



NAVIGATING THROUGH COMPLEXITY



PROVIDENT FINANCIAL SERVICES, INC.

2007 Annual Report

Corporate Profile

Provident Financial Services, Inc. is the holding company for The Provident Bank. Originally established in 1839, The Provident Bank emphasizes personal service and customer convenience in attending to the financial needs of businesses, individuals and families in northern and central New Jersey. The bank offers a broad array of deposit, loan, trust and investment products through its network of 85 branches and its telephone and web-based banking services.

Financial Highlights

(In thousands, except branch data, per share data and percent data)

At December 31,	2007	2006	2005	2004
Total assets	\$6,359,391	\$5,742,964	\$6,052,374	\$6,433,322
Net loans outstanding	4,255,509	3,751,230	3,707,142	3,673,455
Investment securities	358,491	389,656	410,914	445,633
Securities available for sale	769,615	790,894	1,082,957	1,406,340
Deposits	4,224,820	3,826,463	3,921,458	4,050,473
Borrowings	1,075,104	840,990	970,108	1,166,094
Stockholders' equity	1,000,794	1,019,156	1,076,295	1,136,776
Number of branches	85	75	76	78
For the year ended December 31,				
Net income	\$ 37,380	\$ 53,685	\$ 58,499	\$ 49,301
Basic earnings per share	\$0.63	\$0.88	\$0.89	\$0.80
Diluted earnings per share	\$0.63	\$0.87	\$0.88	\$0.80
Return on average assets	0.62%	0.92%	0.94%	0.93%
Return on average equity	3.63%	5.17%	5.32%	5.06%
Non-performing loans to total loans	0.81%	0.20%	0.16%	0.17%
Non-interest expense to average assets	2.19%	2.02%	2.00%	2.24%



WORKING TOWARD OUR GOALS

Paul M. Pantozzi
*Chairman of the Board and
Chief Executive Officer*

Dear Fellow Stockholders:

There are no simple formulas for achieving financial success, whether as a business or as an individual. Creation of long-term value requires a blend of characteristics and capabilities, combining perseverance with resilience, realism with vision and intelligence with enthusiasm. These are qualities we seek to bring each day to the tasks of managing our Company and delivering service and guidance to our customers.

In 2007, the economic environment experienced a degree of turmoil that presented a fresh set of challenges to financial institutions. Around mid-year, the sub-prime loan market imploded, and the value that some institutions perceived in those assets, and in the collateralized debt obligations that were derived from them, deteriorated dramatically. As a consequence, the capital, credit and housing markets were negatively impacted on a broad scale. While our Company has consistently avoided these high-risk assets, the disruption they caused in the economic landscape did have an effect on our earnings and asset quality metrics.

For 2007, our Company reported diluted earnings per share of \$0.63 as compared to \$0.87 reported for the prior year. Contributing to these results was an increase in our provision for loan losses for a total of \$6.5 million, up from \$1.3 million in 2006. While

2007's provision significantly exceeded net charge-offs of \$1.0 million, careful assessment of potential risks in certain loan categories prompted an increase to our loan loss reserves, which stood at 0.95% of total loans outstanding as of year-end 2007, as compared to 0.86% at year-end 2006.

The overall economic downturn also resulted in increases in our non-performing assets. As of year-end 2007, non-performing assets as a percentage of total assets were 0.56% as compared to 0.14% the prior year. The proportionate increase appears noteworthy, but, in absolute terms, we believe that our performance in maintaining the quality of our assets continued to exceed the average experience for our industry.

At this writing, the general economic climate shows no sign of brightening soon. We are cautiously optimistic, however, that the challenges that lie before us are temporary, and we remain confident that they are manageable. As a conservatively managed financial institution, Provident has successfully guided both its enterprise and the welfare of its stakeholders through every turn of the economic cycle since 1839. We believe that this record of success is due to a tradition of constant focus on long-term goals, alertness to change and dedication to serving the needs of our customers.



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GUIDANCE

A topographic map of a hilly region, likely in New Jersey, serves as the background for the top half of the page. The map features contour lines, elevation markers (e.g., 104, 136, 229, 240, 284, 305, 329, 41, 45, 84, 101, 113, 153, 229, 240, 284, 305, 329, 41, 45, 84, 101, 113, 153), and labels for geographical features like 'Rain Rock 305 29m 14M' and 'Oc 6s 234m 12M Sig. Sta'.

BUILDING STRONG RELATIONSHIPS

ABILITY

With \$6.4 billion in assets and 85 branches throughout 10 New Jersey counties, The Provident Bank offers its customers a unique blend of big-bank capabilities and personalized customer care.

It is also the result of being highly selective in choosing opportunities for profitable growth, and 2007 witnessed some significant accomplishments in this regard. In the first half of the year, we completed our acquisition of the former First Morris Bank & Trust and successfully integrated its operations into The Provident Bank. This transaction added nine branches in an area with excellent demographics and \$509 million in deposits, over 98% of which had been retained as of year-end. In December, we continued to build our market presence in the region by opening a new branch in Parsippany that is already off to a strong start.

Of equal significance were the commercial lending relationships and opportunities that we acquired. For several years, our strategic direction has entailed the evolution of our balance sheet and business model beyond that of a traditional thrift institution—characterized by a concentration on retail deposits and home mortgages—to that of a commercial bank distinguished by the depth and quality of its business customer relationships.

In 2007, we took significant strides along that strategic path. We added a number of seasoned lenders to our team, and restructured our operations to focus on the

needs of specific customer segments. In addition to the loans brought over from First Morris, our originations of commercial loans and commercial mortgages reached all-time highs in 2007, contributing to a 13.5% increase in total loans outstanding and an increase in the ratio of commercial business and real estate loans to 45.2% of the total portfolio, as compared to 41.3% at year-end 2006. All of these efforts acting in concert resulted in a 10.7% increase in total assets to \$6.4 billion.

Even the best corporate growth strategies, however, require Company-wide dedication and teamwork to add long-term stockholder value. I am proud of the way our managers and employees have committed their energy to create our “One Team” approach to all customer management activities. A new and effective synergy between the members of our lending group and our branch personnel has boosted our ability to respond to customers’ total financial needs and, we believe, to truly understand our markets better than our competitors. Coupled with our local decision-making and senior management’s accessibility to our customers, we feel it has created the right blend of big-bank capabilities and personalized customer care. All of our technology and training initiatives are in process of being aligned with our “One Team” philosophy.

Our focus on delivering long-term stockholder value is complemented by our commitment to the communities we serve.

We continued to manage our overhead cost structure. While several initiatives that we undertook in 2007, including workforce reduction, executive separation and investment portfolio restructuring, added one-time charges to our non-interest expenses, we believe that they will result in both a more efficient organization and a stronger balance sheet going forward. We also continued to place high priority on management of our capital. In July 2007, the Board of Directors approved a 10% increase in our quarterly cash dividend, which, at this writing, stands at \$0.11 per share, and during the course of the year the Company repurchased 7.3 million shares of its common stock. As the current environment continues to unfold, we will be diligently monitoring our capital position to ensure that it provides a safeguard against the effects of an unsettled economy.

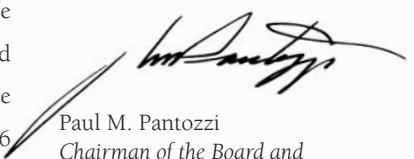
Our focus on delivering long-term stockholder value is in every way complemented by our commitment to the communities we serve. In 2007, The Provident Bank Foundation again fulfilled its mission to provide meaningful support to the educational, cultural and care-giving organizations that work so hard to enhance the quality of life throughout our markets. Nearly \$2.6 million in donations and grants to an array of causes

was further enriched by the huge amounts of personal time and effort that our employees devoted to them.

Our distinguished Board of Directors has provided candid and thoughtful direction to the Company throughout its history. In 2007, the Board welcomed Katharine Laud as its newest member following our First Morris acquisition. Her experience as both a financial services professional and manager of a community service organization are valued and welcome.

In 2008, we intend to maintain our strategic direction as we navigate through a challenging economic and competitive environment. Our near-term goals are clear: to expand our net interest margin, manage costs, maintain asset quality and build our profitable customer relationships.

On behalf of our Directors and our talented team of professionals, I want to assure our customers of our commitment to keep earning their business and to thank you, our stockholders, for your continued support.



Paul M. Pantozzi
Chairman of the Board and
Chief Executive Officer



In 2008, we will maintain our strategic direction as we navigate through a complex economic and competitive environment.

DIRECTION

Board of Directors and Corporate Management

Directors

Paul M. Pantozzi
*Chairman of the Board and
Chief Executive Officer*

Thomas W. Berry
Former Partner, Goldman, Sachs & Co.

Laura L. Brooks
*Vice President—Risk Management
and Chief Risk Officer, PSEG*

John G. Collins
Former President, Fleet NJ

Geoffrey M. Connor
Counsel, Reed Smith LLP

Frank L. Fekete
*Managing Partner,
Mandel, Fekete & Bloom, CPAs*

Carlos Hernandez
President, New Jersey City University

William T. Jackson
*Former Executive Director,
Bayview/New York Cemetery*

Katharine Laud
*Chief Financial Officer,
Homeless Solutions, Inc.*

Christopher Martin
President

Arthur McConnell
President, McConnell Realty

John P. Mulkerin
*Retired President and
Chief Executive Officer,
First Sentinel Bancorp, Inc.*

Edward O'Donnell
President, Tradelinks Transport, Inc.

Jeffries Shein
Principal, JGT Management Co., LLC

Management

PROVIDENT FINANCIAL SERVICES, INC.

Paul M. Pantozzi
*Chairman of the Board and
Chief Executive Officer*

Christopher Martin
President

John F. Kuntz
*General Counsel and
Corporate Secretary*

Linda A. Niro
*Executive Vice President and
Chief Financial Officer*

Kenneth J. Wagner
*Senior Vice President—
Investor Relations*

Management

THE PROVIDENT BANK

Paul M. Pantozzi
*Chairman of the Board and
Chief Executive Officer*

Christopher Martin
*President and
Chief Operating Officer*

Donald Blum
*Executive Vice President and
Chief Lending Officer*

John F. Kuntz
*Executive Vice President and
General Counsel*

Linda A. Niro
*Executive Vice President and
Chief Financial Officer*

Brian Giovianazzi
*Executive Vice President—
Corporate Administration*

Michael A. Raimonde
*Senior Vice President and
Director of Retail Banking*

Janet D. Krasowski
*Senior Vice President—
Human Resources*

Giacamo Novielli
*Senior Vice President and
Chief Information Officer*

Corporate Information

ANNUAL MEETING

The annual meeting of stockholders will be held on April 23, 2008 at 10:00 a.m. at the Sheraton Newark Airport Hotel, 128 Frontage Road, Newark, New Jersey. Notice of the meeting and a proxy statement are included with this mailing to stockholders of record as of March 3, 2008.

STOCK LISTING

Provident Financial Services, Inc. is listed on the New York Stock Exchange (NYSE) and trades under the ticker symbol PFS.

TRANSFER AGENT

Stockholders wishing to change address or transfer ownership of stock certificates, report lost certificates or inquire regarding other stock registration matters are instructed to contact:

REGISTRAR AND TRANSFER COMPANY

Investor Relations Department
10 Commerce Drive
Cranford, NJ 07016-3572
1 (800) 368-5948
www.rtco.com
email: info@rtco.com

CONTACT INFORMATION

Information regarding The Provident Bank and Provident Financial Services, Inc. is available on our web site: www.providentnj.com

Those seeking additional information regarding PFS should contact:

Kenneth J. Wagner
Senior Vice President—Investor Relations
830 Bergen Avenue
Jersey City, NJ 07306
1 (201) 915-5344
email: ken.wagner@providentnj.com

INDEPENDENT PUBLIC ACCOUNTANTS

KPMG LLP
150 JFK Parkway
Short Hills, NJ 07078



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