

PROVIDENT BANKSHARES
AND PROVIDENT BANK
CODE OF BUSINESS CONDUCT AND ETHICS

Compliance Standards

This Code of Business Conduct and Ethics shall apply to all officers, employees and directors of Provident Bankshares Corporation and Provident Bank ("Provident" or the "Company"). The Director of the Human Resources Division of Provident shall be responsible for applying these policies to situations involving officers and employees. The General Counsel of Provident shall have the same responsibility for matters involving members of the Board of Directors. Any questions relating to how these policies should be interpreted or applied shall be addressed to the Director of the Human Resources Division in the case of officers or employees and the General Counsel in the case of matters pertaining to Directors.

An officer or employee who is unsure of whether a situation violates this Code or who is aware of any questionable behavior shall discuss the situation with their immediate supervisor or the Director of the Human Resources Division. A director who is unsure of whether a situation violates this Code or who is aware of any questionable behavior shall discuss the situation with Provident's General Counsel.

Any officer or employee who becomes aware of any existing or potential violation of law, rule, regulation or this Code is required to notify the Director of the Human Resources Division immediately. Directors in possession of such information shall contact the General Counsel. Failure to do so is itself a violation of this Code. To encourage the proper reporting of any violations, Provident will not allow retaliation for reports made in good faith.

Conflicts of Interest

A "conflict of interest" occurs when an individual's private interests, real or perceived, interfere or appear to interfere with the interests of Provident. Conflicts of interest are prohibited as a matter of policy, unless they have been specifically approved by the Director of the Human Resources Division for situations involving officers and employees and the General Counsel for matters relevant to the Board of Directors. In particular, an officer, employee or director may never use or attempt to use his or her position to obtain any improper personal benefit for himself or herself, for his or her family, or for any other person. In addition, an officer, employee or director may never assume, or be subject to, any other duties, responsibilities or obligations that interfere with such person's duty to Provident.

The line between personal and Company benefit may sometimes be difficult to draw. Therefore, officers and employees who intend to make use of Provident's resources in a manner not solely for the benefit of Provident should consult with their immediate supervisor beforehand. Any officer or employee who is aware of a conflict of interest or is concerned that a conflict might develop should discuss the matter with their immediate supervisor. Members of the Board of Directors should discuss any such issues with Provident's General Counsel.

Full and Fair Disclosure

It is Provident's policy to comply with all applicable laws, rules and regulations related to the disclosures it makes to the SEC and to ensure that such disclosures are made fairly, accurately and timely. Provident shall disclose in its annual report filed with the SEC that it has adopted a Code of Business Conduct and Ethics for all of its officers, employees and directors, including its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Provident shall make a copy of this Code available to the public through an exhibit to the Company's annual report filed with the SEC and through a proper posting on the Company's internet website.

An officer, employee or director who is unsure of whether any particular disclosure is required under any applicable law, rule or regulation shall discuss the situation with Provident's General Counsel.

Any violation of applicable law, rule or regulation related to the disclosures the Company makes to the SEC shall be dealt with and promptly disclosed to the applicable law enforcement authorities.

Compliance with Laws, Rules and Regulations

It is Provident's policy to comply with all applicable laws, rules and regulations. It is the personal responsibility of each officer, employee and director to adhere to the standards and restrictions imposed by those laws, rules and regulations.

An officer, employee or director who is unsure of whether a situation violates any applicable law, rule or regulation shall discuss the situation with Provident's General Counsel.

Any violation of applicable law, rule or regulation, including any conflict of interest that rises to such a level, will be dealt with and promptly disclosed to the applicable law enforcement authorities.

Confidentiality

In carrying out Provident's business, officers, employees and directors may learn confidential or proprietary information about the Company, its customers, suppliers, or joint venture parties. Officers, employees and directors shall maintain the confidentiality of all information so entrusted to them, except when disclosure is authorized or legally mandated. Confidential or proprietary information of Provident, and of other companies, includes any non-public information that would be harmful to the relevant company or useful or helpful to competitors if disclosed.

Fair Dealing

Provident succeeds through honest business competition. The Company does not seek to gain competitive advantages through illegal or unethical business practices. Each officer, employee and director shall deal fairly with one another and with customers, service providers, suppliers, and competitors. No officer, employee or director may take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing or practice.

Protection and Proper Use of Company Assets

All officers, employees and directors shall protect Provident's assets and ensure their efficient use. All such assets may be used only for legitimate business purposes.

Securities Laws and Insider Trading

It is both illegal and against Provident policy for any individual to profit from nonpublic information relating to Provident or any other company. Anyone who is aware of material nonpublic information relating to Provident may not purchase or sell any of the Company's securities. It is also against policy for any officer, employee or director, who may have inside or unpublished knowledge about any of Provident's customers, or any other company, to purchase or sell the securities of those companies.

If an officer, employee or director is uncertain about the legal rules involving the purchase or sale of any Provident securities or any securities in companies with which they become familiar by virtue of their association with Provident, they should consult with Provident's General Counsel before making any such purchase or sale.

Waivers of this Code

From time to time, Provident may waive some provisions of this Code. Any officer or employee who believes that a waiver may be called for should contact the Director of the Human Resources Division. Directors requesting a waiver should contact Provident's General Counsel. Under the rules of the Nasdaq Stock Market, any waiver of the Code for executive officers or directors of Provident may be made only by the Board of Directors and must promptly be disclosed to shareholders, along with the reasons for the waiver. Such disclosure shall be made in the Company's public filings, not later than the next periodic report.

In addition, any amendment or waiver of this Code that applies to Provident's principal executive officer, principal financial officer, principal accounting officer or controller, or person performing similar functions, shall be disclosed in a Form 8-K filed by Provident or posted on Provident's internet website, within five business days of such amendment or waiver. The disclosure shall include a brief description of the nature of the amendment or waiver and, in the case of a waiver, the name of the person to whom the waiver was granted and the date of the waiver. Such disclosure shall be required with respect to any material departure from a provision of this Code, or the failure by Provident to take action within a reasonable period of time regarding a material departure from a provision of this Code. No disclosure in a Form 8-K or by posting on the Company's internet website, however, shall be required for technical, administrative or other non-substantive amendments of this Code.

Enforcement

Provident intends to enforce the provisions of this Code in a consistent manner. Enforcement shall commence promptly following notice of any violation or alleged violation of this Code. The Director of the Human Resources Division and the General Counsel shall be responsible for receiving such notices and for applying the provisions of this Code to situations that violate or potentially violate this Code.

To determine whether a violation of this Code has occurred, an initial investigation may be made by or under the direction of the Director of the Human Resources Division and the General Counsel. The results of such investigation shall be presented in a written report to the Board of Directors, or a committee of the Board of Directors. The Board of Directors, or such committee, as applicable, shall take further action to enforce the provisions of this Code.