

Strategic Growth Initiative in NYC: Acquisition of Gotham Bank of New York

Investor Presentation

January 18, 2012

Disclaimer

We make forward-looking statements in this presentation including, but not limited to, statements related to the price, timing and strategic and financial benefits of the pending transaction with Gotham Bank, as well as future expense savings, future synergies, and other future financial or business performance, conditions, strategies, expectations or goals. All statements that are not descriptions of historical facts are forward-looking statements, based on management's estimates, assumptions and projections that are subject to risks and uncertainties. These statements can generally be identified by the use of forward-looking terminology such as "believes," "expects," "intends," "may," "will," "should," or "anticipates" or similar terminology.

Actual results could differ materially from those currently anticipated due to a number of factors, including among other things: uncertainties as to whether or when our anticipated Gotham Bank acquisition will be consummated; Provident Bank's success in implementing its strategic, financial and operational initiatives and in successfully executing the Gotham Bank acquisition, including the ability to timely and fully realize contemplated cost savings and revenues, extent of customer retention and generation, and difficulties in integrating operations within the periods, to the degree and at the cost anticipated; costs and availability of financing on favorable terms and future capital needs; and uncertainties associated with regulatory policies and approvals.

There are a number of additional important factors described in documents filed by the Provident New York Bancorp with the Securities and Exchange Commission and other factors that could cause our actual results to differ materially from those contemplated by such forward-looking statements. We undertake no obligation to publicly release the results of any revisions to those forward-looking statements which may be made to reflect events or circumstances after the date of this release or to reflect the occurrence of unanticipated events. You should not place undue reliance on our forward-looking statements, which apply only as of the date of this presentation.

Transaction Overview

- The acquisition of Gotham Bank of New York provides a strategic expansion into the metro New York City market and provides a strong platform to grow our middle market business through both organic growth and M&A opportunities.
- Gotham Bank is a one branch business bank in NYC with \$169 million of loans and \$335 million of deposits (as of September 30, 2011). Gotham Bank is conservatively managed with strong credit quality.
- Initiates the new Provident strategy in NYC in conjunction with the hiring of David Bagatelle and the deployment of middle-market banking teams. Platform includes a core asset and deposit base, a long-term client base, advantageous location in midtown Manhattan and an initial legacy client relationship team.
- Provides access to the lucrative NYC market and the potential to leverage existing clients and gain market positioning.
- Attractive transaction economics: immediately accretive to earnings per share, limited dilution to tangible book value, earnback in 3 years and strong pro forma capital levels to support the growth strategy.
- Good fit with the long term overall strategic plans of Provident.

Transaction Pricing & Structure

- Merger consideration: 125% of adjusted tangible net worth near closing. As of 9/30/11, tangible net worth at Gotham Bank was \$31.5 million.
- Core deposit premium estimated to be approximately 3.3% based on forecasted pro forma numbers at closing.
- 100% cash consideration.
- Seller stock options: settled in cash to the extent unexercised.
- Seller cash dividends: payable in ordinary course of business.
- Termination fee payable by Gotham Bank: \$2 million.
- Anticipated Closing Date: Third Quarter.

Transaction Economics

- Immediately accretive to earnings per share, excluding one-time transaction costs.
- Tangible book value dilution of 5% at closing. Pro forma TBV dilution earned back in 3 years versus Provident's estimated standalone TBV.
- Targeted pro forma capital level greater than 8% (TCE / TA) at closing.
- Expected cost savings in excess of 40%. Ability to leverage expense base as growth strategy accelerates.
- Targeted pro forma efficiency ratio in the lower 60%-range.

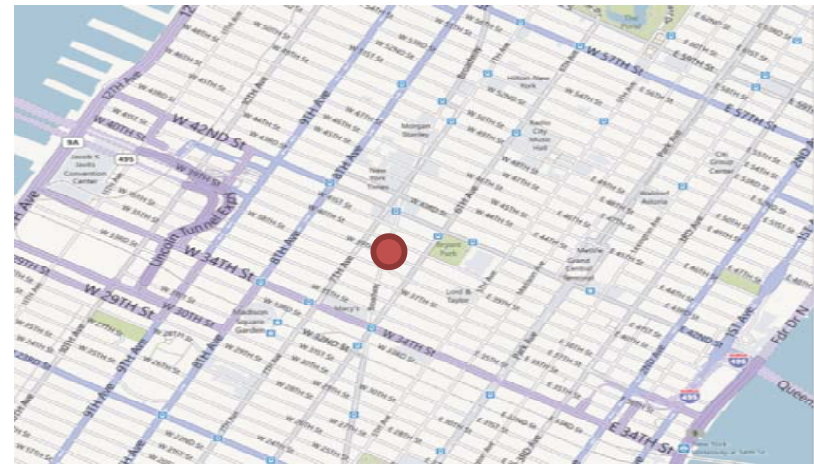
Note: Provident EPS forecasts based on FactSet median estimates of \$0.37 for FY 2012 and \$0.47 for FY 2013. The use of FactSet numbers is for illustrative purposes only; Provident does not adopt these estimates for any other purpose.

Strategic Rationale: Market-Entry Platform

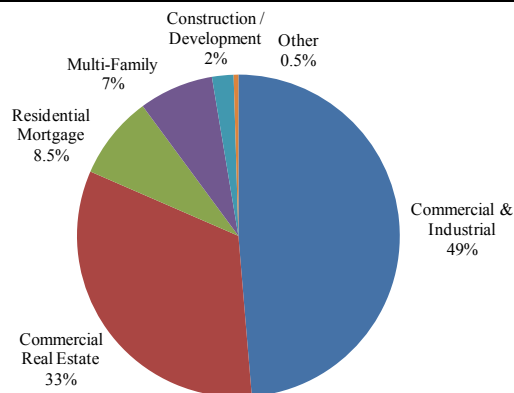
Background on Gotham Bank

- New York state-chartered and Fed member banking corporation established in 1980.
- Thirty-year track record of profitability, conservative management and strong credit quality.
- Strong deposit franchise with approximately 65% core deposits.
- Robust C&I platform with strong growth potential and strong client relationships.
- Advantageous location in midtown Manhattan.

Branch Location in Midtown Manhattan

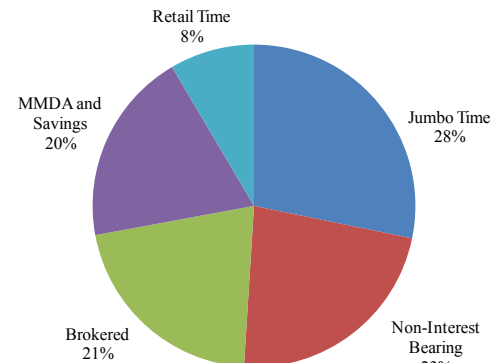


Loan Composition



Gross Loans (9/30/11): \$169M

Deposit Composition

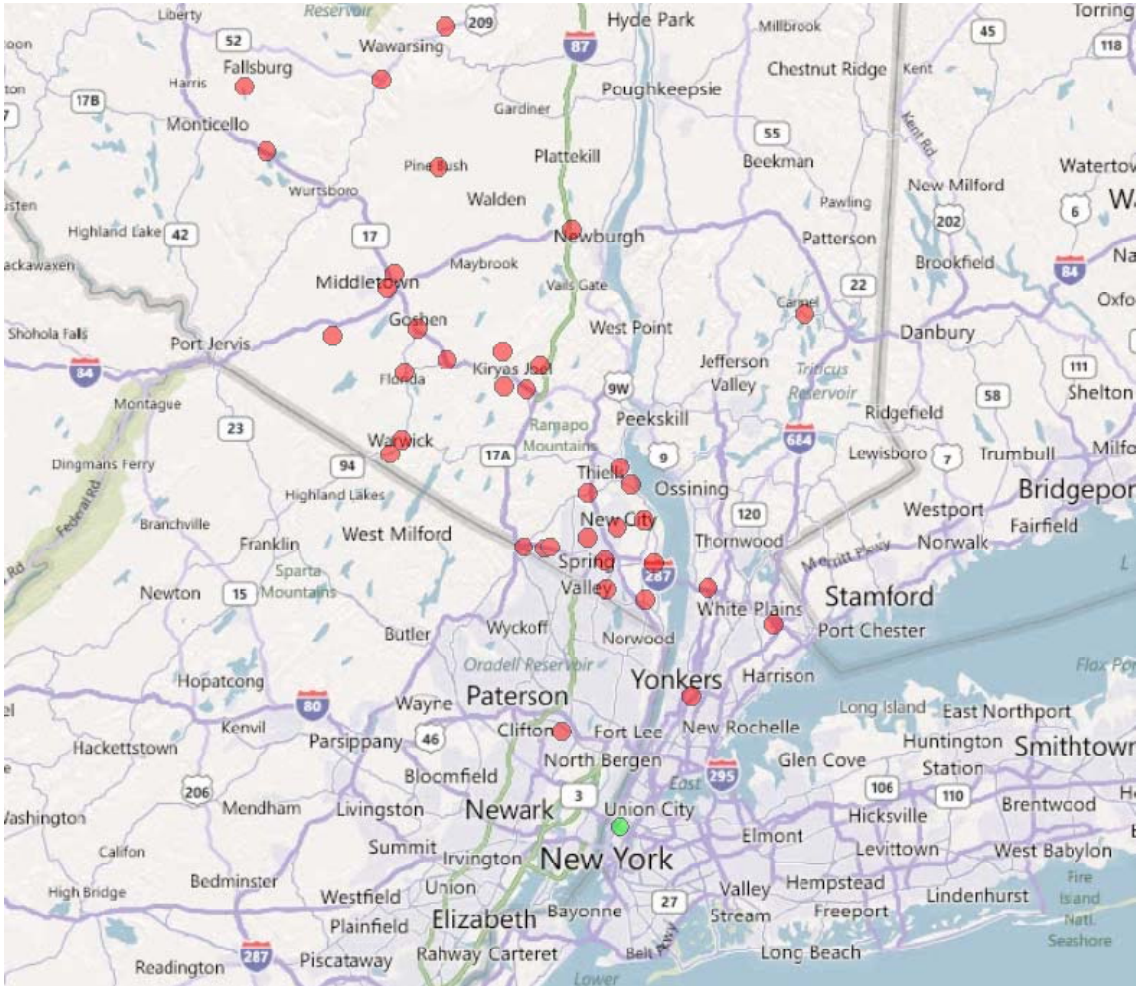




Total Deposits (9/30/11): \$335M

Focused Business Strategy

- Gotham Bank is a healthy, sound institution that will serve as a platform to complement Provident's expansion in the Greater New York metro area.
- Grow organically through Provident's team-based delivery model.
- Continue to focus on opportunistic, strategic acquisitions.
- Goal is to create the premier relationship-based business bank in the New York Metropolitan area.
- David Bagatelle and his banking teams will lead our growth strategy in the Greater New York metro area.
 - Mr. Bagatelle was the Primary Founder, President and CEO of Herald National Bank and Co-Founder and EVP of Signature Bank NY, two start-up New York middle market banks. Prior to that, he was a senior executive at Republic National Bank.
 - Provident plans to hire 3 to 5 NYC-based banking teams which will be teamed up with the legacy Gotham relationship team to create a leading middle-market franchise.

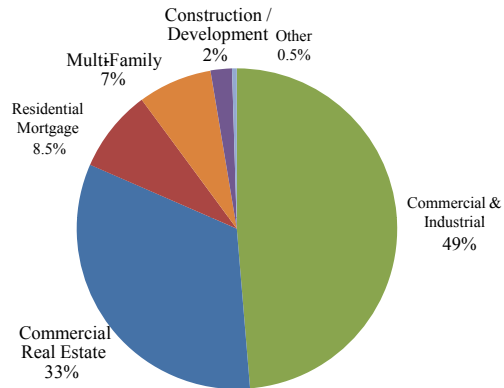
Pro Forma Branch Map



-  Provident Bank
-  Gotham Bank

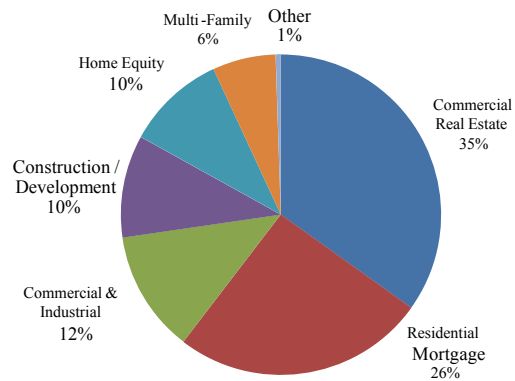
Pro Forma Loan Composition

Gotham Bank



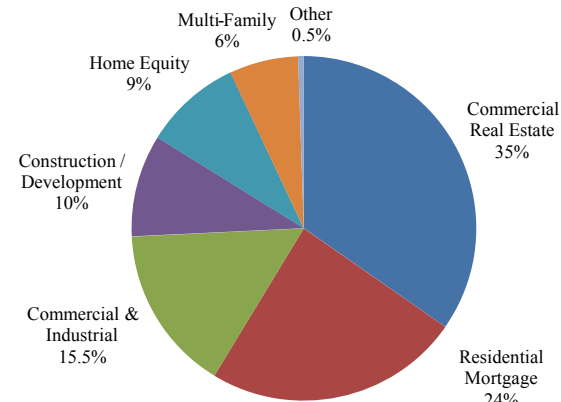
Gross Loans (9/30/11): \$169M

Provident Bank



Gross Loans (9/30/11): \$1.7B

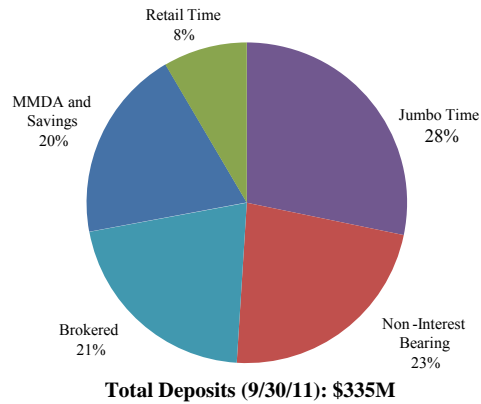
Pro Forma



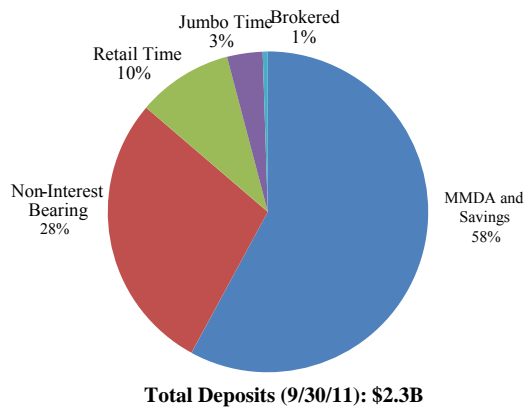
Gross Loans (Pro Forma): \$1.9B

Pro Forma Deposit Composition

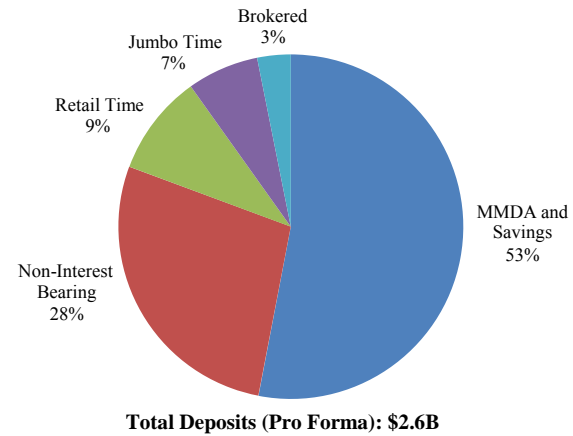
Gotham Bank



Provident Bank



Pro Forma



Summary & the Path Forward

- Gotham Bank will serve as Provident's market-entry vehicle in New York City and the initial base for our growth strategy in this market along with the hiring of David Bagatelle and his NYC-based relationship banking teams.
- Gotham has a record of profitability, conservative management and solid credit quality.
- Attractive transaction economics: core deposit premium of approximately 3.3% at closing, immediately accretive to earnings per share and limited tangible book value dilution with earnback in 3 years.
- Focused business strategy in the Greater New York metro area, utilizing Provident's proven team-based relationship delivery model.
- Provident will use Gotham as the base for acquisition of banking teams and growth of the middle market segment in New York City.

Advisors to Parties

- Provident New York Bancorp:
 - Legal: Arnold & Porter LLP
 - Financial: Endicott Financial Advisors, L.L.C.
- Gotham Bank of New York:
 - Legal: Davis Polk & Wardwell LLP
 - Financial: Lutz Advisors Inc.