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# Provident

*New York Bancorp*



***Your Connection.***  
***Annual Shareholder's Meeting***  
***February 16,2012***

NYSE: PBNY

[www.providentbanking.com](http://www.providentbanking.com)



# Today's Speakers:

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- Jack Kopnisky- President & CEO
- Stephen Masterson- EVP & CFO

# Forward-Looking Statements and Associated Risk Factors

*We make statements in this presentation, and we may from time to time make other statements, regarding our outlook or expectations for earnings, revenues, expenses and/or other matters regarding or affecting us that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Forward-looking statements are typically identified by words such as “believe”, “expect”, “anticipate”, “intend”, “outlook”, “estimate”, “forecast”, “project” and other similar words and expressions.*

*These statements are based on the current beliefs and expectations of management. Since these statements reflect the views of management concerning future events, these statements involve risks, uncertainties, and assumptions. These risks and uncertainties include among others: changes in market interest rates and general and regional economic conditions; changes in government regulations; changes in the value of goodwill and intangible assets; changes in the quality or composition of the loan and investment portfolios; potential breaches of information security, competition from banks and non-banking companies; and other factors discussed in the documents filed by us with the Securities and Exchange Commission from time to time. These factors should be considered in evaluating the forward-looking statements and undue reliance should not be placed on such statements. Actual results or future events could differ, possibly materially, from those that we anticipated in our forward-looking statements, and future results could differ materially from our historical performance. We undertake no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date on which such statements were made.*

*Financial statement information contained in this presentation should be considered to be an estimate pending the filing with the Securities and Exchange Commission of the Company’s Quarterly Report on Form 10-Q. While the Company is not aware of any need to revise the results disclosed in this presentation, accounting literature may require adverse information received by management between the date of this release and the filing of the 10-Q to be reflected in the results of the fiscal period, even though the new information was received by management subsequent to the date of this presentation.*

# Agenda

- **Provident Bank Profile**
- Financial Review
- PBNY Strategy
- Strategic Initiatives
- Q&A

# Overview

- Headquartered in Montebello, NY
  - Founded in 1888
- \$3.1 billion in assets, \$2.1 billion in deposits
- 36 financial centers in the New York Metro Area
- Complete line of commercial, small business & consumer banking products and services
- Strong operational and technology platforms
- Acquisitions of National Bank of Florida, NY (2002), Warwick Community Bancorp(2004), Ellenville National Bank (2004) and Hudson Valley Investment Advisors (2006)

# Investment Profile

*High potential regional footprint*

*Low-cost, core deposit funding*

*Strong capital and liquidity position*

*Historically solid credit*

*Expandable operations platform*

*Focused growth strategy*

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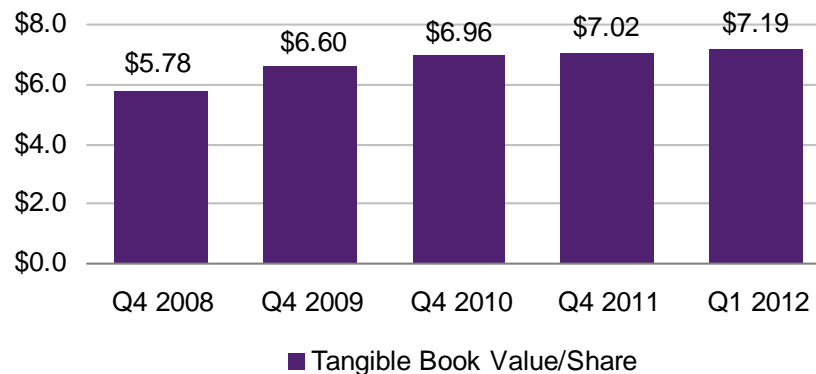
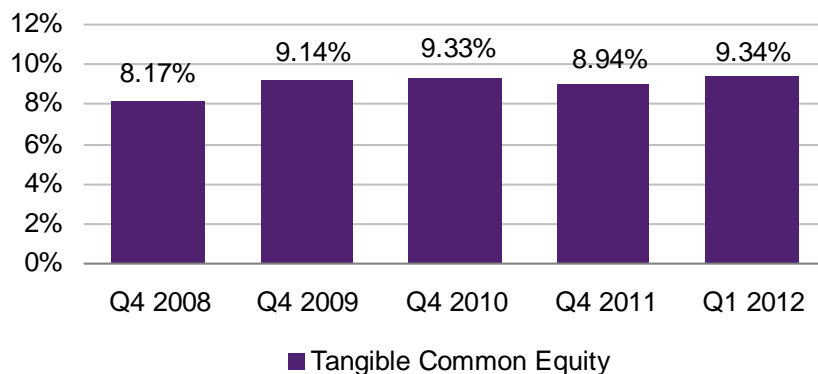
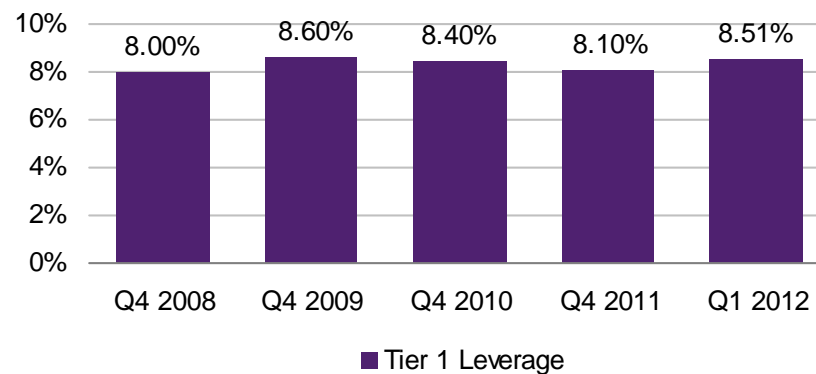
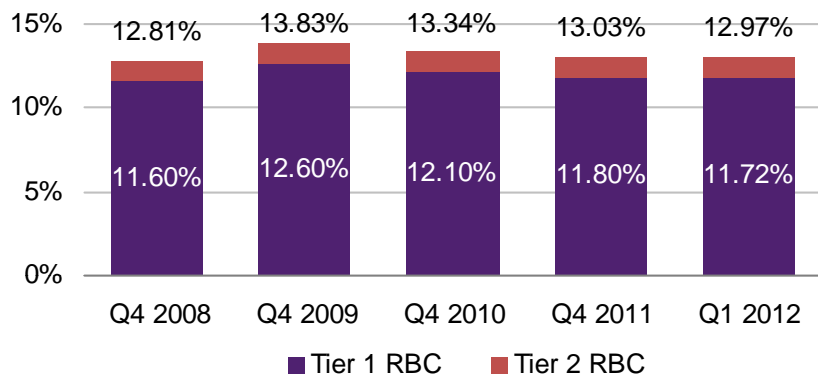
# Financial Performance

(\$ in millions, except share data)	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q-o-Q \$ Δ
<b>Selected Financial Condition Data <sup>(1)</sup>:</b>					
Total Assets	\$ 2,919.3	\$ 2,976.1	\$ 3,137.4	\$ 3,084.2	(\$53.2)
Net Loans	1,654.7	1,655.9	1,675.9	1,747.6	71.7
Securities	861.2	945.2	849.9	967.5	117.6
Deposits	2,089.9	2,098.1	2,296.7	2,135.6	(161.1)
Borrowings	379.4	401.8	375.0	468.5	93.5
Equity	420.3	429.0	431.1	437.7	6.6
<hr/>					
Diluted earnings per share	\$0.10	\$0.05	(\$0.01)	\$0.15	\$0.16
Operating earnings per share	0.09	0.07	(0.01)	0.13	0.14
Net Income	3.6	1.9	(0.5)	5.7	6.2
Security Gains/Caps/Credit Losses	0.7	0.3	4.1	1.9	(2.2)
Operating Net Income	3.3	2.7	(0.5)	4.9	5.5
Net Interest Income	22.5	22.8	22.8	23.2	0.4
Provision	2.1	3.6	8.8	2.0	(6.8)
Non Interest Income	5.0	5.0	5.0	5.2	0.3
Non Interest Expense	21.5	21.2	20.9	20.1	(0.8)
ROA	0.49%	0.27%	(0.07%)	0.74%	81 bps
ROE	3.45%	1.83%	(0.45%)	5.26%	571 bps
ROTE	5.66%	2.98%	(0.73%)	8.53%	926 bps

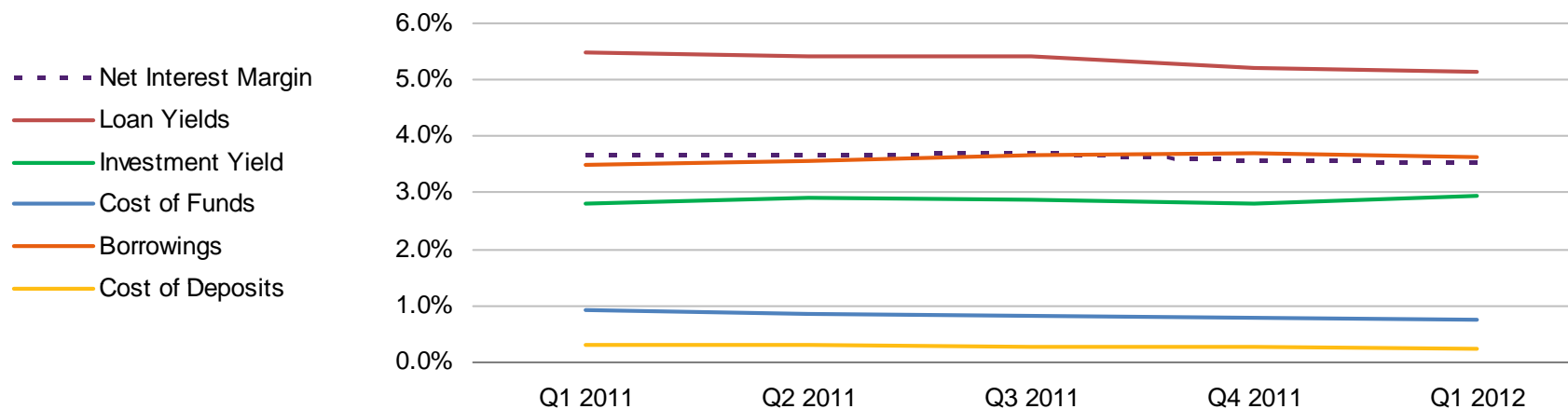
(1) See earnings releases dated January 23, 2012 and July 25, 2011 for non-GAAP reconciliations



# Strong Capital Position

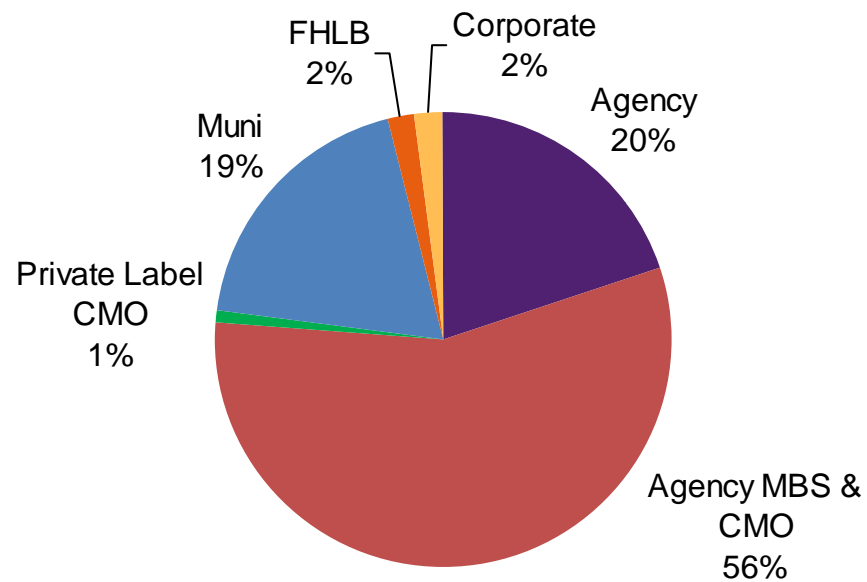


# Net Interest Margin Component Yields



Loan Yields	5.47%	5.40%	5.41%	5.22%	5.13%
Investment Yield and Other Earning Assets	2.82%	2.91%	2.87%	2.81%	2.96%
<b>Deposit Cost</b>	<b>0.32%</b>	<b>0.31%</b>	<b>0.29%</b>	<b>0.26%</b>	<b>0.23%</b>
Borrowings	3.49%	3.58%	3.67%	3.69%	3.65%
Cost of Funds	0.93%	0.86%	0.83%	0.79%	0.75%
Net Interest Margin	3.66%	3.68%	3.70%	3.58%	3.54%

# High Quality Investment Portfolio

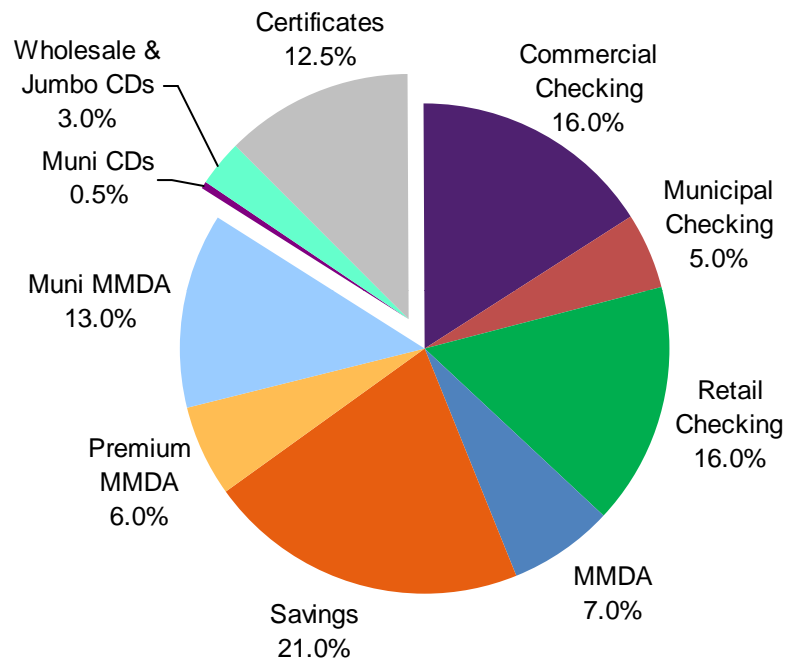


**Yield 3.06%**  
**Duration 3.76**  
**Book Value \$962.7**  
**Excess Book Value \$28.7**

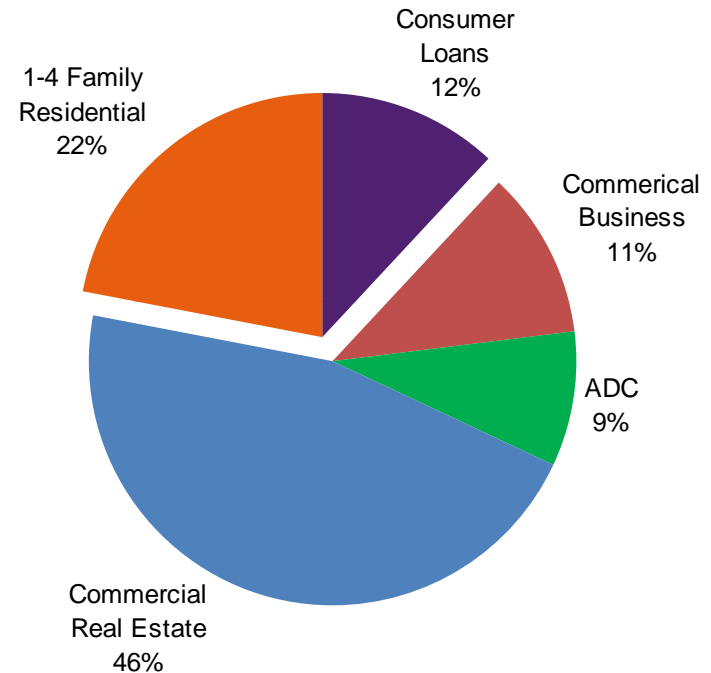
Note: December 31, 2011. Dollars in millions

# Diversified Deposit and Loan Products

(\$ in millions)



**Total Deposits \$ 2,135.6**  
**Non-time Deposits: 84%**



**Total Loans \$1,775.9**  
**66% Commercial**

Note: December 31, 2011

# Loan Balance Sheet and Originations

(\$ in millions)

Balances	1Q11	4Q11	1Q12	% LINKED	YOY
C&I	122.4	134.4	126.4	(6%)	3%
<b>CRE</b>	<b>512.2</b>	<b>610.4</b>	<b>716.1</b>	<b>17%</b>	<b>40%</b>
<b>ADC</b>	<b>226.6</b>	<b>175.9</b>	<b>162.0</b>	<b>(8%)</b>	<b>(28%)</b>
CBL	192.4	175.8	173.2	(1%)	(10%)
<b>Total Commercial</b>	<b>1,053.5</b>	<b>1,096.5</b>	<b>1,177.7</b>	<b>7%</b>	<b>12%</b>
<b>Total Commercial Excluding ADC</b>	<b>826.9</b>	<b>920.6</b>	<b>1,015.7</b>	<b>10%</b>	<b>23%</b>
Consumer	232.6	224.8	219.9	(2%)	(5%)
Residential	413.4	382.5	378.3	(1%)	(8%)
<b>Total</b>	<b>1,699.5</b>	<b>1,703.8</b>	<b>1,775.9</b>	<b>4%</b>	<b>4.5%</b>
Originations	1Q11	4Q11	1Q12	% LINKED	YOY
Total Commercial	127.7	147.3	186.7	27%	46%
Total Consumer	54.3	33.3	45.0	35%	(17%)
Total Bank	182.0	180.6	231.6	28%	27%

# Credit Quality

	Year Ended 9/30/09	Year Ended 9/30/10	1Q11	4Q11	1Q12	Peer As of 9/30/11 1-5BN
Non-performing loans to total loans	1.55%	1.58%	2.13%	2.38%	2.59%	2.83%
Net charge-offs to average loans <sup>(1)</sup>	0.62%	0.57%	0.45%	2.41%	0.37%	0.46%
Loan loss reserve to total loans	1.76%	1.81%	1.83%	1.64%	1.59%	1.42%
Loan loss reserve to non-performing loans	114%	115%	86%	69%	62%	56%
Non-performing assets to total assets	0.93%	1.02%	1.35%	1.46%	1.67%	1.74%
Special Mention (MM)	\$36.9	\$37.9	\$63.6	\$23.0	\$18.4	
Substandard/Doubtful (MM)	\$89.9	\$132.1	\$114.9	\$94.0	\$99.3	

(1) Annualized

# Agenda

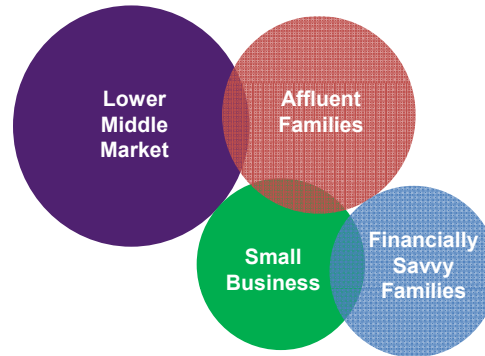
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- **PBNY Strategy**
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# Go-To-Market Strategy

## Greater NY Metro Area

### Commercial Focus

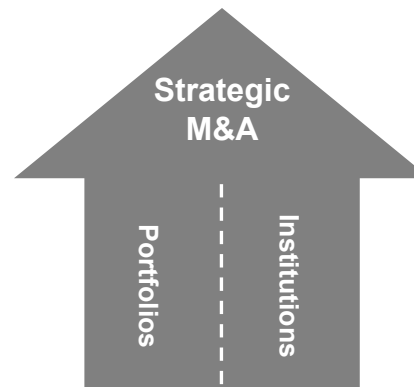
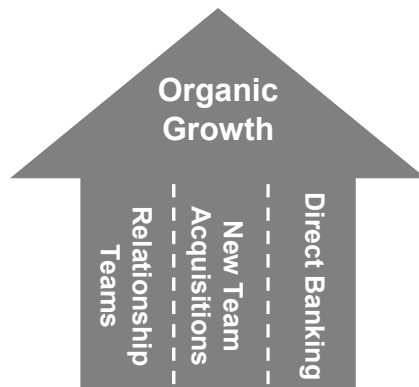
- Owner Led
- Middle Market: \$5mm-\$100mm
- Small Business: \$500k-\$5mm
- Consumer Focus
- Linked to Commercial Relationships
- Investable Assets: \$50k-\$10mm
- HH Income: \$100k+



### Provident Growth Strategy

#### Eight Core Elements

1. Focus on select, high-value market segments
2. Deploy relationship teams delivering all bank services
3. Grow organically through customer acquisition emphasizing core deposits
4. Expand market reach in the Greater NY metro area
5. Extend market presence through strategic M&A
6. Drive a high performance sales and service culture
7. Maximize efficiency through a technology enabled low-cost base
8. Maintain strong risk management systems



**High Performance Sales & Service Culture**

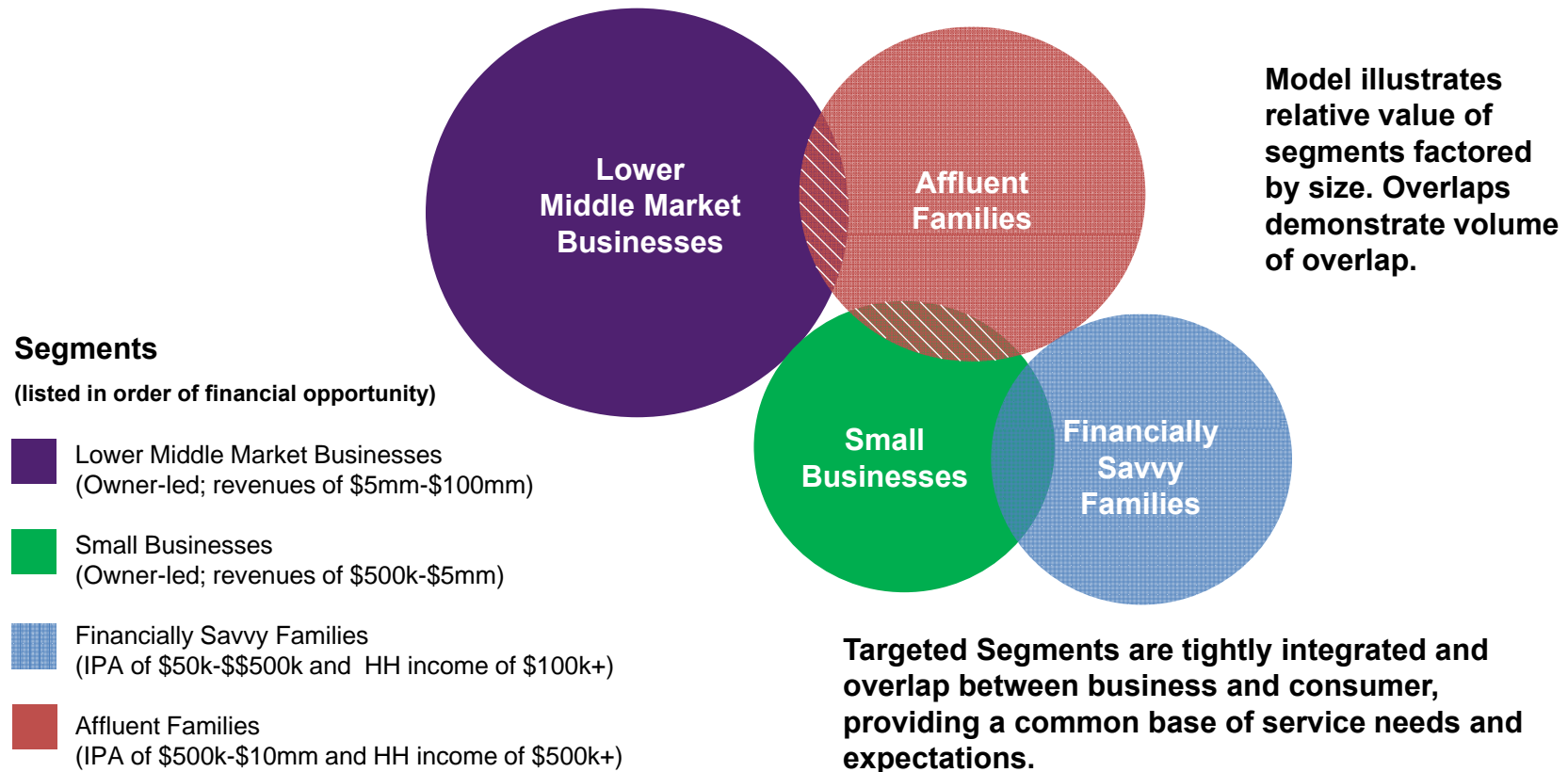
**Low-Cost, Technology-Enabled Infrastructure**

**Strong Risk Management Systems**



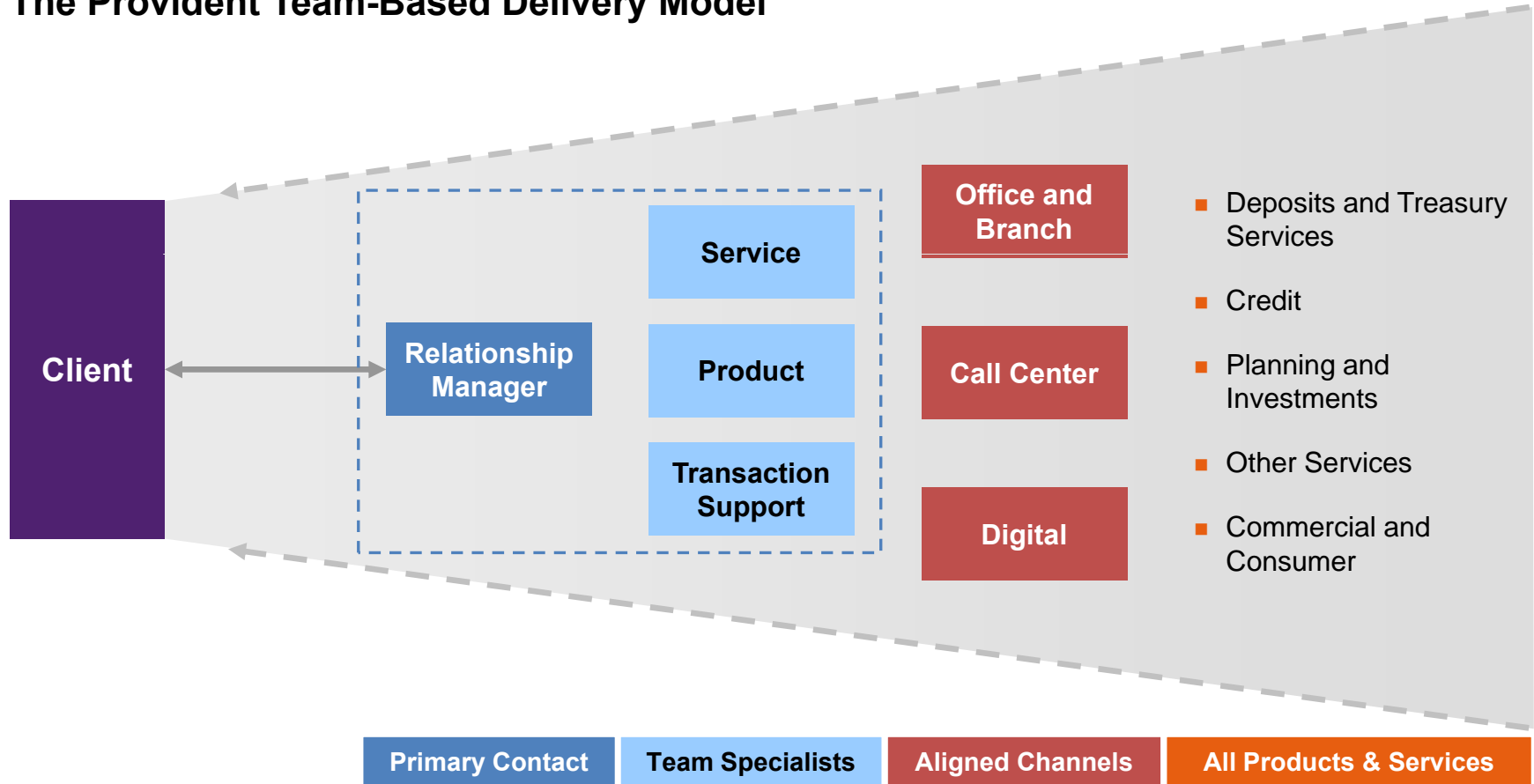
# 1. Focus on Priority Segments

## Priority Segments

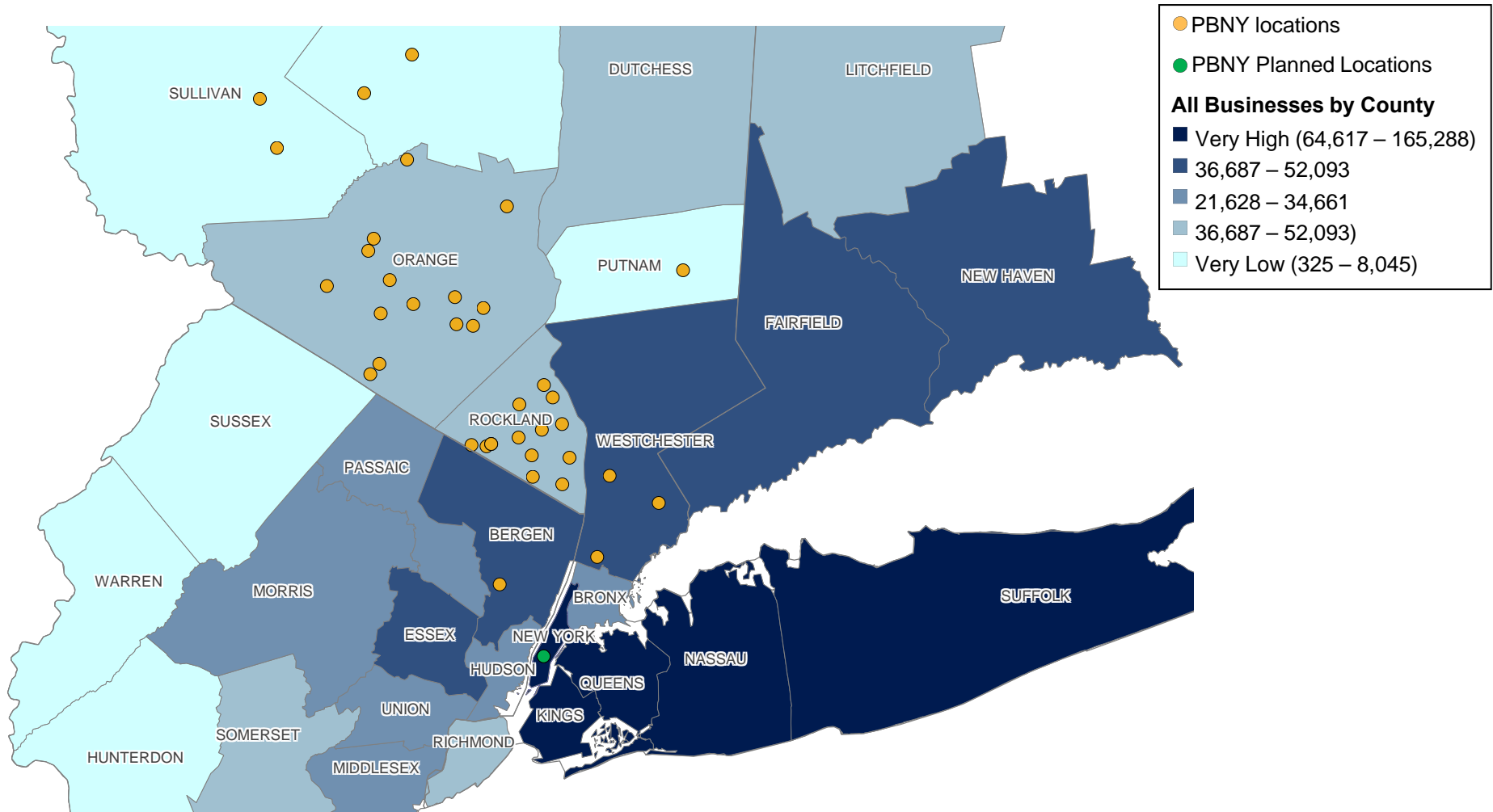


# 2. Deploy Relationship Teams

## The Provident Team-Based Delivery Model



# 3. Organic Growth Through Customer Acquisition

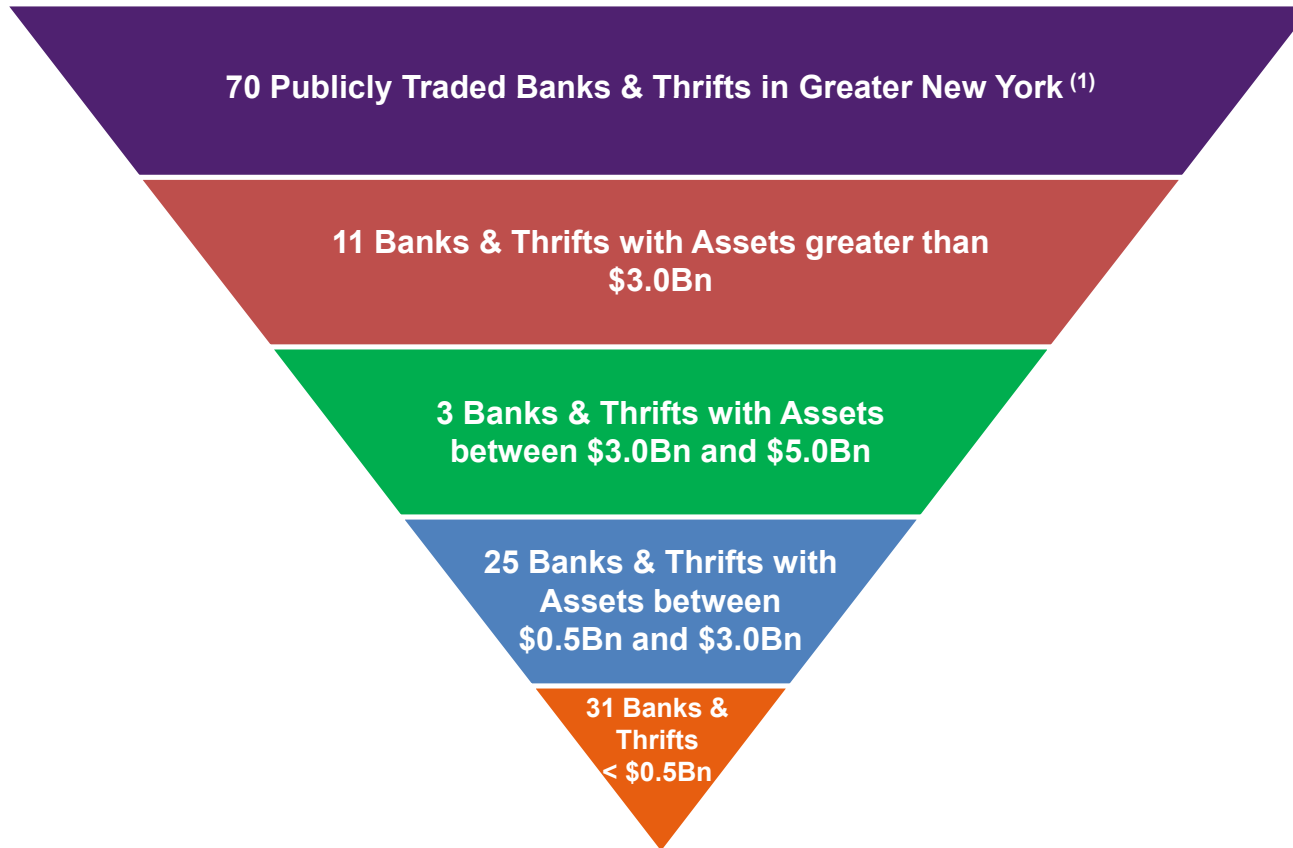


## 4. Expand Market Reach in Greater NY Metro Areas

### Team Deployment Approach for 2012

1. Concentrate new Commercial Banking team investments in Manhattan, with target of five teams recruited
2. Westchester County:
  - Grow organically with current Commercial Banking teams
  - Target two new Small Business Banking team deployments with outside RM recruits
  - Optimize resources
3. Bergen County:
  - Grow organically with current Commercial Banking teams
  - Optimize resources
4. Legacy markets
  - Organize Commercial Banking and Small Business Banking teams from current resources
  - Grow organically, primarily focusing on relationship deepening
  - Optimize resources
5. Continuously monitor results with quarterly, rolling review/update of deployment plan

# 5. Extend Market Presence Through Strategic M&A



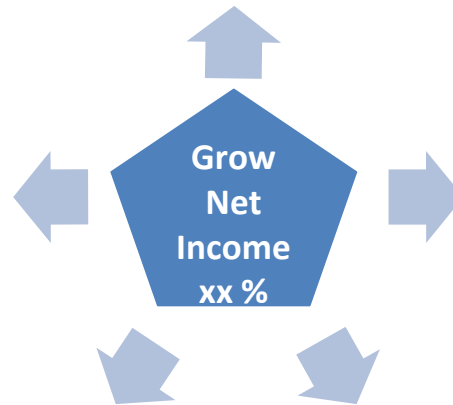
(1) Defined as the New York-Northern New Jersey-Long Island, Bridgeport-Stamford-Norwalk, Poughkeepsie-Newburgh-Middletown MSAs

# 6. High Performance Sales & Service Culture

## Executive Scorecard

Enhance Shareholder Value	
Objective	Measure
Increase Earnings	<ol style="list-style-type: none"> <li>ROE</li> <li>ROA</li> <li>EPS Growth</li> </ol>

Operational Effectiveness	
Objective	Measure
Improve Productivity	<ol style="list-style-type: none"> <li>Efficiency Ratio</li> <li>Net Interest Margin</li> <li>Total Loan Growth</li> <li>Deposit Growth</li> </ol>



Risk Measurement and Control	
Objective	Measure
Improve Asset Quality	<ol style="list-style-type: none"> <li>NPL to Loans</li> <li>Net Charge Offs</li> <li>Criticized /Classified to Loans</li> </ol>
Enterprise Risk	<ol style="list-style-type: none"> <li>Risk Assessment Score (CRO Report)</li> <li>Capital Ratio</li> </ol>

Customers	
Objective	Measure
Increase Market Share	<ol style="list-style-type: none"> <li>Net Growth in Customers</li> <li>Percent Improvement in Customer Profitability</li> </ol>

Human Capital	
Objective	Measure
High Performance Workforce	<ol style="list-style-type: none"> <li>Turnover of Top Third Performers</li> <li>Employee Survey – Annual and Quarterly Pulse</li> </ol>

# 7. Maximize Efficiency Through Technology

## Technology and Process Improvement Deployments

Deployment	Field Support	Direct Banking	Back Office
<b>Recent Deployments</b>	<ul style="list-style-type: none"> <li>■ E-sign</li> <li>■ Cash recyclers</li> </ul>	<ul style="list-style-type: none"> <li>■ Online mortgage application and account opening</li> <li>■ Mobile banking</li> <li>■ Remote deposit capture</li> <li>■ E-statements</li> <li>■ Bank to bank funds transfer</li> </ul>	<ul style="list-style-type: none"> <li>■ Loan administration streamlining</li> <li>■ Organizational alignment</li> </ul>
<b>Future Deployments</b>	<ul style="list-style-type: none"> <li>■ Teller capture imaging</li> <li>■ Enhanced CIF tracking</li> <li>■ Wireless iPad account opening</li> <li>■ Electronic lead distribution</li> </ul>	<ul style="list-style-type: none"> <li>■ Online consumer loan applications</li> <li>■ iPad account opening</li> <li>■ Enhanced electronic invoicing</li> <li>■ Person to person transfers</li> <li>■ Live chat and co-browsing</li> </ul>	<ul style="list-style-type: none"> <li>■ Automated workflow management</li> <li>■ Enhanced document imaging</li> <li>■ Core capacity expansion</li> </ul>

# 8. Maintain Strong Risk Management Systems

CONSOLIDATED RISK ASSESSMENT AS OF 3/31/11 RISK ASSESSMENT MATRIX									
Risk Category	Risk Segments	Residual Risk	Trend	Key Data					
Credit	See details in Credit Risk Table below			See details in Credit Risk Table below					
Market And Capital Risk	Interest Rate Risk			Changes in NH	6/30/10	9/30/10	12/31/10	3/31/11	
				+200 BP					
				Our Model + 200 BP	Change in NPV				
				OTS + 200 BP	Change in NPV				
	Liquidity				1) Core Basic Surplus Ratio				
					Stress Scenario*				
					As of	Low	High		
					9-30-10				
					12-31-10				
					3-31-11				
2) Total Basic Surplus Ratio									
Stress Scenario*									
As of	Low	High							
9-30-10									
12-31-10									
3-31-11									
Capital Adequacy				9/30/10	12/31/10	3/31/11			
				PB Tier 1**					
				BCorp Tang.***					
Operational Risk	Operational Controls			Quarter Ending					
				12/31/10	3/31/11				
	IT Risk & Information Security				# of Audits Rated Unsatisfactory or Marginally Satisfactory				
					Avg. # of Deadlines missed 3 times or more for Major Findings				
				# of IT Audits Rated Unsatisfactory or Marginally Satisfactory					
				Scans: Number of significant vulnerabilities identified on critical assets					
Strategic	Business Planning			NOTES * Target level is greater than ** Bank – Core Capital / Adjusted Total Assets *** Bancorp – Tangible Capital as % of Tangible Assets Consolidated					
	Human Resources								
	Legal, Compliance and Financial Reporting								
	Political/Regulatory								

- All dimensions of risk are measured, tracked and reported
- A comprehensive dashboard of measures are consolidated for oversight by the Risk organization
- Risk measures are integrated into business unit and individual scorecards
- The risk management framework is highly scalable to accommodate strategic growth



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# Strategic Initiative Actions

## Reorganization

- Attracted high performing leadership in the roles of CFO, Market Presidents and Chief Operating Officer to complement existing organizational talent
- Restructured organization around markets

## DeNovo

- Announced the hiring of 4 Commercial Banking Teams in the NYC market

## Efficiency

- As a result of our previously announced cost reduction initiative, improved efficiency ratio from 70.24% to 67.8% on a linked quarter basis

## M&A

- Announced the acquisition of Gotham Bank of New York, a one branch business bank in NYC with \$169MM in loans and \$335MM of deposits (as of 9/30/11)
  - Cash transaction of approximately \$40.5MM
  - 125% of adjusted tangible net worth at closing resulting in an estimated 3.3% core deposit premium

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