PROVIDENT FINANCIAL SERVICES INC
Form 11-K
June 28, 2005

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT
PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

[x] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED, EFFECTIVE OCTOBER 7, 1996].

For the fiscal year ended December 30, 2004

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED].

For the transition period from _______________ to _______________________

Commission File Number 001-31566

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

The Provident Bank Employee Savings Incentive Plan

B: Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Provident Financial Services, Inc.
830 Bergen Avenue
Jersey City, New Jersey 07306-4599

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Provident Financial Services, Inc.:

We consent to the incorporation by reference in registration statement no. 333-103041 on Form S-8 of Provident Financial Services, Inc. of our report dated June 17, 2005, relating to the financial statements of The Provident Bank Employee Savings Incentive Plan as of December 30, 2004 and 2003, and for the years then ended, and supplemental schedule of assets held for investment purposes at end of year as of December 30, 2004, which report appears in the Annual Report on Form 11-K of The Provident Bank Employee Savings Incentive

Plan.

/S/ KPMG LLP

Short Hills, New Jersey
June 28, 2005

THE PROVIDENT BANK
EMPLOYEE SAVINGS INCENTIVE PLAN

Financial Statements and Schedule

December 30, 2004 and 2003

(With Report of Independent Registered Public Accountant Thereon)

THE PROVIDENT BANK
EMPLOYEE SAVINGS INCENTIVE PLAN

Notes to the Financial Statements
December 30, 2004 and 2003

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Report of Independent Registered Public Accounting Firm

Benefits Committee
The Provident Bank:

We have audited the accompanying statements of net assets available for plan benefits of The Provident Bank Employee Savings Incentive Plan (the "Plan") as of December 30, 2004 and 2003, and the related statements of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (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 financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of The Provident Bank Employee Savings Incentive Plan as of December 30, 2004 and 2003, and the changes in net assets available for plan benefits for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedule of assets (held at end of year) is presented for purposes of additional analysis and is not a required part of the 2004 basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the 2004 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2004 basic financial statements taken as a whole.

/s/ KPMG LLP

June 17, 2005

THE PROVIDENT BANK
EMPLOYEE SAVINGS INCENTIVE PLAN

Statements of Net Assets Available
For Benefits

December 30, 2004 and 2003

2004

Assets:	
Investments, at fair value	$ 23,287,
Participant loans receivable	478,
Contributions receivable	24,
Fee sharing receivable	47,
Liabilities:	
Participant loans payable	
Other payables	5,
Net assets available for benefits	$ 23,832,

See accompanying notes to financial statements.

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THE PROVIDENT BANK
EMPLOYEE SAVINGS INCENTIVE PLAN

Statements of Changes in Net Assets
Available for Benefits

Years ended December 30, 2004 and 2003

	2004
Additions:	
Interest income	$ 14,
Dividend income	103,
Realized and unrealized appreciation of investments	1,078,
Employee contributions	1,989,
Employer contributions	721,
Total additions	3,908,
Deductions:	
Distributions	1,169,
Administrative expenses	137,
Total deductions	1,307,

Increase in net assets	2,601,
Net assets available for benefits at beginning of year	21,230,
Net assets available for benefits at end of year	$ 23,832,

See accompanying notes to financial statements.

THE PROVIDENT BANK
EMPLOYEE SAVINGS INCENTIVE PLAN

Notes to the Financial Statements
December 30, 2004 and 2003

(1) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis of accounting. The Provident Bank Employee Savings Incentive Plan (the "Plan") is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

(b) Funds and Accounts Managed by UBS Fiduciary Trust Company

Under the terms of a trust agreement between the UBS Fiduciary Trust Company (the "custodian") and The Provident Bank (the "Bank"), the custodian manages nine funds on behalf of the Plan. The custodian holds the Plan's investment assets and executes transactions therein. The investments in the funds have been reported to the Bank by the custodian as having been determined through the use of current values for all assets.

(c) Use of Estimates

The plan administrator has made estimates and assumptions relating to the preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(d) Concentration of Risk

The assets of the Plan are primarily financial instruments which are monetary in nature. As a result, interest rates have a more significant impact on the Plan's performance than the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or in the same magnitude as the prices of goods and services as measured by the consumer price index. Investments in investment funds are subject to risk conditions of the individual fund objectives, stock market fluctuations, interest rates, economic conditions and world affairs.

(2) Plan Description

The Plan is a voluntary, participant-directed defined contribution plan sponsored by the Bank and covers all employees who are at least 18 years old and who have completed one year of continuous service, as defined, with the Bank and who have worked at least 1,000 hours during such year. The following description of the Plan provides only general information. Eligible employees who participate should refer to the Plan Agreement for a more complete description of the Plan's provisions.

(a) Employee Contributions

Until March 31, 2003, participants could elect to make voluntary contributions of 1% to 5% of their compensation, as defined. Beginning April 1, 2003, the Plan was amended to allow participants to elect to make tax-deferred contributions up to the maximum amount allowed by the Internal Revenue Service.

(b) Employer Contributions

In 2004, contributions were made by the Bank in an amount equal to 50% of the first 6% of a participant's eligible contributions. Until March 31, 2003, contributions were made by the Bank in an amount equal to 100% of the employee's contributions. Effective April 1, 2003, contributions were made by the Bank in an amount equal to 75% of the first 6% of a participant's eligible contributions. The Board of Directors sets the Bank's matching contribution rate annually, and has the power, in its sole discretion, to set the amount, and it may suspend or alter Bank contributions.

(c) Vesting

Participants are always fully vested in their contributions and income or losses thereon. Employer contributions and income or losses thereon are vested as follows: 33% vested at the end of the first year of service, 67% vested at the end of the second year of service, and 100% vested at the end of the third year of service. Additionally, a participant shall become 100% vested if he terminates employment on or after he attains age 65, or as a result of his death or disability.

(d) Forfeitures

Forfeitures of non-vested contributions used to reduce subsequent employer contributions for the years ended December 30, 2004 and 2003 amounted to $15,642 and $14,008 respectively.

(e) Participant Loans

Upon written application by a participant, the administrator may direct that a loan be made from his account. The maximum permissible loan available shall not exceed the lesser of (i) $50,000 with certain restrictions or (ii) 50% of his account. Any loan made must generally be repaid within a period not to exceed the earlier of termination of employment or five years. Loans bear a reasonable rate of interest and, once fixed, remain in effect for the duration of the loan.

Principal and interest are paid ratably through bi-weekly payroll deductions.

(f) Withdrawals/Benefit Payments

During employment, participants may make withdrawals in cash of vested amounts contributed prior to April 1, 2003. Vested amounts contributed by the participants on or after April 1, 2003 are eligible for hardship withdrawals, which may be subject to a withdrawal penalty. Upon retirement or termination of employment, participants may, under certain conditions, elect to receive vested amounts in (i) a cash lump

sum, or (ii) equal monthly, quarterly, semi-annual or annual installments over a period not to exceed the life expectancy of the participant or the combined life expectancy of the participant and his designated beneficiary.

(g) Participants' Accounts

Separate accounts for each participant are maintained and credited with the participant's contributions, the Bank's contributions made on behalf of that participant and the participant's proportionate share, as defined, of Plan earnings or losses. The benefit to which a participant is entitled is the benefit that can be provided from his account.

(h) Investment Valuation

Investments are valued at fair market value. Investment transactions are recorded on a trade date basis.

(3) Plan Expenses

Certain costs of administrative services rendered on behalf of the Plan are borne by the Bank.

(4) Plan Termination

The Plan has no termination date, and it is the Bank's intention to continue the Plan indefinitely. However, the Bank may discontinue contributions or terminate the Plan by action of its Board of Directors. Upon termination of the Plan, the amounts credited to participant accounts would become fully vested.

(5) Federal Income Taxes

The Internal Revenue Service issued its latest determination letter on January 6, 2004 which stated that the Plan and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and therefore are exempt from federal income taxes. In the opinion of the plan administrator, the Plan and its underlying trust have operated within the terms of the Plan and remain qualified under the applicable provisions of the Internal Revenue Code.

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THE PROVIDENT BANK
EMPLOYEE SAVINGS INCENTIVE PLAN

Notes to the Financial Statements
December 30, 2004 and 2003

(6) Investments

Investments at December 30, 2004 and 2003 consisted of mutual funds, loans to participants and common stock issued by Provident Financial Services, Inc. At December 30, 2004 and 2003, individual investments in excess of 5% of net assets available for plan benefits are as follows:

	2004	2003
UBS Fiduciary Trust Company:		
Provident Financial Services, Inc., investment in common stock	$ 8,400,150	8,475,089
Capital growth portfolio	2,695,094	2,427,841
Guaranteed investment contracts portfolio	2,291,763	2,257,296
Conservative equity portfolio	2,619,514	2,046,583
Balanced value portfolio	2,008,463	1,747,143
Overseas equity portfolio	1,802,196	1,223,935
Money market portfolio	1,462,066	1,050,540

The increase (decrease) in realized and unrealized appreciation of investments for the years ended December 30, 2004 and 2003 is as follows:

	2004	2003

Provident Financial Services, Inc., investment in common stock	$ (15,629)	4,190,968
Capital growth portfolio	119,309	346,628
Guaranteed investment contracts portfolio	76,691	82,195
Conservative equity portfolio	326,344	486,483
Balanced value portfolio	105,223	256,107
Overseas equity portfolio	374,928	421,524
Mid-cap growth portfolio	35,705	169,673
Strategic bond portfolio	56,312	64,406
	$ 1,078,883	6,017,984

(7) Other Contributions

During 2004, several errors were discovered with respect to the calculation of benefits under the Plan during the 2001 through 2003 Plan Years. The errors resulted from the misapplication of the Plan's definition of compensation and/or coding errors in the computerized payroll program. To the extent the errors could be corrected by plan amendment, such plan amendments were adopted and included in the determination letter request (Form 1023) filed with the Internal Revenue Service on March 31, 2005. The remaining errors were self-corrected without having to notify the Internal Revenue Service, through the Bank making corrective contributions to restore the affected participants' account balances to what they would have been had the failures not occurred. These corrective contributions totaled $26,905, in the aggregate, and were recorded in 2004.

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Schedule 1

THE PROVIDENT BANK
EMPLOYEE SAVINGS INCENTIVE PLAN

Schedule H, Item 4(i) - Schedule of Assets (Held at End of Year)

December 30, 2004

	Cost
UBS Fiduciary Trust Company	
General account	$ 135,979
Money market portfolio	1,462,066
Guaranteed investment contracts portfolio	1,899,599
Balanced value portfolio	1,546,186
Conservative equity portfolio	1,882,150
Capital growth portfolio	2,348,057
Mid-cap growth portfolio	965,847
Overseas equity portfolio	1,196,401
Strategic bond portfolio	772,536

		12,208,821
Provident Financial Services, Inc., investment in common stock	$	5,009,275

See accompanying report of independent registered public accountant.

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SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

THE PROVIDENT BANK
EMPLOYEE SAVINGS INCENTIVE PLAN

By: UBS FIDUCIARY TRUST COMPANY,
TRUSTEE
AS DIRECTED TRUSTEE

Date: June 28, 2005

By: /s/ Georgette Thomas

Name: Georgette Thomas
Title: Vice President