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PROVIDENT FINANCIAL SERVICES INC
Form 11-K
June 28, 2006

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, 2005

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 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

THE PROVIDENT BANK
401(k) PLAN

Financial Statements

December 31, 2005 and 2004

(With Report of Independent Registered Public Accountant Thereon)

THE PROVIDENT BANK

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401(k) PLAN

Financial Statements

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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 401(k) Plan (the "Plan") (formerly known as The Incentive Savings Plan for the Employees of First Savings Bank) as of December 31, 2005 and 2004, 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, 2005 and 2004, 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 for investment purposes at end of year is presented for purposes of additional analysis and is not a required part of the 2005 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

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Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the 2005 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2005 basic financial statements taken as a whole.

/s/ KPMG LLP

Short Hills, New Jersey
June 27, 2006

THE PROVIDENT BANK 401(k) PLAN

Statements of Net Assets Available for Plan Benefits
December 31, 2005 and 2004

| | 2005 |
|--|-------------|
| | ----- |
| Assets: | |
| Investments, at fair value | \$ 32,630,6 |
| Participant loans receivable | 617,0 |
| Contributions receivable | 48,3 |
| Accrued income and other assets | |
| | ----- |
| Net assets available for plan benefits | \$ 33,296,0 |
| | ===== |

See accompanying notes to financial statements.

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THE PROVIDENT BANK 401(k) PLAN

Statements of Changes in Net Assets
Available for Plan Benefits
Years ended December 31, 2005 and 2004

| | 2005 |
|--|---------|
| | ----- |
| Additions: | |
| Interest income | \$ 14, |
| Dividend income | 264, |
| Realized and unrealized (depreciation) appreciation of investments | (18, |
| Employee contributions | 608, |
| Employer contributions | 69, |
| Transfers from predecessor plan | 23,566, |

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| | |
|---|------------|
| Total additions | 24,505, |
| Deductions: | |
| Distributions | 3,365, |
| Administrative expenses | 1, |
| Total deductions | 3,366, |
| Increase (decrease) in net assets available for plan benefits | 21,138, |
| Net assets available for plan benefits at beginning of year | 12,157, |
| Net assets available for plan benefits at end of year | \$ 33,296, |

See accompanying notes to financial statements.

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THE PROVIDENT BANK 401(k) PLAN

Notes to the Financial Statements
December 31, 2005 and 2004

(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 401(k) Plan (the "Plan"), formerly known as The Incentive Savings Plan for the Employees of First Savings Bank, 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 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

In 2005, the Plan changed trustees from Merrill Lynch to the 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 therein. 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 in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

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(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 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 complete one year of continuous service, as defined, with the Bank and who worked at least 1,000 hours during such year. The following description of the Plan provides only general information. Eligible employees who participated in the Plan should refer to the Plan agreement 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.

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THE PROVIDENT BANK 401(k) PLAN

Notes to the Financial Statements
December 31, 2005 and 2004

(b) Employer Contributions

In 2005 and 2004, contributions were made by the Bank in an amount equal to 25% and 50%, respectively, of the first 6% of a participant's eligible contributions. The 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. Commencing 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 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 year ended December 31, 2005 amounted to \$15,506. There were no forfeitures in 2004.

(e) Participant Loans

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Upon written application by a participant, the 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 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 were paid ratably through bi-weekly payroll deductions or directly by the participants to the trustee.

(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 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.

(g) Participants' 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 account.

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THE PROVIDENT BANK 401(k) PLAN

Notes to the Financial Statements
December 31, 2005 and 2004

(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

The Plan has no termination date, and it is the Bank's intention to continue the Plan indefinitely. Upon termination of the Plan, the amounts credited to participant accounts would become fully vested.

(5) Federal Income Taxes

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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. 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

Investments at December 31, 2005 and 2004 consisted of mutual funds, loans to participants and common stock issued by Provident Financial Services, Inc. At December 31, 2005 and 2004, individual investments in excess of 5% of net assets available for plan benefits were as follows:

| | December 31, 2005 |
|---|-------------------|
| | ----- |
| Principal Trust Company: | |
| Provident Financial Services, Inc., investment in common stock | \$ 11,093,77 |
| Investors Large Company Growth | 3,531,20 |
| Principal Investors Lifetime Str Inc Separate Account | 2,691,31 |
| Principal Diversified International Separate Account | 2,218,02 |
| Principal Fixed Income 401(a)/(k) | 6,780,39 |
| Principal Large Cap Value II Separate Account | 2,800,62 |
| Aim Blue Chip Fund Class A | - |
| Merrill Lynch Retirement Preservation Trust | - |

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Schedule 1

THE PROVIDENT BANK
401(k) PLAN

Schedule of Assets Held for
Investment Purposes at End of Year

December 31, 2005

| | Cost |
|--|-----------|
| | ----- |
| Principal Trust Company | |
| High Yield Opp A Fund | \$ 11,239 |
| Columbia Acorn A Fund | 252,122 |
| AM FDS GRTH FD of AM R4 Fund | 137,827 |
| Bond and Mtg Separate Account | 1,058,993 |
| Principal Lifetime 2010 Separate Account | 54,034 |
| Principal Lifetime 2020 Separate Account | 114,286 |
| Principal Lifetime 2030 Separate Account | 34,141 |
| Principal Lifetime 2040 Separate Account | 15,091 |

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| | |
|--|------------|
| Principal Lifetime 2050 Separate Account | 5,893 |
| Principal Lifetime Str Inc Separate Account | 2,658,173 |
| Value I Separate Account | 109,734 |
| Medium Company Blend | 141,880 |
| MDCP GR II Separate Account | 1,270,917 |
| Large Company Growth Separate Account | 3,486,878 |
| Large Cap Blend Separate Account | 21,775 |
| Small Cap Value I Separate Account | 11,516 |
| Large Cap Stk Idx Separate Account | 115,845 |
| Diversified International Separate Account | 2,099,306 |
| U.S. Property Separate Account | 19,958 |
| Principal Fixed Income 401(a)/(k) | 6,724,784 |
| LGCAP Value II Separate Account | 2,758,707 |
| SMCAP STK IDX Separate Account | 78,791 |
| Provident Financial Services, Inc., investment in common stock | 10,374,488 |

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See accompanying report of independent registered public accounting firm.

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, 2006, relating to the statements of net assets available for plan benefits of The Provident Bank 401(k) Plan (formerly known as The Incentive Savings Plan for the Employees of First Savings Bank) as of December 31, 2005 and 2004, and the related statements of changes in net assets available for plan benefits for the years then ended, and the supplemental schedule of assets held for investment purposes at end of year as of December 31, 2005, which report appears in the December 31, 2005 Annual Report on Form 11-K of The Provident Bank 401(k) Plan.

/s/ KPMG LLP

Short Hills, New Jersey
June 28, 2006

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.

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THE PROVIDENT BANK 401(k) PLAN

Date: June 20, 2006

By: /s/ Joanne Hynes

Name: Joanne Hynes

Title: Plan Administrator