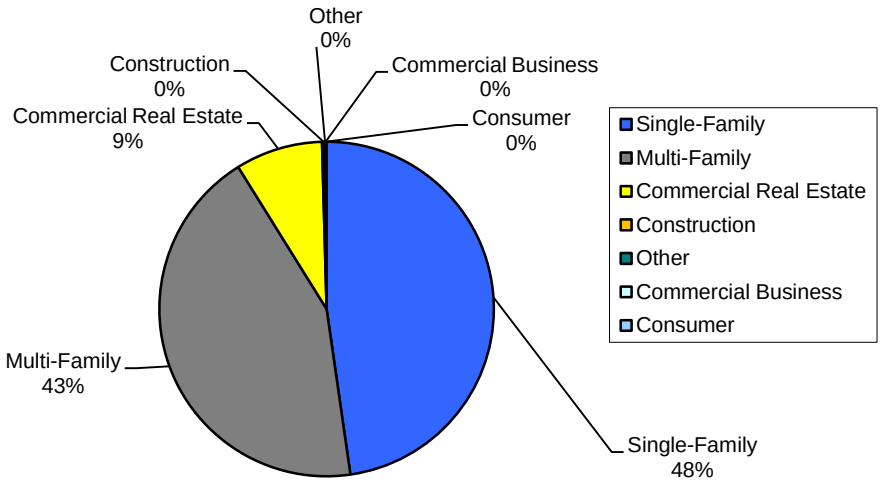


Balances and Activity

Loans Held for Investment Composition

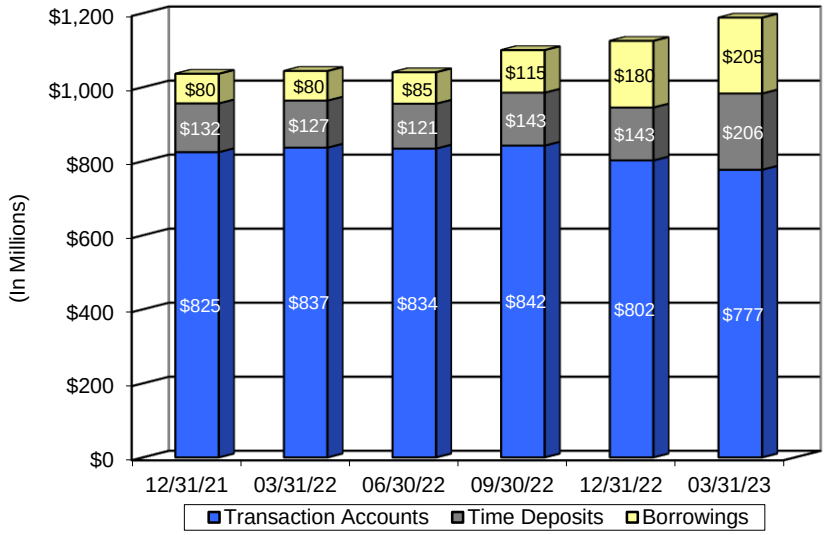
Loan Category (Dollars In Thousands)	Balance as of 03/31/23	Interest Rate	Balance as of 03/31/22	Interest Rate
Single-Family	$ 512,632	4.02%	$ 327,661	3.16%
Multi-Family	466,332	4.54%	468,656	4.00%
Commercial Real Estate	90,496	5.55%	91,344	4.59%
Construction	2,891	4.98%	4,127	5.09%
Other	108	5.25%	131	5.25%
Commercial Business	1,640	9.74%	459	5.88%
Consumer	61	17.75%	73	15.00%
Total Loans Held for Investment	$ 1,074,160	4.39%	$ 892,451	3.76%
Advance Payments of Escrows	265		194	
Deferred Loan Costs, net	9,280		6,887	
Allowance for Loan Losses	(6,001)		(5,969)	
Total Loans Held for Investment, net	$ 1,077,704		$ 893,563	

Loan Composition as of 03/31/23



Balances and Activity

Deposits and Borrowings

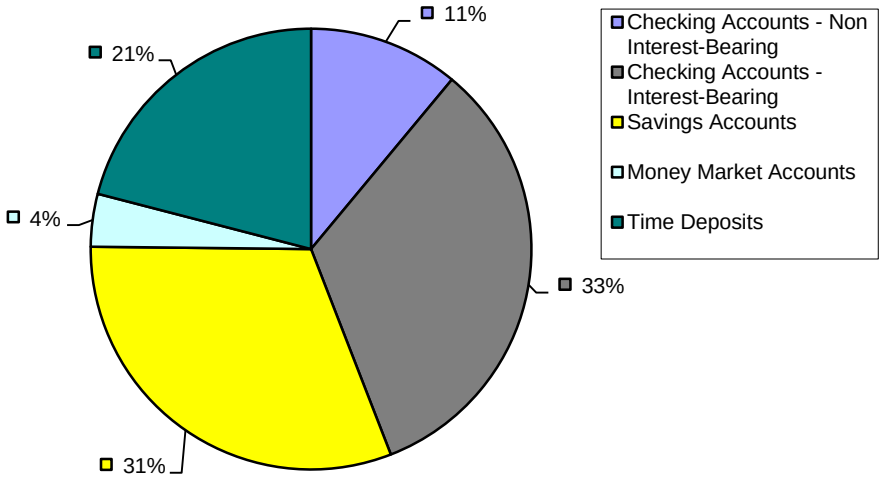


Deposit Composition

Category (Dollars In Thousands)	At 03/31/2023	Rate	At 03/31/2022	Rate
Checking Accounts - Non Interest-Bearing	$ 108,479	- %	$ 117,097	- %
Checking Accounts - Interest-Bearing	325,077	0.04%	347,972	0.04%
Savings Accounts	305,403	0.05%	332,452	0.05%
Money Market Accounts	38,018	0.13%	38,754	0.09%
Time Deposits	206,069	2.48%	127,225	0.55%
Total Deposits [1] [2]	$ 983,046	0.55%	$ 963,500	0.11%
Brokered Deposits Included Above	$ 95,337	4.37%	$ -	-%

1) Includes uninsured deposits (adjusted lower by collateralized deposits) of approximately $177.8 million and $169.0 million at March 31, 2023 and 2022, respectively.
2) The average balance of deposit accounts was approximately $34 thousand and $31 thousand at March 31, 2023 and 2022, respectively.

Deposit Composition at 03/31/23



Borrowings Maturity Schedule

Category (Dollars In Thousands)	At 03/31/2023	Rate	At 03/31/2022	Rate
Overnight	$ -	-	$ -	-
Three Months or Less	70,000	4.64%	-	-
Over Three to Six Months	15,010	2.81%	20,000	1.75%
Over Six to Twelve Months	65,000	4.14%	-	-
Over One to Two Years	40,000	3.88%	40,000	2.25%
Over Two to Three Years	15,000	3.28%	10,000	2.61%
Over Three to Four Years	-	-	10,000	2.79%
Over Four to Five Years	-	-	-	-
Over Five Years	-	-	-	-
Total Borrowings [1]	$ 205,010	4.10%	$ 80,000	2.24%

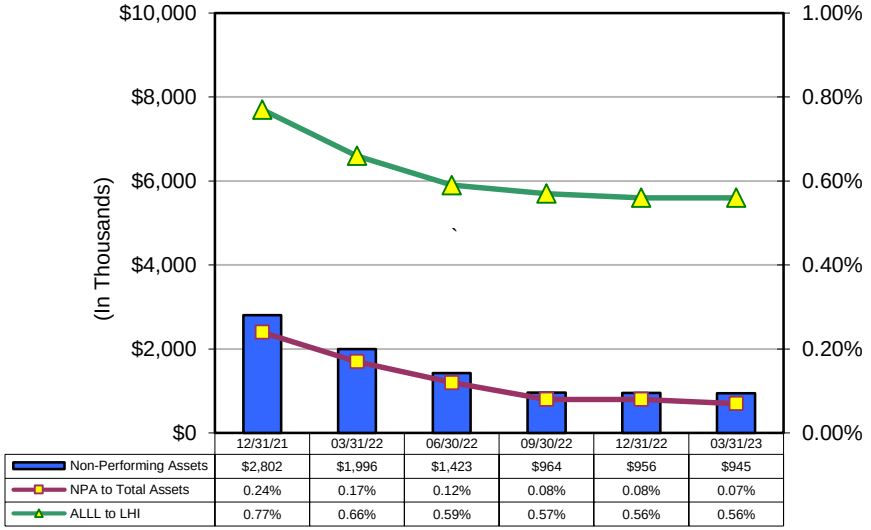
1) The Bank had approximately $228.6 million and $321.4 million of remaining borrowing capacity at the FHLB – San Francisco, approximately $135.8 million and $168.4 million of borrowing capacity at the Federal Reserve Bank of San Francisco and $50.0 million and $67.0 million of borrowing capacity with its correspondent bank at March 31, 2023 and 2022, respectively.

Asset Quality

Developments

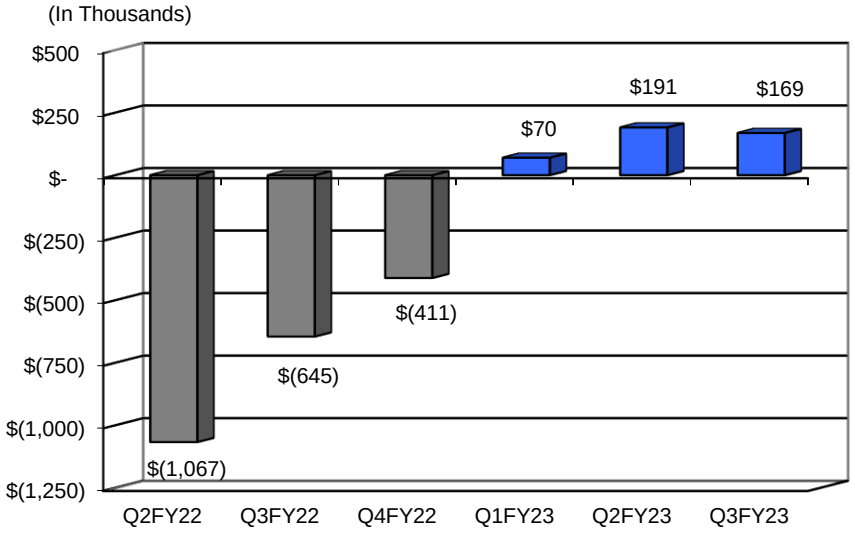
- Non-Performing Assets to Total Assets Ratio decreased slightly to 0.07% from December 31, 2022
- $169,000 Provision for Loan Losses
- No REO
- Early-Stage Delinquencies remain at very low levels

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

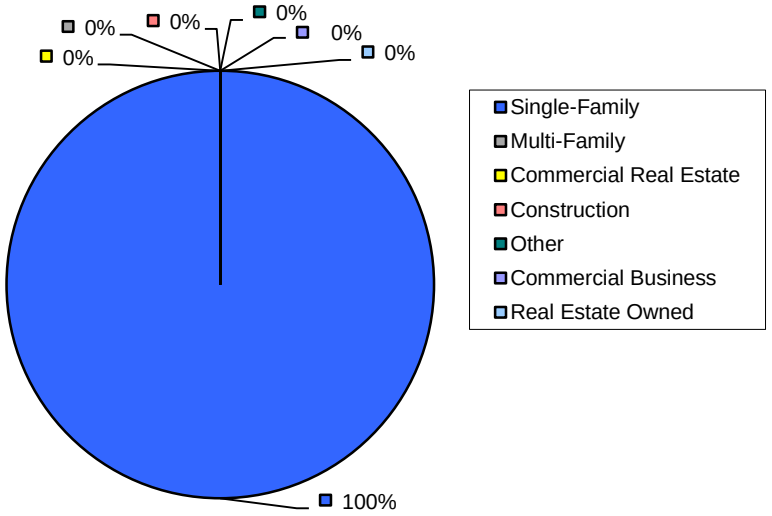


	12/31/21	03/31/22	06/30/22	09/30/22	12/31/22	03/31/23
Non-Performing Assets	$2,802	$1,996	$1,423	$964	$956	$945
NPA to Total Assets	0.24%	0.17%	0.12%	0.08%	0.08%	0.07%
ALLL to LHI	0.77%	0.66%	0.59%	0.57%	0.56%	0.56%

(Recovery) Provision for Loan Losses

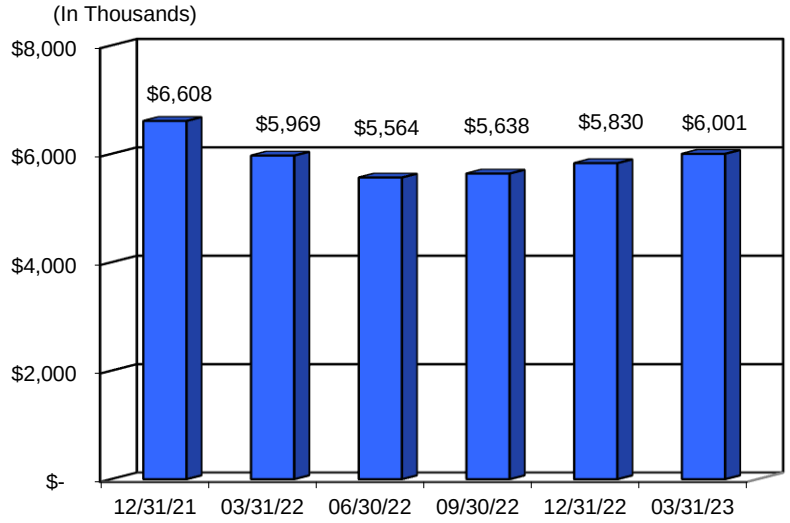


Non-Performing Asset Composition 03/31/23

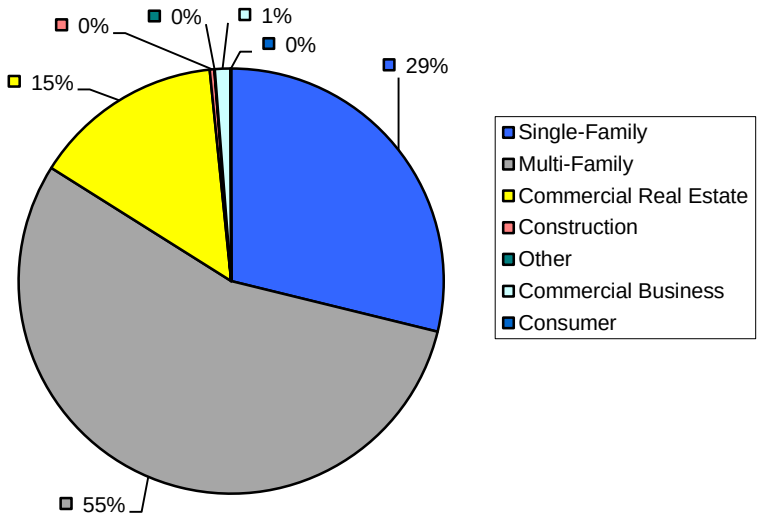


Asset Quality

Allowance for Loan Losses (ALLL)



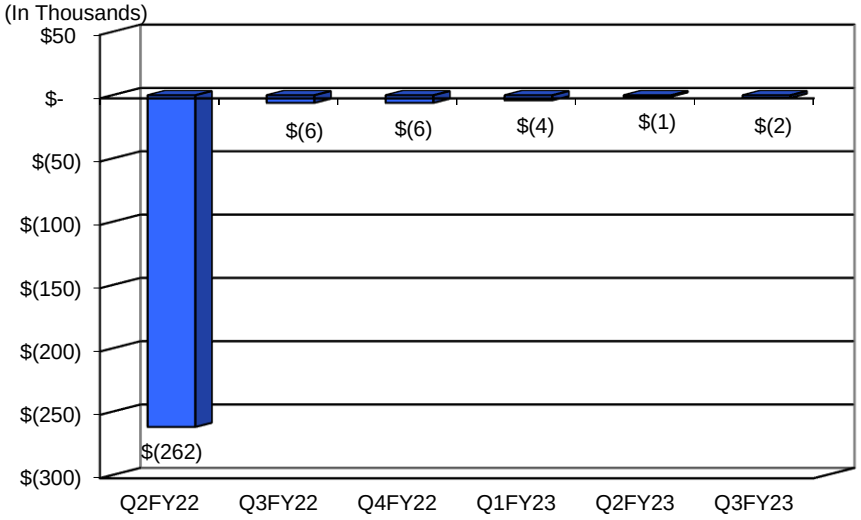
ALLL Allocation as of 03/31/23



Delinquent and Non-Performing Loans

(Dollars In Thousands)	At March 31, 2023				At March 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	3	$ 962	5	$ 945	-	$ -	8	$ 1,690
Multi-Family	-	-	-	-	-	-	1	306
Commercial Real Estate	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Commercial Business Loans	-	-	-	-	-	-	-	-
Consumer Loans	-	-	-	-	-	-	-	-
Total	3	$ 962	5	$ 945	-	$ -	9	$ 1,996

Net Charge-Offs (Recoveries)



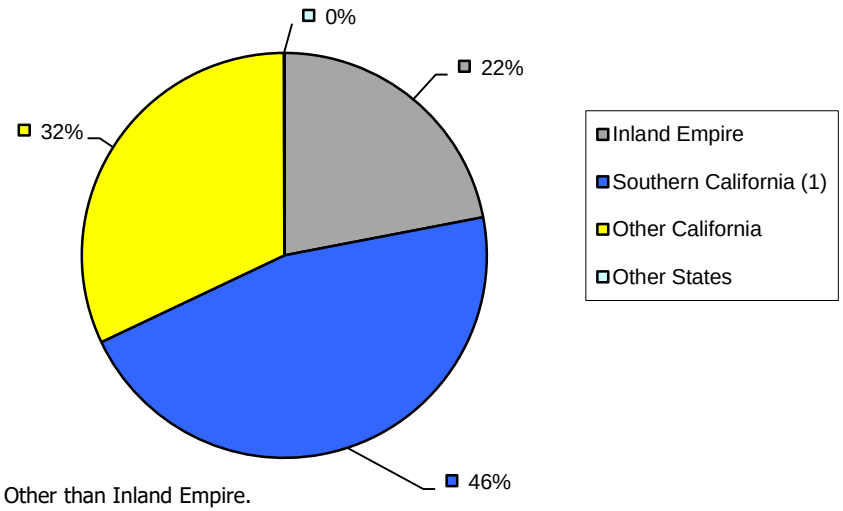
Asset Quality

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	$ 149,311	30%	$ 170,972	33%	$ 192,075	37%	$ 274	0%	$ 512,632	100%
Multi-Family	62,500	13%	273,995	59%	129,837	28%	-	0%	466,332	100%
Commercial Real Estate	17,870	20%	46,293	51%	26,333	29%	-	0%	90,496	100%
Construction	2,111	73%	606	21%	174	6%	-	0%	2,891	100%
Other	-	0%	108	100%	-	0%	-	0%	108	100%
Total	$ 231,792	22%	$ 491,974	46%	$ 348,419	32%	$ 274	0%	$ 1,072,459	100%

[1] Other than Inland Empire.

Geographic Location 03/31/23



[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)	$32,397	$5,220	$11,088	$8,339	$17,550	$20,100	$151,733	$225,345	$39,376	$511,148
Weighted Avg. LTV [1]	48%	52%	64%	62%	52%	61%	63%	71%	75%	66%
Weighted Avg. Age (In Years)	17.14	7.37	6.60	5.58	4.51	3.43	2.47	1.48	0.84	3.14
Weighted Avg. FICO [2]	728	744	730	744	760	751	764	766	769	761
Number of Loans	169	15	19	22	37	31	201	319	48	861
Geographic Breakdown (%)										
Inland Empire	31%	14%	41%	45%	11%	15%	37%	28%	17%	29%
Southern California [3]	56%	58%	55%	47%	61%	33%	19%	34%	43%	33%
Other California	12%	28%	4%	8%	28%	52%	44%	38%	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)	$54,608	$36,627	$27,386	$32,814	$61,996	$71,157	$91,913	$79,175	$10,656	$466,332
Weighted Avg. LTV [1]	41%	39%	41%	42%	45%	49%	48%	46%	42%	45%
W. Avg. Debt Coverage Ratio [2]	1.84x	1.71x	1.69x	1.58x	1.61x	1.58x	1.77x	1.59x	1.82x	1.68x
Weighted Avg. Age (In Years)	10.33	7.38	6.55	5.53	4.44	3.45	2.52	1.56	0.86	4.46
Weighted Avg. FICO [3]	752	763	754	755	761	760	760	761	761	759
Number of Loans	117	51	52	51	72	75	111	95	12	636
Geographic Breakdown (%)										
Inland Empire	21%	6%	22%	17%	12%	16%	14%	6%	0%	13%
Southern California [4]	46%	55%	62%	64%	69%	66%	49%	63%	58%	59%
Other California	33%	39%	16%	19%	19%	18%	37%	31%	42%	28%
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)	$17,560	$5,476	$6,830	$9,432	$11,703	$6,563	$5,565	$23,948	$3,419	$90,496
Weighted Avg. LTV [1]	33%	42%	44%	38%	43%	36%	44%	38%	40%	39%
W. Avg. Debt Coverage Ratio [2]	2.15x	1.68x	1.42x	1.75x	1.46x	2.03x	1.77x	1.70x	1.46x	1.76x
Weighted Avg. Age (In Years)	9.87	7.68	6.15	5.56	4.47	3.73	2.27	1.49	0.83	4.84
Weighted Avg. FICO [3]	751	777	786	762	761	725	779	774	788	765
Number of Loans	26	10	9	17	14	9	6	27	5	123
Geographic Breakdown (%)										
Inland Empire	53%	7%	1%	6%	16%	7%	44%	9%	14%	20%
Southern California [4]	36%	65%	65%	58%	50%	44%	29%	56%	86%	51%
Other California	11%	28%	34%	36%	34%	49%	27%	35%	0%	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: $36.5 million in Office; $18.1 million in Mixed Use ($8.3 million in Office/Retail, $5.7 million in Multi-Family/Retail, $3.4 million in Other Mixed Use and $700 thousand in Multi-Family/Office); $13.2 million in Retail; $7.3 million in Medical/Dental Office; $6.8 million in Warehouse; $6.5 million in Mobile Home Park; $1.0 million in Restaurant/Fast Food; $490 thousand in Automotive – Non-Gasoline; $340 thousand in Live/Work Unit; and $270 thousand in Light Industrial/Manufacturing.

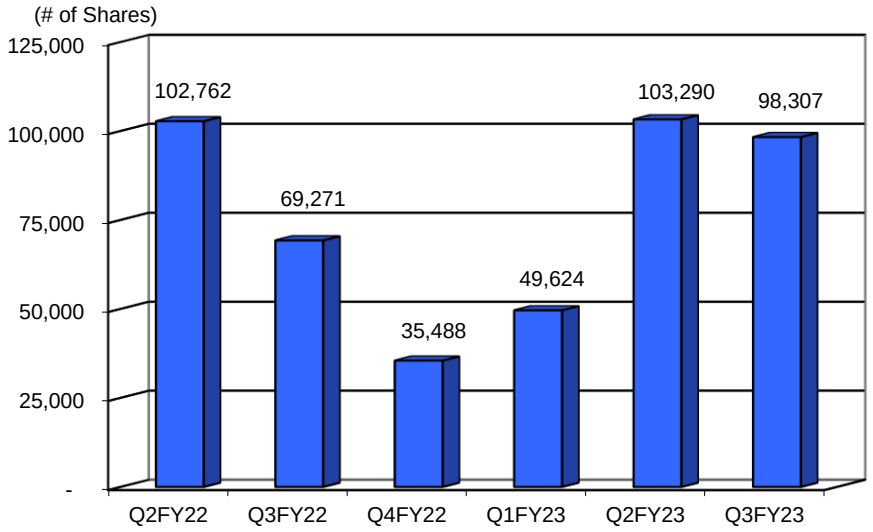
(6) Consisting of $77.2 million or 85.4% in investment properties and $13.3 million or 14.6% in owner occupied properties.

Capital Management

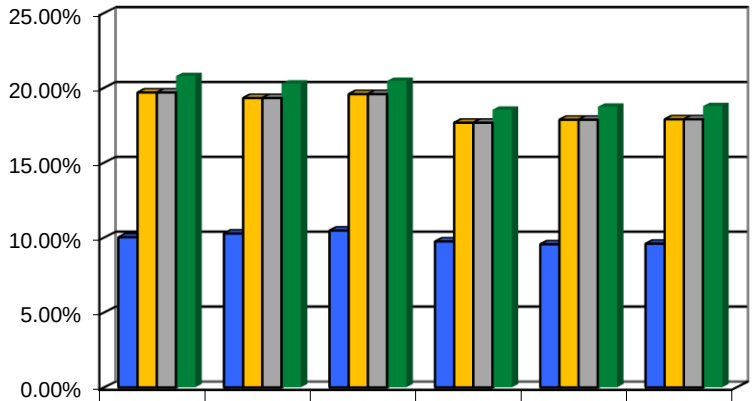
Developments

- Strong Capital Ratios
- 4.11% cash dividend yield (approximately)
- Purchased approximately 98,000 shares of common stock in the third quarter of fiscal 2023

Stock Repurchase Plan Activity

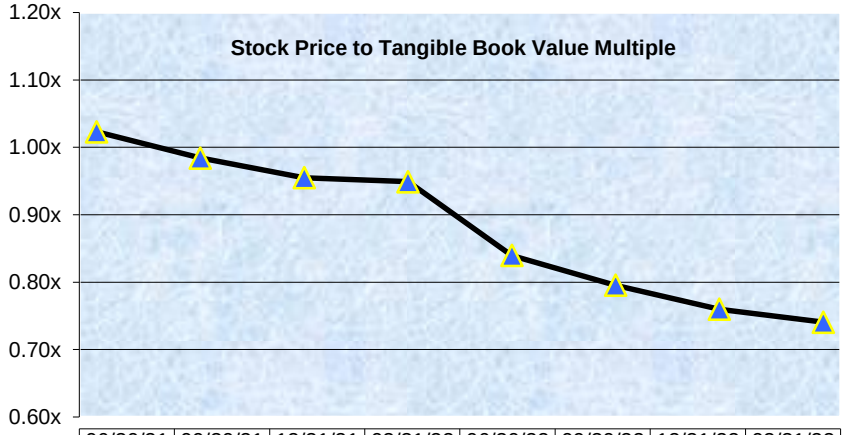


Bank Capital Ratios



	12/31/21	03/31/22	06/30/22	09/30/22	12/31/22	03/31/23
Tier 1 Leverage Ratio	10.02%	10.27%	10.47%	9.74%	9.55%	9.59%
CET1 Ratio	19.69%	19.32%	19.58%	17.67%	17.87%	17.90%
Tier 1 Risk-Based Capital Ratio	19.69%	19.32%	19.58%	17.67%	17.87%	17.90%
Total Risk-Based Capital Ratio	20.79%	20.29%	20.47%	18.54%	18.74%	18.78%

Value Proposition



	06/30/21	09/30/21	12/31/21	03/31/22	06/30/22	09/30/22	12/31/22	03/31/23
Price/ TBV	1.02x	0.98x	0.95x	0.95x	0.84x	0.80x	0.76x	0.74x