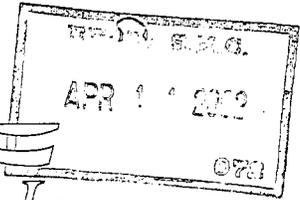


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Provident
Financial Group, Inc.

2001 Annual Report
Inside Provident

O U R P E O P L E

O U R F O C U S

O U R D I R E C T I O N

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FINANCIAL

Provident Financial Group, Inc.

In May of this year, we celebrate our 100-year anniversary—we will celebrate not by looking back, but by looking forward to our second century. Leading the way are our associates, whose names are featured on the pages of this book. It is their hard work and dedication that is positioning Provident for long-term growth.

This Annual Report includes forward-looking statements that are subject to numerous assumptions, risks or uncertainties. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. Actual results could differ materially from those contained in or implied by such forward-looking statements for a variety of factors including: sharp and/or rapid changes in interest rates; significant changes in the anticipated economic scenario which could materially change anticipated credit quality trends; the ability to generate loans and leases; significant cost, delay in, or inability to execute strategic initiatives designed to grow revenues and/or manage expenses; consummation of significant business combinations or divestitures; and significant changes in accounting, tax or regulatory practices or requirements and factors noted in connection with forward-looking statements. Additionally, borrowers could suffer unanticipated losses without regard to general economic conditions. The result of these and other factors could cause differences from expectations in the level of defaults, changes in risk characteristics of the loan and lease portfolio and changes in the provision for loan and lease losses. Forward-looking statements speak only as of the date made. Provident undertakes no obligations to update any forward-looking statements to reflect events or circumstances arising after the date on which they are made.

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Financial Highlights

	Year Ended December 31,				
	2001	2000	1999	1998	1997
Earnings and Dividends (\$ in Thousands)					
Net Income	\$ 23,329	\$ 73,614	\$ 150,949	\$ 122,427	\$ 114,715
Cash Dividends Declared on Common Shares	47,053	46,789	40,100	37,079	37,285
Per Common Share					
Net Earnings					
Basic	\$0.46	\$1.49	\$3.18	\$2.57	\$2.51
Diluted	0.46	1.46	3.08	2.48	2.38
Dividends	0.96	0.96	0.88	0.80	0.72
Book Value	18.00	20.15	18.91	16.83	15.28
Selected Financial Ratios					
Return on Assets	0.16%	0.61%	1.53%	1.40%	1.49%
Return on Equity	2.39	7.75	18.34	15.57	17.47
Net Interest Margin	3.45	3.58	3.80	3.84	3.94
Tier 1 Leverage Ratio	7.87	9.56	10.87	9.13	9.92
Tier 1 Capital to Risk-Weighted Assets	8.86	9.18	9.97	9.03	10.09
Total Risk-Based Capital to					
Risk-Weighted Assets	11.41	11.10	11.93	11.53	13.36
Reserve for Loan and Lease Losses					
To Total Loans and Leases	2.29	1.70	1.34	1.25	1.30
To Nonaccrual Loans	136.07	160.70	168.94	175.18	157.28
Nonaccrual Loans to Total Loans and Leases	1.68	1.06	.79	.71	.83
Financial Position at December 31 (\$ in Thousands)					
Total Assets	\$15,646,544	\$13,857,385	\$ 10,537,926	\$ 8,949,651	\$ 7,946,580
Total Loans and Leases	10,495,956	9,076,906	7,010,913	6,302,508	5,748,188
Deposits	8,854,250	8,829,110	7,229,988	5,956,479	5,357,072
Shareholders' Equity	892,590	990,783	926,222	802,154	718,921
Off Balance Sheet Managed Assets	4,118,304	5,756,207	5,938,020	3,220,386	1,532,687

Selected Financial Data on Operating Income Basis [Excludes Merger and Restructuring Charges (1998 - 2000)]

	Year Ended December 31,				
	2001	2000	1999	1998	1997
(\$ in Thousands Except Per Share Data)					
Net Income	\$ 23,329	\$ 73,614	\$ 150,949	\$ 122,427	\$ 114,715
Exclude Unusual and Significant Charges	—	27,000	2,730	14,303	—
Operating Income	23,329	100,614	153,679	136,730	114,715
Basic Earnings per Common Share	0.46	2.04	3.24	2.87	2.51
Diluted Earnings per Common Share	0.46	2.00	3.14	2.77	2.38
Return on Assets	0.16%	0.83%	1.56%	1.56%	1.49%
Return on Equity	2.39	10.59	18.68	17.39	17.47

Aaron Carmen Diane
 Aaron Jeff M
 Abdalla Jason C
 Abby Lisa
 Abel Brandon L
 Abney Carrie Marie
 Alney Robert Wayne
 Abiyeka Noel
 Ackerman Scott
 Ackerson Linda M
 Ackman Karen Lyn
 Adams David Andrew
 Adams David O
 Adams Della M
 Adams Joey H
 Adams John
 Adams Terry Lynn
 Adkins Tina Lynn
 Advait Anil
 Aghemashor Paul Kweku
 Allers Steven Anthony
 Alirens Kelly L
 Akbar Amir
 Alba Jeannine A
 Albritton Cheral L
 Alexander Carol Lynn
 Alexander Margaret G
 Alexander Mary Kathleen
 Alexander Robert A
 Alexander Stephanie
 Allen Billie G
 Allen Cassandra Marie
 Allen Guineea Deneen
 Allen Jeffery Scott
 Allen Roger W
 Allen Sharon Kay
 Alley Cynthia D
 Allison Rebecca Jane
 Alonge Comort A
 Al-Sabur Arshad K
 Alsip Cynthia Jean
 Alsip Karen Marie
 Allier Stephen R
 Altman Anita Faye
 Amaya Carlos
 Ambach Carol B
 Ambach Mary G
 Amyx Rebecca Lynn
 Anastos James M
 Andersen Joanne
 Andersen Patricia Jean
 Anderson Bria Marshawn
 Anderson Charles Edward
 Anderson Joseph
 Anderson Katie
 Anderson Keisha L
 Anderson Lena H
 Anderson Linda C
 Anderson Orlando N
 Anderson Sally Mae
 Anderson Tracey D
 Andrea Amy B
 Andrews Evelyn I
 Andrews Richard R

A Message from the CEO



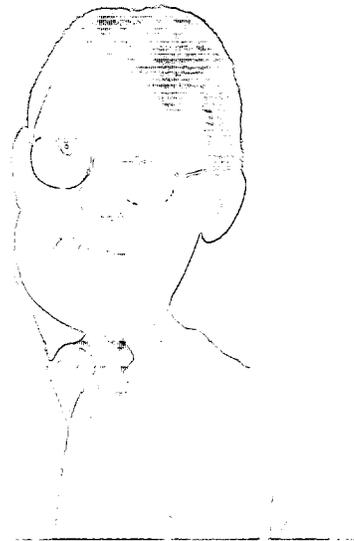
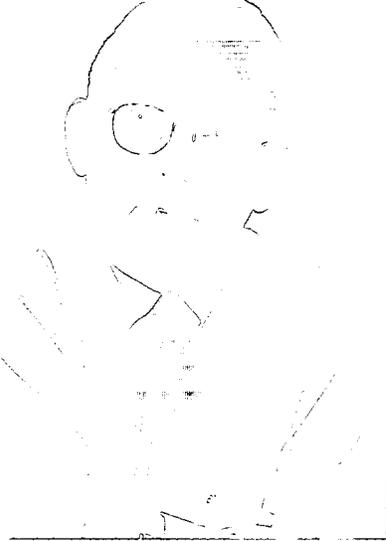
It was a challenging year for Provident Financial Group. Although we began the year on a positive note, meeting market expectations in the first two quarters, we encountered difficulties in the last two quarters. Third and fourth quarter earnings were severely impacted by the tragic events of September 11. We have been active aircraft lenders and lessors for 15 years. The world changed for that business on September 11. This affected us significantly and continued to be an issue in the fourth quarter as we achieved more clarity. Overall, the September 11 events reduced our pre-tax earnings by \$81 million, \$53 million after-tax or \$1.05 per share. We found the economy much weaker in the third and fourth quarters as well, and commercial charge-offs, unrelated to the September 11 events, increased \$45 million, impacting after-tax earnings for the two quarters by \$30 million or 59 cents per share—an amount considerably higher than our original estimate for the year. Additionally, we substantially increased our loan loss reserve from 1.70 percent at year-end 2000 to 2.29 percent at year-end 2001, costing us roughly 77 cents per share. In light of general economic trends, it was the correct and prudent thing to do, and we are very well reserved. These combined factors resulted in extraordinary high credit costs and very weak earnings performance for Provident in 2001. While it is not much consolation, we are not alone—credit issues are being felt across the entire banking industry. Our full-year 2001 earnings

were \$23.3 million or 46 cents per share compared with operating earnings of \$100.6 million or \$2.00 per share in 2000.

A fair question would be, are the significant credit issues behind us? There could be other aircraft issues, but we are well reserved. Our general commercial portfolio could have some more bumps, but again we are well reserved. As I write this letter, we are beginning to see some signs of improvement in the economy. However, we remain cautious in our outlook.

Let's talk about where we go from here. The top priority is obviously to get our credit quality back in line. Everything else is secondary to this. Additionally, we need to continue to modify our risk profile. During the past year, effective July 1, 2001, we transitioned our non-conforming mortgage business to an originate-and-sell model, which eliminates all credit risk. To date, the transition is on track. We need to continue building our non-interest and fee-based revenues, which accounted for 32 percent of our total revenue in 2001. We will continue to increase this percentage. We will substantially slow our auto leasing business in 2002 and further build our prime home equity business. While auto leasing has been a high credit-quality business and we insure our residuals, it is a very complex business with fairly thin margins. We feel we can better deploy our capital elsewhere. Prime home equity is a high quality predictable business that we can grow, and we intend to do so.

Angiotti Cheryl J
Anguiano Belinda
Anthon Regina
Anthony Pamela B
Antons Nikolais
Apke Timothy T
Appel Steven R
Araya Alison C
Archer Jonathan D
Arey Steven T
Armitage Cindy J
Armstrong Brian
Armstrong Donna Kay
Armstrong Kristina Marie
Arnold Jacqueline Dianne
Arnold Mary Ann
Arnold Ray Lee
Arzsmith Lynne Ann
Arthur Christine S
Arthur Marsha
Artis Sharon Elaine
Asbury Eric A
Ascoli David Joseph
Askin Tammy Lynn
Atherine Nickolas James
Atkinson William S
Aukstulius Rimantas R
Avampato Lena Michele
Ayon Mary O
Aylor Jeffrey Thomas
Bab Ann Marie D
Babb Kathleen
Babcock Margie A
Babines Russell
Baccocco Cynthia R
Bachnicki Luse J
Bachus Katie L
Baker Barbara M
Backschneider Eric D
Backus Darlene
Bair Martha
Bailey Kenneth J
Bailey Meredith C
Bailey Michael T
Bailey William Thomas
Baioni Maureen G
Baker Carmen Kay
Baker Gregory K
Baker Jeffrey C
Baker Lindsay
Baker Pamela E
Baker Sanya S
Balaun Vicki C
Baldwin Jr Richard W
Baldwin Beverly Jean
Baldwin Denise W
Baldwin Kyle D
Baldwin Ponce Deleon
Baldwin Yvette B
Ball Anthony Mark
Ball Gregory W
Ball Jennifer Ann



We are also continuing to heavily emphasize retail. We are rolling out a customer relationship management system that has been under development for over two years. It is state of the art and very powerful. It should substantially enhance customer relations and make us a more formidable competitor. Retail is a low risk business that generates excess capital—an equation we like and a theme we are building on.

In our commercial businesses, we are reducing exposures in our structured finance portfolio and expect that our large-ticket equipment leasing portfolio will remain level. Our small and mid-ticket equipment leasing business is growing and is expected to provide a source of predictable earnings. We will continue emphasizing the relationship side of our commercial business to widen the scope of the products and services we offer to regional mid-level companies. We have had some recent credit issues in this area, but historically it has been a good and profitable business with above average returns and acceptable risk.

We have an excellent team in place working to change the company. Our risk profile is much lower than it was two years ago and that will begin to pay off. We will continue to work to lower it more and build a company that we can all be proud of. We have always excelled at growing revenue and cost control has been a core competency. We are still good at both. Credit

quality is the third element. Historically, it has been a strength of our company and I assure you it will be again. Overall, we must first stabilize our earnings results, then resume predictability and grow earnings with a lower risk model in place. This is an excellent equation for value.

It was a difficult year for our company and our country. We are fortunate that none of our associates were injured in the terrorist attacks on September 11, although many were affected through the loss of friends, family members and business associates. Our thoughts will continue to be with all those who were affected by these tragic events. We salute the heroes and leaders of our nation and we are proud to live in this great country.

In closing, let me add that Phil Myers, Senior Executive Vice President and Chief Credit Officer has retired. We thank him for his 35 years of service and wish him well. I also want to thank our dedicated associates. Our future depends on their hard work.

Sincerely,

Robert Hoverson

March 5, 2002

- Ballev Cheri R
- Balsly Jill
- Bancroft Tracy L
- Banks Jr Gregory
- Banks David Theodore
- Banks Jody Ann
- Banks Lisa M
- Banks Stacia Maarsa
- Barber Paul C
- Barbian Robert J
- Barbour Erin L
- Bare Phyllis Eileen
- Barger Douglas A
- Barger Kristen L
- Barger Loyal J
- Barger Regina Joan
- Barleston Stacy
- Barlow Michael Alfred
- Barnes April Elizze
- Barnes Tina M
- Barnes Vanessa Bernice
- Barnett Vikki B
- Barnett Zenith S
- Barnhart Thomas MacNeil
- Barrett James Joseph
- Barrett Margaret A
- Barron Gerald Allen
- Barron Marquita T
- Barroso Nina L
- Barrott Jennifer
- Barrow Terri
- Bast Monica Constock
- Bastin Jeremy W
- Bauer Judith Ann
- Bauer Kimberly C
- Bauer Mary
- Bauer Michael Joseph
- Baumann Nancy Jo
- Baurichter Jewel
- Baxter-Walker Betty
- Bayer Judith
- Bazemore-Davis Josie E
- Beach Catherine Maguire
- Beggie Michelle P
- Bean Chensee T
- Beattie Michael George
- Beatty Diann R
- Beatty Sherwin
- Beaver Cynthia Diane
- Bechtel Ronald Clinton
- Beck James
- Beck James Henry
- Beck John
- Beck Kristi R
- Beck Lomesia Mairie
- Beck Michael Paul
- Beck Raymond D
- Beckenhaupt Colleen Delaney
- Becker Alex C
- Becker Elizabeth Ann
- Becker Evan E
- Becker Jennifer L
- Becker John Edward
- Becker Shirley A



2001 was a difficult year for Provident Financial Group. What are the strategic priorities for you and your executive team in 2002, and how do you expect the company to return to creating value for shareholders, customers and associates?

Bob Hoverson: 2001 was clearly a year of challenges and disappointments for Provident; however, we enter 2002 with well-defined goals. We will methodically resolve any remaining credit issues and transition toward a more diverse revenue stream by building lower risk businesses and adding fee-based income, thereby reducing the risk profile associated with our dependence on credit-related products. We look forward to the results of these endeavors helping us achieve a more balanced earnings mix.

Executing these strategies should deliver strong, consistent financial performance, create value for shareholders, customers, and associates, and contribute to the well being of the communities where we do business.

How does your local community benefit from the presence of Provident and its associates?

Amin Akbar: In 2001, both Provident and our associates continued to support community development goals and objectives. Throughout the year, we made over 6,700 loans in the various markets we serve representing over \$463 million in

loan commitments toward residential mortgages, small business and consumer loans.

The value of our corporate contributions is made even greater by the efforts of our associates who actively volunteer their time in organizations such



Amin Akbar
S.V.P., Community
Development

as: Big Brothers/Big Sisters; The Urban League; Boy Scouts and Girl Scouts; Asian Indian American Business Group; Boy's and Girl's Clubs of America; YMCA; as well as various local churches and fund-raising events. Additionally, our associates helped us significantly exceed our corporate contribution goal for the United Way campaign.

Above average loan growth has been the fuel for Provident's earnings in the past. Do you expect this to change as the company lowers its risk profile and transitions toward producing a more diverse and balanced earnings mix?

Chris Carey: The market has not always rewarded us with a higher share valuation even during the

years when our revenue and loan growth significantly exceeded our peers. Going forward, we will accelerate our transition toward a more balanced earnings mix in order to create a risk/return profile the market will reward. We will also reduce auto lease originations, and continue to lower the level of non-conforming mortgages on our balance sheet, while expanding businesses that fit our risk/return model. High quality home equity products as well as fee-based income sources, such as loan servicing and asset management, are areas where we expect to see strong growth.

lower risk profile

As the new Chief Credit and Risk Officer what are your priorities and areas of special attention? How do you see the company's overall risk profile changing over the short-term and medium term?

Jim Gertie: My first priority has been to review existing policies, processes and strategies and make changes where necessary. New initiatives include focusing on areas that provide growth and profitability with reduced risk while diversifying our earnings mix. We are also building a more

efficient information system that will enable us to better manage risk. We are implementing a number of internal process changes to clarify and tighten underwriting standards, refine procedures, and utilize new analytic approaches to better

manage the credit side of our business. We expect these initiatives will improve the consistency in underwriting and safeguard us from further credit problems. Eventually, our transformation will be marked by a lower corporate risk profile, a diversified business mix and a renewed commitment to financial disciplines, including stricter credit policies.

Provident has made significant investments in its retail branch system over the past few years. As a result, are you beginning to realize any competitive advantages in providing additional value for customers?

Steve Walsh: Over the past few years, we have made a number of notable investments in training, infrastructure and technology. However, the most significant investment has been the rollout of a technology-based customer relationship management platform that allows us to build a complete profile of our customers and match solutions to their needs, thereby creating a more efficient sales process. Guided by better insight into our customer base, we can focus on developing products, services and delivery solutions directed toward well-defined customer segments. Going forward, this information and knowledge will serve as a valuable resource to help us meet the changing financial needs of our customers.



Steve Walsh
E.V.P., Retail



Jim Gertie
E.V.P. & Chief Credit
& Risk Officer

- Blaut Michael Wade
- Bley Anise Elizabeth
- Bloemer Steven J
- Bloemer Michelle Marguerite
- Bloner Scott D
- Bluhm Elizabeth
- Blust Karen
- Blost Shirley
- Book Charlene
- Boonar Lisa A
- Boehm David W
- Boettjer Rachel L
- Boggs Rick L
- Bogrowski James R
- Bolanger Michelle Lee
- Bolden Lenora Adams
- Bolden Jarrod K
- Boldrey Steven L
- Boles Howard
- Bollinger Judith R
- Bollinger Kathy Ann
- Bond Sharon
- Bonner Anita Marie
- Boodley Donald
- Booker Charmella F
- Boone Cathryn Elizabeth
- Boone Chad Daniel
- Boone Rodney Daniel
- Boose James H
- Booth John Thomas
- Borchers Lisa
- Borkar Vinda N
- Borland Kathy Lynne
- Borman Diane Kelly
- Boskows Nancy Elizabeth
- Bottoms Andrew L
- Botts Patti Lou
- Bouman Timothy Joseph
- Bowden Mary A
- Bowen Kenneth
- Bowling Adam S
- Bowling April R
- Bowling Jamie Lynn
- Bowling Lisa Ann
- Bowling Tina Marie
- Bowman Constance F
- Bowman Rosalyn R
- Boyce Dina Lynn
- Boyd Tonda
- Bozic Althea Morgan
- Bradford Barbara Lee
- Bradley Christian L
- Bradley Lakisha R
- Bradley Susan Ann
- Bradsaw Brian
- Brady Elizabeth R
- Brady Sarah Ann
- Brach Simranjit
- Branch Bernice Ann
- Branciforte Justin Thomas
- Branderhoist David Lee
- Brandy Kim Lovell
- Brann Marlin Andrew
- Brauman Joanna L

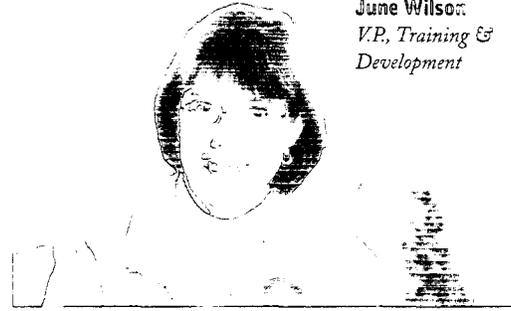
What steps led to the development of your customer relationship management system and how were you able to internally develop this system? In what other areas of the company are you using technology to drive revenue growth and improve operating efficiency?

Rosanne Schutzman: As our vision for a more aggressive sales and customer service-based culture continued to emerge over the past few years, we recognized the need for a new technology platform to maintain customer relationship information. By leveraging our collective resources, we were able to use a customer relationship management package to develop a high-quality, best-in-class solution that provides us with maximum flexibility and efficiency.

We will continue to integrate information technology in all of our businesses to gain efficiency in our sales and marketing efforts and to further improve customer relationships. To achieve efficiency gains on a corporate level, we made a significant upgrade and conversion to a paperless, web-based human resources technology platform that provides our associates with convenient online access to pertinent information.

Increasing the value of customer service is one of the company's core strategies. Are you doing anything different in the training of your associates to implement this strategy?

June Wilson: Exceptional service starts with knowledgeable and capable associates. In 2001, we continued offering associates classroom training on products, services, processes and culture. We also began giving significantly more support to associates as they transition their new knowledge



June Wilson
V.P., Training &
Development

from the classroom back to real life. This support included on-the-job training as well as follow-up coaching after they had been working on their own. We also implemented follow-up testing and round-table discussions to increase the effectiveness of these programs.

We are committed to providing state-of-the-art training programs for our associates to further enhance their professional development. Our goal is to equip them with the best tools, techniques and confidence so they can provide the best possible service to our customers.

A part of Provident's strategic goal of changing its risk profile is to increase the percentage contribution of fee income. What are the current and potential sources of fee income from your commercial businesses?

Rodger Davis: Over the past few years we have focused on building businesses that significantly impact fee revenue generation. Some areas that are proving to be excellent sources of fee income include cash management, merchant services and loan servicing operations. As Bob stated, revenue diversification is a major company-wide goal, and we are focused on aggressively increasing our fee-based initiatives and commercial deposit growth to better balance our dependence on margin income.



Rosanne Schutzman
V.P., Application Systems

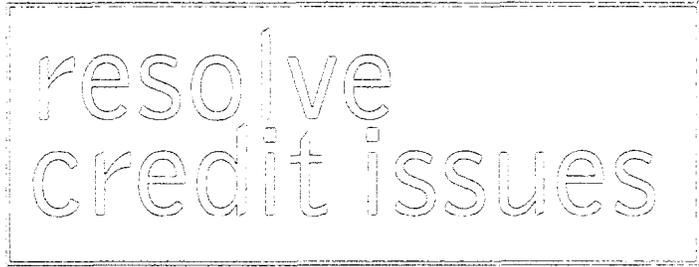


Jim Gertie
E.V.P. & Chief Credit
& Risk Officer

As you are working to improve Provident's risk profile, how important is it to achieve revenue diversification, both from a business line perspective, as well as types of revenues?

Jim Gertie: As part of our overall corporate strategy, we are focusing on areas that can provide growth and profitability with reduced risk. Diversification is crucial. Our business line-up and lending portfolios have to be structured to weather all credit cycles and events. The right correlation between our businesses is going to be a fundamental method for measuring our progress. Attaining a good balance of business and revenue

diversification will help mitigate the impact of negative economic cycles that inevitably occur. Fee-based services are an integral part of a diversified financial institution. Growth of these businesses through cross-selling opportunities and relationship banking will be an important part of our success as we move forward.



Over the years, you have broadened the scope of your commercial real estate business. What is the current status of these initiatives and what are your plans for the future in this area?

Rodger Davis: Our strategy in commercial real estate lending at Provident is a one-stop shop approach. With the addition of Capstone Realty Advisors and Red Capital Group to our traditionally strong commercial real estate business, we are now able to answer all of our customers' needs from construction finance and term finance to servicing and investment banking. When a customer's need goes beyond what traditional lending can accommodate, we can now utilize a wide array of resources. Since these solutions generate fee revenue with no associated credit risk, they are a perfect match with our overall strategy.

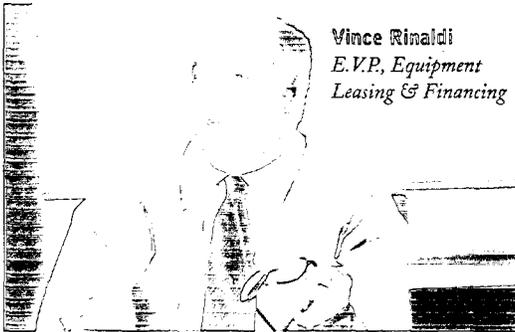


Rodger Davis
E.V.P., Commercial

Paul Raffaele
E.V.P., Operations
& Technology

- Buckley Jeffrey P
- Buechel Karen A
- Bueker Patricia M
- Butler Dawn Renee
- Butford Carol Anita
- Bullock Cynthia
- Bundy James
- Bunke Cynthia Ann
- Bunton Lewis E
- Burch Salisha Renay
- Burchfield Lisa
- Burgess Danielle S
- Burgett Michael Travis
- Burk Robert
- Burke Linda Marie
- Burkhart Rebecca L
- Burkhart Susan Mary
- Burkholder Jean H
- Burnett Tracy Yvonn
- Burns Anthony R
- Burns Barbara
- Burnside Leisha Gay
- Burress Rebecca Michelle
- Borris Kenneth E
- Borson Khary I
- Burt Vicki Sue
- Burton Barbara A
- Burwell Patricia Ann
- Burwinkel M Teresa
- Buskirk Diana
- Bussey Jimmy Loren
- Butler Barbara Jean
- Butler Jeannie Carol
- Butler Jennifer R
- Butler Katrina Lynn
- Butler Samuel
- Butler Teresa Lynn
- Butler Treva E
- Butts Donna L
- Butts Lisa B
- Byrd Cynthia M
- Byrd Jerry Lee
- Byrd Linda S
- Byrd Marlene Laverne
- Byrge Joan E
- Cable Brenda Ann
- Caddell Carolyn
- Cade Christina Marie
- Cable Mary Beth
- Cadwalader Nancy I
- Caffie Candace Janelle
- Cain Bradley C
- Cain Keith Edward
- Calderon Sarah Helene
- Caidwell Joan
- Cali Tiffany L
- Callahan Jeanne M
- Calloway Stephanie C
- Carmack William
- Camp Jr Michael Lee
- Campbell Chawahn L
- Campbell Denise L
- Campbell Nina
- Campbell Peter T

Your small and mid-ticket leasing business, Information Leasing Corporation (ILC), is another venue for revenue diversification, especially in a weak economic environment. It has been a high growth area over the past few years. Do you have plans to expand this business further?



Vince Rinaldi
E.V.P., Equipment
Leasing & Financing

Vince Rinaldi: 2001 was a growth year for our business, and we will continue that momentum into 2002. The combination of fee income and interest income along with our vendor relationships will help us maintain a consistent earnings stream.

ILC presents excellent opportunity for growth because it answers the market's growing demand for a broad range of lease financing products and services. Our strong growth over the past few years has positioned us as a national, fully integrated provider of lease financing products, services and solutions. Lower risk through expansion of origination sources is key in our business. We are increasingly focused on lending to higher credit-quality customers who we can serve through superior service. Ongoing investments in our infrastructure and associates will accommodate the increased business volume we expect in the years ahead.

How are you building the infrastructure of ILC to support this expansion?

Delphia Hamms: The flat organizational structure of ILC allows us take advantage of new business opportunities and respond quickly to industry and market changes. We oversee a rapidly growing leasing portfolio and over the past year have made tremendous strides in building the necessary infrastructure, including making significant investments in our associates and in technology, to accommodate future growth. One of our most important competitive advantages is being part of a larger company and having the support of many resources available to us. During the past five years ILC has grown from 62 associates to 203 associates. Overall, we are well positioned to succeed.



Sabah Siddiqui
A.V.P. & Financial
Center Manager

Delphia Hamms
V.P., Operations
Manager, ILC

- Campbell Russell B
- Canady Diane
- Canedy Lakesha T
- Canary Daria S
- Candelario Jessica
- Cannata Carol Ann
- Cannon Janice A
- Cannon Tyrone
- Cantor Mark A
- Capella Javier Francisco
- Capon Gina C
- Capon Jill Elisha
- Capps Carol L
- Cardenana Kristen L
- Carey Christopher J
- Carlson Duane Keith
- Carney Anastasia Helen
- Carney Barbara Anne
- Carney David J
- Carney Susan L
- Carroll Paula Diane
- Carota Paulette M
- Carr Erica Renee
- Carr Kathy M
- Carrigan Courtney D
- Carroll Patrick H
- Carle Paul
- Cartell Sandra M
- Carter Laquita Maria
- Carter Theresa
- Casarcia Tracey Lynn
- Cassey Melissa E
- Cassell Barbara Anne
- Catchen Teresa Louise
- Catalin John Stephen
- Caton Connie
- Ceccoli David
- Cecil Amanda M
- Cervera Laurie A
- Chabrier Ojal J
- Chamberlin Lesley R
- Chambers Kelli
- Chance Vickie A
- Chandler Bobbette
- Chandra Inderjit Sohi
- Chapman Alaina B
- Chapman James
- Chard Keith Alex
- Charley-Chenault Valerie L
- Chatfield Patricia Jane
- Chea Mary Elizabeth
- Cheatham Amberley J
- Cherney Mark
- Chess Jr Robert H
- Chestnut Patricia
- Childress Karen
- Chow Gregory Scott
- Chrystolor Lydia
- Chuike Annette Marie
- Chumbley Debra Ann
- Ciamponi Nicholas Christopher
- Cinquini Anthony
- Cisne Yorick



Chris Carey
E.V.P. & Chief Financial Officer



Jay Plum
S.V.P., Consumer Lending



Dick Gravino
E.V.P., Mortgage

It appears that small and mid-ticket equipment leasing is one area where Provident is expanding beyond its regional boundaries. What are some of your other businesses where there is a potential for significant national growth?

Chris Carey: Provident has always viewed expansion as a way to diversify earnings, and has been selective about businesses that can be managed on a national basis. For example, we have not ventured much beyond Ohio and Kentucky in our commercial real estate portfolio. In middle-market lending, we grew locally while gradually opening offices in attractive adjacent markets. On the other hand, there are some businesses where technology and credit characteristics allow you to operate nationally. A good example of this is our

the internet as a channel for small and mid-ticket leasing. A large majority of our non-conforming mortgage loans are originated nationally; however, we are now selling these on a whole-loan basis. We view national expansion in these businesses as a way to diversify risk and provide earnings growth.

How do you achieve nationwide growth in home equity products? How do you plan to capture market share?

Jay Plum: Strategic alliances and internet relationships in conjunction with more aggressive marketing efforts have driven the nationwide growth of this business. Our competitive edge lies in our products and services and our ability to deliver them with a higher-than-expected level of customer service,

Your mortgage division, PCFS, underwent a significant strategic change in 2001. Where are you in this evolution and how does this plan fit into Provident's overall corporate strategy?

Dick Gravino: To answer the second part of the question first, our new strategy fits the corporate plan perfectly. The non-conforming mortgage loan business, despite the attractive risk/reward trade-off, is more efficiently financed by non-bank lenders, such as investment banks. The inherent characteristics of this business with its high levels of non-performing assets and relatively higher charge-offs do not fit the risk profile of a typical commercial bank business, especially when it grows disproportionately to other businesses. In 2001, we decided to change our business plan to an originate-and-sell strategy. We have made all the necessary changes in the infrastructure and have been executing this plan since July of 2001. These efforts have produced a dynamic operation that will yield a diversified, stable revenue stream, without credit risk and capital consumption. Both originations and sales are growing, and we are able to contribute to the success of the company by being a sustainable and growing source of fee income.

prime home equity business, an area that is growing rapidly via the internet and other distribution channels. The internet is a powerful tool to grow originations, while effectively managing credit risk and underwriting. We have also adopted

regardless of the sales channel. We will continue focusing on high credit-quality borrowers as we further expand this business through efficient internet channels. These combined factors will continue to drive the future growth of this business.

- Clack-Rosemond Patricia
- Clancy Martin J
- Clancy Cheree M
- Clark Cynthia Jane
- Clark Mary C
- Clark Melissa A
- Clark Pamela
- Clark Patsy Jo
- Clark Stephanie Ann
- Clark Sylvia E
- Clark Teresa E
- Clark Tracy Lynn
- Clay Teresa Colleen
- Clayton Susan Marie
- Clem Brenda Braswell
- Clemens James
- Clemmons Vicki L
- Clifton Paula C
- Cline Michael C
- Cline Michelle Rae
- Cline Muriel
- Clothworthy Marilyn A
- Cobb Michael R
- Cobbins Carla R
- Cobbs Carl Vincent
- Coble Bobi Jo
- Cochran Annette C
- Coffey Cynthia S
- Coffey Karla
- Coffey Linda
- Coffey Celeste N
- Conhen Dennis Lee
- Cole Dennis Lee
- Cole Jr Elmer
- Cole Jill S
- Cole Sheila Denise
- Cole Tammy Michelle
- Coleman Debra C
- Coleman Lavan
- Coleman Sophia L
- Coleman Yolanda Ann
- Coleman-Dawson Sondra M
- Collins Jr John C
- Collins Cynthia M
- Collins Delores L
- Collins Lola P
- Compton Bobbie K
- Compton Jeffrey David
- Constock Gail
- Constock Trisha Lee
- Conden Joseph P
- Conley Larry Mesina
- Conley Lee A
- Conn Teri L
- Connors Christine Marie
- Constantine Ibrissam
- Contadino Michael J
- Conway Tom H
- Cook Barbara Ann
- Cook Dawn
- Cook Janice L
- Cook Kimberly G
- Cook Nicholas J
- Cook Pamela Sue
- Cook Vickie L



Sharon Bond
V.P., Credit Risk
Manager, Mortgage

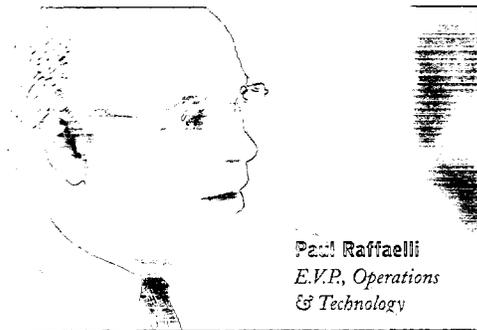
How has technology changed the way you underwrite and monitor credit within your non-conforming mortgage portfolio?

Sharon Bond: Innovative technological advances introduced over the past few years have provided tremendous benefits to the underwriting process. Efficient and consistent processing procedures, automated decisioning and better quality controls help us effectively manage the sales process, while at the same time furnishing us with detailed analyses that enable us to more closely monitor our portfolios and predict credit behavior. We are strengthening our infrastructure through ongoing system upgrades, new product development and consistent review of underwriting policies. For example, these changes include improving systems that will allow us to gain further efficiencies and insights into our portfolios, eliminating higher-risk

loan products such as second liens, and establishing new minimum credit score levels.

In addition to mortgage lending, where are you spending your technology dollars these days? Is the primary goal to increase the quality of service

that you offer customers, or to achieve cost savings through increased efficiencies?



Paul Raffaelli
E.V.P., Operations
& Technology

Paul Raffaelli: We strive to achieve the appropriate balance of cost savings and efficiency gains without sacrificing business needs and quality of service. One way we do this is to look for enterprise and package solutions that allow us to reuse common functions and data interfaces, thus reducing the time it takes to implement software changes and further extending the life of our existing mainframe applications. We employ a "buy-versus-build" decisioning strategy, integrating packaged software solutions where it makes sense. This strategy was applied to the selection and implementation of a new fraud analytics package we recently introduced. We are always looking for ways to improve and gain efficiencies and regularly review our technical infrastructure and make upgrades to accommodate for growth.

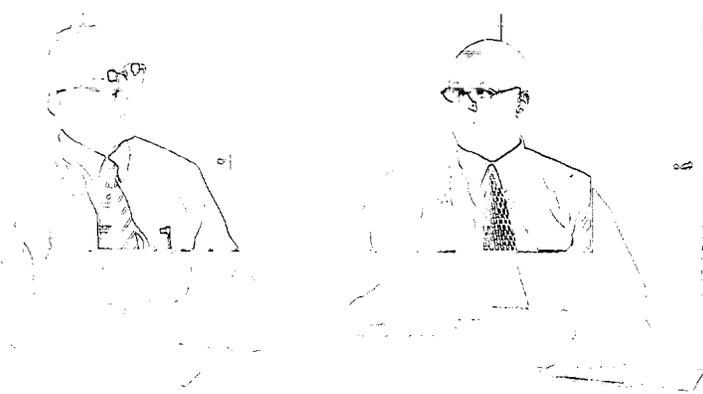
Technology plays a very large role in businesses that are "operations heavy" such as cash management. What are your plans for technology driven solutions in this area?

Jerry Meyer: Automating high-volume, repetitive operations is key for these businesses. An example is Electronic Check Conversion, which converts a check at the point-of-sale to an electronic funds transfer from the customer's account to the merchant's account. Funds are available the next business day, and the risk of fraudulent checks is lowered. Consolidated Returns, another technology driven solution,



Jerry Meyer
S.V.P., Corporate
Services

- Cookendorfer Mary
- Cooper Alicia K
- Cooper Anne
- Cooper Diana Lynn
- Cooper Lara M
- Cooper Vera
- Coots Sherry Lynn
- Copenhaver Svetlana I
- Coppage Dru C
- Corbin Mark A
- Corcoran Deborah Elaine
- Cordell Dianne K
- Connell Cherie Patricia
- Connell Kevin L
- Connitt Karen J
- Connist Tony Bill
- Connist III Benjamin
- Corpus Arnel B
- Corson Jamie Lynn
- Cosby Suzanne Marie
- Cosby William B
- Cosey George
- Cosgrove Jennifer A
- Costa Mary Lynn
- Coste Melanie R
- Coulter Clifford
- Council Traci R
- Courtney Hilary Haugh
- Cousar Mark R
- Covin Terri A
- Cowan Cheryl D
- Cowan Daniel B
- Cowdrey Jill Suzanne
- Cox Denise Lee
- Cox Donna A
- Cox Donna Marie
- Cox Heather
- Cox Margaret Nancy
- Cox Michael Daniel
- Cox Rebecca Ann
- Cox Ruth Jane
- Coyne Julie Ann
- Cozzecrea Michael
- Crabb Martha Joy
- Craig Charlene Louise
- Cravens Jill Ann
- Cravens Mattie M
- Crawford Gerald Lynn
- Crawford Stacy R
- Crawford Verita Noma
- Crawley-Kelley Billie A
- Crenshaw Marcia V
- Cress Amy M
- Cress James
- Cribbs David G
- Crim Ramona L
- Croft James
- Crome Marie K
- Cromer Colin E
- Cromer Kimberly Ann
- Cron Chad Michael
- Cronin Sara M



speeds up the return of bad checks, increasing the possibility of check collection and reducing customer fees.

We are also investing significantly to provide sophisticated online tools that perform cash management functions such as stop payments, wire transfers, ACH transactions, and paid check or lockbox deposit image retrieval. This new online system is also multi-bank/multi-currency and will allow customers to view account information with any bank in the world.

In addition to cash management, what other business banking products does Provident currently offer, and are there plans to expand in this area?

Clinton Bryant: We are very excited about our business plan for 2002 and beyond. The lineup of products and services we are offering customers

Our goal is to surpass the level of customer service that our competitors are providing their customers, and help small business owners in our local markets to realize their goals.

Besides business deposits, what are Provident's other sources of liquidity? The company has been a frequent user of asset-backed markets in the past years. Is this likely to continue in 2002?

Tayfun Tuzun: Provident in the past has strategically utilized all available sources of liquidity to accommodate balance sheet growth. We have enabled our businesses to grow their originations and provided the necessary funding whenever needed. Of course, retail deposits are our primary source of funding, as the most stable and profitable funding source. Asset-backed markets have provided a deep and liquid funding source for our non-conforming mortgages and auto lease portfolios over the past few years. As mentioned before, we are now selling all of our non-conforming mortgages, and de-emphasizing growth in our auto leasing business. Nevertheless, asset-backed markets are there when we need them and we will use them as it makes sense.



Clinton Bryant
VP, Business Banking Group



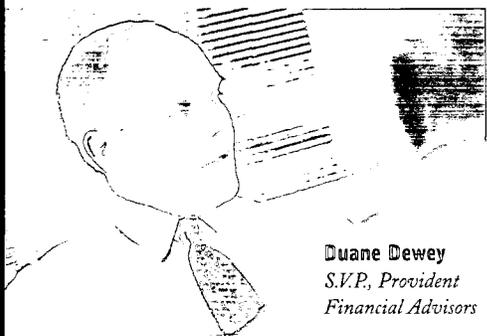
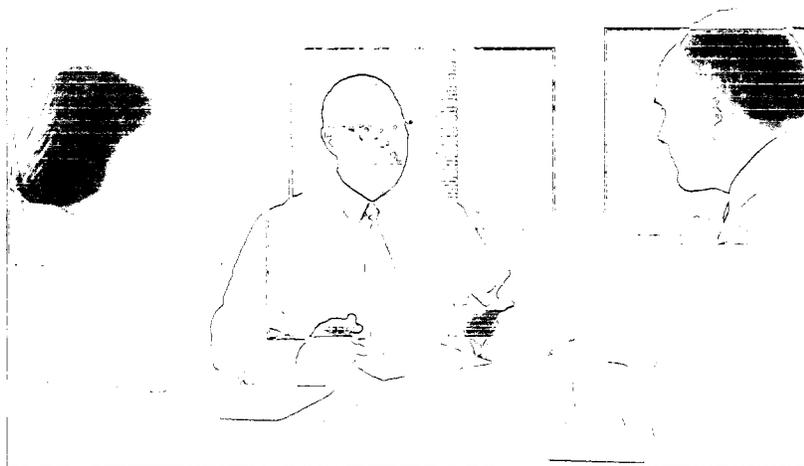
Tayfun Tuzun
S.V.P., Treasury Services

investing in our associates

is significantly expanded. For the first time in a number of years we are offering free business checking accounts to accommodate small businesses. Our sales associates are also actively promoting our deposit products and seeking cross-referrals from our financial center network.

Additionally, during the past two years, we have utilized the Federal Home Loan Bank system as an important source of funds, and we will also use other market-based funding sources when needed. Reducing liquidity risk has always been a big part of our corporate plan to reduce overall risk exposures.

- Cronkrite John
- Cross Michael
- Crothers Anna M
- Crowder-Saddler Janet E
- Crum Tammy L
- Cruise William
- Cummings Mary Grace
- Cummings Robert Paul
- Cundall Sara C
- Cunningham Rachel Israel
- Cuzzo Jouana Lee
- Cuppio Kathryn Lucille
- Curtin Krista E
- Curtsinger John
- Cush Andrew A
- Custer Deleah Suzette
- Cutcher Jason D
- Cuthrell Victoria L
- Czarnecki Cathy J
- Dageanis Debra Dawn
- Daily Daniel J
- Dale Elizabeth
- Dalton Karen K
- Damewood Mary C
- Dance Julie Lynn
- Daniel James R
- Daniel Linda
- Daniels Garrett O
- Daniels Melissa A
- Daniels Tim Scott
- Darlington Fred L
- Dattilo David Vincent
- Daugherty Thomasina M
- Daveyport David S
- Davidson Lisa Anne
- Davidson Mary Ann
- Davidson Orville T
- Davis Bruce C
- Davis Alissa Maria
- Davis Anne
- Davis Christi Y
- Davis Contina L
- Davis Christopher Michael
- Davis Daniel Kerry
- Davis Dawn Renee
- Davis Doris C
- Davis Jaynette W
- Davis Jeanne
- Davis Jeffrey Alan
- Davis Karl Rodrigo
- Davis Lynette K
- Davis Michael Dale
- Davis Monique L
- Davis Nanette
- Davis Sean Alan
- Davis Tracy Lynn
- Davis Veronica M
- Davis-Bryant Annelia Ann
- Dawes Paula Fay
- Dawson Cynthia Sue
- Dawson Megan Murray
- Day Janita R
- Day Phyllis Jean
- Day Shannon Louise

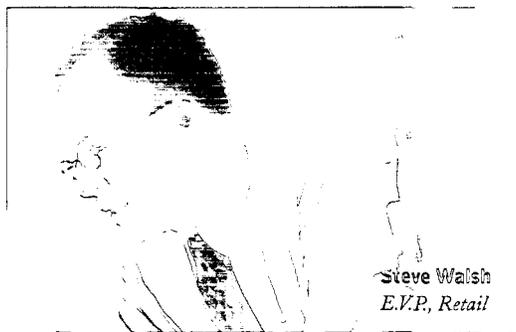


Duane Dewey
S.V.P., Provident
Financial Advisors

Asset management is an area where Provident has the potential to grow. What opportunities are you pursuing for further expansion?

Duane Dewey: We accomplished a number of initiatives to grow our business, despite depressed market conditions in 2001. We expanded our overall financial advisory capabilities by establishing a financial planning group and by launching a fee-based comprehensive financial planning process. We have added experienced investment professionals who specialize in asset management including all aspects of fixed income and equity investment management, and we will continue to add more expertise to our team. We continue to build our expertise through ongoing training, industry licensing and professional designations for our associates. We have invested significantly in technology in order to enhance our associates' abilities to meet customer needs, while at the same time, providing customers with better and more comprehensive information. We have been actively promoting our expanded offering of insurance products and services. These efforts position us to contribute to the overall corporate goal of generating fee-based revenues. We are confident in our ability to compete effectively in this rapidly changing and highly competitive business.

In addition to your asset management business, Provident has a growing retail presence in Florida. Do you foresee continued expansion in Florida?



Steve Walsh
E.V.P., Retail

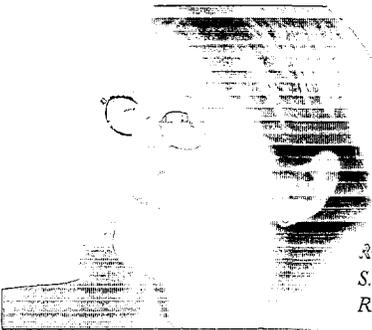
Steve Walsh: We now have 13 financial centers on the west coast of Florida. Six new offices have been opened over the past two years. This region is a phenomenal market for growing deposits and promoting our asset management capabilities. In fact, all lines of business, including the financial centers, private banking, asset management, business and commercial banking, continue to show impressive growth while maintaining stable credit quality. We are also exporting our highly focused customer service and proactive sales processes to this market so we can enhance cross-sell capabilities to develop multiple product relationships with our existing customers. This is a great market for further growth and we will continue to evaluate new locations here for expansion.

What factors do you focus on when it comes to credit quality within your consumer lending portfolios?

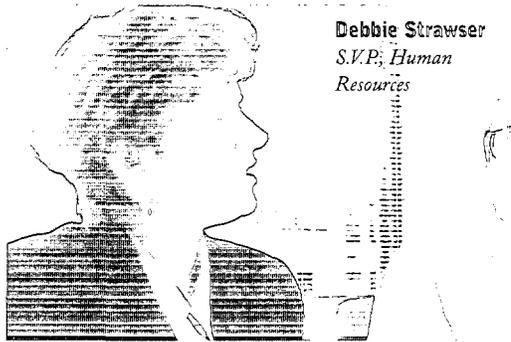
Rebecca Towne: An established and uniform credit process is vital if credit risk and underwriting are to be managed effectively. In our consumer lending areas, we have invested in systems and people in order to continue to improve these processes. We proactively manage credit risk within our consumer lending businesses by focusing on high credit-quality borrowers, using

combinations of credit scores and other relevant measures of risk. Additionally, our sales force, both in and out of the financial centers, are working at establishing broader customer relationships with a strong emphasis on ancillary relationship activities. We manage our exposure to borrower segments by monitoring adherence to credit policies and lending limits, and by constantly measuring trends in credit quality and loan performance.

combinations of credit scores and other relevant measures of risk. Additionally, our sales force, both in and out of the financial centers, are working at establishing broader customer relationships with a strong emphasis on ancillary relationship activities. We manage our exposure to borrower segments by monitoring adherence to credit policies and lending limits, and by constantly measuring trends in credit quality and loan performance.



Rebecca Towne
S.V.P., Consumer
Risk Management



Debbie Strawser
S.V.P., Human
Resources

As the financial markets become more sophisticated, banks increasingly rely on human capital to maintain their competitive advantage. How do you keep your current associates happy, and what are some of your initiatives to attract new talent to support a growing organization?

Debbie Strawser:
We offer a competitive compensation and benefits package, including stock options for current and newly hired associates. The environment a company

provides has become increasingly important when choosing a place to work. We pride ourselves in having a family friendly culture to make it easier for our associates to balance the demands of their job with family responsibilities. Our culture also encourages and actively supports diversity.

It seems like you will have a very busy schedule in 2002. As you move the company forward what is the common theme in your message?

Bob Hoverson: Our focus is on transitioning Provident to a company that is fundamentally stronger, more diversified and positioned to operate successfully in any market condition. The actions we are taking will improve our potential to generate consistent earnings growth over time, which will create increased value for our shareholders, customers, communities and associates.



Bob Hoverson
President & CEO,
Executive Office

- Dougherty Anna Marie
- Douglas Janet
- Dowell Annisha Q
- Downer Kristin
- Downey Melody L
- Downing Debra K
- Doxsey Jamie
- Doyle James F
- Doyle Juan M
- Doyle Kathleen A
- Doyle Lisa Irene
- Drew Douglas Thomas
- Dreyer James C
- Driscoll Jennifer Lynne
- D'Souza Birdie
- D'Souza Thomas E
- Dubois Yolanda Michele
- Dudley Deana L
- Duff William
- Duffey Sandy
- Duffill Michele
- Dugan Daniel Mark
- Duggan Bridget Louise
- Duke Valerie L
- Dukes Deanna M
- Dukes Marc Andrew
- Dukes Rhonda
- Dukes Vergie E
- Dunaway Robert R
- Dunfee Barbara Mary
- Dunhoft John Neal
- Dunlop Mark F
- Dunn Candice R
- Dunn Joseph M
- Dunn Michael F
- Dunn Steven W
- Dunson William Kenneth
- Durham David A
- Durstock Timothy Gerard
- Dustrad Jonathan S
- Dutcher Linda L
- Dynes Kelly A
- Earley Ralph A
- Earls Sherry Lynne
- Early Lena Morrisie
- Early Patti J
- Eavey James D
- Eberly Peter Daniel
- Eckler Rebecca A
- Edison Catherine L
- Edmonds Karen Marie
- Edmonds Samantha M
- Edmondson Charles Talbot
- Edwards Bonnie Sue
- Edwards Cheryl Jean
- Edwards James
- Edwards Janet
- Eggemeier Carol Ann
- Egger Jason E
- Egloff Timothy M
- Eliam Joyce Ann
- Elish III John
- Eldredge Todd A
- Eldridge Denise Starr

Primary Business Groups

C O M M E R C I A L

Provides a full range of high-quality commercial banking and commercial real estate products and services to build long-term mutually profitable relationships. As we look to the future, a key emphasis will be to continue developing middle-market customer relationships through our regional offices in Ohio, Florida, Indiana, Michigan and Pennsylvania. Additional areas of focus and expertise include asset-based lending, leasing, and cash management, as well as loan servicing, structuring and investment banking services for the multi-family housing and healthcare industries. Primary operating groups include:

- Regional Commercial Banking**
- Regional Commercial Real Estate**
- Secured Specialized Lending**
- Corporate Services/Capital Markets**

R E T A I L

Provides a variety of deposit and lending products and services to retail consumers and small businesses. An area of increased emphasis is our prime home equity lending business. Services are delivered through multiple channels, including Financial Centers, telephone, ATMs and the Internet. Primary operating groups include:

- Retail & Business Banking**
- Consumer Lending**

M O R T G A G E

Offers traditional and non-traditional residential mortgage loans to consumers, and also provides fee-based loan processing, loan warehousing and sub-servicing for third party originators. Loans are originated through retail and broker channels and are sold on a whole-loan basis. Primary operating groups include:

- Mortgage Services**
- Warehouse Lending Services**
- National Servicing Center**

PROVIDENT FINANCIAL ADVISORS

Provides financial advice, custody, investment and insurance services to individuals, businesses, and government agencies. An experienced team of private bankers, investment managers, securities brokers and insurance agents are dedicated to serving customers' needs within our Ohio and Florida markets. Primary product areas include:

- Private Banking/Wealth Management**
- Institutional Financial Services**
- Brokerage & Investment Management Services**

- Eledge Richard
- Eley Jill D
- Elko Elaine R
- Ellman Laura K
- Ellminger Denise A
- Elmore III Franklin Otis
- Elmore William Jasper
- Elston Janet Lynn
- Ely Michael T
- Emerson Patricia Rose
- Emery Elizabeth A
- Engel Constance J
- Engel Dawn Marie
- Engel Jaclyn M
- Engel Tracy A
- England Rebecca L
- English Ebony L
- Epps Christopher
- Epps Keith Steven
- Equipz Joseph
- Erdt Francis Anthony
- Ernst Catherine Lynn
- Erny Annette J
- Ervin Michael E
- Erwin Denise A
- Espelage David K
- Espiritu Antonio P
- Esposito Janis Elaine
- Essex Monica J
- Estep Paul E
- Ethridge Daniel
- Eui Jonathan L
- Evans Danielle
- Evans Michelle Marcum
- Evans Pamela G
- Evans Thomas
- Even Stacey L
- Everhart Angela L
- Ewing Brian K
- Ewing Charles Waller
- Ewing Lori Ann
- Ewing Stephanie N
- Faeth Donna K
- Falley Joe
- Fairbanks Marcella Jo
- Falk Mary E
- Fangmeyer Julie A
- Fanning Edward J
- Fantroy Karen J
- Fantetti Cheri Renee
- Farah Linda L
- Fardy Glenn William
- Fargo III Charles H
- Farmer Laurie Denise
- Farr Stephanie Q
- Farrell Shawn F
- Farrenkopf John
- Farrier-Hogan Jacqueline
- Farris Tami Jean
- Fazio IV Thomas
- Fazio Valerie Angelina
- Federbush Stewart K
- Fehrman Cathie D

2001 Financial Reports

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REPORT OF MANAGEMENT

The integrity of the financial statements and other financial information contained in the Annual Report is the responsibility of the management of Provident Financial Group, Inc. Such financial information has been prepared in accordance with generally accepted accounting principles, based on the best estimates and judgment of management.

Provident Financial Group, Inc. maintains a system of internal accounting controls designed to provide reasonable assurance that transactions are executed and recorded in accordance with management's authorization and that the assets of Provident Financial Group, Inc. are properly safeguarded. This system includes the careful selection and training of staff, the communication of policies and procedures consistent with the highest standards of business conduct, and the maintenance of an internal audit function.

The Audit Committee of the Board of Directors is composed entirely of outside directors and it meets periodically with both internal and independent auditors to review the results and recommendations of their audits.

Provident Financial Group, Inc. has engaged the accounting firm of Ernst & Young, LLP to audit its financial statements, and their report appears on page 41.



Robert L. Hoverson
Chief Executive Officer



Christopher J. Carey
Chief Financial Officer

Felser, Joshua D
Feld Steven S
Feldman James A
Feldman Steven M
Felix Erwin C
Fellner Lori Jean
Ferdon Deborah C
Ferguson William Anthony
Ferrara Jacqueline R
Ferro Meshasha
Fink William Douglas
Finke Sandra Kay
Finn Thomas Lewis
Fischer Daniel
Fischer Sharon S
Fish Donna Renee
Fisher Brent
Fisher Theresa Colleen
Fisher Wilton J
Fite Linda S
Fite Melissa Lynn
Flumara Mary Grace G
Flach Jr Eugene Joseph
Flaherty Michael S
Flesch Renee Michelle
Flick Samuel D
Flinn James C
Flitschel Barry Joseph
Flores Kathleen L
Flynn Robin J
Fogus Andrea Michelle
Foley Michael
Foley Robert
Foley Rose M
Folson Vivian
Ford Barbara Ann
Ford Kevin Patrick
Ford Kimberly A
Fornash Diana L
Forsythe Patricia A
Forte Marcelyn E
Fortney Margaret C
Forsz Holbrook
Foster Colleen M
Foster Jamie Renée
Foster Susan L
Foster Tonya Lee
Fountainne Sharon
Fountz Christine C
Fox Amy L
Fox Andrea Michelle
Fox Marcia Fioranza
Foy Roger Louis
Fralish Ron Nelson
France Richard Tod
Francis Juanita
Francis Rosetta M
Frank Forest Conrad
Frank Shelia Marie
Frankel Jeremy R
Franklin-Bell Shondra V
Frantz Jane Ellen

INTRODUCTION

Provident Financial Group, Inc. ("Provident") is a holding company for The Provident Bank, an FDIC member bank. Major business lines are: Commercial Banking, a provider of credit products and cash management services to commercial customers; Retail Banking, a provider of consumer lending, deposit accounts, trust, brokerage and investment products and services; and Mortgage Banking, an originator and servicer of conforming and nonconforming residential loans to consumers and short-term financing to mortgage originators and brokers.

PERFORMANCE SUMMARY

Provident reported net income of \$23.3 million, \$73.6 million and \$150.9 million for 2001, 2000 and 1999, respectively. On an operating income basis (excludes unusual and significant expenses), net income was \$23.3 million, \$100.6 million and \$153.7 million for 2001, 2000 and 1999, respectively. Operating earnings per diluted share was \$.46, for 2001, compared to \$2.00 for 2000 and \$3.14 for 1999. On an operating basis, return on average equity was 2.39%, 10.59% and 18.68% and return on average assets was 0.16%, 0.83% and 1.56% for the three years ended 2001, 2000 and 1999, respectively. The following table summarizes three-year financial data for Provident, along with calculated variances from the prior year:

<i>(Dollars in Millions Except Per Share Data)</i>	Year Ended 2001			Year Ended 2000			Year Ended 1999		
	Amount	\$ Chg	% Chg	Amount	\$ Chg	% Chg	Amount	\$ Chg	% Chg
Net Interest Income	\$ 473	\$ 85	22%	\$ 388	\$ 51	15%	\$ 337	\$ 26	8%
Noninterest Income	226	(28)	(11)	254	(18)	(7)	272	47	21
Total Revenue	699	57	9	642	33	5	609	73	14
Provision for Loan and Lease Losses	226	95	73	131	83	173	48	16	50
Noninterest Expense	437	44	11	393	66	20	327	10	3
Net Income	23	(51)	(69)	74	(77)	(51)	151	29	24
Total Loans and Leases	10,496	1,419	16	9,077	2,066	29	7,011	708	11
Total Assets	15,647	1,790	13	13,857	3,319	31	10,538	1,588	18
Total Off Balance Sheet Managed Assets	4,118	(1,638)	(28)	5,756	(182)	(3)	5,938	2,718	84
Total Deposits	8,854	25	0	8,829	1,599	22	7,230	1,274	21
Long-Term Debt and Junior Subordinated Debentures	3,392	288	9	3,104	1,933	165	1,171	59	5
Stockholders' Equity	893	(98)	(10)	991	65	7	926	124	15
Per Common Share:									
Book Value	18.00	(2.15)	(11)	20.15	1.24	7	18.91	2.08	12
Diluted Earnings	0.46	(1.00)	(68)	1.46	(1.62)	(53)	3.08	0.60	24
Ratio Analysis:									
Net Interest Margin	3.45%			3.58%			3.80%		
Return on Average Equity	2.39%			7.75%			18.34%		
Return on Average Assets	0.16%			0.16%			1.53%		
Average Equity to Average Assets	6.49%			7.82%			8.34%		
Dividend Payout to Net Earnings	205.76%			64.85%			27.14%		

Financial Data on an Operating Income Basis (excludes Merger and Restructuring Charges):

Noninterest Expense	\$ 437	\$ 83	23	\$ 354	\$ 31	10	\$ 323	\$ 28	9
Net Income	23	(78)	(77)	101	(53)	(34)	154	17	12
Diluted Earnings	0.46	(1.54)	(77)	2.00	(1.14)	(36)	3.14	0.37	13
Return on Average Equity	2.39%			10.59%			18.68%		
Return on Average Assets	0.16%			0.83%			1.56%		
Efficiency Ratio	62.51%			55.07%			52.97%		
Efficiency Ratio (excluding charges related to aircraft)	59.07%			55.07%			52.97%		

Management's Discussion and Analysis of Financial Condition and Results of Operations

The lower net income and financial performance ratios for 2001 and 2000 as compared to 1999 were principally the result of two factors. First, earnings were affected by adverse economic conditions as well as the negative impact the September 11 events had on the airline industry. During the second half of 2001, Provident recorded additional credit costs and other expenses of \$81 million related to the events of September 11 of which \$66 million were for secured commercial airline loans and leases and \$15 million were for other industry loans and leases. In light of Provident's analyses of the lending portfolio and changes in asset quality indicators, as reflected by higher charge-offs, declining credit quality ratios and the uncertain economic environment, Provident increased its loan loss reserve ratio from 1.34% to 1.70% during 2000 and to 2.29% during 2001.

A second reason for lower earnings in 2001 and 2000 was management's decision to change the structure of its securitizations to secured financings, eliminating the use of gain-on-sale accounting. The switch to secured financing structures, which was made during the third quarter of 2000, does not affect the total profit Provident will recognize over the life of a loan, but rather impacts the timing of income recognition. Secured financing transactions, on a comparative basis, cause reported earnings from securitized loans to be lower in the initial periods and higher in later periods, as interest is earned on the loans. Gains recognized from securitization transactions were \$0, \$44 million and \$96 million during 2001, 2000 and 1999, respectively.

Provident experienced revenue growth despite the absence of gains on sale of loans and leases during 2001 and the second half of 2000. Revenue (net interest income plus noninterest income) increased 9% during 2001 over 2000 and 5% during 2000 over 1999. Net interest income increased \$85 million, or 22%, for 2001 compared to 2000, after increasing \$51 million, or 15%, in 2000 compared to 1999. Higher net interest income was primarily the result of loans remaining on the balance sheet, rather than being sold through securitization transactions, and strong loan growth during 2000. Noninterest income decreased \$28 million in 2001 and \$18 million in 2000. However, excluding gains on securitization transactions, noninterest income increased \$16 million and \$34 million during 2001 and 2000, respectively.

Provident's efficiency ratio, on an operating basis and excluding the charges related to aircraft, for 2001, 2000 and 1999 was 59.07%, 55.07% and 52.97%, respectively. The absence of gains on sale of loans and leases was primarily responsible for the higher efficiency ratio during 2001 and 2000. Total noninterest expense, on an operating basis, was \$437 million, \$354 million and \$323 million for 2001, 2000 and 1999, respectively. The increase in noninterest expense during 2001 was primarily the result of the acquisition of Red Capital Group, additional investments within existing businesses where growth opportunities exist, and the write-down of aircraft associated with commercial airline loans and leases.

Provident incurred unusual and significant expenses during 2000 and 1999. During 2000, merger and restructuring charges of \$39.3 million were expensed in connection with the acquisition of Fidelity Financial of Ohio and other post-merger business line restructurings. During 1999, Fidelity Financial had taken merger charges of \$4.2 million related to their acquisition of Glenway Financial Corporation.

Total assets at December 31, 2001, 2000 and 1999 were \$15.6 billion, \$13.9 billion and \$10.5 billion, respectively. Total loans and leases increased to \$10.5 billion in 2001 compared to \$9.1 billion in 2000 and \$7.0 billion in 1999. The growth for 2001 was primarily the result of the decision to hold loans and leases originated during the first half of 2001 on the balance sheet. Credit quality ratios weakened during 2001 and 2000 as compared to 1999. The ratio of nonperforming assets to total assets was 1.26%, .76% and .56% as of December 31, 2001, 2000 and 1999, respectively. As a result of this and other asset quality indicators, Provident increased the ratio of reserve for loan and lease losses to total loans and leases to 2.29% and 1.70% as of December 31, 2001 and 2000, respectively, compared to 1.34% at December 31, 1999.

Total deposits for 2001, 2000 and 1999 were \$8.9 billion, \$8.8 billion and \$7.2 billion, respectively. During 2001, retail deposits increased 16% to \$5.6 billion at December 31, 2001 from \$4.8 billion at December 31, 2000. Offsetting this increase were securitization trust deposits held as credit enhancements being released.

Franz Elizabeth G
Franz Peter Douglas
Frazier Monica Marie
Frear Sarah M
Frey Matthew L
Freeman Chantel Rae
Freeman M Darlene
Freeman Mary Lee
Freishtler Sharon
French Rosemary F
Freudiger Amy M
Fridley Mona Sue
Friedman David M
Fritsch Monica Ann
Frolich Todd P
Frommet Melissa J
Frommeyer Regina Joy
Frost Sabrina Lynn
Fruhling Lee McCarty
Fulford George Harold
Fuller Barry A
Fuller Tina L
Fultz Kimberly R
Fussell Bonnie C
Furell Margaret J
Furell Patricia D
Futscher Donna J
Futscher Patrick R
Fyles Angela R
Gabbard Stephen C
Gadson Sidney Jean
Gagliardi Sabrina Ann
Gaither Joyce Lynn
Galbraith Katie E
Gales Nichole Patrice
Gallagher III Regis A
Gallagher Timothy M
Gallanis David W
Gallant Wilfrid
Gallenstein Lois C
Gallo Louise F
Gambrell Darren P
Gambrell Heather Louise
Gambrell Rebecca Dawn
Gans Thomas G
Garamella Joseph
Garcia Alena Tubens
Garcia Clara Yvette
Garcia Mandy S
Garcia Zamaris M
Gardiner Robert Daniel
Gardner Debra Kay
Gardner Kenneth W
Gardner Sherry Lynn
Garner Annie
Garner Isaiah A
Garrett III William J
Garrett Dolly L
Garrett Kevin James
Garrett Mary Kathleen
Garrison Debra
Gary Amy Elizabeth
Gasaway Lourdes R

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Shareholders' equity at December 31, 2001, 2000 and 1999 were \$893 million, \$991 million and \$926 million, respectively. The decrease in shareholders' equity during 2001 was primarily the result of the adoption of the provisions of Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities" and dividends exceeding net income.

BUSINESS LINES

The following table summarizes net operating income by major lines of business for the past three years:

<i>(Dollars in Millions)</i>	2001	2000	1999	Percentage Increase (Decrease)	
				'01/'00	'00/'99
Commercial Banking	\$ -	\$ 60.8	\$ 69.8	(100)%	(13)%
Retail Banking	29.5	37.0	44.2	(20)	(16)
Mortgage Banking	(6.2)	2.7	39.7	(330)	(93)
Corporate Center	-	.1	-	(100)	-
	\$ 23.3	\$ 100.6	\$ 153.7	(77)%	(35)%

Key components of the management reporting process follow:

- Risk-Based Equity Allocations: Provident uses a comprehensive approach for measuring risk and making risk-based equity allocations. Risk measurements are applied to credit, operational and other corporate-level risks.
- Transfer Pricing: Provident utilizes a matched funded transfer pricing methodology that isolates the business units from fluctuations in interest rates, and provides management with the ability to measure business unit, product and customer level profitability based on the financial characteristics of the products rather than the level of interest rates.
- Provision for Loan and Lease Losses: Business lines are charged for provision based upon its level of net charge-offs and the size of its loan/lease portfolio.
- Cost Allocations: Provident applies a detailed approach to allocating costs at the business unit, product and customer levels. Allocations are generally based on volume/activity and are reviewed and updated regularly.

- "Corporate Center": Corporate Center includes revenue and expenses not allocated to the primary business lines, gain/loss on the sale of investment securities, and any non-recurring business revenues and expenses.

Business line descriptions and fluctuation analyses follow:

- Commercial Banking is a provider of credit products and cash management services to commercial customers. The group includes Commercial Lending, serving middle market clients in the Midwest; Provident Capital Corp., a national financier of business expansions, re-capitalizations, and provider of asset-based lending services; Commercial Mortgage, a provider of construction and permanent mortgage financing; Capstone Realty Advisors, a commercial real estate servicing and origination business, Information Leasing Corporation, a national small to mid-ticket equipment leasing company; Provident Commercial Group, a national lessor of large equipment; and Red Capital Group, a financier and loan servicer of multifamily and health-care facilities.

Gatts Janet L
 Gauche Jennifer
 Gaul Russell Eugene
 Gausmann III Clifford W
 Gavin Shawn
 Gay Gail S
 Gay Harold Alphonso
 Gealy Candace L
 Gegalo Melissa Ann
 Gehm Joan M
 Geis Mary Jane
 Geis Stephen Edward
 Generich Peter S
 Gentry Angela M
 Genzo Lisa M
 George Joyce W
 Georgostathis Constance
 Gerhardt Diane M
 Gerte James L
 Geselbracht Jerome A
 Gesting Daniel Charles
 Getter Kristina C
 Gettmann D Keith
 Gekys John Wesley
 Getz Barbara L
 Getzendanner Melissa R
 Geyer Olivia Marie
 Ghani Faris
 Gibbons Gregory Jay
 Gibson Angela L
 Gibson Beulah H
 Gibson Jacob Andrew
 Gibson Michael
 Gibson Patrick P
 Gibson Shannon L
 Gieske Karla A
 Gills Christine M
 Gills Rose A
 Gilbert Samara Kia
 Gilbert Terise
 Giles Raquel Y
 Gillespie April J
 Gillison Julie Kay
 Gill Michelle
 Gillough Christopher Michael
 Gillum Christopher M
 Gillum Lisa F
 Gilmore Douglas
 Gims Robert
 Ginn Debra Sue
 Girty Diane Ruth
 Girvalo Lynn M
 Gist Crystal Lynn
 Givens Nikki Genie
 Gladden Jamison L
 Glancy Stephanie Lynn
 Glasmeier Vicki Sue
 Gleason Danny Lawrence
 Gleckler Martha M
 Gleis' Nickum Choral
 Glover Margie L
 Goans Karen Ann

Management's Discussion and Analysis of Financial Condition and Results of Operations

Driven primarily by the acquisition of approximately \$500 million of equipment leases during the second quarter of 2001 by Information Leasing, and a continued focus on mortgage lending through both Red Capital and the Commercial Mortgage business units, average loan balances increased 20% and total revenues were up 19% in 2001 compared to 2000. However, net operating income for 2001 failed to keep pace with the asset and revenue growth. Net operating income declined for 2001 as increased operating revenues were offset by credit deterioration.

Positive strides made during the first half of 2001 were minimized in the second half by the economic slow down. The economic weakening, which surfaced early credit issues, was accentuated by the impact of the events of September 11. The majority of the drop in income was related to credit write-offs and residual impairments from loans and leases to the commercial airline industry. In addition, net operating income was reduced as a result of a higher level of loan loss reserve to total loans and the change in securitization structures which eliminated gain-on-sale accounting.

Capstone Realty Advisors and Red Capital Group continued to expand and made significant contributions to revenue growth in 2001. The favorable interest rate environment during the year provided for an increase in demand for their services. Both Capstone and Red Capital provide a platform to generate fee income from originating, selling and servicing mortgage loans which improves Provident's balance between interest spread and fee-based revenues.

- Retail Banking provides consumer lending, deposit accounts, trust, brokerage and investment products and services to its customers. This business line includes Small Business Banking, Consumer Lending, Consumer Banking and Provident Financial Advisors business units. Net operating income decreased by \$7.5 million and \$7.1 million for 2001 and 2000, respectively. The decrease in net operating income for both years was related primarily to higher

loan loss provision and lower gain on sale of loans revenue. Retail Banking incurred a higher provision due to on-balance sheet loan growth and a higher level of loan loss reserves. Total loans and leases for Retail Banking increased by 36% during 2001 and 48% during 2000 primarily as a result of securitized loans and leases now remaining on the balance sheet and an emphasis toward originating prime home equity loans. The third quarter of 2000 decision to change the structure of securitizations to secured financings resulted in the elimination of gain-on-sale accounting. Retail Banking had recognized gains of \$4.2 million and \$9.8 million during 2000 and 1999, respectively.

Retail Banking has experienced strong growth in deposits during both 2001 and 2000. Retail deposits grew by 16% during 2001 and 12% during 2000. Significant deposit growth during 2001 came from the Ohio financial centers and internet banking products. Major components of deposit growth during 2000 resulted from internet deposit gathering initiatives and increased deposits at the Florida financial centers. Provident plans to continue to enhance its distribution of products and services via internet banking, ATM machines and the TeleBank customer service call center.

- Mortgage Banking originates and services conforming and nonconforming residential loans to consumers and provides short-term financing to mortgage originators and brokers. The net operating loss for 2001 was \$6.2 million as compared to net operating income of \$2.7 million for 2000. The loss for 2001 was driven by the decision to change the structure of securitizations resulting in the elimination of gain-on-sale accounting. This decision resulted in no gain on sale of securitized loans being recognized during 2001 as compared to pre-tax gains of \$30.3 million being recognized during 2000. Partially offsetting the lack of gain on sales was an increase in net interest income as loans originated during the first half of 2001 remained on the balance sheet.

Goderre Megan M
Godino Anthony R
Goetz Julie Ann
Goerner Teresa Ann
Goetz Kimberly K
Golden Sharon Kay
Goldschmidt Patricia Anne
Goode Kathy Vorona
Goodman Courtney Marie
Goodman David L
Goodridge Michael Eugene
Goodwin Vickie Lynn
Gordon Teresa Lynn
Goshale Selena D
Gothie Linda S
Gossett Deanna Cher
Goudy Cheryl Dianne
Gourley Gerry Lynn
Grace Kimley Ann
Grachek Eva Marie
Grafmiller Ryan E
Graham Rhonda L
Grahek Jeff Todd
Graman Marie
Gramlich Sr Christopher J
Granger Kelly A
Grant Jana Lynn
Grant Ruth Ann
Graw Janette M
Graves David A
Graves Judy Kay
Graves Kimberly
Gravino Richard Ronald
Gray Jr Roger L
Gray Brandon J
Gray Evelyn Margaret
Green C Tony
Green Desiree
Green Jennifer J
Green R Marie
Green Tammy Mac
Greenberg James L
Greene Carole Jean
Greene D Edward
Greene Kathleen
Greene Scott A
Gresham Cynthia V
Gribble Christopher B
Grice Jon Douglas
Grider Rebecca J
Griffin David L
Griffith Cheryl
Griffith John W
Grisby Rosalynn Danielle
Groat Paige P
Groger Kevin Donald
Groh William M
Grono Norma Luella
Gronowicz James Lee
Gronomes Ora Estelle
Gross Michael C
Grosser Jill Marie
Grote Brian James

Mortgage Banking is transitioning their business plan and implementing strategic initiatives to reduce the business' risk profile. Nonconforming loan originations have been sold on a whole-loan basis to investors, with servicing retained. During 2001, Mortgage Banking entered into an alliance with Home 1-2-3, a Florida corporation which generates qualified leads for home mortgage loans on a nationwide basis and sells them to lenders. Home 1-2-3 will create immediate value for Mortgage Banking through lead generation of loans, and long-term value by entry into the full-product line of the retail mortgage market.

Net operating income for 2000 was \$2.7 million, as compared to \$39.7 million for 1999. The lower operating income for 2000 was driven by the decision to change the structure of securitizations resulting in the elimination of gain-on-sale accounting for the second half of 2000. As loans remained on the balance sheet, additional provision for loan losses was incurred. Provision for 2000 was \$29.3 million, compared to \$3.9 million in 1999.

DETAILED INCOME ANALYSIS

Net Interest Income

Net interest income equals the difference between interest earned on loans, leases and investments and interest incurred on deposits and other borrowed funds. Net interest income is affected by changes in both interest rates and the amounts of interest earning assets and interest bearing liabilities outstanding.

Net interest income represents the principal source of income for Provident. In 2001, 2000 and 1999, net interest income on a taxable equivalent basis was \$473.0 million, \$388.1 million and \$336.6 million, respectively, which represented 68%, 60% and 55%, respectively, of revenue (net interest income plus noninterest income). The ratio increased in 2001 and 2000 as a result of Provident's decision to change the structure of its securitization activity from loan sales to secured financings beginning in the third quarter of 2000.

Accordingly, loans and leases now remain on the balance sheet resulting in the recognition of interest income, rather than the recognition of gains on the sale of loans and leases.

Net interest margin represents net interest income as a percentage of total interest earning assets. The net interest margin was 3.45%, 3.58% and 3.80% for 2001, 2000 and 1999, respectively.

Grove Michelle Catherine
 Groves Mary Ann
 Gruenwald Jennifer E
 Grzynski Jenine M
 Guess Angelica V
 Guggenberger Steven L
 Gumbert Thomas E
 Gunnels Kelly Rene
 Gurrrola Mona Lisa
 Guthrie Patricia A
 Gutierrez Adelberto Q
 Gutzwiller Joseph L
 Gwinn Aimee Kay
 Gwinner Dayle Evelyn
 Haas Jr Leo A
 Haas Erin Elizabeth
 Hack E Lynne
 Hackett Barry J
 Haffey Jr Richard R
 Hainer Michael W
 Hainer Richard Frederick
 Hagan Michael Dennis
 Hagedorn Melinda Sue
 Hager Allen H
 Haglage Joseph J
 Haigh Scott A
 Hairston Terry L
 Haley Christopher Paul
 Hall James Edward
 Hall Jeffrey Bruce
 Hall Kathy A
 Hall Lorena Jo
 Hall Natalie L
 Hall Sheila M
 Hall-Tudor Linda S
 Halpin Patrick
 Halvorsen Elizabeth
 Haman Janene M
 Hamberg James George
 Hamby Barbara Ann
 Ham-Davis Burnetta D
 Hamilton Dennis B
 Hamilton Glenn Preston
 Hamilton Nicholas
 Hamilton Stephanie
 Hamilton Suzanne
 Hammonds Karla S
 Hamms Delphia D
 Hampton Maurice
 Hand Ashley
 Handley Shelley C
 Hanebutt Rick Lee
 Hanes Jason
 Hangartner Julie Lynn
 Hankins Jacqueline
 Hanson Brian A
 Hanson Susan Patricia
 Harbeck Michelle Anne
 Harber Emily A
 Harcourt II Daniel W
 Haroin Kelly Lynette
 Harding Mary Ida
 Harding William Allen

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The following table provides an analysis of net interest income and illustrates the interest income earned and interest expense charged for each major component of interest earning assets and interest bearing liabilities. The net interest spread is the difference between the average yield earned on assets and the average rate incurred on liabilities. For comparative purposes, the table has been adjusted to reflect tax-exempt income on a fully taxable equivalent basis assuming an income tax rate of 35%.

(Dollars in Millions)	Year Ended December 31,								
	2001			2000			1999		
	Average Balance	Income/ Expense	Avg. Rate	Average Balance	Income/ Expense	Avg. Rate	Average Balance	Income/ Expense	Avg. Rate
Assets									
Interest Earning Assets:									
Loans/Leases:									
Corporate Lending:									
Commercial	\$ 4,655	\$ 352.4	7.57%	\$ 4,345	\$ 411.4	9.47%	\$ 3,578	\$ 311.6	8.71%
Mortgage	618	52.3	8.46	587	53.8	9.17	538	45.9	8.54
Construction	816	57.4	7.04	681	61.6	9.04	498	40.6	8.15
Lease Financing	1,020	107.6	10.55	406	48.7	12.00	289	28.6	9.92
Consumer Lending:									
Installment	774	74.5	9.63	515	58.0	11.25	590	59.9	10.17
Residential	1,008	111.2	11.03	388	43.1	11.13	898	77.9	8.68
Lease Financing	1,233	122.4	9.93	641	62.3	9.72	626	51.6	8.24
Total Loans/Leases	10,124	877.8	8.67	7,563	738.9	9.77	7,017	616.1	8.78
Investment Securities	3,200	208.4	6.51	3,217	227.8	7.08	1,755	110.0	6.26
Federal Funds Sold and Reverse Repurchase Agreements									
	92	4.2	4.59	23	1.5	6.51	24	1.3	5.46
Other Short-Term Investments									
	297	16.8	5.66	30	2.8	9.28	62	3.3	5.35
Total Earning Assets	13,713	1,107.2	8.07%	10,833	971.0	8.96%	8,858	730.7	8.25%
Cash and Noninterest Bearing Deposits									
	255			241			244		
Other Assets									
	1,057			1,071			768		
Total Assets	<u>\$ 15,025</u>			<u>\$ 12,145</u>			<u>\$ 9,870</u>		
Liabilities and Shareholders' Equity									
Interest Bearing Liabilities:									
Deposits:									
Demand Deposits	\$ 482	12.1	2.51%	\$ 370	9.9	2.68%	\$ 371	7.3	1.98%
Savings Deposits	1,548	56.5	3.65	1,379	68.5	4.97	1,335	51.7	3.88
Time Deposits	5,828	317.8	5.45	4,838	301.9	6.24	3,923	209.7	5.35
Total Deposits	7,858	386.4	4.92	6,587	380.3	5.77	5,629	268.7	4.78
Short-Term Debt:									
Federal Funds Purchased and Repurchase Agreements									
	1,153	46.8	4.06	1,161	71.1	6.13	981	49.5	5.04
Commercial Paper	229	9.0	3.92	203	12.3	6.04	210	10.2	4.87
Short-Term Notes Payable									
	46	4.0	8.85	47	3.4	7.12	1	.1	4.83
Total Short-Term Debt	1,428	59.8	4.19	1,411	86.8	6.15	1,192	59.8	5.01
Long-Term Debt									
Junior Subordinated Debentures	422	30.6	7.24	235	20.0	8.53	161	13.2	8.20
Total Interest Bearing Liabilities	12,401	634.2	5.11%	9,733	582.9	5.99%	7,906	394.1	4.99%
Noninterest Bearing Deposits									
	1,220			1,215			869		
Other Liabilities									
	429			247			272		
Shareholders' Equity									
Total Liabilities and Shareholders' Equity	<u>\$ 15,025</u>			<u>\$ 12,145</u>			<u>\$ 9,870</u>		
Net Interest Income		<u>\$ 473.0</u>			<u>\$ 388.1</u>			<u>\$ 336.6</u>	
Net Interest Margin			<u>3.45%</u>			<u>3.58%</u>			<u>3.80%</u>
Net Interest Spread			<u>2.96%</u>			<u>2.97%</u>			<u>3.26%</u>

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The following table shows the changes in net interest income on a tax equivalent basis resulting from changes in volume and changes in rates. Changes not solely due to volume or rate have been allocated proportionately.

(In Thousands)	Year Ended December 31,			
	2001 Changes from 2000 Due to		2000 Changes from 1999 Due to	
	Volume	Rate	Volume	Rate
Interest Earned On:				
Loans and Leases:				
Corporate Lending:				
Commercial	\$ 27,822	\$ (85,848)	\$ 70,922	\$ 28,883
Mortgage	2,757	(4,314)	4,384	3,521
Construction	10,925	(15,040)	16,113	4,802
Lease Financing	65,432	(6,547)	13,238	6,844
Consumer Lending:				
Installment	25,877	(9,329)	(7,978)	6,030
Residential	68,478	(396)	(52,682)	17,895
Lease Financing	58,729	1,360	1,261	9,448
Net Loans and Leases	260,020	(121,114)	45,258	77,423
Investment Securities	(1,171)	(18,182)	101,865	15,940
Federal Funds Sold and Reverse Repurchase Agreements	3,309	(554)	(49)	240
Short-Term Investments	15,514	(1,514)	(2,170)	1,697
Total	277,672	(141,364)	144,904	95,300
Interest Paid On:				
Demand Deposits	2,837	(663)	(7)	2,594
Savings Deposits	7,691	(19,728)	1,764	15,014
Time Deposits	56,971	(41,079)	53,677	38,498
Total Deposits	67,499	(61,470)	55,434	56,106
Short-Term Debt:				
Federal Funds Purchased and Repurchase Agreements	(519)	(23,826)	10,003	11,681
Commercial Paper	1,392	(4,708)	(314)	2,398
Short-Term Notes Payable	(115)	794	3,252	48
Total Short-Term Debt	758	(27,740)	12,941	14,127
Long-Term Debt	70,377	(8,814)	36,089	7,396
Junior Subordinated Debentures	13,944	(3,426)	6,278	555
Total	152,578	(101,459)	110,742	78,184
Net Interest Income	\$ 125,094	\$ (39,914)	\$ 34,162	\$ 17,116

Hardy Diane Marie
 Hardy Mark Wade
 Hare Janet Mary
 Hare Mary Evelyn
 Hargan Joy Marie
 Hargis Carol
 Harjo Karen Marie
 Harlin Lontia T
 Harlow Christina Marie
 Harmon Joann
 Harper Barbara Lynn
 Harper Doug W
 Harper Joe William
 Harper Linda Marie
 Harrington Michael D
 Harris Adrienne Nicole
 Harris Catherine A
 Harris Charlene N
 Harris Chris L
 Harris Jami M
 Harris Rebecca L
 Harris Samuel F
 Harris Sandra A
 Harris Teri L
 Harris Tyrone Curtis
 Harris William B
 Harrison Keith M
 Harsa Therese M
 Harsia Jared Nicholas
 Hart John
 Hart Lori
 Hart Lori A
 Hart Michael Harland
 Hart Sally Ann
 Hartman Brian Richard
 Hartman Debbie Lynn
 Hartman Michael Allen
 Hartman Michelle L
 Hartman Robert F
 Hartsough Charie B
 Harvey Anne B
 Harvey Daniel V
 Harvey Jesse
 Harvey Mikki R
 Hasham Subail M
 Hask Lym
 Hattmer Benjamin C
 Hatton Janet H
 Hatton Jene Ann
 Hauer Cynthia J
 Haulter Brandi
 Haugt Jeffrey
 Hautman Kristi
 Haven Cheryl A
 Hawkins Jeanine N
 Hay Marguerite M
 Hayden Jr Mexico
 Hayden Robin Germaine
 Hayes Anita Frances
 Hayes Diana Lynn
 Hays Linda Marie
 Hazlett Brandy Ann
 Headley Jeffrey B

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Noninterest Income

The following table details the components of noninterest income and their change since 1999:

<i>(Dollars in Thousands)</i>				Percentage Increase (Decrease)	
	2001	2000	1999	'01/'00	'00/'99
Service Charges on Deposit Accounts	\$ 39,924	\$ 35,138	\$ 32,724	14%	7%
Loan Servicing Fees	43,146	50,335	29,362	(14)	71
Other Service Charges and Fees	57,554	53,205	41,316	8	29
Leasing Income	43,888	42,269	40,902	4	3
Warrant Gains	412	7,500	9,147	(95)	(18)
Security Gains	-	155	71	(100)	118
Other	35,144	20,661	20,273	70	2
Noninterest Income Before Gain on Sale of Loans and Leases	220,068	209,263	173,795	5	20
Gain on Sale of Loans and Leases:					
Non-Cash	-	34,447	83,055	(100)	(59)
Cash	6,311	10,452	15,814	(40)	(34)
Total Noninterest Income	\$ 226,379	\$ 254,162	\$ 272,664	(11)%	(7)%

Noninterest income before gain on sale of loans and leases increased \$10.8 million (5%) during 2001 and \$35.5 million (20%) during 2000. Explanations for significant changes in noninterest income by category follow:

- **Service Charges on Deposit Accounts:** Service charges on deposit accounts increased in 2001 primarily as a result of pricing and volume increases on corporate and consumer deposit accounts and higher ATM interchange fees. The increase in 2000 was due primarily to pricing and volume increases on corporate and personal deposit accounts, combined with higher ATM fees from the increased number of ATMs. Since December 31, 1998, an additional 134 ATMs have been placed into service bringing the total number of Provident ATMs to 471.
- **Loan Servicing Fees:** Loan servicing fees decreased during 2001 due primarily to decreases in servicing portfolios for residential mortgages and auto leasing, which more than offset an increase from Red Capital Group, a financing and loan servicer for multifamily and health-care facilities, which was acquired in September of 2000. The increased revenue in 2000 was primarily from increases in the residential mortgage and auto leasing areas.
- **Other Service Charges and Fees:** Other service charges and

fees increased during 2001 due primarily to loan origination and other fee income generated by Red Capital Group. Credit card fees and fee income from Red Capital Group were the primary reasons for the increase in revenue during 2000.

- **Leasing Income:** Leasing income increased during 2001 primarily as a result of increases in revenues from auto securitization transactions and the growth of Provident Commercial Group, a national lessor of large equipment. The increase during 2000 was due primarily to the growth of Provident Commercial Group.
- **Warrant Gains:** Provident's Commercial Banking business line from time to time acquires equity warrants as a part of the lending fee structure established with customers. Warrant gains decreased \$7.1 million in 2001 and \$1.6 million in 2000.
- **Other:** The increase in other income during 2001 was due primarily to increases in miscellaneous fees earned by Red Capital Group, income from equity investments and income from trading account activity. Other income remained stable during 2000 as an increase in income from investments in partnerships offset a decrease in gains recognized on the sale of equipment lease residuals.

Healy Patrick John
 Heaney Donald C
 Hearn Virginia
 Heath Chelsea S
 Heath Joseph Francis
 Heath Shawn Andre
 Heck Myra Margaret
 Heckel Victoria Ann
 Hedstrom Jeff E
 Heggen Mark F
 Heilman Tracy Ann
 Heilman Mary
 Heil Michael A
 Hele William
 Hein Jennifer Lynn
 Heinrich Lauri B
 Heibling Barbara Jean
 Held Cindy Kaye
 Held Corey
 Heibman Lynne Susan
 Helliguth Lou Charles
 Hellmann Steven Robert
 Helms Jeanne Louise
 Hemmerick Stephanie
 Henderson Travell L
 Henderson Leslie
 Henderson Thomas Avery
 Hendricks Donna M
 Hendricks Robert Arthur
 Henke Robert D
 Henley Terry Edward
 Hen Donald J
 Henning Alan Richard
 Henry Leslie M
 Hensler Kristin Poskonka
 Hensley Diane M
 Hensley Nancy Ellen
 Henson Norma Jean
 Hentz Terri M
 Heon Valerie A
 Herald Darrel D
 Herbe Krista R
 Hericks Sally A
 Herren Vicki Lynn
 Herrick Kade Brandon
 Herring Kenneth Fitzgerald
 Hertz William Joseph
 Hess Diane Marie
 Hess Jacqueline Sue
 Hesse Shylene Natasha
 Heuser Heidi
 Heywood Kathleen Ann
 Hicks Laquita R
 Higgins Christine
 Higgins Jane Ellen
 Higgins Mary Ann Groll
 Hill Jr Alfred
 Hill Julie
 Hill Lauren Jean
 Hill Rhonda
 Hill Roberta Jeanne

Management's Discussion and Analysis of Financial Condition and Results of Operations

- **Gain on Sales of Loans and Leases:** Gain on sale of loans and leases decreased \$38.6 million and \$54.0 million in 2001 and 2000, respectively. The decreases in both years were the result of the third quarter of 2000 decision to change the structure of securitizations resulting in the elimination of gain-on-sale accounting. The following table provides detail of the gain on sales recognized during the past three years.

<i>(In Thousands)</i>	2001	2000	1999
Non-Cash Gains -- Loan and Lease Sales:			
Nonconforming Residential Loan Securitizations	\$ -	\$ 30,291	\$ 73,304
Prime Consumer Home Equity Securitizations	-	4,156	5,758
Credit Card Loan Securitizations	-	-	3,993
	-	34,447	83,055
Cash Gains -- Loan and Lease Sales:			
Equipment Lease Securitizations	-	9,083	13,164
Nonconforming Residential Whole Loan Sales	3,177	-	174
Conforming Residential Whole Loan Sales	1,544	729	1,911
Other Loan Sales	1,590	640	565
	6,311	10,452	15,814
	\$ 6,311	\$ 44,899	\$ 98,869

A detailed discussion of the various securitizations of loans and leases is provided under the "Management's Discussion and Analysis of Financial Condition and Results of Operations - Asset Securitization Activity" and in Note 16 included in "Notes to Consolidated Financial Statements".

Noninterest Expense

The following table details the components of noninterest expense and their change since 1999:

<i>(Dollars in Thousands)</i>	2001	2000	1999	Percentage Increase (Decrease)	
				'01/'00	'00/'99
Salaries, Wages and Benefits	\$ 201,715	\$ 172,903	\$ 153,397	17%	13%
Charges and Fees	34,024	23,280	15,679	46	49
Occupancy	22,605	20,631	18,951	10	9
Leasing Expense	52,548	26,636	23,076	97	15
Equipment Expense	25,234	26,045	24,614	(3)	6
Professional Fees	24,507	21,735	20,163	13	8
Other	76,665	62,379	66,910	23	(7)
Noninterest Expense Before Significant and Unusual Items	437,298	353,609	322,790	24	10
Merger and Restructuring Charges	-	39,300	4,200	(100)	836
Total Noninterest Expense	\$ 437,298	\$ 392,909	\$ 326,990	11%	20%

Hill Susan
 Hill Teresa A
 Hill Timothy Alan
 Hilliard Yolanda Lynn
 Hills Mary
 Hilson Sheena N Cole
 Hihbert Elaine H
 Hinga Jr William T
 Hinton Lee S
 Hirsch David
 Hirt Dennis L
 Hill Nicole L
 Hitzel David A
 Hixson Sabrina
 Ho Jean Marie
 Hobler Ross A
 Hockenberry Camille UA
 Hodge Gary L
 Hodge Kesse F
 Hodge Ralph J
 Hodges Melinda Kaye
 Hoehn David Christopher
 Hoehn Mark J
 Hoerst Catherine P
 Hoerst Kerry K
 Hoteler Dawn R
 Hofmann Jennifer M
 Hogan Monisha D
 Hogg Charlene
 Hogg Nada
 Holin Sharon Ann
 Hojnacki James Michael
 Holbrook Steven J
 Holdeman Benjamin G
 Holland Patricia A
 Holly Jenis
 Hollingsworth Jennifer L
 Hollon Shawn Wayne
 Holloway David Raymond
 Holloway Robert W
 Holmberg Becky E
 Holmes Jeanine Marie
 Holmes Sandra S
 Hotscher David
 Holston Shannon Renee
 Holt Karen Davis
 Hon Brandon
 Hood Linda M
 Hoog Jerry Jo
 Hopkins David Max
 Hopkins Earl
 Horn Nancy Louise
 Hornback Darrell S
 Horner Randall W
 Hornsmeier Casey Ann
 Horton Chantay Marie
 Horton Eric Brandon
 Horton Jacqueline T
 Horton Joe G
 Horton Joyce Darlene
 Hoskins Teresa A
 Hough Mary Catherine
 Houghton Daniel R

Management's Discussion and Analysis of Financial Condition and Results of Operations

Noninterest expense before significant and unusual items increased \$83.7 million (24%) and \$30.8 million (10%) during 2001 and 2000, respectively. Components of noninterest expense, along with an explanation as to their fluctuations, follow:

- **Salaries, Wages and Benefits:** Compensation increased in 2001 due to increased commissions and staffing expenses associated with growth in the Commercial Banking business line, primarily Red Capital Group. The increase in 2000 was due primarily to newly acquired businesses (Red Capital Group and Capstone Realty) within the Commercial Banking business line.
- **Charges and Fees:** Charges and fees increased in 2001 due primarily to expenses related to credit risk transfer transactions. Details concerning these transactions are provided in Note 18 included in "Notes to Consolidated Financial Statements". Increased amortization expense of goodwill associated with the acquisitions of OHSL Financial Corp., Capstone Realty Advisors and Red Capital Group, was the primary reason for the increase in charges and fees during 2000.
- **Occupancy:** An increase in rent expense, reflecting the geographic expansion of Commercial Banking in both 2001 and 2000, was the primary reason for higher occupancy expense.
- **Leasing Expense:** The increase during 2001 is attributable to a \$20 million write-down in residual values related to aircraft leases. The deterioration in residual values of aircraft is the result of the terrorist actions of September 11 and its financial impact on the airline industry. The growth of Provident Commercial Group was the primary reason for the increase in expense during 2000. Provident mitigates its exposure to losses on the sale of autos at the termination of their lease agreements by acquiring residual insurance coverage
- **Equipment Expense:** Equipment expense decreased slightly in 2001 due primarily to reductions in maintenance and equipment rental expenses. During 2000, equipment expense increased due to higher depreciation expense combined with higher maintenance charges.
- **Professional Fees:** Professional fees increased in 2001 due primarily to legal, consulting and other professional fees related to loan collections. The increase during 2000 was a result of higher legal fees, primarily associated with the

origination and collection of loans, and other miscellaneous professional fees.

- **Other:** Larger expenses included within other noninterest expense include marketing (\$9.2 million in 2001 and 1999 and \$9.1 million in 2000), travel (\$9.0 million, \$8.2 million and \$7.6 million in 2001, 2000 and 1999, respectively), franchise taxes (\$8.5 million, \$8.1 million and \$8.8 million in 2001, 2000 and 1999, respectively), and the write-down in value of repossessed aircraft (\$4.0 million in 2001).
- **Merger and Restructuring Charges:** In connection with Provident's acquisition of Fidelity Financial of Ohio, Inc., direct-merger related and other post-merger business line restructuring charges of \$39.3 million were recorded during the first quarter of 2000. Merger and restructuring charges of \$4.2 million were recorded during the first quarter of 1999 for Fidelity Financial's acquisition of Glenway Financial Corporation.

FINANCIAL CONDITION ANALYSIS

Short-Term Investments and Investment Securities

As of December 31, 2001 and 2000, federal funds sold and reverse repurchase agreements outstanding were \$123.0 million and \$83.0 million, respectively. The amount of federal funds sold changes daily as cash is managed to meet reserve requirements and customer needs. After funds have been allocated to meet lending and investment demands, any remainder is placed in overnight federal funds.

As of December 31, 2001 and 2000, Provident held \$101.2 million and \$41.9, respectively, in trading account securities. Provident trades investment securities with the intention of recognizing short-term profits. These securities were carried at fair value with realized and unrealized gains and losses reported in other noninterest income.

Provident classified \$217.9 million and \$206.2 million of loans as held for sale at December 31, 2001 and 2000, respectively. At year-end 2001, these loans consisted of \$177.9 million of multifamily loans and \$40.0 million of non-conforming residential mortgage loans. The multifamily loans are generally insured by either the Federal National

Houston Jacqueline R
Houston Leslie
Houston Paul Tyler
Hoverson Robert L
Howard Conway L
Howard Jacqueline A
Howard Jaime Nicole
Howe Lisa M
Howell Torrie
Howell Angela Faith
Hoye Emily F
Hubbard Glenn R
Huber Donald Lawrence
Huddleston Kelly Renea
Huddleston Robin M
Hudepohl Erin Elizabeth
Hudson Cleri Monique
Hudson David M
Hudson George T
Hudson Terri Lynn
Huesman Julie Maria
Huff David
Huffman Jr William L
Huffman Judith Morgan
Huffman Ned Gregory
Hughes Patricia S
Hughes Shannon M
Huley-Chapman Charlene
Hull Charles William
Humes Shirley G
Humphries Belinda
Humrick Richard Nicholas
Hunseder Jonathan D
Hunt Jr Charles C
Hurrebrink Donald Timothy
Huss Suzanne D
Huston Wayne Douglas
Hutchens John
Hutchinson Anna M
Hutchinson Phillip B
Hutson Stanley R
Hutton Lillie Mae
Hyden Lasabra Carol
Hyland Chad M
Hyson James Eric
Hyzdu Susan Marie
Ibold Mary Ellen
Ice Angela M
Ifeakanwa John
Iles Tanya R
Imburgia Kimberly M
Ingram Kristy L
Ingram William G
Irwin Darren M
Irwin-Gist Cynthia
Isaacs Odessa
Isabella Robert J
Isham-Erika Elaine
Issa Jennifer G
Ivy Deborah Kay
Jackson Barbara Jo
Jackson Beverly
Jackson Carolyn A

Management's Discussion and Analysis of Financial Condition and Results of Operations

Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal Housing Administration. These loans are usually outstanding for sixty days or less. Activities related to the multifamily loans held for sale are part of the operations of Red Capital Group. Nonconforming residential mortgage loans are being sold on a whole-loan basis. This is part of an initiative started during 2001 to reduce the risk profile of the Mortgage Banking business line.

Investment securities purchased with the intention of being held for indefinite periods of time are classified as available for sale. These securities totaled \$3.6 billion and \$3.0 billion

as of December 31, 2001 and 2000, respectively. U.S. government agency mortgage-backed securities accounted for the majority of the increase, as funds obtained from debt borrowings and the sale of private mortgage-backed securities and other debt securities were deployed into investment securities with higher credit quality, increased liquidity and an improved interest rate risk profile.

The amortized cost and market value of investment securities available for sale at the dates indicated are summarized in the following table:

<i>(In Thousands)</i>	Amortized Cost at December 31,		
	2001	2000	1999
U.S. Treasury and Federal Agency Debentures	\$ 302,912	\$ 326,721	\$ 240,991
State and Political Subdivisions	3,185	3,317	1,897
Mortgage-Backed Securities	2,700,620	1,938,546	1,470,270
Asset-Backed Securities	-	44,257	104,700
Other Securities	576,874	728,363	369,920
Total Securities	\$ 3,583,591	\$ 3,041,204	\$ 2,187,778

<i>(In Thousands)</i>	Market Value at December 31,		
	2001	2000	1999
U.S. Treasury and Federal Agency Debentures	\$ 306,556	\$ 325,457	\$ 233,148
State and Political Subdivisions	3,199	3,301	1,880
Mortgage-Backed Securities	2,673,174	1,915,602	1,408,567
Asset-Backed Securities	-	42,061	99,753
Other Securities	576,119	727,200	367,689
Total Securities	\$ 3,559,048	\$ 3,013,621	\$ 2,111,037

Jackson DeShonne
 Jackson Jeffrey Lamont
 Jackson John C
 Jackson Lindsey M
 Jackson Teresa D
 Jacobs Marjorie A
 Jacobs Rhonda Sue
 Jacobs-Dorsey Janice K
 Jacobsen Carl F
 Jaccobs Andrea L
 Jaeger Gregory R
 Jaent Kelly A
 James Daniel Christopher
 James LaRhonda Renee
 Jarco John D
 Jarvis Shannon L
 Jasper David Edward
 Jech Blanka
 Jeffcoat James
 Jemison Deborah
 Jemison James Hudson
 Jenkins Carla Kimberly
 Jenkins Samantha L
 Jennings Ellen L
 Jennings Karrendie Ann
 Jennings Mary Lou
 Jett Thomas Bartholomew
 Jevic Nick
 Jimmar Jeffrey
 Juerg Jamie Lynn
 Johansing Charles J
 Johnson Jr. Jerry
 Johnson Brent E
 Johnson Candice L
 Johnson Carolyn Jean
 Johnson Cheryl Lynn
 Johnson Christopher N
 Johnson Connie J
 Johnson Dawn D
 Johnson Denise Rochelle
 Johnson Devin N
 Johnson Donna Michelle
 Johnson Karen S
 Johnson Kirk Alan
 Johnson LaShelle
 Johnson Lee A
 Johnson Lori
 Johnson Lukkia Darral
 Johnson Marc Daniel
 Johnson Nicholas Stephen
 Johnson Rhonda
 Johnson Ronald R
 Johnson Rosa Mae
 Johnson Shirley Ann
 Johnson Tammy
 Johnson Terri L
 Johnson Tiena Michelle
 Johnson Timothy K
 Johnson David Lee
 Johnson Tracy Bryan
 Jolly Scott Steven
 Jones Ashlee M
 Jones Craig

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following table shows the December 31, 2001 maturities and weighted average yields for investment securities. Yields on equity securities that comprise the fixed rate, due after 10 years classification of other securities have been omitted from the table. A 35% tax rate was used in computing the tax equivalent yield adjustment. The yields shown are calculated based on original cost and effective yields weighted for the scheduled maturity of each security. Mortgage-backed securities are assigned to maturity categories based on their estimated average lives.

	Fixed Rate		Floating Rate	
	Amortized Cost	Weighted Average Yield To Maturity	Amortized Cost	Weighted Average Yield On Current Coupon Rates
<i>(Dollars in Thousands)</i>				
U.S. Treasury and Federal Agency				
Debentures:				
Due in one year or less	\$ 170,088	5.61%	\$ 746	3.36%
Due after 1 through 5 years	132,078	5.08	-	-
Total	\$ 302,166	5.38%	\$ 746	3.36%
State and Political Subdivisions:				
Due after 5 through 10 years	\$ 1,684	5.91%	\$ -	-%
Due after 10 years	1,501	7.66	-	-
Total	\$ 3,185	6.73%	\$ -	-%
Mortgage-Backed Securities:				
Due in one year or less	\$ 173,481	7.21%	\$ 2,092	2.19%
Due after 1 through 5 years	1,703,940	7.41	74,470	4.14
Due after 5 through 10 years	584,603	6.60	28,810	5.06
Due after 10 years	133,224	7.17	-	-
Total	\$ 2,595,248	7.20%	\$ 105,372	4.35%
Other Securities:				
Due in one year or less	\$ -	-%	\$ 50	7.71%
Due after 1 through 5 years	73,170	9.29	162,323	2.93
Due after 5 through 10 years	250	6.75	188,735	3.09
Due after 10 years	140,471	-	11,875	4.35
Total	\$ 213,891	9.28%	\$ 362,983	3.06%

Jones Donnie Ray
 Jones James M
 Jones Larry
 Jones Linda
 Jones Maranda Leigh
 Jones Marc A
 Jones Makia Latrice
 Jones Shanae Nicole
 Jones Tinesha
 Jones Wayne George
 Joos Heidi M
 Joshi Manjiri S
 Jung Dorothy
 Jung Gina Ann
 Kahn David A
 Kaler Dolores J
 Kallmerten Robert Barth
 Kallmeyer Ann-Marie
 Kamphake Victoria Lynn
 Kamphaus Nancy
 Kandel Georgette Lynn
 Kane Sandra L
 Kappeler Ronald R
 Karabatsos Peter
 Karageorges Terry S
 Karas Dawn Marie
 Karda Bruce Alan
 Kariuki April Lynn
 Katz Barbara L
 Kauderer Lee Michael
 Kawulic Michele J
 Keane James P
 Kearns Bryan
 Keating Richard John
 Keenan Nathan M
 Kehrborg Erin M
 Keilholz Janice M
 Kerms Karen E
 Keith Dawn H
 Keith Robert
 Kelleher Brian Timothy
 Keller Ronald T
 Keller William J
 Kelley Christopher L
 Kellogg Patricia
 Kelly Daniel P
 Kelly Emily Ann
 Kelly Kimberly Ann
 Kelly Shauna L
 Kelly Timothy S
 Keltz Bob J
 Kemp End Rae
 Kemper Charlotte Ann
 Kenady Daniel Edward
 Kendall Kathryn E
 Kennedy Eboni Renee
 Kennedy Jennifer M
 Kennedy Kevin M
 Kennedy Tammy Jo
 Kenny Kathy Lee
 Kern John J
 Kerr Andrew
 Kerr Julie

Management's Discussion and Analysis of Financial Condition and Results of Operations

Loans and Leases

As of December 31, 2001 and 2000, total on-balance sheet loans and leases were \$10.5 billion and \$9.1 billion, respectively. Provident had an additional \$4.1 billion and \$5.8 billion of off-balance sheet loans and leases as of year-end 2001 and 2000, respectively. Due to the third quarter of 2000 decision to structure and account for future securitizations as secured financings rather than loan sales, on-balance sheet loans and leases have increased, while off-balance sheet loans

and leases have declined. Also contributing to the higher on-balance sheet loan and lease balance was the purchase of approximately \$500 million of equipment leases during the second quarter of 2001. For more information concerning off-balance sheet loans and leases, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Asset Securitization Activity". Provident does not have a material exposure to foreign, energy or agricultural loans. The following table shows on-balance sheet loans and leases outstanding at period end by type of loan:

(Dollars in Millions)	December 31,				
	2001	2000	1999	1998	1997
Dollar:					
Corporate Lending:					
Commercial	\$ 4,540.1	\$ 4,580.2	\$ 3,990.9	\$ 3,277.9	\$ 2,737.1
Mortgage	640.2	632.8	576.6	546.5	582.2
Construction	827.7	801.2	559.8	450.6	314.4
Lease Financing	1,188.3	607.5	391.5	243.7	340.3
Consumer Lending:					
Installment	913.3	580.1	476.5	650.1	656.8
Residential	922.7	835.5	653.7	710.3	674.6
Lease Financing	1,463.7	1,039.6	361.9	423.4	442.8
Total Loans and Leases	\$ 10,496.0	\$ 9,076.9	\$ 7,010.9	\$ 6,302.5	\$ 5,748.2
Percentage:					
Corporate Lending:					
Commercial	43.3%	50.4%	56.9%	52.0%	47.6%
Mortgage	6.1	7.0	8.2	8.7	10.1
Construction	7.9	8.8	8.0	7.1	5.5
Lease Financing	11.3	6.7	5.6	3.9	5.9
Consumer Lending:					
Installment	8.7	6.4	6.8	10.3	11.4
Residential	8.8	9.2	9.3	11.3	11.8
Lease Financing	13.9	11.5	5.2	6.7	7.7
Total Loans and Leases	100.0%	100.0%	100.0%	100.0%	100.0%

- Kersey Kimberly L
- Kessel Harry L
- Kestel Scott A
- Kettler Gregory James
- Khan Farah
- Khan Sajid
- Kidd Ayako
- Kidd Beth Ann
- Kiefer William Francis
- Kieborth Todd Alan
- Kieley John Patrick
- Kimble-Walls Marcellia L
- Kincaid Cierra Marie
- Kinfred Janet C
- King Beth Ann
- King David Stephen
- King James Alan
- King Joyce F
- King Jutta Elisabeth
- King Patrice Gayle
- King Robert Scott
- King Tiffany N
- King Todd H
- King Warren Griffin
- Kinnitt Jeffrey Alan
- Kinsella Sherry A
- Kinsley Brandy M
- Kinzer Sheila M
- Kirk Kathleen Marie
- Kirkland Daniel Aaron
- Kirkpatrick Anna R
- Kirkpatrick Jon
- Kirsch Joseph
- Kissee Tina R
- Kistler David R
- Kittrell Sue E
- Kitts Andrew P
- Klein Angela Marie
- Klein Barry Stewart
- Klein Mark Robert
- Klein Sylvia Jean
- Klems Roger Allen
- Klett Ronald A
- Kline David B
- Kline John Charles
- Klopp Kristina S
- Klos Paula Kay
- Klosterman Todd
- Klug Jeffrey
- Knaapp Carol
- Knaarr Carolyn Renee
- Knecht Robin Kay
- Knippler Judy Lynn
- Knosp Mary Ann
- Knuth Kara
- Kouven Matthew B
- Koch Tara Izale
- Koch Todd Allen
- Koenig Ryan K
- Koerner William Richard
- Koetting Steve M
- Koehler Diane J
- Kohlmoegen Patricia Lee

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following table shows the composition of the commercial loan category by industry type at December 31, 2001, including loan amounts on which interest is not being accrued:

<i>(Dollars in Millions)</i>	Amount	Percentage	Amount on Nonaccrual
Manufacturing	\$ 825.7	18.2%	\$ 14.5
Service Industries	718.3	15.8	21.8
Real Estate Operators / Investment	444.2	9.8	4.9
Finance / Insurance	395.3	8.7	37.2
Retail Trade	353.5	7.8	2.8
Transportation / Utilities (1)	289.8	6.4	9.7
Wholesale Trade	270.6	6.0	2.1
Construction	207.7	4.6	10.6
Automobile Dealers	93.3	2.0	1.4
Other	941.7	20.7	11.7
	<u>\$ 4,540.1</u>	<u>100.0%</u>	<u>\$ 116.7</u>

(1) Includes \$54.1 million of commercial airline industry loans.

At December 31, 2001, Provident had loans and leases of \$241 million to the commercial airline industry, including \$54 million of commercial loans and \$187 million of finance and operating leases. As the tragic events of September 11, 2001 had a significant financial impact upon the airline industry and the value of aircraft, Provident recorded \$81 million of credit costs and other expenses of which \$66 million were related to secured commercial airline loans and leases.

At December 31, 2001, Provident had approximately \$861 million of commercial loans that are shared national credit loans. Generally, shared national credit loans are loans that have a principal balance of at least \$20 million and involve three or more supervised financial institutions. In an on-going effort to diversify its portfolio, the shared national credit loans in which Provident participates are distributed across nine industry types, with the largest industry concentration (manufacturing) accounting for approximately 31% of its total shared national credit loans. The average outstanding balance of a shared national credit loan was \$4.9 million.

The following table shows the composition of commercial mortgage and construction loans by property type at December 31, 2001:

<i>(Dollars in Millions)</i>	Commercial Mortgage	Commercial Construction	Total	Percentage	Amount on Nonaccrual
Residential Development	\$ 118.5	\$ 178.9	\$ 297.4	20.3%	\$ 1.7
Shopping / Retail	84.3	149.1	233.4	15.9	.1
Office / Warehouse	101.9	127.9	229.8	15.6	.2
Apartments	101.5	84.6	186.1	12.7	.7
Land	37.5	39.7	77.2	5.3	.7
Healthcare Facilities	60.9	14.7	75.6	5.1	-
Hotel / Motel / Restaurants	27.5	47.1	74.6	5.1	.1
Industrial Plants	10.7	17.5	28.2	1.9	-
Auto Sales and Service	9.3	.9	10.2	0.7	-
Churches	7.8	2.0	9.8	0.7	-
Other Commercial Properties	80.3	165.3	245.6	16.7	1.1
	<u>\$ 640.2</u>	<u>\$ 827.7</u>	<u>\$ 1,467.9</u>	<u>100.0%</u>	<u>\$ 4.6</u>

Kollme Donna
 Kolb Beverly Jean
 Kolbe Samuel H
 Koller Sharon Ann
 Kollmeier Dwight L
 Komar Frank R
 Konkler Latena
 Konrath Rose
 Koo Douglas J
 Koons Maryellen
 Korengel Michele Rene
 Korfhagen Nicholas J
 Korn Kevin M
 Kosmider Margaret E
 Kost Barbara
 Kotzeva Maria S
 Koutrobas John W
 Kovach Jean Currie
 Krajewski Scott
 Kramer Doug E
 Kramer Lavonne G
 Kramer Nicholas Lawrence
 Kreimer Charles C
 Kress David A
 Krick-Johnson Constance
 Kreck Susan G
 Kroeger Robin
 Krummen Christine Marie
 Kuak Barbara J
 Kuhlman Jeffrey
 Kuhn Joseph S
 Kuhn Sherry L
 Kummer Kenneth James
 Kunk Stephen E
 Kunkel Gregory Wayne
 Kuzmiroff Anthony C
 Kuznicki Edward
 Kuznicki Susan
 Laake Robert B
 LaBranche Monique Rene
 LaBrecque Shannon Marie
 Laceyfield Mark Alan
 Ladrick Michael Richard
 Laikas Robert Charles
 Lailer John A
 LaGory JB Ann
 Lainer Mary
 Laine Brian Joseph
 Lates Sheila P
 Lallathin Kimberly Sue
 Lamb James Marie
 Lambert Andrea M
 Lambert James Patrick
 Lambing Mary Louise
 Lammers Jr John Anthony
 Lamping Maria Lynn
 Land Larry M
 Land's Marion C
 Landwehr Patricia
 Lang Karen Sue
 Lange Norman G
 Lanham Alicia M
 Lanham Lisa R

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Commercial and real estate construction loans outstanding at December 31, 2001 are shown in the following table by maturity, based on remaining scheduled repayments of principal:

<i>(In Millions)</i>	Within 1 Year	After 1 but Through 5 Years	After 5 Years	Total
Commercial	\$ 1,588.1	\$ 2,343.5	\$ 608.5	\$ 4,540.1
Commercial Construction	251.1	440.4	136.2	827.7
Residential Construction	-	-	0.9	0.9
Total	\$ 1,839.2	\$ 2,783.9	\$ 745.6	\$ 5,368.7

Loans Due After One Year:

At predetermined interest rates	\$ 641.8
At floating interest rates	2,887.7

The following table shows the composition of the installment loan category by loan type at December 31, 2001:

<i>(Dollars in Millions)</i>	Amount	Percentage
Home Equity	\$ 688.8	75.4%
Indirect Installment	141.4	15.5
Direct Installment	63.6	7.0
Other Consumer Loans	19.5	2.1
	\$ 913.3	100.0%

Credit Risk Management

Provident provides for credit loss reserves for both its outstandings and unfunded commitments. Discussion and analysis of the reserves as well as the overall credit quality of the off-balance sheet lending portfolio is provided in Note 16 of the "Notes to Consolidated Financial Statements". The following paragraphs provide information concerning its on-balance sheet credit portfolio.

Provident maintains a reserve for loan and lease losses in order to absorb losses from current outstandings and potential usage of unfunded commitments. The reserve is maintained at a level which management considers adequate to absorb loan and lease losses given the conditions at the time. The reserve is increased by the provision for loan and lease losses. Loans and leases deemed uncollectible are charged off and deducted from the reserve while recoveries on loans and leases previously charged off are added back to the reserve.

Unfavorable business conditions and difficulties experienced by the airline industry have caused Provident to take large loan loss provisions during the past two years. Late in the fourth quarter of 2000, Provident placed three large loans, totaling \$52 million, on nonaccrual status. Additionally, several large commercial loan charge-offs were recorded at that time. Nonaccrual loans and charge-offs increased during 2001 as the economic climate continued to deteriorate, particularly with regard to the airline industry. During 2001, Provident recorded charge-offs, write-downs and additional provision of \$66 million on commercial airline loans and leases. Another \$15 million of provision was recorded within industries other than commercial airlines that was related to September 11. Based on Provident's analyses of the lending portfolio, deterioration of asset quality indicators as well as the uncertain economic environment, Provident recorded additional provision to raise its loan loss reserve to total loans ratio to 2.29% during 2001.

Lansaw James L
Lanter Kevin Patrick
Lanter Stephanie Marie
Larkin Tirrell D
LaRoche Debra J
Larrison Jacqueline J
Lasita Bonita Marie
Latham Starlett
Lattire Kelli Ann
Lauer William H
Laudenberg Scott Michael
Laverty Jennifer M
Lawrence Ellen
Lawrence Jeffrey J
Lawrence Shannon M
Lawson Christopher R
Lawson Evelyn J
Lawson Stephanie R
Lawson Timothy Joseph
Layne Edith Marie
Leary William Shawn
Lederer Lori Darnette
Lee Amy P
Lee Daniel Patrick
Lee Henry K
Lee Jacqueline G
Lee Phyllis E
Lee Renee
Lee Rodney
Leedy Stefanie A
Leeth Jeff N
Leichman Ronald S
Leigh Brent M
Leister Melanie A
Leisner Michael W
Lellaert Tracy Jo
Lemaster Jane Louise
Lemen Margaret J
Lemker Gregory James
Lemhart Shawn M
Lemhan Jason Edgar
Leon Mary L
Lester Lesley Melinda
Letton Lillian
Leugers Paula
Lewinski Daniel J
Lewis III James Willard
Lewis Chala E
Lewis Phyllis Carol
Lewis Regina
Lewis Renee Riffe
Lewis Sandra L
Licata Charles Emilio
Lichtenberger Carol M
Liebiget Donna Lynn
Lierman Melissa
Lierman Tara P
Lienigh Maria L
Lighthall Melissa A
Ligon Anthony D
Lilley Cathy Jo
Lilze Donna J
Lincoln Robin Marie

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following table shows selected information relating to Provident's reserve for loan and lease losses:

<i>(In Thousands)</i>	December 31,				
	2001	2000	1999	1998	1997
Reserve for Loan and Lease					
Losses at Beginning of Period	\$ 154,300	\$ 94,045	\$ 78,867	\$ 74,615	\$ 68,961
Provision Charged to Expense	225,748	131,281	48,417	31,597	45,119
Acquired Reserves	10,003	2,377	1,263	-	1,814
Loans and Leases Charged Off:					
Corporate Lending:					
Commercial	105,711	63,497	25,145	14,403	17,286
Mortgage	844	96	247	3	1,505
Construction	-	-	-	-	-
Lease Financing	26,622	2,892	6,736	5,173	1,367
Consumer Lending:					
Installment	7,557	7,535	10,159	12,856	24,065
Residential	14,846	8,022	759	900	1,175
Lease Financing	10,464	5,136	4,244	3,855	6,009
Total Charge-Offs	166,044	87,178	47,290	37,190	51,407
Recoveries:					
Corporate Lending:					
Commercial	2,675	3,406	2,742	836	1,055
Mortgage	8	20	42	1,344	915
Construction	-	-	-	-	-
Lease Financing	3,068	1,290	3,102	226	306
Consumer Lending:					
Installment	4,990	5,282	4,523	5,901	5,766
Residential	1,316	127	266	190	177
Lease Financing	4,589	3,650	2,113	1,348	1,909
Total Recoveries	16,646	13,775	12,788	9,845	10,128
Net Loans and Leases Charged Off	149,398	73,403	34,502	27,345	41,279
Reserve for Loan and Lease Losses at End of Period	\$ 240,653	\$ 154,300	\$ 94,045	\$ 78,867	\$ 74,615

On a percentage basis, the following table provides annual net charge-offs to average total loans and leases by category:

	December 31,				
	2001	2000	1999	1998	1997
Corporate Lending:					
Commercial	2.21%	1.38%	.63%	.43%	.63%
Mortgage	.14	.01	.04	(.24)	.10
Construction	-	-	-	-	-
Lease Financing	2.31	.39	1.26	1.56	.40
Consumer Lending:					
Installment	.33	.44	.96	.98	2.17
Residential (1)	1.34	2.04	.05	.09	.13
Lease Financing	.48	.23	.34	.49	.67
Net Charge-Offs to Average Total Loans and Leases	1.48%	.97%	.49%	.43%	.69%

(1) The net charge-off percentage for residential loans would be 1.22% for 2000 if charge-offs resulting from the implementation of the FFIEC Uniform Retail Credit Classification and Account Management Policy had been excluded.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Explanation as to significant changes in charge-offs between 1999 and 2001 follows:

- Commercial: Net charge-offs to average loans were 2.21%, 1.38% and .63% for 2001, 2000 and 1999, respectively. The increase in charge-offs for 2001 was due primarily to the overall deterioration in the economy, particularly in the airline industry. The increase in charge-offs in 2000 was due primarily to the decline in asset quality indicators combined with the uncertain economic environment.
- Commercial Lease Financings: Net charge-offs to average leases were 2.31%, .39% and 1.26% for 2001, 2000 and 1999, respectively. The increase in the charge-off percentage from 2000 to 2001 was due primarily to an increase in net charge-offs related to the airline industry from Provident Commercial Group, Provident's large ticket equipment leasing company. The decrease in the charge-off percentage from 1999 to 2000 was primarily due to a decrease in net charge-offs from Information Leasing Corporation, Provident's small to mid-ticket equipment leasing company.
- Installment: Net charge-offs to average loans were .33%, .44% and .96% for 2001, 2000 and 1999, respectively. The decrease in the charge-offs for 2000 as compared to 1999 was a result of lower charge-offs in home equity and on balance sheet credit card loans. The reduction in home equity charge-offs was due to continued focus on credit

quality standards on the origination of these loans and improved technology of collection systems.

- Residential: Net charge-offs to average loans were 1.34%, 2.04% and .05% for 2001, 2000 and 1999, respectively. The increase in charge-offs for 2001 and 2000 was a result of nonconforming residential loans originated during the second half of 2000 and the first half of 2001 being kept on the balance sheet. Also, a significant portion of the increase in charge-offs for 2000 was due to a one-time charge-off of \$3.2 million related to a new regulatory policy regarding retail classifications that became effective on December 31, 2000. The net charge-off ratio excluding this one-time charge-off was 1.22%.
- Consumer Lease Financings: Net charge-offs to average leases were .48%, .23% and .34% for 2001, 2000 and 1999, respectively. The generally lower levels of charge-offs of auto leases since 1998 reflect the implementation of risk based pricing that has resulted in higher quality originations.

The following table shows the dollar amount of the reserve for loan and lease losses, using management's estimate, by principal loan and lease category. While amounts are allocated to various portfolio categories, the total reserve, less the portion attributable to reserves as prescribed under provisions of Statement of Financial Accounting Standards No. 114, "Accounting by Creditors for Impairment of a Loan", is available to absorb losses from any loan or lease category.

<i>(In Thousands)</i>	December 31,				
	2001	2000	1999	1998	1997
Corporate Lending:					
Commercial	\$ 156,993	\$ 99,917	\$ 70,722	\$ 50,919	\$ 41,227
Mortgage	5,447	7,691	4,440	5,154	5,897
Construction	6,933	5,215	2,095	3,377	3,413
Lease Financing	24,544	12,437	4,152	3,730	5,815
	193,917	125,260	81,409	63,180	56,352
Consumer Lending:					
Installment	5,315	8,431	7,881	10,448	11,696
Residential	25,781	13,911	1,685	2,507	2,288
Lease Financing	15,640	6,698	3,070	2,732	4,279
	46,736	29,040	12,636	15,687	18,263
	\$ 240,653	\$154,300	\$ 94,045	\$ 78,867	\$ 74,615

Lindeman Charles A
Lindemann Andrea Lee
Linderchmidt Emily J
Lindgren Joy A
Lindsay Erin E
Link Jodie Patrice
Linkugel Gina Elizabeth
Linman Rosemarie Dieta
Linnemann Gina Marie
Lippmeier Todd E
Lipps Lisa Sage
Lischer Deborah Lynn
Little Pamela R
Litzinger Robert Alan
Livesay Kristen Renee
Lloyd Trecasia Ann
Loasby David A
Lock Angela J
Lockard Christy G
Locks Brian L
Loewick Richard Anthony
Logan Michelle
Lohman Amy L
Lohmueler Michael C
Lohstroh Susan
Long Charles E
Long Mabel J
Long Mary L
Lonneman Ronald C
Lonnemann Laura A
Looby Gerald M
Lopez Juliana
Lorenz Mark
Losekamp Lisa Starr
Lotz Teresa M
Lough Michael Brian
Louis Clarice S
Loveless Steven Kent
Love-Meadors Tara M
Lovette Tamala Lynn
Loving-Haynes Roslyn
Lowe Steven M
Lucas Charlotte A
Lucas Heather Ann
Lucas Paula Jean
Lucas Phyllis A
Lucas Wilbur G
Luckert Julie Ann
Lucky Jackie Lee
Ludlow Bonnie Jean
Ludwig Daniel Carl
Ludwig Steven Robert
Lule II Allan Lindsay
Lunsford Stephanie S
Lutlman Donald U
Lyle Doris C
Lynch Tanya R
Lynn Betty C
Lyons Jr John Randall
Lytle Jennifer S
Lytle Alexander
Ma Kevin
Maiba DaeShaun

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following table presents a summary of various indicators of credit quality:

<i>(Dollars In Thousands)</i>	December 31,				
	2001	2000	1999	1998	1997
Nonperforming Assets:					
Nonaccrual Loans:					
Corporate Lending:					
Commercial	\$ 116,663	\$ 74,401	\$ 43,452	\$ 34,544	\$ 37,800
Mortgage	1,929	1,712	3,003	933	335
Construction	2,699	-	216	-	27
Lease Financing	7,986	6,503	1,309	4,002	4,798
	129,277	82,616	47,980	39,479	42,960
Consumer Lending:					
Installment	-	-	48	38	-
Residential	47,579	13,404	7,640	5,504	4,482
Lease Financing	-	-	-	-	-
	47,579	13,404	7,688	5,542	4,482
Total Nonaccrual Loans	176,856	96,020	55,668	45,021	47,442
Other Real Estate and Equipment Owned	20,907	8,805	3,870	2,767	12,440
Total Nonperforming Assets	\$ 197,763	\$ 104,825	\$ 59,538	\$ 47,788	\$ 59,882
Loans 90 Days Past Due - Still Accruing	\$ 31,219	\$ 28,780	\$ 15,769	\$ 10,661	\$ 9,985
Loan and Lease Loss Reserve as a Percent of:					
Total Loans and Leases	2.29%	1.70%	1.34%	1.25%	1.30%
Nonaccrual Loans	136.07	160.70	168.94	175.18	157.28
Nonperforming Assets	121.69	147.20	157.96	165.04	124.60
Nonaccrual Loans as a Percent of Total Loans and Leases	1.68	1.06	.79	.71	.83
Nonperforming Assets as a Percent of:					
Total Loans, Leases and Other Real Estate and Equipment	1.88	1.15	.85	.76	1.04
Total Assets	1.26	.76	.56	.53	.75

Loans and leases are generally placed on nonaccrual status when the payment of principal and/or interest is past due 90 days or more. However, installment loans and consumer leases are not placed on nonaccrual status because they are charged off in the month the loans and leases reach 120 days past due. In addition, loans that are well secured and in the process of collection are not placed on nonaccrual status. When a loan is placed on nonaccrual status, any interest income previously

recognized that has not been received is reversed. Future interest income is recorded only when a payment is received and collection of principal is considered reasonably assured.

Although loans and leases may be classified as nonaccrual, many continue to pay interest irregularly or at less than the original contractual rates. The gross amount of interest income recognized during 2001 with respect to these loans and leases was \$.3 million compared to \$12.2 million that would have

MacDonald Thomas J
 MacIsaac Anthony Samuel
 MacKay Susan Michele
 Mackenzie Robert D
 Mackinder Alan J
 MacKinder Rachel E
 Mackov Linda
 Madden Jonathan
 Maddox Arzetta Faye
 Madewell Patricia M
 Madlener Debra K
 Magee Mark E
 Maquette Cami L
 Magness Cole Nathaniel
 Magness Joan D
 Maher Stephanie Lynn
 Mai Kenneth W
 Mainelli Kevin J
 Makowore Modern
 Malatesta Stanley A
 Mailes Mitchell Eddie
 Maley Steven John
 Malin Linda Lou
 Malinowski Doris M
 Malinowski Kenneth R
 Mallicoate Carol A
 Mallory Natalie Jean
 Malone Kelly N
 Maloney Carol Sue
 Maloney Michael William
 Maloney Tracey
 Manassa Betty
 Manchester Marjorie F
 Maness Crystal Dawn
 Mangione Ellen Bridget
 Mann Erin J
 Manning Doug C
 Marcum Teresa Lynn
 Marcy Sierra L
 Marguerat Angela M
 Marksberry Nicole
 Marksberry Jacqueline Rae
 Markus Christopher S
 Markwood Matthew P
 Maroney Lawrence
 Marquette Linda Ann
 Marsh Tracy L
 Marshall Leisha S
 Marshall Nicole
 Martin Alicia R
 Martin David Christopher
 Martin Deborah A
 Martin Kevin Dwayne
 Martin Ruth A
 Martinez Ralph M
 Martinez-Dubus Kim T
 Martini Jennifer
 Martini Susan Carol
 Marx William Anthony
 Masoni Angela
 Massiah Ricky B
 Massmann Sharon

been recognized had the loans and leases remained current in accordance with their original terms.

Nonaccrual loans increased \$80.8 million during 2001. The increase was composed of \$278.8 million of additions to nonaccrual loans, \$50.5 million of payments on nonaccrual loans, \$125.0 million of nonaccrual loans charged off and \$22.5 million transferred to other real estate and equipment owned. Other real estate and equipment owned increased \$12.1 million during 2001. Activity in other real estate and equipment owned included \$24.5 million of additions from foreclosed properties and equipment, \$6.7 million of charge-offs on property and equipment and \$5.7 million of sales and payments on properties. The increase in nonaccrual commercial loans was due primarily to the deteriorating economic environment, particularly the airline industry. The increase in nonaccrual residential mortgage loans is due to residential loans remaining on the balance sheet rather than being securitized and sold. Originations since July 2001 are being sold on a whole-loan basis.

Nonaccrual loans increased \$40.4 million during 2000. The increase was composed of \$121.4 million of additions to nonaccrual loans, \$13.2 million of payments on nonaccrual loans, \$61.5 million of nonaccrual loans charged off and \$6.3 million transferred to other real estate. Other real estate increased \$4.9 million during 2000. Activity in other real estate included \$12.5 million of additions from foreclosed properties, \$4.7 million of charge-offs on property in other real estate and \$2.9 million of sales and payments on properties.

Management's determination of the adequacy of the loan loss reserve is based on an assessment of the losses given the conditions at the time. This assessment consists of certain loans and leases being evaluated on an individual basis, as well as all loans and leases being categorized based on common credit risk attributes and being evaluated as a group.

Provident's Credit Administration Group is responsible for the establishment and oversight of Provident's credit risk policies. The credit risk policies address underwriting standards, internal lending limits and methodologies for the monitoring of credit risk within the various loan and lease portfolios. Loans and leases are primarily monitored by closely following changes and trends in assigned risk ratings. Credit scoring models are used for consumer and small business loans and leases, while larger commercial, commercial mortgage and commercial construction loans are assigned individual risk ratings. These ratings are assigned based upon individual credit analysis and are reported to senior management on a regular basis.

Loans and leases that have been placed on nonaccrual status are further evaluated for potential losses based upon review and discussion among lending officers, Credit, Loan Review, collection associates, and senior management. Factors consid-

ered include the market value of collateral or real estate associated with a specific loan or lease, cash flows generated by the borrower, third-party guarantees, the general economic climate and any specific industry trends that may affect an individual loan or lease. Total nonaccrual loans at December 31, 2001 were \$176.9 million. In addition, \$66.9 million of performing loans were being closely monitored due to possible credit problems.

The adequacy of the reserve for loan and lease losses is monitored on a continual basis and is based upon management's evaluation of numerous factors. These factors include the quality of the current loan portfolio, the trend in the loan portfolio's risk ratings, current economic conditions, loan concentrations, evaluation of specific loss estimates for all significant problem loans, payment histories, collateral valuations, historical charge-off and recovery experience, estimates of charge-offs for the upcoming year and other pertinent information.

Additional loss estimates associated with securitized assets are provided for separately from the reserve for loan and lease losses. For more information on credit exposures on securitized assets, see Note 16 of the "Notes to Consolidated Financial Statements".

Credit Outlook and Operating Implications

In 2001, Provident's total credit costs (loan loss provision and aircraft lease residual write-offs) increased 87% or \$114 million over the prior year's amount. These higher credit costs had a materially unfavorable impact on net income. Management expects credit costs to decline substantially in 2002. To address asset quality issues and related credit costs that arose during 2001, management is working to improve its internal credit processes and resolve asset quality concerns in its loan and lease portfolios. However, if credit costs do not substantially decline, this could impact Provident's ability to maintain the payment of its quarterly dividend rate at current levels.

Noninterest Earning Assets

Leased equipment decreased \$29 million or 14%, during 2001 after an increase of \$44 million, or 26%, during 2000. Both the decrease in 2001 and the increase in 2000 was primarily the result of activity within Provident Commercial Group.

Receivables from securitization trusts were \$26 million and \$417 million as of December 31, 2001 and 2000, respectively. Provident had provided for credit enhancements to its securitizations structured as sales in the form of reserve accounts. The reserve accounts had been maintained at a significantly higher balance than the level of estimated credit losses to improve the

Management's Discussion and Analysis of Financial Condition and Results of Operations

credit grade of the securitization and thereby reduce the rate paid to investors of the securitization trust. Credit losses have been absorbed directly into these reserve accounts. Provident estimates the amount of all credit losses based upon loan credit grades, collateral, market conditions and other pertinent factors. Receivables from securitization trusts are shown net of these loss estimates. The decrease in receivables from securitization trusts is a result of the reserve accounts on the nonconforming residential loan securitizations being released. Credit enhancements on these securitizations now are in the form of an unfunded demand note backed by a AAA rated standby letter of credit. Actual losses, which have been reserved for, are submitted on a monthly basis to Provident by the trustee. Should Provident fail to reimburse the trustee for these monthly losses, the letter of credit can be drawn upon. There are no conditions that can accelerate this monthly process.

Other assets increased \$129 million and \$60 million during 2001 and 2000, respectively. The increase in 2001 was due primarily to an increase in servicer advances on sold loans, and a receivable resulting from the sale of an investment security that did not settle until the first week of January. The increase in 2000 was primarily the result of an increase in capitalized servicing assets. The value of capitalized servicing rights are recorded when loans are sold with servicing retained or when loan servicing is purchased. The value of these capitalized servicing rights is amortized over the period of estimated net servicing revenue, with the carrying value of these rights being periodically reviewed for impairment.

Included in other assets is goodwill and other intangible assets totaling \$82 million and \$18 million, respectively, as of December 31, 2001. Goodwill represents the excess of the

purchase price over net identifiable tangible and intangible assets acquired in a purchase business combination. During 2001, the Financial Accounting Standards Board issued Statement of Accounting Standards No. 141, "Business Combinations", and No. 142, "Goodwill and Other Intangible Assets". Under the new rules, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to annual impairment tests in accordance with the Statements. Other intangible assets continue to be amortized over their useful lives. Provident will apply the new rules beginning in 2002. Application of the nonamortization provisions of the Statement is expected to result in an increase in net income of \$2.9 million, or six cents per share, per year. Provident will perform the first of the required impairment tests of goodwill and indefinite lived intangible assets as of January 1, 2002. Provident cannot predict what effect the results of these tests will have on its earnings and financial position.

Deposits

Deposits increased \$25 million and \$1.6 billion during 2001 and 2000, respectively. During 2001, retail deposits increased 16% to \$5.6 billion at December 31, 2001 from \$4.8 billion at December 31, 2000, with significant contribution from internet deposit-gathering initiatives. Offsetting this increase was a \$469 million decrease of deposits from securitization trusts held at Provident. The increase in deposits in 2000 was primarily attributable to the growth in certificates of deposit. The following table presents a summary of period end deposit balances:

<i>(In Millions)</i>	December 31,		
	2001	2000	1999
Noninterest Bearing Deposits of Securitization Trusts	\$ 27	\$ 496	\$ 426
Other Noninterest Bearing Deposits	968	797	759
Interest Bearing Demand Deposits	523	464	397
Savings Deposits	1,544	1,458	1,351
Certificates of Deposit Less than \$100,000	2,551	2,239	1,952
Certificates of Deposit of \$100,000 or More	3,241	3,375	2,345
	\$ 8,854	\$ 8,829	\$ 7,230

At December 31, 2001, maturities on certificates of deposit of \$100,000 or more were as follows (in millions):

3 months or less	\$ 288
Over 3 through 6 months	185
Over 6 through 12 months	366
Over 12 months	2,402
Total	\$ 3,241

Included in certificates of deposit of \$100,000 or more at December 31, 2001, 2000 and 1999 were brokered deposits of \$2.0 billion, \$2.2 billion and \$1.6 billion, respectively.

Provident issues brokered certificates of deposit with embedded call options combined with interest rate swaps with matching call dates as part of its certificate of deposit program. Provident has the right to redeem the certificates of deposit on specific dates prior to their stated maturity while the interest rate swaps are callable at the option of the swap counterparty. The terms and conditions of the call options embedded in the interest rate swaps match those of the certificates of deposit, offsetting any option risk exposure to Provident. At December 31, 2001, Provident had \$1.6 billion of brokered callable certificates of deposit.

Borrowed Funds

Borrowed funds are an important component of total funds necessary to support earning assets. In 2001, short-term debt increased \$1.3 billion (206%) and long-term debt increased \$167 million (6%). Increases in federal funds purchased and repurchase agreements were the primary reasons for the increase in short-term debt. Securitizations consummated since the third quarter of 2000 have been structured to account for the transactions as secured financings. The primary reason for the increase in long-term debt was an increase in debt issued as secured financings.

During the first quarter of 2001, Provident established Provident Capital Trust IV. Capital Trust IV issued capital securities of \$125 million of preferred stock to the public and \$3.9 million of common stock to Provident. Proceeds from the issuance of the capital securities were invested in Provident's 9.45% junior subordinated debentures due 2031.

During the fourth quarter of 2000, Provident established Provident Capital Trust III. Capital Trust III issued Capital Securities of \$112.5 million of preferred stock to the public and \$3.5 million of common stock to Provident. Proceeds from the issuance of the capital securities were invested in Provident's 10.25% junior subordinated debentures, due 2030.

Noninterest Bearing Liabilities

Accrued interest and other liabilities increased \$255 million, or 86%, during 2001 due primarily to the adoption of the provisions of SFAS No. 133, "Accounting for Derivative

Instruments and Hedging Activities". For further details concerning SFAS No. 133, see Note 17 of the Notes to Consolidated Financial Statements.

ASSET SECURITIZATION ACTIVITY

From 1996 through the second quarter of 2000, the structure of many of Provident's securitizations resulted in the transactions being accounted for as sales. As such, gains or losses were recognized, loans and leases were removed from the balance sheet and residual assets, representing the present value of future cash flows, were recorded. While the performance of Provident's residual assets have generally been better than or consistent with their initial estimates, other companies utilizing securitization structures requiring gain-on-sale accounting experienced problems and consequently, the market penalized all companies using gain-on-sale accounting. Although gain-on-sale accounting is in compliance with accounting principles generally accepted in the United States, the investment community clearly signaled its dissatisfaction with this accounting method and management believed this sentiment had been factored into Provident's stock price. Additionally, newly issued regulatory guidelines regarding securitization activity discourage the use of gain-on-sale accounting by limiting the amount of residual assets that can be included as part of regulatory capital. See Note 15 of the Notes to Consolidated Financial Statements for further details of the revised regulatory rules.

As a result of these factors, Provident decided that securitizations during the third quarter of 2000 and thereafter would be structured as secured financings thereby eliminating the use of gain-on-sale accounting. The switch to a secured financing structure does not affect the total profit Provident will recognize over the life of the asset, but rather impacts the timing of income recognition. Secured financing transactions, on a comparative basis, cause reported earnings from securitized assets to be lower in the initial periods and higher in later periods, as interest is earned on the assets. As a result, moving away from transaction structures that use gain-on-sale accounting causes Provident's earnings to be lower over the short term.

Securitizations which were treated as sales have made a significant impact on Provident's financial condition and results of operations. The following discusses this impact on the Consolidated Statements of Income and Consolidated Balance Sheets.

- Mastin Geri
- Mathias Susan J
- Mathiason Abby Marie
- Mattlock Michelle Ann
- Matos Antonio
- Matthews Andrea R
- Matthews Yvonne Frances
- Matuseak RoseMarie
- Maudlin Mary Catherine
- Mauger Christian Robert
- Mauli Emma
- Maurits Joseph Francis
- Maxson Rita M
- Maxwell Michelle M
- May Jacqueline Denise
- Mayer Ellen M
- Maynard Chris R
- Mays Atiya N
- McAlister Banita S
- McAnally Brent
- McBreen Tammy Sue
- McCall Terri Lynn
- McCandless Scott E
- McCann Mical L
- McCarter Duan Tiffany
- McCarter Mary Kay
- McCarthy Margaret F
- McCarthy Michael P
- McCarthy Nancy K
- McCaster William J
- McClain Amy R
- McClain Rene Jean
- McClary Daniel P
- McClary Sandra Marie
- McClung Carrie
- McClurkin Diane
- McConnell Joy Denise
- McConnell Theodore R
- McCord Kimberly
- McCormick Melinda Ann
- McCoy Jeffrey R
- McCoy Michael W
- McCoy Robert H
- McCoy Tami R
- McCulley Kimberly Lynn
- McCullough Kevin T
- McDaniel Gail A
- McDonald Joann Mary
- McGe James L
- McGe Judy Laire
- McGill Thomas Frederick
- McGinley Pamela G
- McGlynn Judith A
- McGonagle Tamara Lynne
- McGrath Gregory D
- McGrath Lisa Ann
- McGregor Tracey L
- McGuire Rebecca L
- McGwin Marcia
- McHale Carissa Marie
- McHugh Leslie Dee
- McIntosh Jerome Darnall
- McIntosh Jonathan Clay

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Impact on Consolidated Statements of Income: Based on the asset type, terms and structure of the securitization transaction, a gain may be recognized immediately upon the sale of the assets and/or income is recognized throughout the life of the securitization. The following table provides a summary of principal securitized and gains recognized for the various types of securitization structures during the past three years:

(In Thousands)	2001		2000		1999	
	Principal	Gain	Principal	Gain	Principal	Gain
Structured as Sales:						
Non-Cash Gains:						
Nonconforming Residential	\$ -	\$ -	\$ 1,030,000	\$ 30,291	\$ 2,330,047	\$ 73,304
Prime Home Equity	-	-	158,598	4,156	169,999	5,758
Credit Card	-	-	-	-	230,000	3,993
	-	-	1,188,598	34,447	2,730,046	83,055
Cash Gains:						
Equipment Leases	-	-	223,705	9,083	223,764	13,164
Non-Recognition of Gains:						
Automobile Leases	-	n/a	-	n/a	858,815	n/a
Warehouse Lending	-	n/a	-	n/a	251,200	n/a
	-	n/a	-	n/a	1,110,015	n/a
Total Sales	\$ -	\$ -	\$ 1,412,303	\$ 43,530	\$ 4,063,825	\$ 96,219
Structured as						
Secured Financings:						
Nonconforming Residential	\$ 182,699	n/a	\$ 532,341	n/a	\$ -	n/a
Prime Home Equity	114,908	n/a	170,052	n/a	-	n/a
Equipment Leases	-	n/a	128,101	n/a	-	n/a
Automobile Leases	287,121	n/a	451,732	n/a	-	n/a
Total Secured Financings	\$ 584,728	n/a	\$ 1,282,226	n/a	\$ -	n/a

The securitization and sale of nonconforming residential, prime home equity and credit card loans have resulted in the recognition of non-cash gains. Gains recognized under this structure are referred to as non-cash gains as Provident receives cash equal to the amount of loans sold. The gains or losses are determined based on a present value calculation of future cash flows of the underlying loans, net of interest payments to security holders, loan loss and prepayment assumptions and normal servicing revenue. These net cash flows, which are represented by retained interests on securitized assets ("RISAs"), are included in investment securities. No RISAs have been recorded since June 2000.

Cash gains have been recognized from the securitization and sale of equipment leases. Under the structure of these securitizations, Provident sells the lease payments under the lease contract but retains ownership of the underlying equipment.

The cash received from these sales exceeds the present value of the lease payments and generates the cash gain.

The securitization of automobile leases results in the recognition of operating lease income or expense. Under the structure of the securitization of the automobile leases, Provident enters into a sale-leaseback arrangement with the investors. Lease payments paid by Provident to the investor may be more or less than that received by Provident from the consumer. Credit losses are accrued at an annual rate of 50 basis points. The difference in the lease payments, net of credit losses and servicing fees, is recognized as net operating lease income or expense over the life of the securitization. For the years ended December 31, 2001, 2000 and 1999, net operating lease income recognized on these automobile lease securitizations was \$5.6 million, \$3.8 million and \$8.4 million, respectively.

McIntosh Sorija M
 McKay Linda K
 McKee Sharon Rose
 McKibben Eric S
 McKinley Phyllisane
 McKinley Willott C
 McKinney Derrick Lamar
 McKinney Joseph C
 McLaughlin John Charles
 McLaughlin Kevin
 McLean John P
 McManis Jennifer D
 McManis Patrick T
 McMillan Brenda Lee
 McMullen Carolyn Alayne
 McNamara William Raymond
 McNutt Kris Lee
 McPheeran Adam Alexander
 McQueen Marilyn S
 McQueen Paula D
 McQuillin Kimberly
 McShane William
 McWhorter William L
 Meadows II Greg
 Measel Deanna E
 Meeklem Keith N
 Meek Eric W
 Meeks Kaylyn Deanna
 Meeks LaVansk D
 Meeks Susan
 Mehta Anuj
 Meier Tricia D
 Meis Cynthia E
 Meister Jeanine M
 Melin David C
 Mell Lisa
 Meltzer Frank
 Memering Tina Renee
 Meme Kevin
 Menner Linda K
 Menninger Andrew
 Menzel Charles
 Meredith Karen Sue
 Merritt III John E
 Merritt Melissa A
 Mervin Linda Sue
 Mester Timothy P
 Mesner Amy Christine
 Mestemaker Eric J
 Meszaros Jean Elizabeth
 Meyer Anna Kathleen
 Meyer Charles Christopher
 Meyer Jerry H
 Meyer John
 Meyer Keith Eric
 Meyer Micha Shannon
 Meyer Robin Lynn
 Meyer Shane T
 Mezher Raymond
 Michaels David Scott
 Michaelson Kathleen Ann
 Michel Rick B
 Michaels Julynn J

Management's Discussion and Analysis of Financial Condition and Results of Operations

Underlying assumptions used in the initial determination of future cash flows on the loan and lease portfolios accounted for as sales follow:

	Nonconforming Residential	Prime Home Equity	Equipment Leasing
Assumptions Used:			
Prepayment Speed:			
Initial Rate	12.36%	10.00%	n/a
Peak Rate	32.84%	30.00%	n/a
Calculated Weighted Average Life of the Loan Portfolios	2.6 Years	2.1 Years	n/a
Estimated Credit Losses:			
Annual Basis	1.09%	0.20%	1.00%
Percentage of Original Balance	2.94%	0.42%	1.97%
Discount Rate	11.88%	10.63%	9.29%

Gain-on-sale accounting requires management to make assumptions regarding prepayment speeds and credit losses for the securitized loan and lease pools. The performance of the pools are extensively monitored, and adjustments to these assumptions are made when necessary.

Provident retained the servicing of the loans and leases it securitized and the servicing on the majority of loans it sells on a whole loan basis. As a result, a significant level of assets is serviced by Provident, which do not appear on its balance sheet. These off-balance sheet assets were primarily responsi-

ble for the generation of \$43.1 million, \$50.3 million and \$29.4 million in loan servicing fees during 2001, 2000 and 1999, respectively.

Impact on Consolidated Balance Sheets: The impact from the securitization and sale of various loans and leases can be seen in several areas of Provident's balance sheet. The most significant area has been the removal of loans and leases that Provident continues to service. The following table provides a summary of these off-balance sheet managed assets:

<i>(In Thousands)</i>	December 31,		
	2001	2000	1999
Nonconforming Residential	\$ 2,627,332	\$ 3,625,033	\$ 3,393,179
Auto Leases	980,314	1,134,844	1,366,598
Prime Home Equity	303,527	471,873	398,882
Equipment Leases	207,131	359,457	298,161
Credit Card	-	165,000	230,000
Warehouse	-	-	251,200
	\$ 4,118,304	\$ 5,756,207	\$ 5,938,020

Provident has been originating nonconforming residential loans since 1995. Major characteristics of these nonconforming loans include: 54% with an "A" credit grade and 32% with a "B" credit grade; 71% with full documentation; 69% have prepayment penalties; 97% are secured by first mortgages; 92% are owner occupied; and, on average, have a 77% loan-to-value ratio.

Information concerning retained interests in securitized assets, such as its components, sensitivity to key economic assumptions and its cash flows, as well as details of the credit quality of the off-balance sheet assets may be found in Note 16 of the "Notes to Consolidated Financial Statements".

FANNIE MAE DUS PROGRAM

Red Capital Group, which was acquired by Provident in September of 2000, is an approved Fannie Mae Delegated Underwriting and Servicing ("DUS") mortgage lender. Under the Fannie Mae DUS program, Red Capital underwrites, funds and sells mortgage loans on multifamily rental projects. Red Capital then services these mortgage loans on Fannie Mae's behalf. Participation in the Fannie Mae DUS program requires Red Capital to share the risk of losses with Fannie Mae. Red Capital's share of any losses is limited to 20% of the original principal balance of each loan. The substance of the loss sharing is that Red Capital assumes the initial loss up to 5% of the unpaid principal balance, after which Red Capital and Fannie Mae split additional losses 25% to Red Capital and 75% to Fannie Mae until such additional losses total 20% of the unpaid principal balance. From that point, losses are split 10% to Red Capital and 90% to Fannie Mae with the total loss to Red Capital capped at 20% of the original principal balance of the loan.

Red Capital services multifamily mortgage loans under the DUS program with outstanding principal balances aggregating approximately \$2.5 billion at December 31, 2001. At December 31, 2001, no DUS loans in Red Capital's loan servicing portfolio were delinquent or in default. Red Capital has established reserves of approximately \$7.8 million for possible losses under this program. The reserve is determined by evaluating pools of homogenous loans and includes information based upon industry and historical loss experience, as well as each project's recent operating performance. Management believes the reserve is maintained at a level that adequately provides for the inherent losses within Red Capital's portfolio of DUS loans. The employees and management team of Red Capital have originated and serviced the existing Fannie Mae DUS loan servicing portfolio since 1995 without any losses relating to the DUS loans.

CAPITAL RESOURCES

Total stockholders' equity at December 31, 2001 and 2000 was \$893 million and \$991 million, respectively. The decrease in stockholders' equity during 2001 was primarily the result of the adoption of the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and dividends exceeding net income.

The dividend payout to net income ratio was 205.76%, 64.85% and 27.14% for 2001, 2000 and 1999, respectively. Provident announced an increase in its quarterly common dividend rate from \$.22 per share to \$.24 per share beginning with the first quarter in 2000. In the first quarter of 1999, Provident increased its quarterly common dividend rate from \$.20 per share to \$.22 per share.

Capital adequacy ratios are provided in the Selected Financial Data Table and the Performance Summary Sections of this report.

Provident's capital expenditure program typically includes the purchase of computer equipment and software, branch additions and enhancements, ATM additions and office building renovations. Capital expenditures for 2002 are estimated to be approximately \$37 million and include the purchase of data processing hardware and software, branch additions, renovations and enhancements, facility renovations, and ATMs. Management believes that currently available funds and funds provided by normal operations will be sufficient to meet these capital expenditure requirements.

LIQUIDITY

Adequate liquidity is necessary to meet the borrowing needs and deposit withdrawal requirements of customers as well as to satisfy liabilities, fund operations and support asset growth. Provident has a number of sources to provide for liquidity needs. First, liquidity needs can be met by the liquid assets on its balance sheet such as cash and deposits with other banks. Additional sources of liquidity include the sale of investment securities, the secured financing of commercial and consumer loans and leases and the generation of new deposits. Provident may also borrow both short-term and long-term funds. Provident has an additional \$1.4 billion available for borrowing under a bank note program as the program was increased from \$1.0 billion to \$1.5 billion in July 1999. Approximately \$201.3 million of long-term debt is due to be repaid during 2002.

The parent company's primary liquidity needs during 2002 will be the payment of dividends to its preferred and common shareholders, funds for activity of the commercial paper operations and interest payments on junior subordinated debentures. The major source of liquidity for the parent company is dividends and interest paid to it by its subsidiaries. Provident

Middendorf Lori Ann
 Migliore Paul Gregory
 Mihalovich Cynthia Marie
 Miller Jr Louis Carl
 Miller Jr Rodger M
 Miller Bobby J
 Miller Brian
 Miller Christina L
 Miller Debra Jean
 Miller Landa Reed
 Miller Meral J
 Miller Mindy
 Miller Sylvia Jean
 Miller Telisa Ann
 Miller-Brown Valerie Delinn
 Millerton Bruce Lynn
 Mills Donnie Lee
 Mills Elisa Marie
 Miner Laura Welch
 Mino Maggie Tasaque
 Mirkowski Kathleen
 Mirisena Jr John R
 Mirocha Keith A
 Mirocha Phyllis K
 Misch Rebecca Lynn
 Misenko Douglas R
 Mishra Sushma
 Mitchell Deborah
 Mitchell Diana
 Mitchell Diana L
 Mitchell Marton J
 Mitchem Evelyn C
 Mitman Kenneth
 Mitiga Joseph
 Mobley William Powell
 Moermond Chris Beulah
 Molden Leslie Ann
 Mulliner Mary Kay
 Muller Robert Michael
 Monk Cheryl Y
 Monroe Kimberly S
 Monteleone Jamie
 Montgomery Alma Lucille
 Montgomery Consuelo
 Montgomery Diane
 Montgomery Ebony L
 Montgomery Michelle Lynn
 Mooney Elizabeth Anne
 Mooney Kevin Robert
 Moore Belinda R
 Moore Deborah Sue
 Moore Denise D
 Moore Deushawn
 Moore Florence D
 Moore Jonathan
 Moore Julie Sternert
 Moore Linda Y
 Moore Lisa M
 Moore Michael Richard
 Moore Nancy A
 Moore Roberta Marie
 Moore Shaarese D
 Moore Tracy Annette

received dividends of \$15 million, \$37 million and \$60 million in 2001, 2000 and 1999, respectively. The amount of dividends available for payment in 2002 by The Provident Bank, Provident's banking subsidiary, is approximately \$46.6 million, plus 2002 net income. It is unlikely, however, that The Provident Bank would pay annual dividends to the parent company that exceeded \$60 million. Management believes that dividends available from The Provident Bank will be sufficient to meet the parent company's liquidity requirements in 2002. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Credit Outlook and Operating Implications" and Note 22 included in "Notes to Consolidated Financial Statements".

At December 31, 2001, the parent company had \$200 million in general purpose lines of credit with unaffiliated banks. These lines, which expire March 28, 2002, are renewable on an annual basis. Management anticipates that these lines will be renewed. As of March 26, 2002, these lines had not been used.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The responsibility of monitoring and managing market and liquidity risk at Provident is assigned to the Asset Liability Committee ("ALCO"). The Market and Liquidity Risk Unit provides ALCO with the necessary analyses and reports. The main source of market risk is the risk of loss in the value of financial instruments that may result from the changes in interest rates. ALCO is bound to guidelines stated in the relevant policies approved by the Board of Directors.

In addition, ALCO is responsible for liquidity risk management. Provident offers a wide variety of retail deposit products to provide a stable funding source for loan growth. To supplement its retail deposits, Provident utilizes various sources of wholesale funding. Borrowing through the Federal Home Loan Bank and offering short and medium term deposits via brokerage investors are part of this strategy. Asset securitizations treated as secured financings provide funding for the origination of additional loans and leases. Through term and commercial paper conduit markets, Provident has the ability to take advantage of the liquid asset-backed securities market.

Interest rate risk management guidelines and policies are approved by the Board of Directors. ALCO is responsible for

monitoring and managing the interest rate risk of both the balance sheet and off-balance sheet financial instruments. The Market and Liquidity Risk Unit, as an extension of ALCO, utilizes asset/liability simulation to monitor interest rate risk. The simulation model measures the impact on net interest income due to changes in the yield curve, and performs stress tests on net interest income. The Interest Rate Risk Policy specifically states the boundaries for the percentage changes in net interest income. The Board of Directors also approves the limits for changes in the market value of equity. This is the change in the difference between the discounted value of assets and the discounted value of liabilities. The impairment or the improvement is measured as a percentage of total assets. Again, the Market and Liquidity Risk Unit monitors this ratio on a monthly basis.

In addition to natural balance sheet hedges, ALCO utilizes derivatives instruments to manage interest rate risk. Interest rate swaps are the most widely used tool to manage interest rate risk, but from time to time, interest rate caps and floors may also be utilized. Provident has used derivatives effectively for a number of years and has developed the necessary expertise and knowledge to achieve a safe and sound interest rate risk management process.

The following table summarizes the change to net interest income, as a percentage, over the next 12-month period based on an instantaneous and permanent change in the pricing of all interest rate sensitive assets, liabilities and off-balance sheet financial instruments. The effects of these interest rate fluctuations are considered worst case scenarios, as the analysis does not give consideration to any management of the new interest rate environment. These tests are performed on a monthly basis and the results are presented to the Board of Directors.

	2001	2000
100 Basis Points Decrease	0.7%	1.2%
100 Basis Points Increase	(1.1)	(1.4)
150 Basis Points Decrease(1)	0.8	n/a
200 Basis Points Decrease(1)	n/a	2.5
200 Basis Points Increase	(2.5)	(3.7)

(1) Due to market conditions, the 200 basis points decrease was restricted to 150 basis points for 2001.

- Moore Vincent Michael
- Moorman Rhonda Ann
- Moorman Valerie A
- Moran Joseph Leo
- Morana Christine L
- Morgan Jamie C
- Morgan Marsha E
- Morgan Mitchell P
- Moriarty Kathryn Ann
- Moroff Dirk A
- Morris Shirlene
- Morris Gambill Michelle
- Morrison Kathleen A
- Morrissey Nancy
- Morsky Sandra E
- Morsch Jason M
- Moschella Joseph C
- Motter Robert A
- Moudgal Pradeep T
- Mouser Gina L
- Mowery James E C
- Mueller Bernd Steven
- Mueller Kimberley Ann
- Mueller Ruth Marian
- Murf Martin Lindsey
- Mwiaki Philip M
- Melberry Ami Nicole
- Muldrow Trina Dushon
- Mullen Tina M
- Mullin John P
- Mullinex Rebecca A
- Mullins Mary F
- Mumford Tamara Leigh
- Mundy Pamela A
- Munson Cheryl Ann
- Muraca Anthony P
- Murchland Adrienne R
- Murphy James Eugene
- Murphy Julie Ann
- Murphy Marsha Worth
- Murphy Rebecca Sue
- Murray Gayle Edward
- Murray Martene Frances
- Murray Noreen Cynthia
- Murray Troy A
- Musgrove John Sergeant
- Myers Laura Lee
- Myers Layne Chautel
- Myers Philip Roy
- Myland Laronda
- Nared Nina Renee
- Natrop Elaine Catherine
- Naulis Linda
- Nayer Ani M
- Neace June A
- Neace Temple Allen
- Neal Alexander
- Neal Jennifer Louise
- Neale Jr Denison
- Neckel Patricia Ann
- Neff Tonya Dee
- Nelus Julie Anna
- Nettlesel Laura R

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

Board of Directors and Shareholders Provident Financial Group, Inc.

We have audited the accompanying consolidated balance sheets of Provident Financial Group, Inc. and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the management of Provident Financial Group, Inc. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Provident Financial Group, Inc. and subsidiaries at December 31, 2001 and 2000, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

The logo for Ernst & Young LLP is written in a stylized, cursive script. The words "Ernst & Young" are connected, and "LLP" is written in a slightly different, more upright cursive style at the end.

Cincinnati, Ohio
January 16, 2002

Consolidated Balance Sheets

(Dollars in Thousands)	December 31,	
	2001	2000
Assets		
Cash and Due from Banks	\$ 378,257	\$ 286,051
Federal Funds Sold and Reverse Repurchase Agreements	122,966	82,977
Trading Account Securities	101,156	41,949
Loans Held for Sale	217,914	206,168
Investment Securities Available for Sale (amortized cost - \$3,583,591 and \$3,041,204)	3,559,048	3,013,621
Loans and Leases:		
Corporate Lending:		
Commercial	4,540,088	4,580,215
Mortgage	640,175	632,801
Construction	827,657	801,211
Lease Financing	1,188,319	607,478
Consumer Lending:		
Installment	913,312	580,046
Residential	922,747	835,510
Lease Financing	1,463,658	1,039,645
Total Loans and Leases	10,495,956	9,076,906
Reserve for Loan and Lease Losses	(240,653)	(154,300)
Net Loans and Leases	10,255,303	8,922,606
Leased Equipment	185,863	215,227
Premises and Equipment	103,085	103,919
Receivables from Securitization Trusts	26,203	417,420
Other Assets	696,749	567,447
Total Assets	\$ 15,646,544	\$ 13,857,385
Liabilities and Shareholder' Equity		
Liabilities:		
Deposits:		
Noninterest Bearing	\$ 994,978	\$ 1,293,396
Interest Bearing	7,859,272	7,535,714
Total Deposits	8,854,250	8,829,110
Short-Term Debt	1,958,299	639,023
Long-Term Debt	2,941,165	2,774,493
Guaranteed Preferred Beneficial Interests in Company's Junior Subordinated Debentures	450,759	329,239
Accrued Interest and Other Liabilities	549,481	294,737
Total Liabilities	14,753,954	12,866,602
Shareholders' Equity:		
Preferred Stock, 5,000,000 Shares Authorized:		
Series D, 70,272 Issued	7,000	7,000
Common Stock, No Par Value, 110,000,000 Shares Authorized, 49,205,897 and 48,814,463 Issued	14,587	14,469
Capital Surplus	322,024	314,895
Retained Earnings	647,675	672,348
Accumulated Other Comprehensive Loss	(98,696)	(17,929)
Total Shareholders' Equity	892,590	990,783
Total Liabilities and Shareholders' Equity	\$ 15,646,544	\$ 13,857,385

See notes to consolidated financial statements.

Consolidated Statements of Income

<i>(In Thousands, Except Per Share Data)</i>	Year Ended December 31,		
	2001	2000	1999
Interest Income:			
Interest and Fees on Loans and Leases	\$ 877,879	\$ 738,974	\$ 616,233
Interest on Investment Securities	208,300	227,701	109,894
Other Interest Income	21,061	4,306	4,588
Total Interest Income	<u>1,107,240</u>	<u>970,981</u>	<u>730,715</u>
Interest Expense:			
Interest on Deposits:			
Savings and Demand Deposits	68,559	78,421	59,057
Time Deposits	317,810	301,918	209,743
Total Interest on Deposits	<u>386,369</u>	<u>380,339</u>	<u>268,800</u>
Interest on Short-Term Debt	59,815	86,797	59,729
Interest on Long-Term Debt	157,402	95,839	52,354
Interest on Junior Subordinated Debentures	30,551	20,033	13,200
Total Interest Expense	<u>634,137</u>	<u>583,008</u>	<u>394,083</u>
Net Interest Income	<u>473,103</u>	<u>387,973</u>	<u>336,632</u>
Provision for Loan and Lease Losses	225,748	131,281	48,417
Net Interest Income After Provision for Loan and Lease Losses	<u>247,355</u>	<u>256,692</u>	<u>288,215</u>
Noninterest Income:			
Service Charges on Deposit Accounts	39,924	35,138	32,724
Loan Servicing Fees	43,146	50,335	29,362
Other Service Charges and Fees	57,554	53,205	41,316
Leasing Income	43,888	42,269	40,902
Gain on Sales of Loans and Leases - Non-Cash	-	34,447	83,055
Gain on Sales of Loans and Leases - Cash	6,311	10,452	15,814
Warrant Gains	412	7,500	9,147
Security Gains	-	155	71
Other	35,144	20,661	20,273
Total Noninterest Income	<u>226,379</u>	<u>254,162</u>	<u>272,664</u>
Noninterest Expenses:			
Salaries, Wages and Benefits	201,715	172,903	153,397
Charges and Fees	34,024	23,280	15,679
Occupancy	22,605	20,631	18,951
Leasing Expense	52,548	26,636	23,076
Equipment Expense	25,234	26,045	24,614
Professional Fees	24,507	21,735	20,163
Merger and Restructuring Charges	-	39,300	4,200
Other	76,665	62,379	66,910
Total Noninterest Expenses	<u>437,298</u>	<u>392,909</u>	<u>326,990</u>
Income Before Income Taxes	<u>36,436</u>	<u>117,945</u>	<u>233,889</u>
Applicable Income Taxes	<u>13,107</u>	<u>44,331</u>	<u>82,940</u>
Net Income	<u>\$ 23,329</u>	<u>\$ 73,614</u>	<u>\$ 150,949</u>
Basic Earnings Per Common Share	\$.46	\$ 1.49	\$ 3.18
Diluted Earnings Per Common Share	.46	1.46	3.08

See notes to consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

<i>(In Thousands, Except Per Share Data)</i>	Preferred Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income/(Loss)	Total
Balance at January 1, 1999	\$ 7,000	\$ 14,150	\$ 276,796	\$ 534,657	\$ (21,425)	\$ (9,024)	\$ 802,154
Net Income				150,949			150,949
Change in Unrealized Gains (Losses) on Marketable Securities						(40,873)	(40,873)
Comprehensive Income							110,076
Cash Dividends Declared on:							
Common Stock (\$.88/share)				(40,100)			(40,100)
Preferred Stock (\$12.38/share)				(870)			(870)
Principal Payments on Loans/ Amortization of Expense Related to Employee Stock Benefit Plans			918	57			975
Exercise of Stock Options and Accompanying Tax Benefits		68	4,619				4,687
Purchase of Treasury Stock					(8,645)		(8,645)
Acquisition		169	22,191	1,779	30,070		54,209
Distribution of Contingent Shares for Prior Year Acquisition		23	3,232				3,255
Deferred Compensation Tax Adjustment			481				481
Balance at December 31, 1999	7,000	14,410	308,237	646,472	-	(49,897)	926,222
Net Income				73,614			73,614
Change in Unrealized Gains (Losses) on Marketable Securities						31,968	31,968
Comprehensive Income							105,582
Cash Dividends Declared on:							
Common Stock (\$.96/share)				(46,789)			(46,789)
Preferred Stock (\$13.50/share)				(949)			(949)
Principal Payments on Loans/ Amortization of Expense Related to Employee Stock Benefit Plans			780				780
Liquidation of Employee Stock Benefit Plans			1,469				1,469
Exercise of Stock Options and Accompanying Tax Benefits		59	3,842				3,901
Deferred Compensation Tax Adjustment			567				567
Balance at December 31, 2000	7,000	14,469	314,895	672,348	-	(17,929)	990,783
Net Income				23,329			23,329
Other Comprehensive Income, Net of Tax:							
Cumulative Effect of a Change in Accounting Principle						(28,332)	(28,332)
Change in Unrealized Gains (Losses) on:							
Hedging Instruments						(54,411)	(54,411)
Marketable Securities						1,976	1,976
Total Comprehensive Income							(57,438)
Cash Dividends Declared on:							
Common Stock (\$.96/share)				(47,053)			(47,053)
Preferred Stock (\$13.50/share)				(949)			(949)
Exercise of Stock Options and Accompanying Tax Benefits		113	6,477				6,590
Distribution of Contingent Shares for Prior Year Acquisition		8	822				830
Stock Repurchased and Cancelled		(3)	(243)				(246)
Deferred Compensation Tax Adjustment			73				73
Balance at December 31, 2001	\$ 7,000	\$ 14,587	\$ 322,024	\$ 647,675	\$ -	\$ (98,696)	\$ 892,590

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

<i>(In Thousands)</i>	Year Ended December 31,		
	2001	2000	1999
Operating Activities:			
Net Income	\$ 23,329	\$ 73,614	\$ 150,949
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Provision for Loan and Lease Losses	225,748	131,281	48,417
Amortization of Goodwill	4,484	3,871	2,371
Other Amortization and Accretion	(84)	(28,311)	(18,925)
Depreciation of Leased Equipment and Premises and Equipment	47,577	48,379	44,119
Tax Benefit Received from Exercise of Stock Options	2,706	513	1,613
Realized Investment Security Gains	-	(155)	(71)
Proceeds From Sale of Loans Held for Sale	2,825,184	1,049,470	2,483,213
Origination of Loans Held for Sale	(2,834,074)	(1,192,804)	(2,460,853)
Realized Gains on Loans Held for Sale	(2,856)	(30,607)	(75,389)
(Increase) Decrease in Trading Account Securities	(59,207)	32,767	15,737
(Increase) Decrease in Interest Receivable	4,402	(23,635)	(18,460)
Increase in Other Assets	(131,264)	(2,654)	(48,084)
Increase (Decrease) in Interest Payable	(4,099)	22,209	(2,640)
Deferred Income Taxes	857	20,001	18,861
Increase (Decrease) in Other Liabilities	63,310	(20,560)	(44,888)
Net Cash Provided by Operating Activities	<u>166,013</u>	<u>83,379</u>	<u>95,970</u>
Investing Activities:			
Investment Securities Available for Sale:			
Proceeds from Sales	2,264,759	2,229,586	427,275
Proceeds from Maturities and Prepayments	1,120,965	485,028	259,415
Purchases	(3,906,501)	(2,885,170)	(814,706)
(Increase) Decrease in Receivables Due From Securitization Trusts	466,268	(91,134)	(250,326)
Net Increase in Loans and Leases	(1,556,527)	(2,580,382)	(876,813)
Net (Increase) Decrease in Operating Lease Equipment	4,269	(70,605)	(27,327)
Net Increase in Premises and Equipment	(21,648)	(23,863)	(27,140)
Acquisitions	-	(129,190)	791
Net Cash Used in Investing Activities	<u>(1,628,415)</u>	<u>(3,065,730)</u>	<u>(1,308,831)</u>
Financing Activities:			
Net Increase (Decrease) in Deposits of Securitization Trusts	(468,500)	69,470	294,843
Net Increase in Deposits	511,754	1,459,652	787,862
Net Increase (Decrease) in Short-Term Debt	1,319,276	(436,107)	204,928
Principal Payments on Long-Term Debt	(149,674)	(492,459)	(232,974)
Proceeds from Issuance of Long-Term Debt and Company's Junior Subordinated Debentures	426,032	2,416,214	225,435
Cash Dividends Paid	(48,002)	(47,738)	(40,970)
Repurchase of Common Stock	(246)	-	(8,645)
Proceeds from Exercise of Stock Options	3,884	3,388	3,074
Net Increase in Other Equity Items	73	2,816	481
Net Cash Provided by Financing Activities	<u>1,594,597</u>	<u>2,975,236</u>	<u>1,234,034</u>
Increase (Decrease) in Cash and Cash Equivalents	132,195	(7,115)	21,173
Cash and Cash Equivalents at Beginning of Period	369,028	376,143	354,970
Cash and Cash Equivalents at End of Period	<u>\$ 501,223</u>	<u>\$ 369,028</u>	<u>\$ 376,143</u>
Supplemental Disclosures of Cash Flow Information:			
Cash Paid for:			
Interest	\$ 634,239	\$ 560,801	\$ 396,093
Income Taxes	20,044	58,883	47,120
Non-Cash Activity:			
Transfer of Loans and Premises and Equipment to Other Real Estate	22,910	14,365	5,470
Stock Issued in Purchase-Accounting Acquisitions	-	-	54,209
Residual Interest in Securitized Assets Created from the Sale of Loans	-	106,098	220,566

See notes to consolidated financial statements.

NOTE 1

Accounting Policies:

The following is a summary of significant accounting policies:

Nature of Operations: Provident Financial Group, Inc. ("Provident") is a bank holding company headquartered in Cincinnati, Ohio. Provident operates bank and other financial service subsidiaries principally in Ohio, northern Kentucky and southwest Florida. Principal products and services provided by Provident include commercial lending, lease financing, cash management, retail lending, deposit accounts, mortgage banking, brokerage services, investment products and trust services.

Basis of Presentation: The consolidated financial statements include the accounts of Provident and its subsidiaries. Certain estimates are required to be made by management in the preparation of the consolidated financial statements. Actual results may differ from those estimates. All significant inter-company balances and transactions have been eliminated. Certain reclassifications have been made to conform to the current year presentation.

Statements of Cash Flows: For cash flow purposes, cash equivalents include amounts due from banks and federal funds sold and reverse repurchase agreements. Generally, federal funds sold and reverse repurchase agreements are purchased and sold for one-day periods.

Reverse Repurchase Agreements and Repurchase Agreements: Securities purchased under agreements to resell ("reverse repurchase agreements") and securities sold under agreements to repurchase ("repurchase agreements") are treated as collateralized financing transactions and are recorded at the amounts at which the securities were acquired or sold plus accrued interest. Securities, generally U.S. government, federal agency and agency mortgage-backed securities, pledged as collateral under these financing arrangements cannot be sold or repledged by the secured party. The fair value of collateral either received from or provided to a third party is continually monitored by Provident.

Securities: Securities are classified as available for sale or trading. Securities classified as available for sale are intended to be held for indefinite periods of time. These securities are stated at fair value with unrealized gains and losses (net of taxes) reported as a separate component of shareholders' equity.

Securities purchased with the intention of selling them in the near term are classified as trading. These securities are carried at fair value with unrealized gains and losses included in noninterest income. The specific identification method is used for determining gains and losses from securities transactions.

Loans and Leases: Loans are generally stated at the principal amount outstanding. Loans that are intended to be sold within a short period of time are classified as held for sale. Loans held for sale are reported at the lower of aggregate cost or market value. Interest on loans is computed on the outstanding principal balance. The portion of loan fees which exceeds the direct costs to originate the loan is deferred and recognized as interest income over the actual lives of the related loans using the interest method. Any premium or discount applicable to specific loans purchased is amortized over the remaining lives of such loans using the interest method. Loans are generally placed on nonaccrual status when the payment of principal or interest is past due 90 days or more. However, installment loans are not placed on nonaccrual status because they are charged off in the month the loans reach 120 days past due. In addition, loans that are well secured and in the process of collection are not placed on nonaccrual status. When a loan is placed on nonaccrual status, any interest income previously recognized that has not been received is reversed. Future interest income is recorded only when a payment is received and collection of principal is considered reasonably assured. Income on impaired loans is generally recognized on a cash basis.

Unearned income on direct financing leases is amortized over the terms of the leases resulting in an approximate level rate of return on the net investment in the leases. Income from leveraged lease transactions is recognized using a method that yields a level rate of return in relation to Provident's net investment in the lease. The investment includes the sum of the aggregate rentals receivable and the estimated residual value of leased equipment less unearned income and third party debt on leveraged leases. Commercial leases are generally placed on nonaccrual status when payments are past due 90 days or more while consumer leases are generally charged off in the month the leases reach 120 days past due.

Reserve for Loan and Lease Losses: The reserve for loan and lease losses is maintained at a level necessary to absorb losses in the lending portfolio. The reserve is increased by charges to earnings, as provisions for loan and lease losses. Loans and leases deemed uncollectible are charged off and

Neill Jon Patrick
 Nelms Henrietta Laverne
 Nelms Jeanne Marie
 Nelson Jacqueline S
 Nelson Marion E
 Nesick Cynthia A
 Netzel Joseph R
 Neu Jr Robert W
 Neumann Steve Andrew
 Neunmayr Angie Lynn
 Newcomb Cynthia Dawn
 Newman Christopher B
 Newman Maria Teresa
 Newsome Tracy E
 Newton Anna
 Nguyen Chi T
 Nicht Kevin Leigh
 Nichting Rebecca L
 Niemeyer Joseph L
 Niemiec Denise
 Niermann Julia A
 Nies Suzanne Nichole
 Nivens Louis Brent
 Nixon Jacqueline L
 Nonu Roxie B
 Nordloh Lisa S
 Norton Amanda Jill
 Norwood Kimberly A
 Nowell Cheryl E
 Nugent Diane Carol
 Nunemaker Kimberly A
 Obach Mavi D
 O'Brien Jennifer Kay
 O'Brien Michael J
 O'Brien Patrick Martin
 Ochs IV Philip E
 O'Connor Dennis
 Odenwald Rebecca A
 O'Driscoll Marilyn A
 Oelling Cheryl Ann
 Oeters Sheila M
 Ojeda Lydia E
 Oldfield Doug Neal
 Olds Robert C
 Oliva Jose
 Olivencia Reynaldo X
 Oliver David F
 Oliverio David Mark
 Ollier C John
 Ollier-Ottogal Michele
 O'Neal Ashton
 O'Neal Cermensior
 O'Neill Daniel Edmund
 Ooten Judy F
 Orozco Joe
 Osborn Donald William
 Osborne Jason Paul
 Ostberg Roxanne
 Ostendorf Cinnamon L
 Otis Clydia
 Otte Frankie Sue
 Overstreet Ashwani K
 Owen Jennifer Jae

Notes to Consolidated Financial Statements

deducted from the reserve and recoveries on loans and leases previously charged off are added back to the reserve.

Management's determination of the adequacy of the reserve is based on an assessment of the losses given the conditions at the time. This assessment consists of certain loans and leases being evaluated on an individual basis, as well as all loans and leases being categorized based on common credit risk attributes and being evaluated as a group. Loans and leases reviewed on an individual basis include large non-homogeneous credits where their internal credit rating is at or below a predetermined classification. Corporate loans and leases not individually reviewed are segmented by their internal risk rating while consumer loans and leases are segmented by retail product. Analyses are performed on each segment of the portfolio based upon trends in delinquencies, charge-offs, economic factors and business strategies. Adequacy factors are adjusted based on any changes in expected losses in the segment.

Provident considers a corporate loan to be an impaired loan when it is probable that all amounts due will not be collected according to the contractual terms of the loan agreement. Provident measures the value of an impaired loan based on the present value of expected future cash flows discounted at the loan's effective interest rate or, if more practical, at the loan's observable market price, or the fair value of the collateral if the loan is collateral dependent.

Loan and Lease Securitizations: Provident has securitized loans and leases it originated or purchased. Securitizations have provided Provident with immediate cash flows to fund additional loan and lease originations and purchases. Prior to June 30, 2000, Provident's securitizations were generally structured as sales, resulting in the removal of the loans and leases from the balance sheet and the recognition of gains or losses on the income statement. Since June 30, 2000, Provident's securitizations have been structured as secured financings, resulting in additional debt on the balance sheet and no recognition of gains or losses on the income statement. The switch to a secured financing structure does not affect the total profit Provident will recognize over the life of a loan, but rather impacts the timing of income recognition. Secured financing transactions, on a comparative basis, cause reported earnings from securitized loans to be lower in the initial periods and higher in later periods, as interest is earned on the loans. As a result, moving away from transaction structures that use gain-on-sale accounting will temporarily cause Provident's earnings to be lower over the near term.

Generally, when Provident structured its securitization transactions as sales, it retained (a) future cash flows of the underlying loans, net of payments due to investors of the securitization trust, servicing fees and other fees (referred to as Retained Interests in Securitized Assets or "RISAs"), (b) servicing rights on the loans and leases, and (c) reserve accounts used to absorb credit losses on the loans securitized. Gain or loss on the sale of the loans depended in portion on the previous carrying amount of the financial assets involved in the transfer, allocated between the assets sold and the assets retained based on their relative fair value at the date of transfer. To obtain fair values, quoted market prices are used if available. However, quotes are generally not available for assets retained, so Provident generally estimates fair value based on the present value of future expected cash flows estimated using management's best estimates of the key assumptions, including credit losses, prepayment speeds, forward yield curves, and discount rates commensurate with the risks involved.

Leased Equipment and Premises and Equipment: Leased equipment and premises and equipment are stated at cost less depreciation and amortization that are computed principally on the straight-line method over the estimated useful lives of the assets.

Other Real Estate and Equipment: Other real estate and equipment acquired through partial or total satisfaction of loans is recorded at the lower of cost or fair value and is included in other assets of the consolidated balance sheets. Provident's policy is to include the unpaid balance of applicable loans in the cost of other real estate and equipment. However, in no case is the carrying value of other real estate and equipment greater than fair value.

Capitalized Servicing Rights: Servicing rights associated with loans sold with servicing retained, or the purchase of loan servicing, are capitalized and included in other assets. The value of these capitalized servicing rights is amortized over the period of estimated net servicing revenue and recorded as a reduction of servicing income. The carrying value of these rights is periodically reviewed for impairment.

Goodwill and Other Intangibles: The excess of the purchase price over net identifiable tangible and intangible assets acquired in a purchase business combination (goodwill) is included in other assets. Goodwill related to acquisitions has been amortized over varying periods not exceeding 25 years.

Owen Lori M
Owens Atalah Marie
Owens Amy L
Owens Eddie Michael
Owens Jennifer
Pace Dana M
Padden Carol Rae
Page Rachel Marie
Panandiker Alka Rajan
Pankey Lisa Yolanda
Paoletti Jean
Paradkar Seema A
Paris George
Parker Barbara Jo
Parker Cynthia M
Parker Frances Giselle
Parker Lavon
Parker Stella Carol
Parker Thomas W
Pariato Gina Lee
Parnell Chrissy L
Parnell Patricia Dee
Parrott Charonda Q
Parsons Rick L
Parsons Teena M
Parton Steve W
Patmon Christian William
Patrick Dawn
Patrick Pamela L
Patterson Christopher
Patterson Dawne S
Patton Amber
Patton Peggy B
Paugh Ronald
Paul Bonnie Reams
Paul Sonia Beate
Pauley Theresa A
Pawleski Gina L
Payne Douglas A
Payne Jennifer Dailley
Payne Karen Kimberly
Pazler Thomas John
Peace Barry Lee
Pearce John Joseph
Pearson Robert
Pechiney James Edward
Peck Jennifer A
Pelle Diana Sue
Pelphrey Todd H
Pennington James David
Pennington Philip A
Perrout Delonous Lee
Perrine Fonda D
Perez Elizabeth Mary
Perkins Sherry D
Perry Kimberly K
Perry Sandra M
Peter Allison M
Peters Aulamm R
Peters Christopher Kyle
Peters Denise H
Peters Nancy Jo
Peters Tracy

Notes to Consolidated Financial Statements

Stock-Based Compensation: Statement of Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation" encourages, but does not require, adoption of a fair value-based accounting method for stock-based employee compensation plans. Provident elected to continue its accounting in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees", whereby no compensation expense is recognized for the granting of stock options when the exercise price of the option equals the market price of the underlying stock at date of grant.

Income Taxes: Provident files a consolidated federal income tax return that includes all of its subsidiaries. Subsidiaries provide for income taxes on a separate-return basis and remit to Provident amounts determined to be currently payable.

Derivative Financial Instruments: Provident employs derivatives such as interest rate swaps, caps and floors to manage the interest sensitivity of certain on and off-balance sheet assets and liabilities. The net interest income or expense on interest rate swaps, caps and floors is accrued and recognized as an adjustment to the interest income or expense of the associated on and off-balance sheet asset or liability.

Provident adopted the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended, on January 1, 2001. SFAS No. 133 requires that derivatives be recognized as either assets or liabilities in the balance sheet and that those instruments be measured at fair value. The accounting for the gain or loss resulting from the change in fair value depends on the intended use of the derivative. For a derivative used to hedge changes in fair value of a recognized asset or liability, or an unrecognized firm commitment, the gain or loss on the derivative will be recognized in earnings together with the offsetting loss or gain on the hedged item. This results in earnings recognition only to the extent that the hedge is ineffective in achieving offsetting changes in fair value. For a derivative used to hedge changes in cash flows associated with forecasted transactions, the gain or loss on the effective portion of the derivative will be deferred, and reported as accumulated other comprehensive income, a component of shareholders' equity, until such time the hedged transaction affects earnings. For derivative instruments not accounted for as hedges, changes in fair value are required to be recognized in earnings. Note 17 provides additional detail on the account-

ing for derivative instruments and on derivative instruments held by Provident.

Accounting Pronouncements Effective for Future Periods: In June 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations", and No. 142, "Goodwill and Other Intangible Assets", effective for fiscal years beginning after December 15, 2001. Under the new rules, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to annual impairment tests in accordance with the Statements. Other intangible assets continue to be amortized over their useful lives.

Provident will apply the new rules on accounting for goodwill and other intangible assets beginning in 2002. Application of the nonamortization provisions of the Statement is expected to result in an increase in net income of \$2.9 million, or six cents per share, per year. During 2002, Provident will perform the first of the required impairment tests of goodwill and indefinite lived intangible assets as of January 1, 2002. Provident cannot predict what effect the results of these tests will have on its earnings and financial position.

In June 2001, SFAS No. 143, "Accounting for Asset Retirement Obligations" was issued. This SFAS requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. This SFAS is effective for fiscal years beginning after June 15, 2002, with earlier application encouraged. Provident expects to adopt SFAS No. 143 as of January 1, 2003 and it does not expect that the adoption of the SFAS will have a significant impact on its financial position and results of operations.

SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" becomes effective for fiscal years beginning after December 15, 2001, with earlier application encouraged. This SFAS addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of", and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations" for a disposal of a segment of a business. Provident expects to adopt SFAS 144 as of January 1, 2002 and it does not expect that the adoption of the SFAS will have a significant impact on its financial position and results of operations.

Peterson Barry Alan
 Petrie Laura Schmidt
 Petrina Christopher J
 Pettijohn Julie Ann
 Pettrey Stephanie H
 Pfahli Daniel Raymond
 Pfeiffer Donna Jean
 Pfennig Michael F
 Pfister Michael M
 Pflum Victoria Cecelia
 Phelps Patricia L
 Phelps Patricia M
 Phillips Pamela Sue
 Pickert Andrea C
 Pickett Angela Lavonne
 Pickett Barbara Ann
 Pickett Melissa A
 Piplies Lori A
 Pierce III Robert
 Pierce Kenneth L
 Pierce Nancy Marie
 Pinchera Ernest L
 Pitts Alisha P
 Pitts Sharon J
 Pizzurro Mark S
 Placke Christopher D
 Platt Samantha Sue
 Pless Nellie
 Plum James Jonathan
 Plump William L
 Poff Melissa Ann
 Poziter Lisa
 Poling John R
 Pollaris Greta
 Pollitt Melissa Lee
 Pompey Robert W
 Ponchot Deborah
 Pons Melissa E
 Poole James
 Pope Victoria Seth
 Porter Lashya
 Porter Nicole Lee
 Posey Michelle R
 Post Claudette A
 Potts Karen Louise
 Powell Jr Gene R
 Powell Cathleen
 Powell Emily A
 Powell Eric Daryl
 Powell Essie B
 Powell Jennifer A
 Powell Matthew Edward
 Powers Dianne Baker
 Powers Paul
 Prater Tina Marie
 Pratt Angela
 Pratt Donna Jean
 Preisler Bonnie
 Prewitt Beverly L
 Price Jennifer D
 Prichard Edna R
 Prince Sheelagh B
 Pristas Beverley A

Notes to Consolidated Financial Statements

NOTE 2

Investment Securities: The amortized cost and estimated market values of securities available for sale at December 31 were as follows:

<i>(In Thousands)</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
2001:				
U.S. Treasury and Federal Agency				
Debentures	\$ 302,912	\$ 4,046	\$ (402)	\$ 306,556
State and Political Subdivisions	3,185	28	(14)	3,199
Mortgage-Backed Securities	2,700,620	10,544	(37,990)	2,673,174
Other Securities	576,874	10	(765)	576,119
	\$ 3,583,591	\$ 14,628	\$ (39,171)	\$ 3,559,048
2000:				
U.S. Treasury and Federal Agency				
Debentures	\$ 326,721	\$ 350	\$ (1,614)	\$ 325,457
State and Political Subdivisions	3,317	-	(16)	3,301
Mortgage-Backed Securities	1,938,546	7,615	(30,559)	1,915,602
Asset-Backed Securities	44,257	-	(2,196)	42,061
Other Securities	728,363	10	(1,173)	727,200
	\$ 3,041,204	\$ 7,975	\$ (35,558)	\$ 3,013,621

Investment securities with a carrying value of approximately \$1.9 billion and \$1.3 billion at December 31, 2001 and 2000, respectively, were pledged as collateral to secure public and trust deposits, repurchase agreements, Federal Home Loan Bank advances, interest rate derivatives and for other purposes.

In 2001, 2000 and 1999 gross gains of \$10.3 million, \$4.2 million and \$.5 million and gross losses of \$10.3 million, \$4.0 million and \$.4 million, respectively, were realized on the sale of securities available for sale.

Mortgage-backed securities are shown below based on their estimated average lives at December 31, 2001. All other securities are shown by contractual maturity. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

<i>(In Thousands)</i>	Amortized Cost	Estimated Market Value
Due in one year or less	\$ 346,457	\$ 351,170
Due after 1 through 5 years	2,145,981	2,146,277
Due after 5 through 10 years	804,082	791,684
Due after 10 years	287,071	269,917
Total	\$ 3,583,591	\$ 3,559,048

Privett Jason E
 Probst David L
 Proctor Carol L
 Profit John A
 Profit Teresa Lynn
 Prudhomme Kristina M
 Pruitt June M
 Prunty Vivian
 Puckett Erin E
 Pujara Anita L
 Pulskamp Karen K
 Purcell Ishmael
 Purtee Barbara J
 Quatman Jeffrey T
 Queen Cynthia Ann
 Quick Debra Lee
 Quick Jacqueline
 Quillen Terry Wayne
 Raab Michelle L
 Rackers Lynn Marie
 Rackley Victoria Anne
 Rader Theresa L
 Radwin Dena J
 Rael Renee B
 Raiffelli Paul Alfred
 Raines J Donald
 Ramos Mario
 Ramsey Nicole A
 Ramsey Robin R
 Rand Amy E
 Randall Edward
 Randolph Rosemary Angela
 Randolph Teresa D
 Rapnikas Darlene D
 Razor Daniel R
 Re Dino Anthony
 Read Elizabeth Jean
 Read George Anthony
 Reboid David Joseph
 Rechenikova Aaliyah Elizabeth
 Reckers Jaye Carol
 Reckers Judy Ann
 Redding Sarah Ellen
 Redford John Eric
 Redman Anthony J
 Redmond Adrienne Denise
 Reece Adam D
 Reed Aaron
 Reed Robert Allen
 Reed Sharon Ann
 Reese Barbara Elaine
 Reeves April S
 Refour James L
 Regenhold Patricia Lynn
 Reichardt Diana Lynn
 Reichle Kelly Ann
 Reid Kanyatta L'enea
 Reilly Maureen E
 Reinersman Virginia R
 Rensmith Paul W
 Reinstette Kimberly S
 Reich Jennifer M
 Remer Donna L

Notes to Consolidated Financial Statements

NOTE 3

Leasing: Provident originates leases which are classified as either finance leases or operating leases, based on the terms of the lease arrangement. When a lease is classified as a finance lease, the future lease payments, net of unearned income, and the estimated residual value of the leased property at the end of the lease term are recorded as an asset under "Loans and Leases". The amortization of the unearned income is recorded as interest income. When a lease is classified as an operating lease, the costs of the leased property, net of depreciation, is recorded as "Leased Equipment". Rental income is recorded as noninterest income while the depreciation on the leased property is recorded as noninterest expense.

Commercial lease financing includes the leasing of trans-

portation, manufacturing, construction, communication, data processing and office equipment. The majority of the leases are classified as direct financing leases, with expiration dates over the next 1 to 11 years. Rentals receivable at December 31, 2001 and 2000 include \$118 million and \$109 million, respectively, for leveraged leases, which is net of principal and interest on the nonrecourse debt. The residual values on the leveraged leases that were entered into are estimated to be approximately \$112 million and \$127 million in total at December 31, 2001 and 2000, respectively.

Consumer lease financing is the leasing of automobiles. The leases are classified as direct financing leases, with expiration dates over the next 1 to 7 years.

The components of the net investment in lease financing at December 31 were as follows:

<i>(In Thousands)</i>	2001		2000	
	Commercial	Consumer	Commercial	Consumer
Rentals Receivable	\$ 1,233,491	\$ 996,225	\$ 581,166	\$ 725,038
Leases in Process	15,961	2,398	15,003	3,717
Estimated Residual Value of Leased Assets	199,938	725,233	180,153	524,635
	1,449,390	1,723,856	776,322	1,253,390
Less: Unearned Income	(261,071)	(260,198)	(168,844)	(213,745)
Net Investment in Lease Financing	\$ 1,188,319	\$ 1,463,658	\$ 607,478	\$ 1,039,645

The following is a schedule by year of future minimum lease payments to be received on lease financing for the next five years as of December 31, 2001:

<i>(In Thousands)</i>	Commercial	Consumer
2002	\$ 429,548	\$ 280,088
2003	306,974	261,344
2004	192,543	222,425
2005	113,420	153,604
2006	61,239	67,143
Thereafter	129,767	11,621
Total	\$ 1,233,491	\$ 996,225

Operating leases consist of the leasing of transportation equipment, manufacturing equipment, data processing and office equipment to commercial clients. Terms of the leases range from 1 to 9 years. At the expiration of an operating lease, the leased property is generally sold or another lease agreement is initiated. Accumulated depreciation of the operating lease equipment was \$67.8 million and \$67.4 million as of December 31, 2001 and 2000, respectively. The future gross minimum rentals, by year, under noncancelable leases for the rental of leased equipment are \$30.7 million for 2002; \$24.4 million for 2003; \$19.8 million for 2004; \$11.1 million for 2005; \$6.6 million for 2006 and \$8.9 million thereafter.

In addition to the leases discussed above, Provident sold vehicles, which had been classified as finance leases, to institutional investors under sale-leaseback transactions. Under terms of these transactions, Provident continues to collect

- Renner Thomas James
- Rentz John D
- Repsoid Alexandra
- Reuter Scott Anthony
- Reynolds Alicia
- Reynolds Cheryl Jane
- Reynolds Jacquelyn Yvonne
- Reynolds James L
- Rhizer Jay W
- Rhodes Kristen
- Rholon Daila D
- Riccardi Richard G
- Rice Sandra Jo
- Rice Sharon D
- Richardson Jr Oman P
- Richardson Benjamin R
- Richardson Mary E
- Richburg Urane Delz
- Richmond Kristin N
- Richter Gerry Donald
- Ricks Donna Jean
- Ricks Heather L
- Rider Jennifer Lynn
- Ried Dawn E
- Rielage Anthony
- Riep Evelette Nicole
- Rites Charlene W
- Riggs April A
- Riggs Theresa G
- Rogier William Ross
- Riley Charles Joseph
- Riley David Brian
- Riley Janet M
- Riley Latousia Denise
- Rinaldi Edward P
- Rinaldi Robert J
- Rinaldi Vincent D
- Rinehart Richard D
- Rinifrow Colleen Bearrice
- Ringwald Brad J
- Rinkler Jeffrey Alan
- Rion Gail
- Risher Joseph Barry
- Ritter Deanna Marie
- Rizzuto William Philip
- Robb Jeffrey Charles
- Robben Teena
- Robel Faith E
- Roberto Paul A
- Roberts Kelly
- Roberts Kelly Renee
- Roberts Michael Brian
- Roberts William
- Robins Kathleen A
- Robinson Dominic R
- Robinson Kelley Denise
- Robinson Latoya
- Robinson Sonya Chere
- Robinson Valerie J
- Roden Lorie A
- Rodriguez Holly J
- Roeck Peggy Ann
- Rochm Ruth M

Notes to Consolidated Financial Statements

rental payments from its original lessees. Provident, as lessee in the sale-leaseback transactions, is accounting for the lease-back of these vehicles as operating leases. Differences between the rentals received from the original lessees and the rentals paid to the investors are recorded as noninterest income. Outstanding leases under these sale-leaseback transactions totaled \$980 million and \$1,135 million as of December 31, 2001 and 2000, respectively.

NOTE 4

Reserve for Loan and Lease Losses: The changes in the loan and lease loss reserve for the years ended December 31 were as follows:

<i>(In Thousands)</i>	2001	2000	1999
Balance at Beginning of Period	\$ 154,300	\$ 94,045	\$ 78,867
Provision for Loan and Lease Losses			
Charged to Earnings	225,748	131,281	48,417
Acquired Reserves	10,003	2,377	1,263
Recoveries Credited to the Reserve	16,646	13,775	12,788
	406,697	241,478	141,335
Losses Charged to the Reserve	(166,044)	(87,178)	(47,290)
Balance at End of Period	\$ 240,653	\$ 154,300	\$ 94,045

The following table shows Provident's investment in impaired loans as defined under SFAS No. 114 as amended by 'SFAS No. 118:

<i>(In Thousands)</i>	2001	2000
Impaired Loans Requiring a Valuation Allowance of \$18.8 Million in 2001 and \$8.1 Million in 2000	\$ 64,245	\$ 29,161
Impaired Loans Not Requiring a Valuation Allowance	-	-
Total Impaired Loans	\$ 64,245	\$ 29,161
Average Balance of Impaired Loans for the Year	\$ 52,367	\$ 38,000

Interest income recognized on impaired loans during 2001 or 2000 was \$0 and \$.2 million, respectively. The valuation allowance recorded on impaired loans is included in the reserve for loan losses.

Loans and leases on nonaccrual status at December 31, 2001, 2000 and 1999 were \$176.9 million, \$96.0 million and \$55.7 million, respectively. Loans renegotiated to provide a reduction or deferral of interest or principal were \$0 at December 31, 2001 and 2000 and \$1.5 million at December 31, 1999.

Roemer Jameson
 Reesser Laura L
 Rogan Deborah A
 Rogers Carlene E
 Rogers Jennifer Karen
 Rogers Laura A
 Rogers Paul E
 Rollins Keisha A
 Roma Debra Lynn
 Romano Claudio
 Romans Waanda
 Romero-Baker Gail J
 Rooney Michael R
 Root Jennifer R
 Rose Brian David
 Rose Shannon M
 Roseman Duane Anthony
 Rosenberger Jennifer L
 Rosenthal Mark J
 Rosser Sharon Elizabeth
 Rost Kevin Tod
 Rothacker Emily
 Rothhaar Suzanne
 Rottkamp Cynthia
 Rowland Peggy J
 Ruark Teresa A
 Rubenbauer John E
 Rudolph Florence
 Rudy Armin W
 Ruebusch Robin S
 Ruehlmann Melissa Marie
 Ruesch Peggy A
 Ruede Rosanne E
 Ruiz Mario
 Rump David Joseph
 Rumpke Nadine J
 Rundo Michelle
 Runge Daniel T
 Runyon Tiwona D
 Ruschman Philip
 Rushing Jr John Louis
 Rushing Melissa L
 Russell Anna Ruth
 Russell Joyce A
 Russell Lori M
 Russell Sheryl L
 Ruter Ann Marie
 Rutherford Amberly B
 Rutherford Marya
 Ruwe Stephen Christopher
 Ryan Clifrean Adams
 Ryan Daniel P
 Ryan Judith Lynn
 Ryan Maureen P
 Ryan Shauna K
 Ryba Charles Howard
 Ryles Victoria Joan
 Sabo Gerald W
 Sakalas Sally A
 Sales Linda G
 Sammons Karla M
 Sammons Kris E
 Sammons Lisa Marie

Notes to Consolidated Financial Statements

NOTE 5

Premises and Equipment: The following is a summary of premises and equipment at December 31:

<i>(In Thousands)</i>	2001	2000
Land	\$ 11,921	\$ 11,779
Buildings	40,802	38,772
Leasehold Improvements	17,889	16,827
Furniture and Fixtures	163,101	148,196
	233,713	215,574
Less Depreciation and Amortization	(130,628)	(111,655)
Total	\$ 103,085	\$ 103,919

Rent expense for all bank premises and equipment leases was \$15.1 million, \$14.1 million and \$12.9 million in 2001, 2000 and 1999, respectively. The future gross minimum rentals, by year, under noncancelable leases for the rental of premises and equipment are \$14.1 million in 2002, \$13.2 million in 2003, \$12.1 million in 2004, \$10.1 million in 2005, \$9.2 million in 2006 and \$28.3 million thereafter.

NOTE 6

Short-Term Debt: Short-term debt was as follows:

<i>(Dollars in Thousands)</i>	2001	2000	1999
Year End Balance:			
Federal Funds Purchased and Repurchase Agreements	\$ 1,643,238	\$ 443,073	\$ 774,551
Commercial Paper	240,571	187,090	201,784
Short Term Notes	74,490	8,860	1,500
Weighted Average Interest Rate at Year End:			
Federal Funds Purchased and Repurchase Agreements	2.28%	5.97%	4.35%
Commercial Paper	1.57	6.02	5.09
Short Term Notes	9.13	6.90	4.52
Maximum Amount Outstanding at Any Month End:			
Federal Funds Purchased and Repurchase Agreements	\$ 1,923,501	\$ 1,819,778	\$ 1,261,003
Commercial Paper	273,898	209,393	229,058
Short Term Notes	74,490	177,560	1,500

At December 31, 2001, Provident had \$200 million in general purpose lines of credit with unaffiliated banks. These lines, which expire March 28, 2002, are renewable on an annual basis. As of January 16, 2002, these lines had not been used.

Notes to Consolidated Financial Statements

NOTE 7

Long-Term Debt: Long-term debt consisted of the following:

(Dollars in Thousands)	Stated Rate (1)	Effective Rate (2)	Maturity Date	December 31,	
				2001	2000
Provident (Parent Company):					
Miscellaneous Notes	Various	Various	Various	\$ 359	\$ 1,245
Subsidiaries:					
\$.1.5 Billion Bank Notes Program:					
Fixed Rate Senior	8.50 %	8.75%	2002	99,892	99,789
Fixed Rate Senior	n/a	n/a	n/a	-	12,500
Notes Payable to					
Federal Home Loan Bank:					
Fixed Rate	5.84	5.84	2009	253,210	253,336
Fixed Rate	5.98	5.98	2010	420,000	420,000
Fixed Rate	Various	Various	Various	57,915	64,681
Subordinated Notes:					
Floating Rate	n/a	n/a	n/a	-	24,750
Fixed Rate	7.13	2.84	2003	74,986	74,975
Fixed Rate	6.38	2.79	2004	99,867	99,802
Secured Debt Financings:					
Secured by Auto Leases	5.76	1.25	2004	69,884	83,777
Secured by Auto Leases	6.04	6.04	2005	29,496	33,328
Secured by Auto Leases	5.35	5.35	2007	29,775	32,511
Secured by Auto Leases	5.89	9.34	2007	430,141	458,360
Secured by Auto Leases	2.22	4.46	2007	287,158	-
Secured by Residential Properties	6.98	3.32	2005	985,456	981,840
Secured by Equipment Leases	7.27	7.27	2005	83,665	126,915
Miscellaneous Notes	Various	Various	Various	19,361	6,684
				2,940,806	2,773,248
Total				\$ 2,941,165	\$ 2,774,493

(1) Stated rate reflects interest rate on notes as of December 31, 2001.

(2) Effective rate reflects interest rate paid as of December 31, 2001 after adjustments for notes issued at discount or premium, capitalized fees associated with the issuance of the debt and interest rate swap agreements entered to alter the payment characteristics.

Under Provident Bank's amended \$.1.5 Billion Bank Notes program, notes can be issued with either fixed or floating rates. The notes are not secured nor does the FDIC insure them. At December 31, 2001, \$1.4 billion was available under this program.

The notes payable to the Federal Home Loan Bank are collateralized by investment securities and residential loans with a book value of \$1.3 billion. They are subordinated to the

claims of depositors and other creditors of Provident and are not insured by the FDIC.

At December 31, 2001, \$175 million of subordinated notes were outstanding. A percentage of subordinated notes qualify as Tier 2 capital for regulatory capital calculations. These notes are subordinated to the claims of depositors and other creditors of Provident and are not insured by the FDIC.

Schrand-Collins Nancy A
Schrenk Veronica Mae
Schroeder Gerard C
Schroeder Jeff Gerard
Schroeder Mary K
Schroeder Nathan Jeremy
Schroeder Susan J
Schubert Paul R
Schuck Judy L
Schuerch Dawn R
Schuetter Robert James
Schullers Marc Alan
Schulte Christina Noelle
Schulte Mark Robert
Schultz Connie J
Schultz Mary J
Schutze John L
Schutzman Rosanne M
Schwab Diane Sue
Schwab Eileen Mary
Schwab Michael C
Schwabe Cheryl M
Schwalbach Jonathan R
Schweinberg William T
Schweitzer Margaret S
Schweppie Mary Colleen
Scotthorn Roberta J
Scott Barbara E
Scott Barbara Sue
Scott Christine M
Scott Christine M
Scott Jon Wayne
Scott Justin R
Scott Loretta Jean
Scott Renee L
Scott Tina M
Scotty Shannon
Scudder Teresa Carol
Sears Patricia
Sebastian Jo Ann
Sebring Carol F
Seegers Victoria
Seeley Sheri
Seibert Haley Stacy
Seifert Alice M
Sellar Nicole L
Settle Gina Renee
Settle Maria Kay
Seventko Christopher
Sexton Jamie L
Sexton Jennifer Renee
Sexton Regina Mary
Sexton Sherry Lynn
Sexton-Sontag Donna M
Shad Michael R
Shad Shelley Lee
Shaler Jennifer Marie
Shaler Joseph M
Shaifer Donald W
Shah Bijal V
Shah Pinak
Shankar Sowdharini
Shannon Douglas
Shannon Timothy John

Notes to Consolidated Financial Statements

In the third quarter of 2000, Provident decided to change the structure of its securitizations resulting in the elimination of gain-on-sale accounting. Securitizations of loans and leases since this time have been structured to account for the transactions as secured financings. This type of securitization structure results in cash being received to fund future loan

and lease originations and debt being recorded. In connection with these transactions, Provident has pledged \$1 billion in residential and home equity loans, \$895 million in auto leases and \$83 million in equipment leases.

As of December 31, 2001, scheduled principal payments on long-term debt for the following five years were as follows:

(In Thousands)	2002	2003	2004	2005	2006
Provident (Parent Company)	\$ 120	\$ 120	\$ 119	\$ -	\$ -
Subsidiaries	201,146	162,420	216,535	1,061,949	57,518

NOTE 8

Guaranteed Preferred Beneficial Interests in Company's Junior Subordinated Debentures: Wholly-owned subsidiary trusts of Provident have issued \$462.5 million of preferred securities and, in turn, purchased \$462.5 million of newly-authorized Provident junior subordinated debentures. The

debentures provide interest and principal payments to fund the trusts' obligations. Provident fully and unconditionally guarantees the preferred securities. The preferred securities qualify as either Tier 1 or Tier 2 capital for bank regulatory purposes. The sole assets of the trusts are the debentures. The junior subordinated debentures consisted of the following at December 31:

(Dollars in Thousands)	Stated Rate	Effective Rate (1)	Maturity Date	December 31,	
				2001	2000
November 1996 Issuance	8.60%	8.67%	12/01/26	\$ 99,066	\$ 99,004
June 1999 Issuance	8.75%	3.23%	06/30/29	121,391	121,259
November 2000 Issuance	10.25%	4.64%	12/31/30	109,141	108,976
March 2001 Issuance	9.45%	4.85%	03/30/31	121,161	-
Total				<u>\$ 450,759</u>	<u>\$ 329,239</u>

(1) Effective rate reflects interest rate paid as of December 31, 2001 after adjustments for notes issued at discount or premium, capitalized fees associated with the issuance of the debt and interest rate swap agreements entered to alter the payment characteristics.

NOTE 9

Income Taxes: The composition of income tax expense follows:

(In Thousands)	2001	2000	1999
Current:			
Federal	\$ 11,704	\$ 22,681	\$ 62,108
State	546	1,649	1,971
	<u>12,250</u>	<u>24,330</u>	<u>64,079</u>
Deferred	857	20,001	18,861
Total	<u>\$ 13,107</u>	<u>\$ 44,331</u>	<u>\$ 82,940</u>

Sharpe, Bridana L.
Shea, Kevin
Sheal, Jennifer Diane
Sheffield, Brenna K.
Shelton, Dianna L.
Shepard, Bridget
Sherman, Barbara
Sherman, Geraldine
Sherman, James
Shields, Angela S.
Shiffert, Lonnie L.
Shinkle, Deborah Louise
Shova, John Paul
Shover, Michael D.
Shreve, William Richard
Shue, Nancy K.
Sias, James P.
Sias, Randall Gale
Siddiqui, Sabah
Siegmund, Sarah Lynn
Sierzputowski, Cary M.
Silber, Mary Agnes
Silcox, Jane K.
Silkauskas, Barbara
Silvati, Michael Joseph
Silverberg, Jay Edward
Silvernail, Curtis V.
Silvia, Jane Carol
Simmins, Elizabeth J.
Simmonds, Laurice A.
Simmons, Christopher J.
Simmons, Ellis
Simmons, Mark Alan
Simmons, Patricia Ann
Simmons, Shawn Earl
Simms, Cynthia M.
Simon, Kim
Simpson, Jeanette Lynn
Simpson, Toni Marie
Sims, Penelope Zomars
Sisson, Christopher
Sisson, Rebecca M.
Sisum, Sandra P.
Sizer, Meredith E.
Skinner, Jessica Lynn
Skinner, Timothy Richardson
Skirvin, Beverly A.
Slaughter, Jr., Eugene Carl
Slater, Toneasha L.
Slawik, April K.
Sloan, Christine
Slorp, Darren C.
Smagacz, Matthew S.
Small, David Jon
Smalls, Markita Y.
Smallwood, Angela M.
Smeck, Jason D.
Smethurst, Elaine C.
Smethwick, Edward R.
Smith, Andrea C.
Smith, Beth A.
Smith, Betty N.
Smith, Bradley L.

Notes to Consolidated Financial Statements

The effective tax rate differs from the statutory rate applicable to corporations as a result of permanent differences between accounting and taxable income. The reconciliation between income tax expense and the amount computed by applying the statutory federal income tax rate was as follows:

<i>(In Thousands)</i>	2001	2000	1999
Tax at Statutory Rate (35%)	\$ 12,754	\$ 41,280	\$ 79,133
State Income Tax, Net of Federal Tax Benefit	355	1,072	1,281
Tax Effect of:			
Non-Deductible Amortization of Goodwill	1,257	1,273	529
Tax Credits	(1,113)	(1,063)	(779)
Other - Net	(146)	1,769	2,776
Applicable Income Taxes	<u>\$ 13,107</u>	<u>\$ 44,331</u>	<u>\$ 82,940</u>

At December 31, 2001, for income tax purposes, Provident had a federal net operating loss carryforward of \$103.0 million available, which expires in the year 2021.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of Provident's deferred tax liabilities and assets as of December 31 are as follows:

<i>(In Thousands)</i>	2001	2000	1999
Deferred Tax Liabilities:			
Excess Lease and Partnership Income	\$ 192,142	\$ 147,821	\$ 137,916
Securitizations	58,433	34,752	15,410
Deferred Loan Costs	30,485	26,600	11,094
Other	19,225	13,599	14,071
Total Deferred Tax Liabilities	<u>300,285</u>	<u>222,772</u>	<u>178,491</u>
Deferred Tax Assets:			
Reserve for Loan and Lease Losses	87,769	57,957	39,989
Unrealized Loss on Investment Securities	53,150	9,654	26,843
Deferred Compensation	9,210	7,555	6,596
Federal Net Operating Loss Carryforward	36,044		
Other	24,335	15,190	9,837
Total Deferred Tax Assets	<u>210,508</u>	<u>90,356</u>	<u>83,265</u>
Net Deferred Tax Liabilities	<u>\$ 89,777</u>	<u>\$ 132,416</u>	<u>\$ 95,226</u>

Smith Cindy M
 Smith Daniel Nelson
 Smith DeLane Durae
 Smith Georgia F
 Smith H L
 Smith Kathleen A
 Smith Kevin P
 Smith Kevin Raymond
 Smith Kimberly Ann
 Smith Kimberly Anne
 Smith Latrecia A
 Smith Lila Rosie
 Smith Michelle Lynn
 Smith Quincy R
 Smith Rachel A
 Smith Regan Lyle
 Smith Regina
 Smith Rhoda
 Smith Tamar Flammont
 Smith Tammy
 Smith Thomas
 Smith Toni Shannon
 Smith Trevor M
 Smith Vera R
 Smothers Crystal C
 Smucker Katherine L
 Smyth Mary Victoria
 Smythe Amy E
 Snell Amy Joan
 Snell Rosa L
 Snyder Charles John
 Snyder Christopher
 Snyder Ernest
 Snyder Michelle E
 Snyder Richard W
 Snyder Teresa Jane
 Sobers Johanna
 Sobers Joshua F
 Sohngen Thomas M
 Solak Joel
 Solly Melissa C
 Sommer Nicholas Alan
 Somefeld Karl Mark
 Soper Amy Elizabeth
 Soper Beth Ann
 Sorrell Brittany J
 Sorrells Romona M
 Sortman Katherine J
 Solak Jodie
 Soward Marilyn M
 Sparker Dale Paul
 Sparks Melanie Louise
 Sparks Tracy L
 Sparrnbeck Andrew
 Spaw Julie Dee
 Spears Kristina
 Speckert Mary Kay
 Speed-Cooper Lisa Denise
 Spreiden Latham C
 Spell Lorna J
 Spenceley Thomas C
 Spencer Bernard E
 Spencer Jeanne Risko

NOTE 10

Mergers and Acquisitions: In September 2000, Provident purchased Bank One Corporation's Housing and Health Care Capital business, including the operations and substantially all of the assets of Banc One Capital Funding Corporation, a wholly-owned subsidiary of Bank One. The business, which was renamed Red Capital Group, engages in the financing and loan servicing of multi-family and health-care facilities. Provident paid \$129 million for the net assets with \$11 million of goodwill being recorded which was being amortized over a 15 year period. As the acquisition was recorded under the purchase accounting method, the assets acquired and liabilities assumed were recorded at estimated fair value and the accounts and operations of Red Capital Group have been included in the consolidated financial statements from the date of acquisition only.

In February 2000, Provident acquired Fidelity Financial of Ohio, Inc., a holding company for Centennial Bank. Centennial operated fifteen banking centers in the greater Cincinnati metropolitan area and held deposits of \$588 million. Provident issued 4.6 million shares of its common stock for the acquisition. The merger was accounted for as a pooling-of-interests. Accordingly, the assets acquired and liabilities assumed were recorded at historical value. The consolidated financial statements and other financial information for periods prior to the merger date include the accounts and operations of Fidelity Financial.

In December 1999, Provident purchased OHSL Financial Corp., the parent of Oak Hills Savings and Loan Company, F.A., for approximately 1.4 million shares of Provident Common Stock having an aggregate value of \$54 million. Oak Hills, which had six branches located in Cincinnati, was merged with The Provident Bank. The acquisition was accounted for as a purchase transaction with \$30 million of goodwill being recorded. The goodwill was being amortized over a 20 year period. As the acquisition was recorded under the purchase accounting method, the assets acquired and liabilities assumed were recorded at estimated fair value and the accounts and operations of Oak Hills have been included in the consolidated financial statements from the date of acquisition only.

NOTE 11

Merger and Restructuring Charges: In connection with Provident's acquisition of Fidelity Financial, direct-merger related and other post-merger business line restructuring charges of \$39.3 million were recorded during the first quarter of 2000. These charges included non-cash write-downs of assets totaling \$26.7 million. A charge of \$5.1 million was

taken on the write-down of fixed assets, primarily from the closing and consolidation of banking centers. Balance sheet restructuring, consisting primarily of the sale and write-down of acquired residential loans and investment securities, accounted for the remaining \$21.6 million of these non-cash charges.

The merger and restructuring charges also included cash outlays totaling \$12.6 million. The largest of the cash outlays was for severance costs totaling \$8.6 million. Additionally, contract termination charges, primarily from lease buyout agreements on rented facilities, of \$2.3 million were expensed. Finally, professional fees in connection with the acquisition of Fidelity Financial of \$1.7 million were incurred. All cash outlays have been paid.

NOTE 12

Benefit Plans: Provident has a Retirement Plan for the benefit of its employees. Included under this plan is an Employee Stock Ownership Plan ("ESOP") and a Personal Investment Election Plan ("PIE Plan"). Provident also maintains a Life and Health Plan for Retired Employees ("LH Plan"), a Deferred Compensation Plan ("DCP") and stock option plans.

The ESOP covers all employees who are qualified as to age and length of service. It is a trustee plan with the entire cost borne by Provident. All fund assets are allocated to the participants. Provident's contributions are discretionary by the directors of Provident. Provident paid approximately \$4.1 million, \$5.9 million and \$8.8 million for 2001, 2000 and 1999, respectively.

The PIE Plan, a tax deferred retirement plan, covers all employees who are qualified as to age and length of service. Employees who wish to participate in the PIE Plan may contribute from 1% to 10% of their pre-tax salaries (to a maximum prescribed by the Internal Revenue Service) to the plan as voluntary contributions. Provident will make a matching contribution equal to 25% of the pre-tax voluntary contributions made by the employees on the first 8% of their pre-tax salaries during the plan year. The contribution made by Provident is charged against earnings as the employees' contributions are made. Provident incurred expense of \$1.5 million, \$1.4 million and \$1.2 million for this retirement plan for 2001, 2000 and 1999, respectively.

Provident's LH Plan provides medical coverage as well as life insurance benefits to eligible retirees. Provident pays the entire cost for retirees who retired prior to 1993, however, Provident's responsibility for the payment of premiums is limited to a maximum of two times the monthly premium costs as of the effective date of the LH Plan. Monthly premiums

Notes to Consolidated Financial Statements

exceeding the maximum amount payable by Provident shall be the responsibility of the retiree. Provident may amend or terminate the LH Plan at any time, without the consent of the retirees. Retirees retiring after 1992 are responsible for the entire cost of the LH premiums.

The DCP permits participants, selected by the Compensation Committee of the Board of Directors, to defer compensation in a manner that aligns their interests with those of Provident shareholders through the investment of deferred compensation in Provident Common Stock. The DCP allows participants to postpone the receipt of 5% to 50% of compensation until retirement. Amounts deferred are invested in a Provident Bank Stock Account or a Self-Directed Account. Provident will credit the Provident Bank Stock Account with an amount dependent upon Provident's pre-tax earnings per share, for each share of Provident Common Stock in the account. The calculated credit is charged against earnings by Provident

annually. Under the DCP, Provident paid \$0 for 2001 and 2000 and \$1.7 million for 1999.

Provident has Employee Stock Option Plans, an Advisory Directors' Stock Option Plan and an Outside Directors' Stock Option Plan. During the first quarter of 2000, Provident established an Employee Stock Option Plan for the benefit of all Provident associates not participating in other stock option plans. The other stock option plans are for the benefit of its key employees and directors. The Employee Stock Option Plans made 12.3 million options available for grant. The options are to be granted, with exercise prices at market value, as of the date of grant. Options become exercisable beginning one year from date of grant generally at the rate of 20% per year. The Advisory Directors' Stock Option Plan and Outside Directors' Stock Option Plan authorized the issuance of 427,500 and 168,750 options, respectively.

The following table summarizes option activity for the three years ended December 31, 2001:

	2001		2000		1999	
	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options
Outstanding at						
Beginning of Year	\$28.84	5,480,365	\$30.00	4,205,113	\$27.52	3,747,888
Acquired	-	-	-	-	9.16	12,616
Granted	29.17	1,407,432	27.29	2,079,600	37.78	761,285
Exercised	10.37	(374,567)	17.27	(196,130)	14.46	(219,682)
Canceled	30.82	(369,871)	35.30	(608,218)	27.37	(96,994)
Outstanding at						
End of Year	\$29.92	6,143,359	\$28.84	5,480,365	\$30.00	4,205,113

Spicer Barbara Jean
 Spicker Bertie H
 Spoonamore Beverly K
 Spurling Ta
 StAmour Lance Craig
 Stacey Shannon M
 Stacy Amanda K
 Stacy Stacy J
 Stadtmiller Connie
 Stafford Carmen Y
 Stafford Christopher Scott
 Stagnoy Edward Michael
 Stambush William F
 Stamm Roxanne Lyn
 Stamp Geoffrey Thomas
 Stanforth Vickie Lee
 Starcher Tammy
 Starr Brian Allen
 Starr Tina M
 Staubach Debra Lee
 StClair Jodie Ann
 Stearns Richard D
 Steers Taryn K
 Steffen Amber Dawn
 Steiner Andrew
 Stemberga Jacqueline
 Stephens JF Walter
 Stephens Heidi Ellen
 Stephens Mary Clare
 Sterling Richard Maury
 Stevens James
 Stevens Kathleen
 Stewie Sheila
 Stewart Crystal E
 Stewart Donna Marie
 Stewart Elaine L
 Stewart Judith A
 Stewart Thomas
 Stewart Verod K
 Stiles Deborah Joan
 Stinson Tina M
 Stillr Alana Patricia
 Stokes Iv James C
 Stokes Deruisa L
 Stokes Larry
 Stollings Anthony M
 Stolzenberger Joan Carole
 Stone Charles Joseph
 Storms Claudia L
 Stouder Tonya
 Stoutenborough Douglas D
 Strain Dawn Marie
 Strossel Patricia A
 Strubbing Laurie Ann
 Strathmann Cynthia Ann
 Strawser Debbie A
 Strickland David
 Stromberg Mark C
 Stroud Andrea Dionne
 Strubbing Laurie Ann
 Strunk Kimberly Jean
 Stuart Donald S
 Stuart Marshall Myron
 Stubbelfield Barbara

Notes to Consolidated Financial Statements

At December 31, 2001, 2000 and 1999, there were 2,825,462, 2,396,315 and 2,159,150 options exercisable, respectively, having a weighted average option price per share of \$28.61, \$24.26 and \$22.04, respectively. The following table summarizes information about stock options outstanding at December 31, 2001:

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Number Outstanding	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price	
\$ 7.95 - \$12.00	256,115	0.9	\$ 9.73	256,115	\$ 9.73	
\$12.01 - \$18.00	519,184	3.1	14.61	519,184	14.61	
\$18.01 - \$27.00	1,596,005	7.1	25.26	724,955	24.52	
\$27.01 - \$40.00	2,827,720	8.0	31.80	683,081	34.59	
\$40.01 - \$54.47	944,335	6.0	46.08	642,127	45.69	

For purposes of providing the pro forma disclosures required under SFAS No. 123, the fair value of stock options granted in 2001, 2000 and 1999 was estimated at the date of grant using a Black-Scholes option pricing model. The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because Provident's stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, management believes that the Black-Scholes model may not necessarily provide a reliable single measure of the fair value of its stock options.

The following weighted-average assumptions were used in the option pricing model for 2001, 2000 and 1999 respectively: risk-free interest rates of 4.72%, 6.13% and 5.36%; dividend yields of 3.00%, 3.00% and 3.50%; volatility factors of the expected market price of Provident's Common Stock of 28.8%, 26.9% and 24.4% and an expected life of the option of 7 years for each year. Based on these assumptions, the weighted-average fair value of options granted in 2001, 2000 and 1999 was \$8.35, \$8.78 and \$9.17, respectively.

No compensation cost has been recognized for stock option grants. Had compensation cost been determined for stock option awards based on the fair values at grant dates as discussed above, Provident's net income and earnings per share would have been as follows:

<i>(In Thousands, Except Per Share Data)</i>	Year Ended December 31,		
	2001	2000	1999
Pro-forma Net Income	\$17,294	\$67,049	\$146,142
Pro-forma Earnings Per Share:			
Basic	0.33	1.36	3.08
Diluted	0.33	1.33	2.98

Stucker Kathleen Mary
 Stultrey Neil William
 Stuller Laurie Ann
 Suchan William Patrick
 Sugg Michelle L
 Suhr Sally Claire
 Sullivan Edward Carl
 Sullivan Jennifer M
 Sullivan John McKenna
 Sullivan LaRonda
 Sutherland Eric J
 Sutherland Ronald
 Svendsen Steven Erik
 Svoboda Clifford J
 Swafford Betty A
 Swain Francine C
 Swain Marcia L
 Sweeney Frances Jeanette
 Sweeney Nancy J
 Sweet Linda Marie
 Sweigard Christopher D
 Swigert Tiffany Ann
 Swingle Charlene F
 Szkapak Kerry L
 Tacon III Frederic Emilie
 Tacon Jeanette Lynn
 Takas Gregory James
 Talbott Mitchell Eric
 Tarlie Jan B
 Tarvin Vickie Louise
 Tassone Ronald
 Tate Catherine Mary
 Tate Jana B
 Tate Ronald W
 Tatum Jenny Lynn
 Taylor Bonnie
 Taylor Carolyn Sue
 Taylor Jeffrey L
 Taylor Jessica Michelle
 Taylor John F
 Taylor Jonathan Michael
 Taylor June Estelle
 Taylor Laurel Ann
 Taylor Patricia R
 Taylor Terry
 Taylor William
 Teague Brian A
 Tedford Sandy A
 Teegalapalli Phan Bushan
 Templin Linda Jean
 Teran Carlos Rene
 Terry Brand Aaron
 Terry Debbie L
 Terry Judith
 Terry Julie Ann
 Thakkar Hina V
 Thiels Christopher C
 Thelen Michael D
 Theobald Mark A
 Thesing William B
 Thielbar Linda Sue
 Thelen Patricia Ann
 Thieman Debbie A

Notes to Consolidated Financial Statements

NOTE 13

Stockholders' Equity: In 1991, Provident issued 371,418 shares of Non-Voting Convertible Preferred Stock to American Financial Group as partial consideration for the acquisition of Hunter Savings Association. During 1995, 301,146 shares of the Preferred Stock were converted into 4,234,865 shares of Common Stock. As of December 31, 2001 and 2000, 70,272 shares of Preferred Stock remain outstanding. These shares have a stated value and liquidation

value of \$100 per share and a conversion ratio of 14.0625 shares of Provident's Common Stock for each share of Convertible Preferred Stock.

On January 1, 2001, Provident recorded an after-tax transitional loss of \$28.3 million in connection with the adoption of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". A description of SFAS No. 133 is provided in Note 1. The transitional loss was recorded in accumulated other comprehensive income (loss) of shareholders' equity of which a summary of activity follows:

<i>(In Thousands)</i>	2001	2000
Accumulated Unrealized Losses on Securities Available for Sale at January 1, Net of Tax	\$ (17,929)	\$ (49,897)
Net Unrealized Gains for the Period, Net of Tax Expense of \$1,064 in 2001 and \$17,268 in 2000	1,976	32,069
Reclassification Adjustment for Gains Included in Net Income, Net of Tax Expense of \$54 in 2000	-	(101)
Effect on Other Comprehensive Income (Loss) for the Year	1,976	31,968
Accumulated Unrealized Losses on Securities Available for Sale at December 31, Net of Tax	\$ (15,953)	\$ (17,929)
Accumulated Unrealized Gains on Derivatives Used in Cash Flow Hedging Relationships at January 1, Net of Tax	\$ -	\$ -
Cumulative Effect of Change in Accounting Principle, Net of Tax Benefit of \$15,256 in 2001	(28,332)	-
Net Unrealized Losses for the Period, Net of Tax Benefit of \$48,648 in 2001	(90,347)	-
Reclassification Adjustment for Losses Included in Net Income, Net of Tax Benefit of \$19,350 in 2001	35,936	-
Effect on Other Comprehensive Income (Loss) for the Year	(82,743)	-
Accumulated Unrealized Losses on Derivatives Used in Cash Flow Hedging Relationships at December 31, Net of Tax	\$ (82,743)	\$ -
Accumulated Other Comprehensive Income (Loss) at January 1, Net of Tax	\$ (17,929)	\$ (49,897)
Other Comprehensive Income (Loss), Net of Tax	(80,767)	31,968
Accumulated Other Comprehensive Income (Loss) at December 31, Net of Tax	\$ (98,696)	\$ (17,929)

Thery Nicole M
Thiess Pamela L
Thimes David A
Thimes Ruth Ann
Thomas Sr Robert J
Thomas Alicia L
Thomas Barbara Ann
Thomas Daniel
Thomas Daniel Patrick
Thomas Darlene
Thomas Faith A
Thomas Jason Ramon
Thomas Jeffrey S
Thomas Marguerite Louise
Thomas Nikki J
Thomas Patricia Ann
Thomas Regina M
Thomas Sandra K
Thomas Stanley G
Thomas Tomika N
Thompson April Maria
Thompson Connie S
Thompson LaCresia R
Thompson Mae
Thompson Matthew T
Thompson Sheri
Thompson Tara
Thomson Matthew Lee
Thornton Bernice
Thornton Starr Mia
Thurman Deborah C
Thurman Robin A
Tierney Brad Allen
Tillman Taylor Ivery
Timberman Suzanna Marie
Tipton Tyann A
Todd Donna M
Todd Sara
Todd-Watson Laquiline
Togarepi Sydney
Tolbert Oita R
Tolbert Tarhona
Tomasello George
Toney Christopher
Torbeck David John
Torrence Jennifer J
Toth Peter
Tourikian Alain
Touviele Steven McQuiston
Towne Rebecca
Townsend Darla Lavonne
Trabel Deborah Ann
Tracy Brian Richard
Tracy Robert David
Trane Melissa Lynn
Trammell Alisha Kathleen
Trece Jay Mansfield
Trece Karen Elaine
Triggs Sheila Denise
Trimble Yvonnada
Trumble Sharon
Tsai Chin-Shih
Tshabalala Francis K

Notes to Consolidated Financial Statements

NOTE 14

Earnings Per Share: The following table sets forth the computation of basic and diluted earnings per share:

<i>(In Thousands Except Per Share Data)</i>	Year Ended December 31,		
	2001	2000	1999
Basic:			
Net Income	\$ 23,329	\$ 73,614	\$ 150,949
Less Preferred Stock Dividends	(949)	(949)	(870)
Income Available to Common Shareholders	<u>22,380</u>	<u>72,665</u>	<u>150,079</u>
Weighted-Average Common Shares Outstanding	<u>49,011</u>	<u>48,744</u>	<u>47,187</u>
Basic Earnings Per Share	<u>\$ 0.46</u>	<u>\$ 1.49</u>	<u>\$ 3.18</u>
Diluted:			
Net Income	\$ 23,329	\$ 73,614	\$ 150,949
Weighted-Average Common Shares Outstanding	49,011	48,744	47,187
Assumed Conversion of:			
Convertible Preferred Stock	988	988	988
Dilutive Stock Options (Treasury Stock Method)	550	608	843
Dilutive Potential Common Shares	<u>50,549</u>	<u>50,340</u>	<u>49,018</u>
Diluted Earnings Per Share	<u>\$ 0.46</u>	<u>\$ 1.46</u>	<u>\$ 3.08</u>

NOTE 15

Regulatory Capital Requirements: Provident and its banking subsidiary, The Provident Bank, are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on Provident's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, Provident and Provident Bank must meet specific capital guidelines that involve quantitative measures of its assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. Capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require Provident and Provident Bank to maintain minimum ratios of 4.00% for Tier 1 capital to average assets, 4.00% for Tier 1 capital to risk-weighted assets, and 8.00% for total risk-based capital to risk-weighted assets. As of December 31, 2001, Provident and Provident Bank meet all capital requirements to which it is subject.

As of December 31, 2001, Provident and Provident Bank's capital ratios were categorized as well capitalized for regulatory purposes. To be categorized as well capitalized, Provident and Provident Bank must maintain minimum ratios of 5.00% for Tier 1 capital to average assets, 6.00% for Tier 1 capital to risk-weighted assets, and 10.00% for total risk-based capital to risk-weighted assets. There have been no subsequent conditions or events which management believes have changed the institutions' status.

- Tubbs, Jr. Charles
- Tucker Brooke L
- Tucker Deleon L
- Tucker Risa
- Tuffy, Jr. Robert E
- Tull Anne Christine
- Tull Sarah Jean
- Tully Christopher
- Tunney Jeffrey
- Turcotte Barbara Lee
- Turner Amy Victoria
- Turner Barbara Jean
- Turner Kim A
- Turner Pamela
- Turner Rae Ann
- Turner Tonya
- Tussey Michael Franklin
- Tuzum Laura Beth
- Tuzum Taylor
- Tye Kimberly F
- Tyler Tammy Jo
- Tyson Shirley Dianne
- Uebson Jeffrey H
- Ufferman Matthew D
- Ullrich Edward Anton
- Underwood Brenda H
- Underwood Nancy
- Unkraut Allison Rene
- Urton Holly Marie
- Valentine Debora Jenkins
- Vallance Jacob L
- Valles Mayra Ivette
- Van Hise Sharon Renee
- Vance Jenny Lynn
- Vandegraff, Jr. Gerald L
- Vandermyle Brent Steven
- Vandermoot Robert M
- Vanderpool Rebecca A
- Vander-Vereen Michelle
- VanDine Donald L
- VanFossen David Andrew
- Vann Nicole S
- Velez-Zepata Emily
- Veneegas Marie Therese
- Veneman Gayle Ann
- Verax Marilyn S
- Vorderber Randy Craig
- Vergel Daniel
- Verk Susan M
- Vespie Corinne L
- Vespie Troy Anthony
- Vest Yvette Marie
- Viancourt Therese M
- Victor Jane L
- Victor Suzanne C
- Villapando Robert R
- Vining Cynthia Alm
- Viola Richard J
- Voelker Patricia Anne
- Vogelberger Frederick C
- Vogt Susan A
- Volk Kellie R

Notes to Consolidated Financial Statements

The following table presents Provident and Provident Bank's regulatory capital information at December 31:

<i>(Dollars in Thousands)</i>	2001		2000	
	Amount	Ratio	Amount	Ratio
Tier 1 Capital (to Average Assets):				
Provident (Consolidated)	\$ 1,212,150	7.87%	\$ 1,242,389	9.56%
The Provident Bank	1,029,159	6.74	983,031	7.64
Tier 1 Capital (to Risk-Weighted Assets):				
Provident (Consolidated)	1,212,150	8.86	1,242,389	9.18
The Provident Bank	1,029,159	7.59	983,031	7.32
Total Risk-Based Capital (to Risk-Weighted Assets):				
Provident (Consolidated)	1,560,691	11.41	1,502,512	11.10
The Provident Bank	1,504,974	11.11	1,491,476	11.10

Federal banking agencies have adopted revised regulatory capital rules regarding the treatment of certain recourse obligations, direct credit substitutes and residual interests in asset securitizations. Requirements of the revised rules include (1) deducting from Tier 1 capital the amount of credit-enhancing interest-only strips (a type of residual interests) that exceeds 25% of Tier 1 capital; (2) requiring a dollar in risk-based capital for each dollar of residual interests not deducted from Tier 1 capital, except those qualifying under the ratings-based approach; and (3) requiring that the gross-up treatment of assets sold with recourse, along with the low-level recourse rule, be applied to direct credit substitutes. The revised rules become effective on January 1, 2002, for new residual interests related to transactions that settle after December 31, 2001. For transactions settled before January 1, 2002, application of the new capital treatment to the residuals created will be delayed until December 31, 2002.

Management believes that the revised rules will apply to its securitization transactions structured as sales and utilizing gain on sale accounting. However, the impact of the revised

rules have been significantly reduced due to Provident's third quarter of 2000 decision to structure future securitizations in the form of secured financings rather than sales. As of December 31, 2001, Provident's credit enhancing interest-only strips do not exceed 25% of Tier I capital. Therefore, the most adverse implications of the revised rules will not apply. Management does not believe that the revised rules will prevent Provident from being classified as well capitalized.

NOTE 16

Asset Securitization Sales: Since June 2000, Provident has structured its securitization transactions as secured financings. Prior to this time, the structure of many of its securitizations resulted in the transactions being treated as sales. During 2000 and 1999, Provident sold \$1.4 billion and \$3.0 billion, respectively, of loans and leases in securitization transactions. A summary of gains recognized on these sales follows:

<i>(In Thousands)</i>	2001	2000	1999
Non-Cash Gains:			
Nonconforming Residential Loans	\$ -	\$ 30,291	\$ 73,304
Prime Home Equity Loans	-	4,156	5,758
Credit Card Loans	-	-	3,993
	-	34,447	83,055
Cash Gains - Equipment Leases	-	9,083	13,164
Total Gains	\$ -	\$ 43,530	\$ 96,219

Vollhardt Melissa Ann
Vonderhale Maureen L
Vonhansdorff Mark S
Vorrier Betty Jayne
Vossler Kathy A
Vovak Stephen
Vredeveid Jonas W
Waddell Ruth Naomi
Wade Brian Kip
Wade Melissa Lynn
Wagner Bryan M
Wagner Sylvia Ann
Wahlenmaier Jacob
Wainwright Diane L
Waldon Yolanda Ronette
Walkenhorst Barbara K
Walker Catherine M
Walker Cynthia Ann
Walker Debbie Lee
Walker Evelyn
Walker Jacklyn S
Walker Scott Alan
Walker Shirley A
Walker-Smith Wanda
Wallace Karen L
Wallace Shirley E
Wallace Teresa Lechonda
Wallenfisz David
Walls Danielle Eileen
Walsh Kevin
Walsh Patrick G
Walsh Steven Thomas
Walter Denise C
Walters Courtney Marie
Walton Marilyn
Walton Mark D
Walton Natalie N
Walton-Hester Patricia A
Wambaugh Christina G
Wambhoff Darrell C
Ward Kevin Kingsley
Ward Lorraine Agnes
Ward Zelwyn F
Wareham Gregory F
Ward Sherry Lynn
Warmonth Mary L
Warren James R
Warren MaryAnne Theresa
Warren Phyllis Ann
Washington Anna
Washington Pamela Gail
Wass Connie L
Waters John M
Wathey Debbie
Watkins Jamila Tiwana
Watson Donald L
Watson Jason L
Watson Micki J
Watson Wanda G
Watt Jonathan Edward
Watts Julie
Watts Vicki Lynn
Weaver Darryl

Notes to Consolidated Financial Statements

For securitizations structured as sales, Provident retained servicing responsibilities and subordinated interests. Provident receives annual servicing fees approximating 0.50% (for non-conforming residential and prime home equity loans) and 0.75% (for equipment leases) of the outstanding balance. Provident also possesses the rights to future cash flows arising after the investors of the securitization trusts have

received the return for which they contracted, referred to as retained interests in securitized assets ("RISAs"). RISAs are subordinate to investors of the securitization trust with its value subject to prepayment risks, interest rate risks and credit risks (1996 and 1997 securitizations only) on the transferred assets. Components of the RISAs, which are included within investment securities on the balance sheet, follow:

<i>(In Thousands)</i>	December 31, 2001		December 31, 2000	
	Nonconforming Residential	Prime Home Equity	Nonconforming Residential	Prime Home Equity
Estimated Cash Flows of Underlying Loans, Net of Payments to Certificate Holders	\$ 224,703	\$ 14,709	\$ 402,122	\$ 29,117
Less:				
Estimated Credit Loss	(6,356)	(227)	(6,045)	(275)
Servicing and Insurance Expense	(24,918)	(1,584)	(46,650)	(4,026)
Discount to Present Value	(19,721)	(1,953)	(47,324)	(1,892)
Carrying Value of RISA	\$ 173,708	\$ 10,945	\$ 302,103	\$ 22,924

Provident had provided for credit enhancements to its securitizations structured as sales in the form of reserve accounts. The reserve accounts are maintained at a significantly higher balance than the level of estimated credit losses to improve the credit grade of the securitization and thereby reduce the rate paid to investors of the securitization trust. Credit losses are absorbed directly into these reserve accounts. Provident estimates the amount of all credit losses based upon loan credit grades, collateral, market conditions and other pertinent factors. Reserve accounts that are held at Provident are classified as Receivables from Securitization Trusts and do not earn interest. Reserve accounts that earn interest are recorded as investment securities.

During the fourth quarter of 2001, Provident reached an agreement with the securitization insurer to release the reserve accounts for the nonconforming residential loan securitizations and substitute an unfunded demand note backed by a AAA rated standby letter of credit. Actual losses, which have been reserved for, are submitted on a monthly basis to Provident by the trustee. Should Provident fail to reimburse the trustee for these monthly losses, the letter of credit can be drawn upon. There are no conditions that can accelerate this monthly process.

At December 31, the reserve accounts, along with recorded loss estimates, were as follows:

<i>(In Thousands)</i>	December 31, 2001		December 31, 2000	
	Reserve Accounts	Loss Estimates	Reserve Accounts	Loss Estimates
Nonconforming Residential Loans (1)	\$ -	\$ (75,051)	\$ 467,413	\$ (100,224)
Equipment Leases	60,700	(2,204)	61,972	(12,249)
Prime Home Equity Loans (1)	27,436	(1,233)	29,450	(1,171)
Credit Card	-	-	29,700	-
	\$ 88,136	\$ (78,488)	\$ 588,535	\$ (113,644)

(1) Total loss estimates, including those contained within the RISAs, are \$81.4 million for nonconforming residential loans and \$1.5 million for prime home equity loans as of December 31, 2001.

Notes to Consolidated Financial Statements

Various economic assumptions are used in the measurement of RISAs and loss estimates. As of the date of securitization, the key assumptions used for securitizations completed during the year indicated are as follows:

	Nonconforming Residential			Prime Home Equity			Equipment Leasing		
	2001	2000	1999	2001	2000	1999	2001	2000	1999
Prepayment Speed:									
Initial Rate	n/a	13.73%	13.41%	n/a	10.00%	10.00%	n/a	n/a	n/a
Peak Rate	n/a	35.00%	35.00%	n/a	30.00%	30.00%	n/a	n/a	n/a
Weighted Average Life (in years)	n/a	2.4	2.4	n/a	2.1	2.1	n/a	n/a	n/a
Estimated Credit Losses:									
Annual Basis	n/a	1.14%	1.10%	n/a	0.20%	0.20%	n/a	1.00%	1.00%
Percentage of Original Balance	n/a	2.84%	2.70%	n/a	0.47%	0.40%	n/a	2.00%	2.00%
Discount Rate	n/a	12.00%	12.00%	n/a	12.00%	12.00%	n/a	8.00%	8.00%

The following sensitivity table provides the effects of an immediate 10% and 20% adverse change to key economic assumptions on RISAs and loss estimates as of December 31, 2001:

<i>(Dollars in Millions)</i>	Nonconforming Residential	Prime Home Equity	Equipment Leasing
Peak Prepayment Speed Assumption (Annual Rate)(1)	26% CPR	30% CPR	n/a
Impact on Fair Value of 10% Adverse Change	\$ (9.6)	\$ (2.8)	n/a
Impact on Fair Value of 20% Adverse Change	\$ (19.3)	\$ (5.2)	n/a
Estimated Credit Loss Assumption(1) (Percentage of Original Balance)	3.98%	0.19%	3.69%
Impact on Fair Value of 10% Adverse Change	\$ (12.4)	\$ (0.1)	\$ (2.3)
Impact on Fair Value of 20% Adverse Change	\$ (24.7)	\$ (0.3)	\$ (4.5)
RISA Discount Rate(1)	12.00%	10.09%	n/a
Impact on Fair Value of 10% Adverse Change	\$ (6.9)	\$ (0.5)	n/a
Impact on Fair Value of 20% Adverse Change	\$ (13.6)	\$ (1.0)	n/a

(1) The assumptions used at the time of securitization and the assumptions used in subsequently measuring the carrying amount / fair value of the RISA and cash reserve accounts, while not the same, are conservative estimates at different points in time.

Weaver Sonya M
Webb Amy J
Webb Carrie A
Webb Lester Andrew
Weber Alisa Ann
Weber Kathryn P
Weber Larry Todd
Webster Katherine Lynn
Webster Matthew Robert
Webster Stacie Marie
Webster Tanya Rae
Weeks Theresa M
Weeks William A
Welmert Jean M
Wenry Daniel L
Weikal Shane R
Weiler Jennifer L
Weisaupt Cecile
Weiss Jeanine Marie
Weiss Martin James
Wetfle Bonnie J
Welch Mabel G
Wedele Gregory J
Weige Judy R
Weigos Robert Scott
Wells Gail D
Wells Kimberly E
Wells-Blackmon L
Werrick Bonnie J
Wenstrup John Anthony
Werner Cheryl
Werner Rebecca L
Wernke Marian
Wessinger Kim A
West Janice Kaye
West Lisa Rochelle
West Patricia L
Westcott Allan F
Westendorf Mark Kenneth
Westlund Michelle D
Wheatley Reba Susan
Wheeler Cynthia A
Wheeler Pamela
Whitaker Mary C
White Blanche
White Brandon L
White Christopher
White Deborah M
White Erlisa
White James Anthony
White Sandra L
White Shauna De'Anne
White Susan Elizabeth
Whitehurst Thomas K
Whitley Bruce D
Whitman Myra J
Whitney-Wagner Camille H
Wiant Laura
Wideman Lori M
Wiegele Thomas
Wieland Marilyn
Wiener Jeff H
Wieler Mark

Notes to Consolidated Financial Statements

These sensitivities are hypothetical and should be used with caution. The effect of a variation in a particular assumption on the fair value of the RISA and loss estimates is calculated without changing any other assumption; in reality, changes in one factor may result in changes in another, which might magnify or counteract the sensitivities.

The table below summarizes certain cash flows received from and paid to securitization trusts:

<i>(In Thousands)</i>	Year Ended December 31,		
	2001	2000	1999
Proceeds From New Securitizations	\$ -	\$ 1,412,303	\$ 2,723,810
Cash Flows Received from Interests Retained	193,357	130,720	88,490
Servicing Fees Received	21,766	24,450	14,815
Prepayment and Late Fees Received	17,662	13,365	8,345
Net Servicing Advances	(61,749)	(44,246)	(28,050)

The following table presents quantitative information about delinquencies, net credit losses and components of securitized and portfolio loans and leases:

<i>(Dollars in Thousands)</i>	2001			2000		
	Nonconforming Residential	Prime Home Equity	Small to Mid Ticket Equipment Leases	Nonconforming Residential	Prime Home Equity	Small to Mid Ticket Equipment Leases
Average Assets:						
Securitized and Sold Portfolio	\$ 3,086,984	\$ 383,157	\$ 276,895	\$ 3,665,639	\$ 452,213	\$ 383,804
Total Managed Assets	\$ 4,080,420	\$ 893,969	\$ 1,010,611	\$ 4,011,036	\$ 612,400	\$ 561,532
Year-End Assets:						
Securitized and Sold Portfolio	\$ 2,627,332	\$ 303,527	\$ 207,131	\$ 3,625,033	\$ 471,873	\$ 359,457
Total Managed Assets	\$ 3,545,790	\$ 992,325	\$ 1,133,402	\$ 4,406,894	\$ 710,035	\$ 684,738
Net Charge-Offs:						
Total Managed Assets	\$ 63,651	\$ 2,816	\$ 17,430	\$ 31,582	\$ 1,406	\$ 9,096
Net Charge-Offs to Average Assets:						
Total Managed Assets	1.56%	0.31%	1.72%	0.79%	0.23%	1.62%
90 Days or More Delinquencies to Year-End Assets:						
Total Managed Assets	13.85%	0.21%	1.08%	7.78%	0.16%	1.82%

- Wielke Kathryn D
- Wildeboer Mildred E
- Wildman William L
- Wiles Margaret Lucille
- Wiles Michael J
- Wilhelm Douglas J
- Wilhelm Joy L
- Wilkinson Karen Sue
- Wilkins Brandy A
- Wilkins D Bradley
- WilHITE Elizabeth Anne
- Williams Jr Anthony
- Williams Angela Sheryl
- Williams Antonette
- Williams Ava E
- Williams Cathy Sue
- Williams Christopher
- Williams Claudia
- Williams Cynthia
- Williams Daniel Thomas
- Williams Darreel Lynn
- Williams Dawn Fancia
- Williams Deborah Y
- Williams Delesta Wilma
- Williams Douglas Alonzo
- Williams Evelyn Evette
- Williams Janete C
- Williams Jennifer Marie
- Williams Jonathan David
- Williams Kathy B
- Williams Kimberly K
- Williams Kristina L
- Williams Marjorie
- Williams Molly Kay
- Williams Nellena
- Williams Peter Clifford
- Williams Regina
- Williams Robin L
- Williams Scott D
- Williams Scott W
- Williams Shane C
- Williams Sheryl N
- Williams Stanley A
- Williams Susan Debra
- Williams Susan K
- Williams Tamela Denise
- Williams Tiana LaCole
- Williams Tritye Vonetta
- Williams Wilbur Lamont
- Williamson Gloria
- Williamson Kathleen Mary
- Williamson Patricia A
- Willford Cathy L
- Willis Jr Ishah
- Willis Rosemary
- Wilson Ramona Darlene
- Willoughby Mary E
- Willoughby Randy D
- Willis Christian E
- Wilson Anita Marie
- Wilson Brandon Lee
- Wilson Heather A
- Wilson John Jacob

NOTE 17

Derivative Instruments and Hedging Activities: Provident uses derivative instruments to manage its interest rate risk. These instruments include interest rate swaps, interest rate caps and interest rate floors. In addition, forward delivery commitments are entered by Red Capital, Inc. to assist with the issuance of mortgage-backed securities.

Interest rate swaps are agreements between two parties to exchange periodic interest payments that are calculated on a notional principal amount. Provident enters into swaps to synthetically alter the repricing characteristics of specific assets, liabilities and off-balance sheet loan securitizations. As only interest payments are exchanged, cash requirements and credit risk are significantly less than the notional amounts.

Interest rate caps protect against the impact of rising interest rates on interest-bearing financial instruments. When interest rates go above a cap's strike rate, the cap provides for receipt of payments based on its notional amount. Interest rate floors work similarly to interest rate caps, however, floors protect interest earning assets against the impact of falling interest rates.

Interest rate derivative instruments have a credit risk component based on the ability of a counterparty to meet the obligations to Provident under the terms of the instruments. Notional principal amounts express the volume of the transactions, but Provident's potential exposure to credit risk is limited only to the market value of the instruments. Provident manages its credit risk in these instruments through counterparty credit policies. At December 31, 2001, Provident had bilateral collateral agreements in place with its counterparties, against which Provident has pledged investment securities with a carrying value of \$138 million as collateral. There were no past due amounts on any instruments as of December 31, 2001. Provident has never experienced a credit loss related to these instruments.

As discussed in Note 1, Provident adopted the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", on January 1, 2001. SFAS No. 133 requires that derivatives be recognized as either assets or liabilities in the balance sheet and that those instruments be measured at fair value. The accounting for the gain or loss resulting from the change in fair value depends on the intended use of the derivative. For a derivative used to hedge changes in fair value of a recognized asset or liability, or an unrecognized firm commitment, the gain or loss on the derivative will

be recognized in earnings together with the offsetting loss or gain on the hedged item. This results in earnings recognition only to the extent that the hedge is ineffective in achieving offsetting changes in fair value. For a derivative used to hedge changes in cash flows associated with forecasted transactions, the gain or loss on the effective portion of the derivative will be deferred, and reported as accumulated other comprehensive income, a component of shareholders' equity, until such time the hedged transaction affects earnings. For derivative instruments not accounted for as hedges, changes in fair value are required to be recognized in earnings.

Fair Value Hedging Strategy: Provident uses interest rate swaps to assist in the management of its interest rate risk. The interest rate swaps effectively modify Provident's exposure to interest risk by converting fixed rate liabilities, generally time deposits and long-term debt, to a floating rate. These interest rate swaps involve the receipt of fixed rate amounts in exchange for floating rate interest payments over the life of the agreements without an exchange of the underlying principal amounts.

As the changes in fair value of the hedged items offset the changes in fair value of the derivatives, no material gain or loss was recognized at the time of adoption of SFAS No. 133 or for the year ended December 31, 2001.

Cash Flow Hedging Strategy: Provident has also entered into interest rate swap agreements to reduce the impact of interest rate changes on future interest payments of on and off-balance sheet financing. These interest rate swaps convert floating rate debt to a fixed rate basis. These interest rate swaps have generally been used to hedge interest payments involving floating rate debt and off-balance sheet securitization transactions with maturities up to December 2012.

Upon the adoption of SFAS No. 133 and for the year ended December 31, 2001, Provident recorded reductions in accumulated other comprehensive income of \$28.3 million and \$54.4 million, respectively. No gain or loss was recognized at the time of adoption or for the full year of 2001 as a result of ineffective cash flow hedges. During the next twelve months, management expects to reclassify \$29.8 million of net losses on derivative instruments from accumulated other comprehensive income to earnings which it believes will be offset by improved cash flows of the hedged items associated with these derivative instruments. Management's expectation is that the net effect of the hedging transactions will result in no material impact on the Statement of Income over the next twelve months.

Wilson June Evelyn
Wilson Karen Marie
Wilson Lillian
Wilson Nicholas Ryan
Wilson Roma Jean
Wilson Ronald W
Wilson Sharon
Witt Stephen Albert
Wintom Michael
Winfrey Nakia Shanai
Wing Tracy L
Wingate Shelly L
Wink Edward Jason
Winter Lucy
Wirth Jennifer L
Wirthin John Robert
Wirthin Richard Edward
Wise Sandra Lynn
Wisnicky Ellen B
Witrock Tonya S
Wlosek John Patrick
Weber Andrew B
Weber-Smith Cynthia M
Wahl Julisse
Walcott Shawn E
Wolf Michael T
Wolfe Patricia Ann
Wolter Mary Sue
Wolff Todd Allen
Woltering Clifford
Wong Danel
Wood David William
Wood Joy
Wood LaTricia Lynn
Wood Lisa L
Wood Michael
Wood Scott Edward
Wood Stephen P
Wood Thomas C
Woodard Phil Gene
Woods Chandra Faye
Woods Lakisha Nicole
Woods Patricia Ann
Woodward John C
Woodworth Scott Henry
Woolum Brandy
Wooten Danny W
Wooten Deborah Ann
Wooten Sandra L
Workman Shane Michael
Works Julia M
Worru Kenneth
Worrell Mary Carol
Wray Paul M
Wright Jr Dusty
Wright Almee N
Wright Bethary J
Wright Brad
Wright Cynthia H
Wright Erica D
Wright Gordon Whipple

Notes to Consolidated Financial Statements

A summary of the notional amount of the interest rate derivatives, as segregated by its related hedge, at December 31 follows:

<i>(In Millions)</i>	Interest Rate Swaps		Interest Rate Caps		Interest Rate Floors
	Receive Fixed	Pay Fixed	Purchased	Sold	
At December 31, 2001:					
Off-Balance Sheet Securitizations	\$ 270	\$ 2,317	\$ 1,944	\$ 1,944	\$ -
Certificates of Deposit	2,472	-	-	-	-
Long-Term / Subordinated Debt	718	547	1,010	1,010	-
Premium Index Deposits	-	195	-	-	-
Loans	-	45	-	-	-
For Customers' Purposes	-	-	48	-	-
Totals	\$ 3,460	\$ 3,104	\$ 3,002	\$ 2,954	\$ -
At December 31, 2000:					
Off-Balance Sheet Securitizations	\$ 338	\$ 1,966	\$ 2,167	\$ 2,167	\$ -
Certificates of Deposit	2,412	-	-	-	-
Long-Term / Subordinated Debt	748	797	696	696	-
Premium Index Deposits	-	195	-	-	-
Loans / Securities	-	47	-	-	2,000
For Customers' Purposes	-	-	48	-	-
Totals	\$ 3,498	\$ 3,005	\$ 2,911	\$ 2,863	\$ 2,000

Summary information with respect to the interest rate derivatives used to manage Provident's interest rate sensitivity at December 31, 2001 follows:

<i>(Dollars in Millions)</i>	Interest Rate Swaps		Interest Rate Caps	
	Receive Fixed	Pay Fixed	Purchased	Sold
Notional Amount	\$ 3,460	\$ 3,104	\$ 3,002	\$ 2,954
Gross Unrealized Gains	57	-	85	-
Gross Unrealized Losses	(74)	(116)	-	(85)
Weighted Average:				
Receive Rate	6.55%	2.02%	n/a	n/a
Pay Rate	2.23%	5.92%	n/a	n/a
Strike Rate	n/a	n/a	8.97%	8.97%
Life (in years)	11.9	6.3	13.0	13.2

The expected notional maturities of Provident's interest rate derivative portfolio at December 31, 2001 are as follows:

<i>(In Millions)</i>	Interest Rate Swaps		Interest Rate Caps		Total
	Receive Fixed	Pay Fixed	Purchased	Sold	
Less than 1 Year	\$ -	\$ 260	\$ 48	\$ -	\$ 308
From 1 to 5 Years	1,033	756	-	-	1,789
From 5 to 10 Years	566	1,753	-	-	2,319
From 10 to 15 Years	794	335	2,954	2,954	7,037
More than 15 Years	1,067	-	-	-	1,067
Total	\$ 3,460	\$ 3,104	\$ 3,002	\$ 2,954	\$ 12,520

Notes to Consolidated Financial Statements

NOTE 18

Credit Risk Transfer Instruments, Credit Commitments and Standby Letters of Credit: During 2001 and 2000, Provident entered into credit risk transfer transactions. Under the 2001 transaction, Provident transferred 97 1/2% of the credit risk on a \$.9 billion auto lease portfolio, while retaining a 2 1/2% first-loss position. Under the 2000 transaction, Provident transferred 98% of the credit risk on a \$1.8 billion auto lease portfolio, while retaining a 2% first-loss position. As a result of these transactions, Provident was able to lower its credit concentration in auto leasing while reducing its regulatory capital requirements. As of December 31, 2001, the credit risk on \$2.3 billion of on and off-balance sheet auto leases has been transferred from Provident.

Commitments to extend credit are financial instruments in which Provident agrees to provide financing to customers based on predetermined terms and conditions. Since many of the commitments to extend credit are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Provident evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by Provident upon extension of credit is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property, plant, and equipment, and income-producing commercial properties.

Standby letters of credit are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. Collateral is obtained based on management's credit assessment of the customer.

Provident's commitments to extend credit which are not reflected in the balance sheet at December 31 are as follows:

<i>(In Millions)</i>	2001	2000
Commitments to Extend Credit	\$ 2,153	\$ 2,519
Standby Letters of Credit	193	213

NOTE 19

Line of Business Reporting: Provident's three major business lines, referred to as Commercial Banking, Retail Banking and Mortgage Banking, are based on the products and services offered, and its management structure. Commercial Banking offers a full range of commercial lending and financial products and services to corporate businesses. Retail Banking provides consumer lending, deposit accounts, trust, brokerage and investment products and services to consumers and small businesses. Mortgage Banking originates and services conforming and nonconforming residential loans to consumers and provides short-term financing to mortgage originators and brokers.

Financial results are determined based on an assignment of balance sheet and income statement items to each business line. Equity allocations are made based on various risk measurements of the business line. A matched funded transfer pricing process is used to allocate interest income and expense among the business lines. Provision for loan and lease losses are charged to business lines based on its level of net charge-offs and the size of its lending portfolio. Activity-based costing is used to allocate expenses for centrally provided services.

Wright JoAnn Kercelle
 Wright Kay Eileen
 Wright Latrina L
 Wright Sharon
 Wright Tisha R
 Wright-Peterson Michelle L
 Wuest John Patrick
 Wuestfeld Mark S
 Wynn David Martin
 Wynn Joannita Elizabeth
 Wynn Kim Allison
 Wynn Linda
 Wynn Willie P
 Wysocki Michael John
 Yarbrough Angela Sheree
 Yarger Lisa D
 Yaros Stacey L
 Yazinsky Jan B
 Yezi Courtney M
 Yorgovan Suzanne Marie
 York Meilinda M
 York Terry
 Young Jr Alfred W
 Young Gary
 Young Lisa Lee
 Young Margaret B
 Young Matthew
 Young Nancy
 Young Natalie
 Young Susan
 Youngstafel Judith L
 Yorek II Gerald Lee
 Zahm Lori J
 Zabolnick Gary A
 Zehemy Joseph A
 Zeigler Mark
 Zeigler Scott
 Zenni Sheila Bernae'
 Ziegler Karen L
 Zimmer Anne M
 Zimmer Christopher E
 Zimmerman Mark Andrew
 Zimmerman Michael F
 Zoglio Angela M
 Zoltai Jodi
 Zuckerman Adi
 Zwelling Vicki O

Notes to Consolidated Financial Statements

Selected financial information is included in the following table for Provident's three major lines of business for the past three years. Corporate Center represents income and expenses not allocated to the major business lines, gain/loss on the sale of investment securities, and any nonrecurring business revenues and expenses.

<i>(In Millions)</i>	2001	2000	1999
Total Revenue:			
Commercial Banking	\$ 347.2	\$ 291.3	\$ 251.5
Retail Banking	265.8	254.2	232.3
Mortgage Banking	86.5	96.4	125.4
Corporate Center	-	.2	.1
	\$ 699.5	\$ 642.1	\$ 609.3
Net Income:			
Commercial Banking	\$ -	\$ 60.8	\$ 69.8
Retail Banking	29.5	37.0	44.1
Mortgage Banking	(6.2)	2.7	39.7
Corporate Center	-	.1	-
Merger and Restructuring Charges	-	(27.0)	(2.7)
	\$ 23.3	\$ 73.6	\$ 150.9
Average Assets:			
Commercial Banking	\$ 6,936	\$ 5,458	\$ 4,553
Retail Banking	3,323	2,397	1,746
Mortgage Banking	2,075	1,248	647
Corporate Center	2,691	3,042	2,924
	\$ 15,025	\$ 12,145	\$ 9,870

NOTE 20

Transactions with Affiliates: At December 31, 2001, Carl H. Lindner, members of his immediate family and trusts for their benefit, owned 44% of American Financial Group's Common Stock. This group, along with Carl H. Lindner's siblings and entities controlled by them, or established for their benefit, owned 46% of Provident's Common Stock at year-end 2001. Provident leases its home office space and other office space from a trust, for the benefit of a subsidiary of American Financial Group. Rentals charged by American Financial Group and affiliates for the years ended December 31, 2001, 2000 and 1999 amounted to \$3.1 million, \$3.0 million and \$2.5 million, respectively.

Provident has had certain transactions with various executive officers, directors and principal holders of equity securities of Provident and its subsidiaries and entities in which these individuals are principal owners. Various loans and leases have been made as well as the sale of commercial paper and repurchase agreements to these persons. Such loans and leases to these persons aggregated approximately \$42.8 million and

\$42.5 million at December 31, 2001 and 2000, respectively. During 2001, new loans and leases aggregating \$22.5 million were made to such parties and loans and leases aggregating \$22.2 million were repaid. All of the loans and leases were made at market interest rates and, in the opinion of management, all amounts are fully collectible. At December 31, 2001 and 2000, these persons held Provident's commercial paper amounting to \$17.5 million and \$16.7 million, respectively. Additionally, repurchase agreements in the amount of \$7.7 million and \$12.8 million had been sold to these persons at December 31, 2001 and 2000, respectively. All of these transactions were at market interest rates.

NOTE 21

Fair Value of Financial Instruments: Carrying values and estimated fair values for certain financial instruments as of December 31 are shown in the following table. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions

Notes to Consolidated Financial Statements

used, including the discount rate and estimates of future cash flows. Because no secondary market exists for many of Provident's assets and liabilities, the derived fair values are calculated estimates, and the fair values provided herein do not necessarily represent the actual values which may be realized in the disposition of these instruments. The aggregate fair value amounts presented do not represent the underlying value of Provident. What is presented below is a point-in-time valua-

tion that is affected, in part, by unrealized gains and losses resulting from management's implementation of its program to manage overall interest rate risk. It is not management's intention to immediately dispose of a significant portion of its financial instruments. As a result, the following fair value information should not be interpreted as a forecast of future earnings and cash flows.

<i>(In Thousands)</i>	2001		2000	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets:				
Cash and Cash Equivalents	\$ 501,223	\$ 501,223	\$ 369,028	\$ 369,028
Trading Account Securities	101,156	101,156	41,949	41,949
Loans Held for Sale	217,914	217,914	206,168	206,168
Investment Securities	3,559,048	3,559,048	3,013,621	3,013,621
Loans and Leases	10,495,956	10,581,971	9,076,906	9,094,744
Less: Reserve for Losses	(240,653)	-	(154,300)	-
Net Loans and Leases	10,255,303	10,581,971	8,922,606	9,094,744
Financial Liabilities:				
Deposits	8,854,250	8,867,237	8,829,110	8,772,651
Short-Term Debt	1,958,299	1,958,299	639,023	639,023
Long-Term Debt and Junior Subordinated Debentures	3,391,924	3,309,106	3,103,732	3,132,238
Derivative Instruments:				
Interest Rate Swaps	(132,664)	(132,664)	-	(63,785)
Interest Rate Caps	-	-	-	(2,523)
Interest Rate Floors	-	-	-	12,889

The following methods and assumptions were used by Provident in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: The carrying amounts reported in the balance sheet for cash and short-term instruments approximate those assets' fair values.

Trading account securities and investment securities: Fair values for trading account securities and investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Retained interests in securitized assets is valued using discounted cash flow techniques. Significant assumptions used in the valuation are presented in Note 16.

Loans and leases: For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. The fair values for cer-

tain residential mortgage loans and other consumer loans are based on quoted market prices of similar loans sold in conjunction with securitization transactions, adjusted for differences in loan characteristics. The fair values for other loans and leases are estimated using discounted cash flow analyses and interest rates currently being offered for loans and leases with similar terms to borrowers of similar credit quality. The fair values disclosed for loans held for sale are equal to their carrying amounts.

Deposits: The fair values disclosed for demand deposits are equal to their carrying amounts. The carrying amounts for variable-rate, fixed-term money market accounts and certificates of deposit approximate their fair values at the reporting date. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

Notes to Consolidated Financial Statements

Short-term debt: The carrying amounts of federal funds purchased, borrowings under repurchase agreements, and other short-term borrowings approximate their fair values.

Long-term debt and junior subordinated debentures: The fair values of long-term borrowings that are traded in the markets are equal to their quoted market prices. The fair values of other long-term borrowings (other than deposits) are estimated using discounted cash flow analyses, based on Provident's current incremental borrowing rates for similar types of borrowing arrangements.

Derivative instruments: For 2001, the fair value of derivative instruments has been recognized as either assets or liabilities in the balance sheet in accordance to SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". For 2000, the fair value of derivative instruments was not recognized in the balance sheet. The fair value of derivative instruments is based upon current market quotes.

NOTE 22

Additional Information:

Legal Contingencies: Provident is subject to litigation in the ordinary course of business. Management does not expect

such litigation will have a material adverse effect on Provident's financial position.

Restrictions on Cash and Noninterest Bearing Deposits: Federal Reserve Board regulations require that The Provident Bank maintain certain minimum reserve balances. The average amount of those reserve balances for the year ended December 31, 2001, was approximately \$62.6 million.

Other Real Estate and Equipment Owned: At December 31, 2001 and 2000, the carrying value of other real estate and equipment owned was \$20.9 million and \$8.8 million, respectively.

Restricted Assets: Provident formed the subsidiaries listed below to account for and support the process of transferring, securitizing and/or selling of vehicle and equipment leases. These subsidiaries are separate legal entities and each maintains books and records with respect to its assets and liabilities. The assets of these subsidiaries, which are included in the consolidated financial statements, are not available to secure financing or otherwise satisfy claims of creditors of Provident or any of its other subsidiaries.

The subsidiaries and their total assets as of December 31, 2001 and 2000 follow (in thousands):

Subsidiary	December 31,	
	2001	2000
Provident Auto Leasing Company	\$ 546,686	\$ 376,631
Provident Auto Rental LLC 2000-1	374,242	381,754
Provident Auto Rental LLC 2001-1	345,432	-
Provident Auto Rental LLC 1999-1	202,473	174,763
Provident Lease Receivables Company LLC	193,139	233,566
Provident Auto Rental LLC 2000-2	159,537	24,236
Provident Auto Rental Company LLC 1998-2	41,306	34,556
Provident Auto Rental Company LLC 1998-1	37,330	31,291

The above amounts include items which are eliminated in the Consolidated Financial Statements.

Restrictions on Transfer of Funds From Subsidiaries to Parent: The transfer of funds by The Provident Bank to the parent as dividends, loans or advances is subject to various laws and regulations that limit the amount of such transfers. The amount of dividends available for payment in 2002 by The Provident Bank to the parent company is approximately

\$46.6 million, plus 2002 net income. Pursuant to Federal Reserve and State regulations, the maximum amount available to be loaned to affiliates (as defined), including its Parent, by Provident Bank, was approximately \$166.3 million to any single affiliate, and \$332.6 million to all affiliates combined of which \$60.8 million was loaned at December 31, 2001.

Notes to Consolidated Financial Statements

Parent Company Financial Information: Parent Company only condensed financial information for Provident Financial Group, Inc. is as follows:

BALANCE SHEETS (PARENT ONLY)

(In Thousands)	December 31,	
	2001	2000
Assets		
Cash and Cash Equivalents	\$ 157,168	\$ 94,336
Investment Securities Available for Sale	315,018	299,323
Investment in Subsidiaries:		
Banking	1,039,706	1,062,679
Non-Banking	18,782	11,613
Other Assets	99,005	103,022
Total Assets	\$ 1,629,679	\$ 1,570,973
Liabilities and Shareholders' Equity		
Liabilities:		
Accounts Payable to Banking Subsidiaries	\$ 12,459	\$ 28,214
Other Accounts Payable and Accrued Expenses	18,636	23,963
Commercial Paper	240,571	187,090
Long-Term Debt and Junior Subordinated Debentures	465,423	340,923
Total Liabilities	737,089	580,190
Shareholders' Equity	892,590	990,783
Total Liabilities and Shareholders' Equity	\$ 1,629,679	\$ 1,570,973

STATEMENTS OF INCOME (PARENT ONLY)

(In Thousands)	Year Ended December 31,		
	2001	2000	1999
Income:			
Dividends from Banking Subsidiaries	\$ 15,000	\$ 37,000	\$ 60,000
Interest Income from Banking Subsidiaries	24,944	13,232	8,869
Other Interest Income	1,469	4,951	5,504
Noninterest Income	7,492	5,712	1,976
	48,905	60,895	76,349
Expenses:			
Interest Expense	40,762	34,795	24,934
Noninterest Expense	2,842	2,668	3,030
	43,604	37,463	27,964
Income Before Taxes and Equity in Undistributed			
Net Income of Subsidiaries	5,301	23,432	48,385
Applicable Income Tax Credits	7,936	6,624	4,439
Income Before Equity in Undistributed Net Income of Subsidiaries	13,237	30,056	52,824
Equity in Undistributed Net Income of Subsidiaries	10,092	43,558	98,125
Net Income	\$ 23,329	\$ 73,614	\$ 150,949

Notes to Consolidated Financial Statements

STATEMENTS OF CASH FLOWS (PARENT ONLY)

<i>(In Thousands)</i>	Year Ended December 31,		
	2001	2000	1999
Operating Activities:			
Net Income	\$ 23,329	\$ 73,614	\$ 150,949
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Net Income from Subsidiaries	(25,092)	(80,558)	(158,125)
Cash Dividends Received From Subsidiaries	15,000	37,000	60,000
Amortization of Goodwill and Other	1,066	805	799
Tax Benefit Received from Exercise of Stock Options	2,706	513	1,613
Realized Investment Security (Gains) Losses	(72)	493	(63)
(Increase) Decrease in Interest Receivable	177	39	(1,913)
(Increase) Decrease in Other Assets	3,783	(40,026)	18,352
Increase (Decrease) in Interest Payable	(261)	76	(129)
Increase (Decrease) in Other Liabilities	(20,821)	10,193	4,410
Net Cash Provided by (Used In) Operating Activities	<u>(185)</u>	<u>2,149</u>	<u>75,893</u>
Investing Activities:			
Investment Securities Available for Sale:			
Proceeds from Sales	19,379	129,648	115,829
Proceeds from Maturities and Prepayments	15,234	87,358	17,996
Purchases	(50,671)	(330,583)	(171,683)
Net Cash Used In Investing Activities	<u>(16,058)</u>	<u>(113,577)</u>	<u>(37,858)</u>
Financing Activities:			
Net Increase (Decrease) in Commercial Paper	53,481	(14,694)	(43,507)
Principal Payments on Long-Term Debt	(391)	(74,764)	(914)
Proceeds from Issuance of Long-Term Debt and Junior Subordinated Debentures	124,432	186,706	124,984
Cash Dividends Paid	(48,002)	(47,738)	(40,970)
Repurchase of Common Stock	(246)	-	(8,645)
Proceeds from Exercise of Stock Options	3,884	3,388	3,074
Contribution to Subsidiaries	(54,986)	(3,480)	(112,478)
Net Increase in Other Equity Items	903	2,816	481
Net Cash Provided by (Used In) Financing Activities	<u>79,075</u>	<u>52,234</u>	<u>(77,975)</u>
Increase (Decrease) in Cash and Cash Equivalents	62,832	(59,194)	(39,940)
Cash and Cash Equivalents at Beginning of Year	94,336	153,530	193,470
Cash and Cash Equivalents at End of Year	<u>\$ 157,168</u>	<u>\$ 94,336</u>	<u>\$ 153,530</u>

Selected Financial Data (Unaudited)

<i>(Dollars In Millions Except Per Share Amounts)</i>	For Year Ended December 31,					
	2001	2000	1999	1998	1997	1996
Earnings:						
Total Interest Income	\$ 1,107	\$ 971	\$ 731	\$ 694	\$ 632	\$ 564
Total Interest Expense	(634)	(583)	(394)	(383)	(345)	(305)
Net Interest Income	473	388	337	311	287	259
Provision for Loan and Lease Losses	(226)	(131)	(48)	(32)	(45)	(47)
Noninterest Income	226	254	272	225	175	102
Noninterest Expense	(437)	(393)	(327)	(317)	(241)	(191)
Income Before Income Taxes	36	118	234	187	176	123
Applicable Income Taxes	(13)	(44)	(83)	(65)	(61)	(42)
Net Income	\$ 23	\$ 74	\$ 151	\$ 122	\$ 115	\$ 81
Per Common Share Data:						
Basic Earnings	\$.46	\$ 1.49	\$ 3.18	\$ 2.57	\$ 2.51	\$ 1.84
Diluted Earnings	.46	1.46	3.08	2.48	2.38	1.76
Dividends Paid	.96	.96	.88	.80	.72	.54
Book Value	18.00	20.15	18.91	16.83	15.28	13.38
Selected Balances at December 31:						
Total Investment Securities	3,559	3,014	2,111	1,598	1,468	1,132
Total Loans and Leases	10,496	9,077	7,011	6,303	5,748	5,939
Reserve for Loan and Lease Losses	241	154	94	79	75	69
Total Assets	15,647	13,857	10,538	8,950	7,947	7,603
Noninterest Bearing Deposits	995	1,293	1,185	679	610	558
Interest Bearing Deposits	7,859	7,536	6,045	5,277	4,747	4,675
Long-Term Debt and Junior Subordinated Debentures	3,392	3,104	1,171	1,112	863	989
Total Shareholders' Equity	893	991	926	802	719	607
Off Balance Sheet Managed Assets	4,118	5,756	5,938	3,220	1,533	257
Other Statistical Information:						
Return on Average Assets	.16%	.61%	1.53%	1.40%	1.49%	1.16%
Return on Average Equity	2.39	7.75	18.34	15.57	17.47	15.03
Dividend Payout Ratio	205.76	64.85	27.14	30.93	33.12	29.44
Capital Ratios at December 31:						
Total Equity to Total Assets	5.70%	7.15%	8.79%	8.96%	9.05%	7.99%
Tier 1 Leverage Ratio	7.87	9.56	10.87	9.13	9.92	9.24
Tier 1 Capital to Risk-Weighted Assets	8.86	9.18	9.97	9.03	10.09	9.66
Total Risk-Based Capital to Risk-Weighted Assets	11.41	11.10	11.93	11.53	13.36	13.26
Loan Quality Ratios at December 31:						
Reserve for Loan and Lease Losses to Total Loans and Leases	2.29%	1.70%	1.34%	1.25%	1.30%	1.16%
Reserve for Loan and Lease Losses to Nonaccrual Loans	136.07	160.70	168.94	175.18	157.28	307.67
Nonaccrual Loans to Total Loans and Leases	1.68	1.06	0.79	0.71	0.83	0.38
Net Charge-Offs to Average Total Loans and Leases	1.48	0.97	0.49	0.43	0.69	0.77

Selected Financial Data on an Operating Income Basis

[Excludes Merger and Restructuring Charges (1998 - 2000) and One-Time Deposit Insurance Charges (1996)]:

Net Income	\$ 23	\$ 101	\$ 154	\$ 137	\$ 115	\$ 88
Basic Earnings	0.46	2.04	3.24	2.87	2.51	2.02
Diluted Earnings	0.46	2.00	3.14	2.77	2.38	1.93
Return on Average Assets	0.16%	0.83%	1.56%	1.56%	1.49%	1.27%
Return on Average Equity	2.39	10.59	18.68	17.39	17.47	16.45

Quarterly Consolidated Results of Operations (Unaudited)

<i>(In Thousands Except Per Share Data)</i>	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
2001:				
Total Interest Income	\$ 257,856	\$ 281,477	\$ 282,889	\$ 285,018
Total Interest Expense	(132,941)	(157,805)	(167,250)	(176,141)
Net Interest Income	124,915	123,672	115,639	108,877
Provision for Loan and Lease Losses	(111,151)	(66,010)	(24,900)	(23,687)
Net Interest Income After Provision for Loan and Lease Losses	13,764	57,662	90,739	85,190
Noninterest Income	51,521	57,103	64,383	53,372
Noninterest Expense	(110,077)	(125,863)	(105,902)	(95,456)
Income Before Income Taxes	(44,792)	(11,098)	49,220	43,106
Applicable Income Taxes	15,901	3,663	(17,368)	(15,303)
Net Income	\$ (28,891)	\$ (7,435)	\$ 31,852	\$ 27,803
Net Earnings Per Common Share:				
Basic	\$ (.59)	\$ (.16)	\$.65	\$.56
Diluted	(.59)	(.16)	.63	.55
Cash Dividends	.24	.24	.24	.24
2000:				
Total Interest Income	\$ 276,982	\$ 238,454	\$ 233,616	\$ 221,929
Total Interest Expense	(171,781)	(143,187)	(139,313)	(128,727)
Net Interest Income	105,201	95,267	94,303	93,202
Provision for Loan and Lease Losses	(69,331)	(42,550)	(9,700)	(9,700)
Net Interest Income After Provision for Loan and Lease Losses	35,870	52,717	84,603	83,502
Noninterest Income	62,489	52,452	70,283	68,938
Noninterest Expense	(96,831)	(88,151)	(84,905)	(123,022)
Income Before Income Taxes	1,528	17,018	69,981	29,418
Applicable Income Taxes	(528)	(6,065)	(25,092)	(12,646)
Net Income	\$ 1,000	\$ 10,953	\$ 44,889	\$ 16,772
Net Earnings Per Common Share:				
Basic	\$.02	\$.22	\$.92	\$.34
Diluted	.02	.22	.89	.33
Cash Dividends	.24	.24	.24	.24

Quarterly earnings per share numbers do not necessarily add to the year-to-date amounts due to the treasury stock method of calculating earnings per share and to rounding.

Credit Quality (Unaudited)

<i>(In Thousands)</i>	2001				2000			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Non-Accrual Loans	\$ 176,856	\$ 131,666	\$ 110,574	\$ 106,213	\$ 96,020	\$ 66,078	\$ 65,428	\$ 55,576
Other Real Estate and Equipment	20,907	15,758	16,279	7,348	8,805	8,706	5,108	7,457
Total Nonperforming Assets	\$ 197,763	\$ 147,424	\$ 126,853	\$ 113,561	\$ 104,825	\$ 74,784	\$ 70,536	\$ 63,033
Loans 90 Days Past Due - Still Accruing	\$ 31,219	\$ 34,433	\$ 22,830	\$ 42,327	\$ 28,780	\$ 28,959	\$ 23,787	\$ 13,908
Nonaccrual Loans as a Percent of Total Loans and Leases	1.68%	1.27%	1.06%	1.10%	1.06%	.79%	.97%	.82%
Nonperforming Assets as a Percent of Total Loans, Leases and Other Real Estate/Equipment	1.88%	1.42%	1.22%	1.18%	1.15%	.89%	1.04%	.93%
Reserve for Loan and Lease Losses as a Percent of Nonaccrual Loans	136.07%	157.10%	160.05%	154.11%	160.70%	182.02%	149.15%	174.66%
Reserve for Loan and Lease Losses as a Percent of Nonperforming Assets	121.69%	140.31%	139.51%	144.14%	147.20%	160.83%	138.35%	154.00%
Reserve for Loan and Lease Losses as a Percent of Total Loans and Leases	2.29%	1.99%	1.70%	1.70%	1.70%	1.44%	1.44%	1.44%

Common Stock Price and Dividend Data (Unaudited)

	2001				2000			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
High Close	\$ 26.29	\$ 35.09	\$ 33.37	\$ 37.38	\$ 37.81	\$ 29.88	\$ 34.25	\$ 34.78
Low Close	21.41	24.90	27.06	25.88	24.50	23.94	23.81	25.38
Period End Close	26.28	25.25	32.92	28.13	37.50	29.38	23.81	34.06
Cash Dividends	.24	.24	.24	.24	.24	.24	.24	.24

Key Ratios and Statistics Margin Analysis - (Unaudited)

	2001				2000			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter (1)
Interest Income (2)	7.26%	7.93%	8.27%	8.94%	9.21%	9.07%	8.93%	8.61%
Interest Expense	4.15	4.92	5.40	6.08	6.30	6.16	5.89	5.56
Net Interest Spread	3.11	3.01	2.87	2.86	2.91	2.91	3.04	3.05
Net Interest Margin	3.52	3.48	3.38	3.42	3.50	3.62	3.61	3.62
Return On:								
Average Total Assets	(.75)%	(.19)%	.85%	.78%	.03%	.37%	1.51%	1.51%
Average Shareholders' Equity	(12.03)	(2.99)	13.06	11.48	.41	4.53	19.50	18.92

(1) Excludes Merger and Restructuring Charges of \$27.0 million (after tax).

(2) On a Fully Tax Equivalent Basis.

Board of Directors & Executive Management

BOARD OF DIRECTORS – PROVIDENT FINANCIAL GROUP, INC.

Jack M. Cook
Consultant, Compass Group, Inc.;
Retired President & Chief Executive Officer,
The Health Alliance of Greater Cincinnati

Thomas D. Grote, Jr.
President, Grote Enterprises, LLC

Robert L. Hoverson
President & Chief Executive Officer,
Provident Financial Group, Inc.
& The Provident Bank

Philip R. Myers
Retired Executive Vice President,
Provident Financial Group, Inc.;
Retired Senior Executive Vice President,
The Provident Bank

Joseph A. Pedoto
President, JLM Financial, Inc.

Sidney A. Peerless, M.D.
Retired Physician & Surgeon;
Chief Emeritus, Otolaryngology Department,
The Jewish Hospital, Cincinnati

Joseph A. Steger
President,
The University of Cincinnati

EXECUTIVE OFFICERS – PROVIDENT FINANCIAL GROUP, INC.

Robert L. Hoverson
President & Chief Executive Officer

Christopher J. Carey
Executive Vice President
& Chief Financial Officer

Mark E. Magee
Vice President, General Counsel
& Secretary

EXECUTIVE MANAGEMENT – THE PROVIDENT BANK

Administration
Robert L. Hoverson
President & Chief Executive Officer

Commercial
Rodger Davis
Executive Vice President

Community Development
Amin Akbar
Senior Vice President

Credit Administration
James L. Gertie
Executive Vice President &
Chief Credit & Risk Officer

John S. Catlin
Executive Vice President

Equipment Leasing & Financing
Vincent D. Rinaldi
Executive Vice President

Finance & Administration
Christopher J. Carey
Executive Vice President
& Chief Financial Officer

Internal Audit
J. Gregory Dooley, Sr.
Senior Vice President

Legal
Mark E. Magee
Executive Vice President,
General Counsel & Secretary

Marketing
Thomas F. McGill
Senior Vice President

Mortgage
Richard R. Gravino
Executive Vice President

Operations & Technology
Paul A. Raffaelli
Executive Vice President

Provident Financial Advisors
Duane A. Dewey
Senior Vice President

Retail
Steven T. Walsh
Executive Vice President

Group Affiliate Information

Capstone Realty Advisors, LLC
1120 Chester Avenue, Suite 300
Cleveland, Ohio 44114
216-902-8500

Information Leasing Corporation
1023 West Eighth Street
Cincinnati, Ohio 45202
513-421-9191

Provident Bank - Ohio
One East Fourth Street
Cincinnati, Ohio 45202
513-579-2000
800-262-9801

Provident Bank - Florida
1549 Ringling Blvd.
Sarasota, Florida 34236
941-954-5700

Provident Commercial Group
One East Fourth Street
Cincinnati, Ohio 45202
513-639-1589

Provident Insurance Agency, Inc.
One East Fourth Street
Cincinnati, Ohio 45202
513-579-2768

Provident Financial Advisors
One East Fourth Street
Cincinnati, Ohio 45202
513-639-5487

Provident Securities & Investment Company
Three East Fourth Street
Cincinnati, Ohio 45202
513-579-2365

Red Capital Group
150 East Gay Street, 22nd Floor
Columbus, Ohio 43215
800-837-5100

Corporate, Investor & Shareholder Information

Corporate Headquarters

Provident Financial Group, Inc.
One East Fourth Street
Cincinnati, Ohio 45202

Corporate Website

<http://www.provident-financial.com>

Provident Bank Website

<http://www.providentbank.com>

Corporate E-Mail

InvestorRelations@provident-financial.com

Annual Shareholder Meeting

All shareholders are invited to attend Provident Financial Group's annual meeting on Thursday, April 25, 2002, at 9:00 a.m. ET. The meeting will be held in the Continental Ballroom at the Omni Netherland Plaza located at 35 West Fifth Street, Cincinnati, Ohio 45202.

Stock Listing



Provident Financial Group, Inc. common stock is traded on The Nasdaq Stock Market® under the symbol PFGI. At the close of business on February 28, 2002, there were approximately 5,000 registered shareholders and 10,000 non-registered or "street name" shareholders.

Corporate Information

Information about Provident Financial Group and its subsidiaries, including the retrieval of all quarterly and other news releases, is available at Provident's corporate website or by contacting Investor Relations.

Financial Information

The Annual Report on Form 10-K is filed with the Securities and Exchange Commission ("SEC"). Copies of this document and other filings are available at Provident's corporate website or by contacting Investor Relations.

Investor Relations

Analysts, investors, shareholders and others seeking specific corporate and financial information should contact Investor Relations at:

Provident Financial Group, Inc.
One East Fourth Street, MS-843A
Cincinnati, Ohio 45202

Phone: 800-851-9521 or
513-345-7102

Fax: 513-345-7159

E-Mail: InvestorRelations@provident-financial.com

Shareholder Information

Shareholders desiring to change the name, address or ownership of a stock certificate, report a lost certificate, consolidate accounts, have dividends directly deposited into a checking or savings account, or request information on Provident's Dividend Reinvestment Plan, should contact the Registrar and Transfer Agent at:

Provident Bank
One East Fourth Street, MS-669D
Cincinnati, Ohio 45202

Phone: 888-863-5893 or
513-763-8113

Fax: 513-579-2628

E-Mail: CorporateTrust@providentbank.com

Provident 
Financial Group, Inc.

One East Fourth Street
Cincinnati, Ohio 45202
www.providentbank.com