PROVIDENT FINANCIAL SERVICES INC
Form 11-K
June 28, 2007

UNITED STATES
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

For the fiscal year ended December 31, 2006

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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 401(k) 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

REQUIRED INFORMATION

Report of Independent Registered Public Accounting Firm

The Board of Directors
Provident Financial Services, Inc. :

We have audited the accompanying statements of net assets available for plan benefits of The Provident Bank 401(k) Plan (the "Plan") as of December 31, 2006 and 2005, 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 401(k) Plan as of December 31, 2006 and 2005, 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 supplemental Schedule H, Line 4a- Schedule of Delinquent Participant Contributions for the year ended December 31, 2006 and Schedule H, Line 4i- Schedule of Assets (Held at End of Year) as of December 31, 3006, are presented for additional analysis and are not a required part of the 2006 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. 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 2006 basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the 2006 basic financial statements taken as a whole.

/s/ KPMG LLP

Short Hills, New Jersey
June 27, 2007

THE PROVIDENT BANK 401(k) PLAN
Statements of Net Assets Available for Plan Benefits
December 31, 2006 and 2005

	2006
Assets:	
Investments at fair value	$ 37,61
Participant loans receivable	71
Contributions receivable	1
Net assets available for plan benefits at fair value	38,35
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	33
Net assets available for plan benefits	$ 38,68

See accompanying notes to financial statements.

THE PROVIDENT BANK 401(k) PLAN
Statements of Changes in Net Assets Available for Plan Benefits
Years ended December 31, 2006 and 2005

	2006
Additions:	
Interest income	$ 271,
Dividend income	260,
Net realized gains (losses) on sales of investments	137,
Net appreciation (depreciation) of investments	1,770,
Employee contributions	2,191,
Employer contributions	361,
Rollover contributions	3,906,

Transfers from predecessor plan	
Total additions	8,899,
Deductions:	
Distributions	3,507,
Administrative expenses	4,
Total deductions	3,511,
Increase in net assets available for plan benefits	5,387,
Net assets available for plan benefits at beginning of year	33,296,
Net assets available for plan benefits at end of year	$ 38,683,

See accompanying notes to financial statements.

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THE PROVIDENT BANK 401(k) PLAN
Notes to Financial Statements
December 31, 2006 and 2005

(1) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. The Provident Bank 401(k) Plan (the "Plan") is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

(b) Plan Changes

Effective September 30, 2005, The Provident Bank Employee Savings Incentive Plan was merged into the Incentive Savings Plan for the Employees of First Savings Bank. The merged plan was re-named The Provident Bank 401(k) Plan.

(c) Funds and Accounts Managed by Principal Trust Company

Under the terms of a trust agreement between the Principal Trust Company (the "Custodian") and The Provident Bank (the "Bank"), the Custodian managed funds on behalf of the Plan. The Custodian held the Plan's investment assets and executed transactions relating to such assets. The investments in the funds were reported to the Bank by the Custodian as having been determined through the use of current values for all assets.

(d) Use of Estimates

The plan administrator has made estimates and assumptions relating to the preparation of the financial statements under U.S. generally accepted accounting principals. Actual results could differ from those estimates.

(e) 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 financial 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. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for plan benefits.

(f) Investment Valuation

Securities are recorded on the trade date and are stated at fair value. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the plan year. Securities for which no sale was reported on that date are valued at the average of the last reported bid and asked prices. Investments not traded on a national securities exchange are valued at fair value determined by the Plan's investment managers. Investments and changes therein are reported at fair value for all assets of the Plan. Loans receivable from participants are valued at their outstanding balance, which approximates fair value.

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THE PROVIDENT BANK 401(k) PLAN
Notes to Financial Statements
December 31, 2006 and 2005

As of December 31, 2006, the Plan adopted Financial Accounting Standards Board ("FASB") Staff Position FSP AAG INV-1 and Statement of Position No. 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans (the "FSP"). The FSP requires the Statement of Net Assets Available for Plan Benefits to present the fair value of the Plan's investments as well as the adjustment from fair value to contract value for the fully benefit-responsive investment contracts. The Statement of Changes in Net Assets Available for Plan Benefits is prepared on a contract value basis for the fully benefit-responsive investment contracts. The FSP was applied retroactively to the prior period presented on the Statement of Net Assets Available for Benefits as of December 31, 2005.

The investment contracts are presented at fair value on the statement of net assets available for plan benefits. The investments in the fully benefit-responsive investment contracts are also stated at contract value, which is equal to principal balance plus accrued interest. As provided in the FSP, an investment contract is generally valued at contract value, rather than fair value, to the extent it is fully benefit-responsive. The fair value of fully benefit-responsive investment contracts is calculated using a discounted cash flow model, which considers recent fee bids as determined by recognized dealers, discount rate and the duration of the underlying portfolio securities.

(g) Income Recognition

Interest income is recorded as earned on the accrual basis. Dividend income is recorded on the ex-dividend date.

(h) Reclassifications

Certain prior period amounts have been reclassified to conform to the current year presentation.

(2) Plan Description

The Plan is a voluntary, participant-directed defined contribution plan sponsored by the Bank and covers all employees, as defined, with the Bank. The following description of the Plan provides only general information. Eligible employees who participated in the Plan should refer to the Plan documents for a more complete description of the Plan's provisions.

(a) Employee Contributions

Participants may elect to make tax-deferred contributions up to the maximum amount allowed by the Internal Revenue Service.

Catch-Up Contributions

A participant may make "catch-up" contributions if the maximum annual amount of regular contributions is made and the participant is age 50 or older. The maximum allowable catch-up contribution limit is $5,000 (for 2006). Catch-up contributions are not eligible for the employer's matching contributions. Tax law requires that a participant's catch-up contributions be reclassified as regular contributions if the participant elects catch-up contributions and fails to make the maximum allowable regular 401(k) contribution. Reclassified catch-up contributions are also not eligible for the employer's matching contribution.

(b) Employer Contributions

In 2006 and 2005, contributions were made by the Bank in an amount equal to 25% of the first 6% of a participant's eligible contributions. The Bank's Board of Directors sets the Bank's matching contribution rate in its sole discretion.

(c) Vesting

Participants are always fully vested in their contributions and income or losses thereon. Prior to October 1, 2005, employer contributions and income or losses thereon were also fully vested. Effective October 1, 2005, employer contributions and income or losses thereon were 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 or she terminates employment on or after he or she attains age 65, or as a result of his or her death or disability.

Effective January 1, 2006, the Plan was amended to provide that all contributions to a participant's account are fully vested.

(d) Forfeitures

For the year ended December 31, 2005, forfeitures of non-vested contributions used to reduce subsequent employer contributions amounted to $15,506.

(e) Participant Loans

Upon written application by a participant, the plan administrator may have directed that a loan be made from the participant's account. The maximum permissible loan available was limited to the lesser of (i) $50,000 with certain restrictions or (ii) 50% of his or her account. Any loan made must generally be repaid within a period not to exceed the earlier of termination of employment or five years. The term of the loan may exceed 5 years for the purchase of a primary residence. Loans bear a reasonable rate of interest and, once fixed, the rate of interest remains in effect for the duration of the loan.

Principal and interest was paid ratably through bi-weekly payroll deductions or directly by the participants to the trustee.

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THE PROVIDENT BANK 401(k) PLAN
Notes to Financial Statements
December 31, 2006 and 2005

(f) Benefit Payments/Withdrawals

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 or her designated beneficiary. During employment, participants may make cash withdrawals of post-tax participant contributions and related vested employer matching contributions and earnings thereon once per year without penalty. Hardship withdrawals of pre-tax participant contributions are also permitted once per year, but with a penalty. Such benefits are recorded when paid.

(g) Participant Accounts

Separate accounts for each participant were 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 or her account.

(h) Investment Valuation

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

(3) Plan Expenses

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

(4) Plan Termination

Although it has not expressed an intention to do so, the Bank has the right to terminate the Plan subject to the provisions of ERISA. 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 February 25, 2005, 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. The Plan has been amended since receiving the determination letter. However, in the opinion of the Plan administrator and the Plan's tax counsel, 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

Investments at December 31, 2006 and 2005 consisted of mutual funds, loans to participants and common stock issued by Provident Financial Services, Inc. At December 31, 2006 and 2005, individual investments in excess of 5% of the fair value of the net assets available for plan benefits were as follows:

	2006
Provident Financial Services, Inc., investment in common stock	$ 11,872,38
Principal Life Insurance Company:	
Investors Large Company Growth	3,625,30
Principal Investors Lifetime Strategic Income Separate Account	2,915,23
Principal Diversified International Separate Account	3,200,64
Principal Fixed Income 401(a)/(k)	6,290,58
Principal Large Cap Value II Separate Account	3,471,41

For the years ended December 31, 2006 and 2005, the Plan's net appreciation/(depreciation) of investments was as follows:

	2006
Investments in mutual funds	$ 2,026,
Investment in Provident Financial Services, Inc. common stock	(255,
	$ 1,770,

(7) Changes in the Plan

There were no significant amendments to the Plan during the years ended December 31, 2006 and 2005.

(8) Related Party Transactions

Certain Plan investments are shares of mutual funds managed by The Principal Financial Group ("Principal"). Principal is also the trustee and record keeper as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions.

(9) Prohibited Transactions

The Bank discovered an error in the operation of the Plan for the 2006 Plan Year. During October 2006, the Bank learned that it had inadvertently transmitted to the Plan's trustee duplicate information on participant elective deferral contributions and loan repayments in consecutive payrolls in September 2006. Specifically, elective deferral contributions and loan payments with respect to the payroll ended September 15, 2006 were correctly transmitted to the Plan's trustee on September 13, 2006, but were subsequently retransmitted to the Plan's trustee with respect to the payroll ended September 29, 2006. As a result of this error, some Plan participants received larger or smaller elective deferral contributions than they were entitled to receive for the payroll ended September 29, 2006, and several incorrect participant loan payments were credited to certain participant loans. The net shortfall to the Plan was approximately $537, consisting of excess allocations of approximately $5,058, and under allocations of approximately $5,595. The Bank corrected the error by contributing an additional $537 to the Plan in November 2006, and reallocating elective deferral contributions and loan payments among participant accounts. The Bank is currently preparing a submission under the Department of Labor's Voluntary Fiduciary Correction Program ("VFCP") to correct any outstanding issues concerning the duplicate payroll contribution.

(10) Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of the employee contributions per the financial statements for the year ended December 31, 2006 to the Form 5500:

	2006
Employee Contributions per the Financial Statements	$ 2,191,613
Corrective Distributions	20,695
Total Employee Contributions per the Form 5500	$ 2,212,308

(11) Subsequent Events

Effective January 1, 2007, the Plan was amended to clarify automatic enrollment procedures, to allow participants to have two loans outstanding at one time and to reduce the minimum loan amount from $3,000 to $2,000.

Effective April 1, 2007, First Morris Bank & Trust ("First Morris") merged with and into the Bank. As a result, the Plan was amended to give former First Morris employees who continued to be employed by the Bank ("Continuing Employees") credit for service with First Morris to determine eligibility to enroll in the Plan. The Plan was further amended to allow eligible Continuing Employees to commence participation in the Plan effective April 30, 2007.

THE PROVIDENT BANK 401(k) PLAN
Schedule H, line 4a- Schedule of Delinquent Participant Contributions
Year ended December 31, 2006

(a) Identity of Party Involved	(b) Relationship to plan, employer, or other party in interest	(c) Description of transaction, including rate of interest	(d) Amount on 4(a)
The Provident Bank	Employer	Employee contributions not deposited to Plan in timely manner.	$5,5

During 2006, The Provident Bank delayed in submitting employee contributions in the amount of $5,595 to the Plan unintentionally. As soon as administratively possible, The Provident Bank will reimburse the Plan for lost interest in the amount of $52.

See accompanying report of independent registered public accounting firm.

THE PROVIDENT BANK 401(k) PLAN
Schedule H, line 4i- Schedule of Assets (Held at End of Year)
December 31, 2006

Identity of Issuer	Description of Investment	Cost
Principal Life Insurance Company *	Insurance Company General Principal Fixed Income 401(A)/(K)	6,376,469
Principal Life Insurance Company *	Pooled Separate Accounts Principal Bind and Mtg Acc	1,186,244
MFS Investment Manager	Registered Investment Company MFS High-Yield Opp A Fund	249,817
Principal Life Insurance Company *	Pooled Separate Accounts Principal Lg Cp Stk Idx Sep Acct	177,114
Principal Life Insurance Company *	Pooled Separate Accounts Principal Lifetm Str Inc Sep Acct	2,667,001
Principal Life Insurance Company *	Pooled Separate Accounts Principal Lifetm 2010 Sep Acct	146,814
Principal Life Insurance Company *	Pooled Separate Accounts Principal Lifetm 2020 Sep Acct	394,310
Principal Life Insurance Company *	Pooled Separate Accounts Principal Lifetm 2030 Sep Acct	276,078
Principal Life Insurance Company *	Pooled Separate Accounts Principal Lifetm 2040 Sep Acct	93,554
Principal Life Insurance Company *	Pooled Separate Accounts Principal Lifetm 2050 Sep Acct	49,559
Principal Life Insurance Company *	Pooled Separate Accounts Prin Ptr Lg-Cap Blend Sep Acct	160,227
Principal Life Insurance Company *	Pooled Separate Accounts Prin Ptnrs Lg-Cap Value II Sa	2,920,387
Principal Life Insurance Company *	Pooled Separate Accounts Prin Ptr Md-Cp Val I Sep Acct	344,300
Principal Life Insurance Company *	Pooled Separate Accounts Principal U.S. Property Sep Acct	135,328
The American Funds	Registered Investment Company Am Fds Grwth Fd of Am R4 Fund	315,196
Columbia Funds	Registered Investment Company Columbia Acorn A Fund	355,252
Principal Life Insurance Company *	Pooled Separate Accounts Principal Lg Co Grwth Sep Acct	3,292,921
Principal Life Insurance Company *	Pooled Separate Accounts Principal Med Co Blnd Sep Acct	172,584

Principal Life Insurance Company *	Pooled Separate Accounts Prin Ptnr Md-Cp Gr II Sep Acct	1,349,892
Principal Life Insurance Company *	Pooled Separate Accounts Prin Ptr Sm-Cp Val I Sep Acct	222,690
Principal Life Insurance Company *	Pooled Separate Accounts Prin Sm Cap Stk Idx Sep Acct	181,012
Principal Life Insurance Company *	Pooled Separate Accounts Principal Divers Intl Sep Acct	2,476,152
	Total investment in mutual funds	
	*Provident Financial Services, Inc., investment in common stock	11,510,301
	*Participant loans receivable (a)	
	Total other investments Total investments	

* A party-in-interest as defined by ERISA

(a) As of December 31, 2006, the interest rates on these loans ranged from 5.00% to 9.25%

See accompanying report of independent registered public accounting firm.

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SIGNATURE OF PLAN ADMINSTRATOR

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 401(k) PLAN

Date: June 25, 2007

By: /s/ Joanne Hynes

Name: Joanne Hynes
Title: Plan Administrator
First Vice President-Benefits
The Provident Bank

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EXHIBIT INDEX

Exhibit Number	Exhibit	Location

23.1	Consent of Independent Registered Public Accounting Firm	Page 16

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 27, 2007, relating to the statements of net assets available for plan benefits of The Provident Bank 401(k) Plan as of December 31, 2006 and 2005, and the related statements of changes in net assets available for plan benefits for the years then ended, and the supplemental schedule of delinquent participant contributions for the year ended December 31, 2006 and schedule of assets (held at end of year) as of December 31, 2006, which report appears in the December 31, 2006 Annual Report on Form 11-K of The Provident Bank 401(k) Plan.

/s/ KPMG LLP
Short Hills, New Jersey
June 27, 2007