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PROVIDENT FINANCIAL SERVICES INC  
Form 11-K  
June 28, 2004

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

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 31, 2003  
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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 \_\_\_\_\_

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 18, 2004, relating to the financial statements of The Provident Bank Employee Savings Incentive Plan as of December 30, 2003 and 2002, and for the years then ended, and supplemental schedules of assets held for investment purposes at end of year as of December 30, 2003 and reportable transactions for the year ended December 30, 2003, which report appears in the Annual Report on Form 11-K of The Provident Bank Employee Savings Incentive Plan.

/s/ KPMG LLP

KPMG LLP

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Short Hills, New Jersey  
June 28, 2004

THE PROVIDENT BANK  
EMPLOYEE SAVINGS INCENTIVE PLAN  
Financial Statements and Schedule  
December 30, 2003 and 2002  
(With Report of Independent Registered Public Accountant Thereon)

THE PROVIDENT BANK  
EMPLOYEE SAVINGS INCENTIVE PLAN  
FINANCIAL STATEMENTS AND SCHEDULE

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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 benefits of The Provident Bank Employee Savings Incentive Plan as of December 30, 2003 and 2002, and the related statements of changes in net assets available for 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 benefits of The Provident Bank Employee Savings Incentive Plan as of December 30, 2003 and 2002, and the changes in net assets available for 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 supplemental schedules of assets held for investment purposes at end of year as of December 30, 2003, and reportable transactions for the year ended December 30, 2003, are presented for the purpose of additional analysis and are not a required part of the basic 2003 financial statements but are 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. The supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic 2003 financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic 2003 financial statements taken as a whole.

KPMG

Short Hills, New Jersey  
June 18, 2004

THE PROVIDENT BANK  
EMPLOYEE SAVINGS INCENTIVE PLAN

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Statements of Net Assets Available  
for Benefits

December 30, 2003 and 2002

|                                   | 2003          | 2002       |
|-----------------------------------|---------------|------------|
|                                   | -----         | -----      |
| Assets:                           |               |            |
| Investments, at fair value        | \$ 20,902,945 | 14,017,983 |
| Participant loans receivable      | 216,957       | --         |
| Contributions receivable          | 97,534        | 86,394     |
| Fee sharing receivable            | 47,260        | 47,260     |
| Accrued interest receivable       | --            | 2,570      |
|                                   | -----         | -----      |
| Liabilities:                      |               |            |
| Participant loans payable         | 4,500         | --         |
| Other payables                    | 29,299        | --         |
|                                   | -----         | -----      |
| Net assets available for benefits | \$ 21,230,898 | 14,154,206 |
|                                   | =====         | =====      |

See accompanying notes to financial statements.

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The Provident Bank  
Employee Saving Incentive Plan

Statement of Changes in Net Assets  
Available for Benefits

Year ended December 30, 2003 and for 2002

|   | 2003      | 2002        |
|---|-----------|-------------|
|   | -----     | -----       |
| Additions:  |           |             |
| Interest income   | \$ 14,907 | 14,817      |
| Dividend income   | 60,656    | --          |
| Fee sharing income  | --        | 47,260      |
| Realized and unrealized (depreciation)<br>appreciation of investments | 6,017,984 | (2,613,486) |
| Employee contributions  | 1,642,385 | 1,084,968   |
| Employer contributions  | 1,024,598 | 1,203,029   |

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|   |              |             |
|---|--------------|-------------|
|   | -----        | -----       |
| Total additions   | 8,760,530    | (263,412)   |
|   | -----        | -----       |
| Deductions:   |              |             |
| Distributions   | 1,559,776    | 1,128,484   |
| Administrative expenses                                   | 124,062      | 202,629     |
|   | -----        | -----       |
| Total deductions  | 1,683,839    | 1,331,113   |
|   | -----        | -----       |
| Increase (decrease)<br>in net assets                      | 7,076,692    | (1,594,525) |
|   |              |             |
| Net assets available for benefits<br>at beginning of year | 14,154,206   | 15,748,731  |
|   | -----        | -----       |
| Net assets available for<br>benefits at end of year       | \$21,230,898 | 14,154,206  |
|   | =====        | =====       |

See accompanying notes to financial statements

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The Provident Bank  
Employee Saving Incentive Plan

Notes to the Financial Statements

Year ended December 30, 2003 and for 2002

(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

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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 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, but not more than \$12,000, which is the maximum amount allowed by the Internal Revenue Service.

(b) Employer 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 are made by the Bank in an amount equal to 75% of the first 6% of a participant's eligible contribution. The Board of Directors sets the rate annually, and has the power, in its sole discretion, to set the amount for any calendar quarter, and it may suspend or alter Bank contributions for any quarter thereafter.

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The Provident Bank  
Employee Saving Incentive Plan

Notes to the Financial Statements

Year ended December 30, 2003 and for 2002

(c) Vesting

Participants are always fully vested in their contributions and

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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 are used to reduce subsequent employer contributions. Forfeitures for the year ended December 30, 2003 and 2002 amounted to \$14,008 and \$54,746 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 made prior to April 1, 2003, upon 30 days written notice prior to any valuation date. Withdrawal of amounts that vest on or after April 1, 2003 are subject to a withdrawal penalty unless it is determined to be as a result of a financial hardship. 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.

The Provident Bank  
Employee Saving Incentive Plan

Notes to the Financial Statements

Year ended December 30, 2003 and for 2002

(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.

(6) Investments

At December 30, 2003 and 2002, individual investments in excess of 5% of net assets available for plan benefits are as follows:

|  | 2003        | 2002      |
|--|-------------|-----------|
|  | -----       | -----     |
| UBS Fiduciary Trust Company:   |             |           |
| Provident Financial Services,<br>Inc., investment in common<br>stock | \$8,475,089 | --        |
| Capital growth portfolio   | 2,427,841   | 1,784,533 |
| Guaranteed investment<br>contracts portfolio                         | 2,257,296   | 2,019,496 |
| Conservative equity portfolio  | 2,046,583   | 1,367,380 |
| Balanced value portfolio   | 1,747,143   | 1,446,833 |
| Overseas equity portfolio  | 1,223,935   | --        |
| General Account  | --          | 5,031,364 |

The increase (decrease) in realized and unrealized appreciation of investments for the years ended December 30, 2003 and 2002 is as follows:

|  | 2003         | 2002      |
|--|--------------|-----------|
|  | -----        | -----     |
| Provident Financial Services,<br>Inc., investment in common<br>stock | \$ 4,190,968 | --        |
| Capital growth portfolio   | 346,628      | (903,538) |
| Guaranteed investment  |              |           |



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|                               |              |             |
|-------------------------------|--------------|-------------|
| contracts portfolio           | 82,195       | 120,796     |
| Conservative equity portfolio | 486,483      | (849,410)   |
| Balanced value portfolio      | 256,107      | (319,723)   |
| Overseas equity portfolio     | 421,524      | (279,408)   |
| Mid-cap growth portfolio      | 169,673      | (460,471)   |
| Strategic bond portfolio      | 64,406       | 78,268      |
|                               | -----        | -----       |
|                               | \$ 6,017,984 | (2,613,486) |

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Schedule 1

THE PROVIDENT BANK  
EMPLOYEE SAVINGS INCENTIVE PLAN

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

December 30, 2003

|  | Cost      | Market<br>value |
|--|-----------|-----------------|
|  | -----     | -----           |
| UBS Fiduciary Trust Company  |           |                 |
| General account  | \$ 42,538 | 42,538          |
| Money market portfolio   | 1,050,540 | 1,050,540       |
| Guaranteed investment  |           |                 |
| contracts portfolio  | 1,872,530 | 2,257,296       |
| Balanced value portfolio   | 1,350,498 | 1,747,143       |
| Conservative equity portfolio  | 1,581,559 | 2,046,583       |
| Capital growth portfolio   | 2,160,117 | 2,427,841       |
| Mid-cap growth portfolio   | 888,219   | 831,258         |
| Overseas equity portfolio  | 934,199   | 1,223,935       |
| Strategic bond portfolio   | 671,929   | 771,425         |
| Provident Financial Services,<br>Inc., investment in common<br>stock | 4,796,161 | 8,475,089       |
|  | =====     | =====           |

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See accompanying report of registered independent public accountant.

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Schedule 2

THE PROVIDENT BANK  
EMPLOYEE SAVINGS INCENTIVE PLAN

Schedule H, Item 4(j) - Schedule of Reportable Transactions

Year ended December 30, 2003

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| Description of investments                                      | Number of trans- actions | Purchase price | Selling price | Cos |
|---|--------------------------|----------------|---------------|-----|
| UBS Global Asset Management-                                    |                          |                |               |     |
| Money market portfolio  | 9                        | \$ 444,505     | 306,938       | 306 |
| Guaranteed investment contracts portfolio                       | 3                        | \$ 121,716     | 319,099       | 259 |
| Mid-cap growth portfolio  | 2                        | \$ 71,201      | --            |     |
| Overseas equity portfolio                                       | 1                        | \$ 35,573      | --            |     |
| Provident Financial Services, Inc., investment in common stock* | 92                       | \$ 995,153     | 1,453,390     | 925 |

\* A party-in-interest as defined by ERISA

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See accompanying report of registered independent 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 14, 2004

By: /s/ Steve Awerman  
Name: Steve Awerman  
Title: Vice President