

THE PROVIDENT BANK BUSINESS ADVANTAGESM

FINANCIAL SOLUTIONS TO HELP YOU GROW YOUR BUSINESS

A Bank For New Jersey Business

Established in 1839, The Provident Bank emphasizes personal service and customer convenience in serving the financial needs of businesses, organizations and individuals through its network of over 80 branches in northern and central New Jersey.

The American banking industry, along with the domestic and global economies, experienced a difficult year in 2010. Despite the challenging environment, The Provident Bank remained profitable and strong.



Chris Martin, President & CEO with Gary Ippoliti of Farrington Farms. Farrington Farms needed a new tractor to expand their business. The Provident Bank provided the solution.

As a community bank, The Provident Bank embodies a corporate culture of building personal relationships, providing timely local decision-making and support to our customers and communities.

“We are familiar with the local economic climate, make our decisions locally and maintain solid relationships with our customers,” said Chris Martin, president and CEO. “We understand their needs and remain committed to helping New Jersey businesses find creative solutions to meet those needs.”

In 2010, we originated more than \$1.1 billion in new loans, with commercial loans now comprising over 55% of our total loan portfolio. While we remain cautious, we have been lending and will continue to do so within our disciplined lending standards.

Meeting Customer Needs

We moved our administrative offices about 20 miles from Jersey City to Iselin. Operations, loan processing and management are now in one location, which will enhance efficiency and internal communication. We also plan to relocate two branches in 2011 and renovate several others.

Our goal is to improve your banking experience.

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Forbes: Provident Among Nation's Best Banks

For the second year in a row, The Provident Bank made the Forbes list of the best banks in America. Provident, New Jersey's oldest state chartered bank with nearly \$7 billion in assets, ranked in the top 50 larger national institutions.

For Chris Martin, Provident's president and CEO, the ranking was a validation of the bank's strength and stability. “We're honored by this prestigious recognition,” he said. “Since its founding, Provident has operated under prudent banking principles, which has given us the ability to withstand the most difficult economic times. This is a testament to Provident's stability, capabilities and strengths. We're proud to be recognized among national leaders in our industry.”

The list included banks ranging in size from \$4.7 billion to \$2.3 trillion in assets. In measuring the performance of the best banks, Forbes relied on SNL Financial, a research firm based in Charlottesville, Va. The rankings were determined based on eight measures, including the banks' return on equity, net interest margin and percentage of non-performing loans to total loans.



Equal Opportunity Lender
Equal Housing Lender
Member FDIC 

HEALTHCARE LENDING

Our specialized Commercial Healthcare Service professionals understand the medical industry's specific needs and can tailor a complete line of product and service offerings to your specialized practice requirements.

Ambulatory Surgical Facilities (ASFs)

Our specialized bankers understand the dynamic environment and unique financing challenges facing New Jersey ASFs. For example, while the New Jersey moratorium on new licenses for ASFs enacted in 2009 requires these facilities be jointly owned by a New Jersey hospital, many physicians that were grandfathered are seeking financing for facility construction or improvements.

Last year, we provided a term loan for a surgical center serving central New Jersey and we're currently providing financing to construct a new facility in Clifton.

Medical Equipment Financing

Whether you need specialty equipment, such as MRI machines, PET scanners or lab equipment, Provident can help.

Our lenders have extensive knowledge in financing for all types of medical equipment.

We understand that many equipment manufacturers and wholesalers offer financing options and it can be tough to decide which one is best. In most cases, The Provident Bank can offer better rates and terms. So before you start shopping, give us a call. We can review your options to help ensure you make the smartest financial choice.



Medical Franchises

Medical franchises are becoming increasingly popular. From diagnostic labs and home care services to medical billing and drug testing, there are many medical franchise opportunities to choose from. Like other franchise businesses, these opportunities require an upfront investment. Before you jump in, give us a call, we can help you explore financing options.

Obtaining Commercial Construction Financing

Getting financing can be challenging, especially in the wake of the recent credit crisis. However, The Provident Bank is still lending and has continuously provided loans to qualified borrowers with customized financial solutions for their businesses and development projects.

As New Jersey's oldest chartered bank and a recognized Preferred Lender by the NJEDA, we understand that the lending process can be daunting. The Provident Bank can help businesses navigate through the commercial construction loan process.

Here are some things you will need to speed the process:

Project Business Plan – The plan should address the financial feasibility and marketability of the project, including sources and uses of funds schedule, current/projected rent roll, copies of executed leases and/or pre-leasing agreements, historical financial results, projected operating statement, evidence of a plan and source for loan repayment, and resumes of your development team.

Financial Data – You will need to provide all standard financial data including three years' financial statements and tax returns of the borrower and the opening balance sheet for newly formed entities. You may also need a personal financial statement and three years of personal tax returns.

Project Data – Key project details must be provided including the site plan, the project cost detail, construction and architect contracts, municipal works agreement, Federal/State/municipal approvals, contract for the sale of land and a copy of the deed. **Environmental Documentation** – The Borrower's Questionnaire is required with the application and the Satisfactory Phase I Environmental Report is required prior to closing.

Contractor Data – Contractor references with locations of prior projects, as well as a bonding reference will be needed.

Organization Documentation – Be prepared to have documentation for the organization seeking the loan, including the partnership agreement, joint venture agreement, corporate bylaws, corporate resolution, and LLC agreement, as applicable.

Local Approval. Express Approach.

As a business, you are always looking for new ways to grow and compete. At The Provident Bank, our dedicated team of professional lenders want to help you achieve these goals. Whether you are looking to expand your business, upgrade equipment, or supplement working capital to cover cash flow needs, we can help.

WEALTH MANAGEMENT MONITOR

The Wealth Management Group publishes a monthly economic commentary. Here are some excerpts from the April 2011 issue.

Economic Theme: Monetary Policy "Who do you believe, me or your eyes?"

The quote "Who do you believe, me or your eyes?" is attributed to the comedian Groucho Marx. We are not familiar with what context Groucho used the phrase. So you might ask, what is the connection between the quote and monetary policy? Well, it may qualify as a Bikram (the Yoga teacher) stretch, but Federal Reserve officials seem to have turned a blind eye to reality when it comes to inflation. That's because the Fed focuses on core inflation which excludes food and energy. As anyone who owns a car can attest, inflation is a reality at the pump. The Fed's narrow focus has important monetary policy implications because, if the spike in oil and other commodity prices is not "transitory" as Fed Chairman Bernanke suggested in his recent press conference, then the Fed will likely fall behind the curve in combating possible secondary inflation effects.

The Federal Reserve has two mandates affecting policy decisions: 1) inflation; and 2) full employment. Conveniently, we can forecast the path of monetary policy based on our expectations of core CPI and the unemployment rate.

(The full commentary includes a further discussion of the role and potential actions by the Fed.)

Bottom line, the spike in energy and other commodity prices could be more than transitory and could produce secondary inflation effects across a broader spectrum of consumer goods and services, ultimately influencing wage rates. Assuming economic growth is slowed but not aborted by this event, the Fed would be forced to acknowledge a greater inflation threat and act accordingly with eyes wide open.

Please visit our website – www.providentnj.com – to read the remainder of this Economic Commentary found under the Asset Management Services tab.

Disclosure - The Wealth Management Group of The Provident Bank has prepared this commentary for informational purposes. Nothing contained herein should be construed as (i) an offer to sell or a solicitation of an offer to buy any security or (ii) a recommendation as to the advisability of investing in, purchasing or selling any security or pursuing a particular investment strategy. Any opinions expressed herein reflect our best judgment as of the date of this publication and are subject to change. See the website for the remainder of this disclosure. The Provident Bank is not a tax advisor.

WEALTH MANAGEMENT... with personal navigation

Is your portfolio headed in the right direction? Are you getting the attention you deserve?

The Wealth Management Group at The Provident Bank can help you reach your financial goals with solid asset allocation strategies based on your personal financial risk preference.

Why is Asset Allocation Important?

Asset allocation, or how you divide your portfolio among different investment categories, has been shown to be a major driver of portfolio returns over time. Each category has had different historical returns and levels of risk or volatility. On a very long term basis, equities have provided the highest returns with the greatest risk and cash (often thought of as very short term US Treasury bills) has provided the lowest returns with the lowest risk. In its simplest form, asset allocation was just dividing investments into equity, fixed income and cash investments often based simply on one's age.

Asset allocation is not that simple in today's investment environment. Additional types of investments (emerging market equities, international equities, preferred equities, convertible bonds and gold) and subcategories (real return bonds and emerging market sovereign debt) must now be considered. In addition, markets change and your asset allocation strategy must have the flexibility to change as well.

Our Approach

We believe that the path to successful investing begins with a solid asset allocation strategy. We also believe your wealth management needs are unique. So before embarking on any strategic approach, we get to know you. To develop a truly personal investment plan we need to consider the amount and nature of your assets, short and long term goals, as well as your financial risk tolerance and time horizon.

Our wealth management advisors take the time to consider these issues with you and they have the expertise to create an asset allocation strategy reflective of your goals. Then we can develop an overall wealth management program tailored to suit you.

We understand that a successful relationship requires trust, loyalty and an open line of communication. Each client has a Wealth Advisor, a Client Service Officer and an Investment Manager Officer as part of our commitment to them. Our "high-touch and low-voicemail" policy is our way of making sure you and your investments get the attention you and they deserve.



THE PROVIDENT BANK WEALTH MANAGEMENT GROUP PRODUCTS AND SERVICES:

NOT FDIC INSURED – MAY GO DOWN IN VALUE – NOT FINANCIAL INSTITUTION INSURED – NOT A DEPOSIT – NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

ONLINE BUSINESS BANKING

Provident's Online Business Banking offers businesses a full service tool for managing all aspects of your account relationships. In this multi-user environment you can take advantage of the robust feature and functionality necessary to maintain control of your business finances.

Unique user profiles allow you to delegate account viewing and management to trusted employees, partners and accountants, while maintaining control of your accounts. Allow users access to certain accounts with varying levels of authority.

- ✓ Detailed transaction history
- ✓ Access check images
- ✓ Transfer funds between accounts with same day availability
- ✓ Pay bills
- ✓ View electronic statements
- ✓ Originate recurring ACH Transactions for collections and payments, including direct deposit
- ✓ Initiate Wire Transfers
- ✓ Manage commercial credit lines
- ✓ Place stop payments
- ✓ Set up and receive automatic balance alerts
- ✓ Flexible reporting, including wire transfer detail for up to 10 days
- ✓ Export account data into Quicken® or QuickBooks®.

In addition, you can request copies of checks, place a stop payment on a check or a range of checks, and reorder checks and deposit slips when your supply runs low.



CALL US AT 732-726-5441

AND OUR REPRESENTATIVES CAN DISCUSS HOW OUR CASH MANAGEMENT SERVICES CAN HELP YOUR BUSINESS.

When it comes to Check Fraud – Think Positive

Despite the growing use of online banking and online bill payment, many businesses still receive check payments. That is why it is still important to guard against fraudulent checks. The lost revenue, fees and time spent filling out paperwork is enough to make you swear off checks altogether. But before you do ... try Positive Pay – a check fraud

detection system that enables us to work together with our business customers to detect check fraud.

When checks are presented for payment at Provident, they are electronically validated against a check item file³ that you have provided to us. Checks that do not match the issued items, become exceptions that can be reviewed by authorized online banking personnel at your company.

The American Bankers Association estimates that an average of 1.2 million fraudulent checks enter the system each day and losses are growing at 2.5% annually – in spite of declining check volume.

Take Control of Electronic Debits and Credits

If your business receives payments electronically with ACH (Automatic Clearing House) – you would benefit from ACH fraud protection. Provident offers an ACH Blocked Account with Positive Authorization – for maximum protection from unauthorized ACH activity.

Simply provide us with authorized payment information to predefine entities that can debit or credit your account. Or as an alternative, you can have all ACH debits and credits held until authorization is provided by you. Should a suspicious ACH transaction be presented, our Operations department will contact you for a decision to pay or return the item. Only authorized transactions will post to your business account.