

PROVIDENT FINANCIAL SERVICES INC  
Form DEF 14A  
March 16, 2017  
**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant    Filed by a Party other than the Registrant

**Check the appropriate box:**

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to ss.240.14a-12

**PROVIDENT FINANCIAL SERVICES, INC.**

*(Name of Registrant as Specified In Its Charter)*

*(Name of Person(s) Filing Proxy Statement, if other than the Registrant)*

**Payment of Filing Fee (Check the appropriate box):**

**No fee required.**

**Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.**

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

**Fee paid previously with preliminary materials.**

**Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.**

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

*239 Washington Street  
Jersey City, New Jersey 07302*

Dear Fellow Stockholder:

I am pleased to invite you to attend the 2017 Annual Meeting of Stockholders of Provident Financial Services, Inc., which will be held on Thursday, April 27, 2017, at 10:00 a.m., local time, at the DoubleTree by Hilton Newark Airport Hotel, 128 Frontage Road, Newark, New Jersey.

At our Annual Meeting you will be asked to elect four directors, approve on an advisory (non-binding) basis the compensation paid to our named executive officers, approve on an advisory (non-binding) basis the frequency of stockholder voting on the compensation paid to our named executive officers, and ratify the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2017.

Your vote is very important regardless of the number of shares you own. Whether or not you plan to attend the Annual Meeting, I encourage you to promptly submit your vote by Internet, telephone or mail, as applicable, to ensure that your shares are represented at our Annual Meeting.

On behalf of the board of directors, officers and employees of Provident Financial Services, Inc., I thank you for your continued support.

Sincerely,

**Christopher Martin**

*Chairman, President and Chief Executive Officer*

March 16, 2017

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Notice of  
**Annual Meeting  
of Stockholders**

**Thursday, April 27, 2017**

**10:00 a.m., Local Time**

*DoubleTree by Hilton Newark Airport Hotel,  
128 Frontage Road, Newark, New Jersey*

NOTICE IS HEREBY GIVEN THAT the 2017 Annual Meeting of Stockholders of Provident Financial Services, Inc. will be held at the DoubleTree by Hilton Newark Airport Hotel, 128 Frontage Road, Newark, New Jersey, on Thursday, April 27, 2017, at 10:00 a.m., local time, to consider and vote upon the following matters:

1. The election of four persons named in the attached Proxy Statement to serve as directors, each for a three-year term.
2. An advisory (non-binding) vote to approve the compensation paid to our named executive officers.
3. An advisory (non-binding) vote on the frequency of stockholder voting on executive compensation.
4. The ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2017.
5. The transaction of such other business as may properly come before the Annual Meeting, and any adjournment or postponement of the Annual Meeting.

The board of directors of Provident Financial Services, Inc. established March 1, 2017 as the record date for determining the stockholders who are entitled to notice of, and to vote at the Annual Meeting and any adjournment or postponement of the Annual Meeting.

**Your vote is very important. Please submit your proxy as soon as possible via the Internet, telephone or mail, as applicable.** Stockholders of record who attend the Annual Meeting may vote in person, even if they have previously mailed or delivered a signed proxy or voted by Internet or telephone.

Jersey City, New Jersey  
March 16, 2017

By Order of the Board of Directors

**John Kuntz, Esq.**  
*Corporate Secretary*

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### **Internet Availability of Proxy Materials**

We are relying upon a U.S. Securities and Exchange Commission rule that allows us to furnish proxy materials to stockholders over the Internet. As a result, beginning on or about March 16, 2017, we sent by mail or e-mail a Notice Regarding the Availability of Proxy Materials containing instructions on how to access our proxy materials, including our Proxy Statement and Annual Report to Stockholders, over the Internet and how to vote. Internet availability of our proxy materials is designed to expedite receipt by stockholders and lower the cost and environmental impact of our Annual Meeting. However, if you received such a notice and would prefer to receive paper copies of our proxy materials, please follow the instructions included in the Notice Regarding the Availability of Proxy Materials.

If you received your proxy materials via e-mail, the e-mail contains voting instructions, including a control number required to vote your shares, and links to the Proxy Statement and the Annual Report to Stockholders on the Internet. If you received your proxy materials by mail, the Notice of Annual Meeting, Proxy Statement, Proxy Card and Annual Report to Stockholders are enclosed.

If you hold our common stock through more than one account, you may receive multiple copies of these proxy materials and will have to follow the instructions for each in order to vote all of your shares of our common stock.

### **Important Notice Regarding the Availability of Proxy Materials**

**For the 2017 Annual Meeting of Stockholders to be Held on April 27, 2017:**

**Our Proxy Statement and 2016 Annual Report to Stockholders are available at [www.proxyvote.com](http://www.proxyvote.com)**



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## General Information

The board of directors of Provident Financial Services, Inc. (“Provident” or “company”) is soliciting proxies for our 2017 Annual Meeting of Stockholders, and any adjournment or postponement of the meeting (“Annual Meeting”). The Annual Meeting will be held on Thursday, April 27, 2017 at 10:00 a.m., local time, at the DoubleTree by Hilton Newark Airport Hotel, 128 Frontage Road, Newark, New Jersey.

A Notice Regarding the Availability of Proxy Materials is first being sent to stockholders of Provident on March 16, 2017.

### The 2017 Annual Meeting of Stockholders

**Date, Time and Place:** Our Annual Meeting of Stockholders will be held on April 27, 2017, 10:00 a.m., local time, at the DoubleTree by Hilton Newark Airport Hotel, 128 Frontage Road, Newark, New Jersey.

**Record Date:** March 1, 2017.

**Shares Entitled to Vote:** 66,447,993 shares of Provident common stock were outstanding on the record date and are entitled to vote at the Annual Meeting.

**Purpose of the Annual Meeting:** To consider and vote on the election of four directors, an advisory (non-binding) vote to approve the compensation paid to our named executive officers, an advisory (non-binding) vote to approve the frequency of stockholder voting on the compensation paid to our named executive officers, and the ratification of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2017.

**Vote Required:** Directors are elected by a plurality of votes cast, without regard to either broker non-votes or proxies as to which authority to vote for the nominees proposed is withheld. The advisory vote to approve executive compensation and the ratification of KPMG LLP as our independent registered public accounting firm are each determined by a majority of the votes cast, without regard to broker non-votes or proxies marked “ABSTAIN.” Regarding the advisory vote on the frequency of stockholder voting on executive compensation, a stockholder may vote on one, two or three years, or may abstain, and this advisory vote will be the choice (one, two or three years) that receives the most votes.

**Board Recommendation:** Our board of directors unanimously recommends that stockholders vote **“FOR”** each of the nominees for director listed in this Proxy Statement, **“FOR”** approval of the compensation paid to our named executive officers, **“FOR”** an annual advisory vote on executive compensation, and **“FOR”** the ratification of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2017.

**Provident:** Provident is a Delaware corporation and the bank holding company for Provident Bank, an FDIC-insured New Jersey-chartered capital stock savings bank that operates a network of full-service branch offices throughout northern and central New Jersey and eastern Pennsylvania. Provident had \$9.50 billion in total assets at December 31, 2016. Our principal executive offices are located at 239 Washington Street, Jersey City, New Jersey 07302. Our telephone number is (732) 590-9200.

### **Who Can Vote**

March 1, 2017 is the record date for determining the stockholders of record who are entitled to vote at the Annual Meeting. On March 1, 2017, 66,447,993 shares of Provident common stock, par value of \$0.01 per share, were outstanding and held by approximately 5,108 holders of record. The presence, in person or by properly executed proxy, of the holders of a majority of the outstanding shares of our common stock is necessary to constitute a quorum at the Annual Meeting.

### **How Many Votes You Have**

Each holder of shares of our common stock outstanding on March 1, 2017 will be entitled to one vote for each share held of record. However, our certificate of incorporation provides that stockholders of record who beneficially own in excess of 10% of the then outstanding shares of our common stock are not entitled to vote any of the shares held in excess of that 10% limit. A person or entity is deemed to beneficially own shares that are owned by an affiliate of, as well as by any person acting in concert with, such person or entity.

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## Matters to Be Considered

The purpose of the Annual Meeting is to elect four directors, vote on an advisory basis on executive compensation, vote on an advisory basis on the frequency of stockholder voting on executive compensation, and ratify the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2017. We may adjourn or postpone the Annual Meeting for the purpose of allowing additional time to solicit proxies.

Our board of directors is not aware of any other matters that may be presented for consideration at the Annual Meeting. If other matters properly come before the Annual Meeting, we intend that shares represented by properly submitted proxies will be voted, or not voted, by the persons named as proxies in their best judgment.

## How to Vote

You may vote your shares:

- **In person at the Annual Meeting.** All stockholders of record may vote in person at the Annual Meeting. Beneficial owners may vote in person if they have a legal proxy from their bank or broker.

- **By telephone or Internet (see the instructions at [www.proxyvote.com](http://www.proxyvote.com)).** Beneficial owners may also vote by telephone or Internet if their bank or broker makes those methods available, in which case the bank or broker will include the instructions with the proxy materials.

- **By written proxy.** All stockholders of record can vote by written proxy card. If you received a printed copy of this Proxy Statement, you may vote by signing, dating and mailing the enclosed Proxy Card, or if you are a beneficial owner, you may request a voting instruction form from your bank or broker.

**If you return an executed Proxy Card without marking your instructions, your executed Proxy Card will be voted “FOR” the election of the four nominees for director, “FOR” approval of the executive compensation paid to our named executive officers, “FOR” an annual advisory vote on executive compensation, and “FOR” the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2017.**

## Participants in Provident Benefit Plans

If you are a participant in our Employee Stock Ownership Plan or 401(k) Plan, or any other benefit plans sponsored by us through which you own shares of our common stock, you will have received a Notice Regarding the Availability of Proxy Materials by e-mail. Under the terms of these plans, the trustee or administrator votes all shares held by the plan, but each participant may direct the trustee or administrator how to vote the shares of our common stock allocated to his or her plan account. If you own shares through any of these plans and you do not vote by April 23, 2017, the respective plan trustees or administrators will vote your shares in accordance with the terms of the respective plans.

### **Quorum and Vote Required**

The presence, in person or by properly executed proxy, of the holders of a majority of the outstanding shares of our common stock is necessary to constitute a quorum at the Annual Meeting. Abstentions and broker non-votes (unvoted proxies submitted by a bank or broker) will be counted for the purpose of determining whether a quorum is present.

Directors are elected by a plurality of votes cast, without regard to either broker non-votes or proxies as to which authority to vote for the nominees proposed is “Withheld.” The advisory vote on executive compensation and the ratification of the appointment of our independent registered public accounting firm are each determined by a majority of the votes cast, without regard to broker non-votes or proxies marked “Abstain.” The advisory vote on the frequency of stockholder voting on executive compensation will be determined based on the choice (one, two, or three years) receiving the most votes.

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## **Revocability of Proxies**

You may revoke your proxy at any time before the vote is taken at the Annual Meeting. You may revoke your proxy by:

- submitting a written notice of revocation to the Corporate Secretary of Provident prior to the voting of such proxy;
- submitting a properly executed proxy bearing a later date;
- voting again by telephone or Internet (provided such new vote is received on a timely basis); or
- voting in person at the Annual Meeting; however, simply attending the Annual Meeting without voting will not revoke an earlier proxy.

Written notices of revocation and other communications regarding the revocation of your proxy should be addressed to:

Provident Financial Services, Inc.  
100 Wood Avenue South  
P.O. Box 1001  
Iselin, New Jersey 08830-2727  
Attention: John Kuntz

Corporate Secretary

If your shares are held in street name, you should follow your bank's or broker's instructions regarding the revocation of proxies.

## **Solicitation of Proxies**

Provident will bear the entire cost of soliciting proxies from you. In addition to solicitation of proxies by mail, we will request that banks, brokers and other holders of record send proxies and proxy materials to the beneficial owners of our common stock and secure their voting instructions, if necessary. We will reimburse such holders of record for their reasonable expenses in taking those actions. Laurel Hill Advisory Group, LLC will assist us in soliciting proxies, and we have agreed to pay them a fee of \$7,000 plus reasonable expenses for their services. If necessary, we may also use several of our employees, who will not be specially compensated, to solicit proxies from stockholders, personally

or by telephone, facsimile, e-mail or letter.

## **Householding**

Unless you have provided us contrary instructions, we have sent a single copy of these proxy materials to any household at which one or more stockholders reside if we believe the stockholders are members of the same household. Each stockholder in the household will receive a separate Proxy Card. This process, known as “householding,” reduces the volume of duplicate information received by you and helps reduce our expenses. If you would like to receive your own set of proxy materials, please follow these instructions:

If your shares are registered in your own name, contact our transfer agent and inform them of your request to revoke householding by calling them at 1-888-542-1061, or by writing them at Broadridge Financial Solutions, Inc., 51 Mercedes Way, Edgewood, New York 11717, Attention: Householding Department.

•If a bank, broker or other nominee holds your shares, contact your bank, broker or other nominee directly.

## **Recommendation of the Board of Directors**

Your board of directors unanimously recommends that you vote “**FOR**” each of the nominees for director listed in this Proxy Statement, “**FOR**” approval of the compensation paid to our named executive officers, “**FOR**” approval of an annual advisory vote on executive compensation, and “**FOR**” the ratification of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2017.

## **Security Ownership of Certain Beneficial Owners and Management**

Persons and groups who beneficially own in excess of five percent of Provident’s issued and outstanding shares of common stock are required to file certain reports with the Securities and Exchange Commission regarding such beneficial ownership. The following table shows, as of March 1, 2017, certain information as to persons who beneficially own more than five percent of the issued and outstanding shares of our common stock. We know of no persons, except as listed below, who beneficially owned more than five percent of the issued and outstanding shares of our common stock as of March 1, 2017.

[Back to Contents](#)**Principal Stockholders**

Name and Address of Beneficial Owner	Number of Shares Owned and Nature of Beneficial Ownership	Percent of Shares of Common Stock Outstanding <sup>(1)</sup>
Provident Bank Employee Stock Ownership Plan Trust GreatBanc Trust Company, Trustee 801 Warrenville Road, Suite 500 Lisle, Illinois 60532	4,144,507 <sup>(2)</sup>	6.2%
Dimensional Fund Advisors LP Building One 6300 Bee Cave Road Austin, Texas 78746	5,606,072 <sup>(3)</sup>	8.4%
BlackRock, Inc. 55 East 52 <sup>nd</sup> Street New York, New York 10055	7,088,966 <sup>(4)</sup>	10.7%
The Vanguard Group 100 Vanguard Boulevard Malvern, Pennsylvania 19355	5,153,904 <sup>(5)</sup>	7.8%

(1) Based on 66,447,993 shares of Provident common stock outstanding as of March 1, 2017.

This information is based on Amendment No. 13 to Schedule 13G filed with the Securities and Exchange Commission on February 13, 2017 by GreatBanc Trust Company, as Trustee on behalf of Provident Bank Employee Stock Ownership Plan Trust. According to the filing, Provident Bank Employee Stock Ownership Plan

(2) Trust had: (i) sole power to vote or direct the vote of 2,222,793 shares of Provident common stock; (ii) shared power to vote or direct the vote of 1,921,714 shares of Provident common stock; (iii) sole power to dispose or direct the disposition of 4,000,332 shares of Provident common stock; and (iv) shared power to dispose or direct the disposition of 144,175 shares of Provident common stock.

(3) This information is based on Amendment No. 8 to Schedule 13G filed with the Securities and Exchange Commission on February 9, 2017 by Dimensional Fund Advisors LP.

(4) This information is based on Amendment No. 8 to Schedule 13G filed with the Securities and Exchange Commission on January 17, 2017 by BlackRock, Inc.

(5) This information is based on Amendment No. 5 to Schedule 13G filed with the Securities and Exchange Commission on February 13, 2017 by The Vanguard Group.

**Management**

The following table shows certain information about shares of our common stock owned by each nominee for election as director, each incumbent director, each named executive officer identified in the summary compensation table included elsewhere in this Proxy Statement, and all nominees, incumbent directors and executive officers as a group, as of March 1, 2017.

Name	Position(s) held with Provident Financial Services, Inc. and/or Provident Bank	Shares Owned Directly and Indirectly <sup>(1)</sup>	Shares Subject to Stock Options <sup>(2)</sup>	Beneficial Ownership	Percent of Class <sup>(3)</sup>	Unvested Stock Awards included in Beneficial Ownership
Nominees						
Robert Adamo	Director	2,364	—	2,364	*	—
Laura L. Brooks	Director	51,408	8,000	59,408	*	—
Terence Gallagher	Director	36,485	—	36,485	*	—
Carlos Hernandez	Director	79,561	3,000	82,561	*	—
Incumbent Directors						
Thomas W. Berry	Director	90,252	—	90,252	*	—
Frank L. Fekete	Director	68,105	—	68,105	*	—
Matthew K. Harding	Director	24,485	—	24,485	*	—
Christopher Martin	Chairman, President and Chief Executive Officer	488,368	(4) 301,475	789,843	1.2%	—
Edward O'Donnell	Director	87,838	3,000	90,838	*	—
John Pugliese	Director	83,961	—	83,961	*	—

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Name	Position(s) held with Provident Financial Services, Inc. and/or Provident Bank	Shares Owned Directly and Indirectly <sup>(1)</sup>	Shares Subject to Stock Options <sup>(2)</sup>	Beneficial Ownership	Percent of Class <sup>(3)</sup>	Unvested Stock Awards included in Beneficial Ownership
Executive Officers Who are Not Directors						
Donald W. Blum**	Executive Vice President and Chief Lending Officer	85,804	16,607	102,411	*	2,758
John Kuntz	Executive Vice President and Chief Administrative Officer	89,228	29,147	118,375	*	2,906
Thomas M. Lyons	Executive Vice President and Chief Financial Officer	133,054	2,560	135,614	*	3,116
Michael A. Raimonde**	Executive Vice President and Director of Retail Banking	31,943	—	31,943	*	2,495
All directors and executive officers as a group (19 persons)		1,558,381	393,127	1,951,508	2.9 %	20,883

\* Less than 1%

\*\* Not officers of Provident Financial Services, Inc.

(1) The amounts shown for executive officers include shares held in our 401(k) Plan and shares allocated to the executive officer in our Employee Stock Ownership Plan (“ESOP”) as follows:

Name	401(k) Plan Shares	ESOP Shares
Christopher Martin	140,799	12,979
Donald W. Blum	5,963	16,774
John Kuntz	4,285	16,494
Thomas M. Lyons	35,760	11,256
Michael A. Raimonde	7,559	7,537
All executive officers as a group (10 persons)	204,539	100,019

(2) Includes shares underlying stock options that are presently exercisable or will become exercisable within 60 days of March 1, 2017.

(3) Based on 66,447,993 shares of Provident common stock outstanding as of March 1, 2017. Shares subject to stock options that are presently exercisable or will become exercisable within 60 days of March 1, 2017 are deemed outstanding for computing the percentage ownership of the person holding such stock options, but are not deemed outstanding for purposes of computing the percentage ownership of other persons.

(4) Includes 17,785 shares held by Mr. Martin in the First Savings Bank Directors’ Deferred Fee Plan.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers and anyone holding 10% or more of our common stock (reporting persons) to file reports with the Securities and Exchange Commission showing the holdings of, or transactions in, our common stock. Based solely on a review of copies of such reports, and written representations from each such reporting person that no other reports are required, we believe that in 2016 all reporting persons filed the required reports on a timely basis under Section 16(a), except for a filing covering the sale of shares of Provident common stock that was made two days late on behalf of John Pugliese, a director, and a late filing of an Initial Statement of Beneficial Ownership on behalf of Robert Adamo, a director.

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## Proposal 1 Election of Directors

### General

Our board of directors currently consists of ten members and is divided into three classes, with one class of directors elected each year. Each of the members of our board of directors also serves as a director of Provident Bank. Directors are elected to serve for a three-year term and until their respective successors shall have been elected and qualified. A director is not eligible to be elected or appointed to either board of directors after reaching age 73.

Four directors will be elected at the Annual Meeting to serve for a three-year term and until their respective successors shall have been elected and qualified. On the recommendation of our Governance/Nominating Committee, our board of directors nominated Robert Adamo, Laura L. Brooks, Terence Gallagher and Carlos Hernandez for election as directors at the Annual Meeting.

All of the nominees for election at the Annual Meeting currently serve as directors of Provident and Provident Bank, and other than Robert Adamo, each of them was previously elected by our stockholders. Mr. Adamo was recommended for consideration by the non-management directors and was appointed to the boards of directors of Provident and Provident Bank on September 23, 2016.

No arrangements or understandings exist between any nominee and any other person pursuant to which any such nominee was selected. **Unless authority to vote for the nominees is withheld, it is intended that the shares represented by each fully executed Proxy Card will be voted “FOR” the election of all nominees.**

Each of the nominees has consented to be named a nominee. In the event that any nominee is unable to serve as a director, the persons named as proxies will vote with respect to a substitute nominee designated by our current board of directors. At this time, we know of no reason why any of the nominees would be unable or would decline to serve, if elected.

**The Board of Directors Recommends a Vote “FOR” The Election of the Nominees for Director Named in this Proxy Statement.**

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Our board of directors is comprised of individuals with considerable and varied business experiences, backgrounds, skills and qualifications. Collectively, they have a strong knowledge of our company's business and markets and are committed to enhancing long-term stockholder value.

Our Governance/Nominating Committee is responsible for identifying and selecting director candidates who meet the evolving needs of our board of directors. Director candidates must have the highest personal and professional ethics and integrity. Additional criteria weighed by the Governance/Nominating Committee in the director identification and selection process include the relevance of a candidate's experience to our business, enhancement of the diversity of experience of our board, the candidate's independence from conflict or direct economic relationship with our company, and the candidate's ability and willingness to devote the proper time to prepare for and attend meetings. The Governance/Nominating Committee also takes into account whether a candidate satisfies the criteria for independence under our Independence Standards and the New York Stock Exchange listing standards, and if a nominee is sought for service on the Audit Committee, the financial and accounting expertise of a candidate, including whether the candidate qualifies as an Audit Committee financial expert.

While the Governance/Nominating Committee does not have a formal policy respecting diversity on our board of directors, consideration is given to nominating persons with different perspectives and experience to enhance the deliberation and strategic decision-making processes of our board of directors.

The following table states our directors' names, the years they began serving as directors, and the years their current term expires.

<b>Name</b>	<b>Position(s) held with Provident Financial Services, Inc. and Provident Bank</b>	<b>Director Since<sup>(1)</sup></b>	<b>Expiration of Term</b>
<b>Nominees</b>			
Robert Adamo	Director	2016	2017
Laura L. Brooks	Director	2006	2017
Terence Gallagher	Director	2010	2017
Carlos Hernandez	Director	1996	2017
<b>Incumbent Directors</b>			
Thomas W. Berry	Director	2005	2019
Frank L. Fekete	Director	1995	2019
Matthew K. Harding	Director	2013	2019
Christopher Martin	Chairman, President and Chief Executive Officer	2005	2018
Edward O'Donnell	Director	2002	2018
John Pugliese	Director	2014	(2) 2018

- Includes initial appointment to the board of directors of Provident Bank, the wholly owned subsidiary of Provident.
- (1) Mr. Adamo was elected to the board of directors on September 23, 2016.
  - (2) Mr. Pugliese's service as a director of Team Capital Bank, acquired by Provident in 2014, commenced in 2009.

The business experience of each of our continuing directors and the nominees for election as directors and directorships held by them with other public companies during the past five years, as well as their qualifications, attributes and skills that led our board of directors to conclude that each such person should serve as a director are as follows:

### **Robert Adamo**

#### **Age 62**

Mr. Adamo retired from the international public accounting and consulting firm of Deloitte LLP after a 40-year career where he served as a senior partner and as a member of the board of directors. He currently serves on the board of directors of Greater New York Councils-Boy Scouts of America. Mr. Adamo is a certified public accountant and his diverse background and broad experience in public accounting enhances our board of directors' oversight of financial reporting and disclosure issues, and he qualifies as an Audit Committee financial expert.

### **Thomas W. Berry**

#### **Age 69**

Mr. Berry retired from investment banking in 1998 after a 26-year career with Goldman Sachs & Co. where he served as a partner since 1986. Mr. Berry is a director of the Hyde and Watson Foundation. He has an extensive financial background and considerable experience in investment banking, as well as a strong knowledge of the capital markets, which are valuable to our board of directors in its assessment of Provident's sources and uses of capital.

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**Laura L. Brooks**

**Age 64**

Ms. Brooks is retired. She previously served as Vice President-Risk Management and Chief Risk Officer of PSEG in Newark, New Jersey since November 2002. Prior to November 2002, she was Vice President-Risk Management of PG&E in San Francisco, California. She serves on the Advisory Board for the Enterprise Risk Management Program at North Carolina State University and for the Quantitative Finance Program at Rutgers University. She is a former member of the board of directors of the National Association of Corporate Directors-New Jersey Chapter, and former Chair of the board of trustees of Philip's Education Partners. Ms. Brooks' extensive background in enterprise risk management provides a valuable resource to our board of directors in meeting its responsibility for risk management oversight.

**Frank L. Fekete**

**Age 65**

Mr. Fekete is a certified public accountant and the Managing Partner of the accounting firm of Mandel, Fekete & Bloom, CPAs, located in Jersey City, New Jersey. He serves on the board of trustees of St. Peter's University, Hackensack Meridian Health Network, and John Cabot University, Rome, Italy. He has over 35 years of public accounting experience, including supervision of audits of public companies. This experience benefits our board of directors in its oversight of financial reporting and disclosure issues, and Mr. Fekete qualifies as an Audit Committee financial expert.

**Terence Gallagher**

**Age 61**

Mr. Gallagher is President and a member of the board of directors of Battalia Winston, a national executive search firm headquartered in New York, New York. He has served on the Americas Board for the Association of Executive Search Consulting Firms and the Advisory Committee for the National Association of Corporate Directors-New Jersey Chapter. Mr. Gallagher's considerable background in human resources, management succession planning, executive recruitment and retention and executive compensation provides our board of directors valuable experience.

**Matthew K. Harding**

**Age 53**

Mr. Harding is President and Chief Operating Officer and a member of the board of directors of Levin Management Corporation, a leading retail real estate services firm. Prior to 2001, he served as the firm's Senior Vice President and Deputy Chief Operating Officer. Mr. Harding serves as Vice President of The Philip and Janice Levin Foundation. Mr. Harding's considerable experience provides our board of directors with a comprehensive understanding of the real estate markets from a competitive and a credit risk perspective.

**Carlos Hernandez**

**Age 67**

Mr. Hernandez is retired. He previously served as President of New Jersey City University, located in Jersey City, New Jersey. As a local civic leader, he has served, and continues to serve on many local not-for-profit boards and brings to our board of directors an extensive knowledge of local markets and the communities served by Provident.

**Christopher Martin**

**Age 60**

Mr. Martin has served as Chairman since April 2010 and as President and Chief Executive Officer of Provident and Provident Bank since September 2009. Prior to that time, he was President and Chief Operating Officer of Provident Bank since January 2007, and he was President of Provident and Provident Bank since July 2004. He serves on the board of directors of the Federal Home Loan Bank of New York. Mr. Martin's extensive banking experience and knowledge of financial markets enhance the breadth of experience of our board of directors.

**Edward O'Donnell**

**Age 66**

Mr. O'Donnell is retired. He previously served as President of Tradelinks Transport, Inc., a transportation consulting company located in Westfield, New Jersey from 1999 to 2012. Previously, he was the Director and Executive Vice President of NPR, Inc. (Navieras de Puerto Rico), a transportation company located in Edison, New Jersey. Mr. O'Donnell's business experience in sales, marketing and the capital markets provides a broad business perspective to our board of directors.

**John Pugliese**

**Age 57**

Mr. Pugliese is President of Motors Management Corporation which provides management oversight and direction to one of the top automobile dealership groups in the country. Prior to that, he served as EVP and Head of Retail Banking for the Bank of New York Mellon. Mr. Pugliese serves as Chairman of the board of directors of Buzz Points (formerly Fisoc, Inc.), a company that provides services and products to community banks and credit unions. He formerly served on the board of directors of Vertose Company Ltd. He previously served as Chairman of the Better Business Bureau of Metropolitan New York, and as Chairman of Team Capital Bank, as well as on the Board of Regents of St. Peter's University. Mr. Pugliese's extensive banking and management experience and knowledge of the retail credit markets enhances the overall experience and qualifications of our board of directors.



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## **Executive Officers**

The business experience of each of Provident's executive officers who are not directors is as follows:

### **Donald W. Blum**

#### **Age 60**

Mr. Blum, age 60, has been Executive Vice President and Chief Lending Officer of Provident Bank since January 2005. He previously served as Senior Vice President and Chief Lending Officer of Provident Bank since December 2001.

### **James A. Christy**

#### **Age 49**

Mr. Christy, age 49, has been Senior Vice President and Chief Risk Officer of Provident Bank since January 2012 and previously served as Senior Vice President & General Auditor since January 2009. He was First Vice President and General Auditor since May 2005 and he was Vice President and General Auditor since September 2001.

### **Brian Giovinazzi**

#### **Age 62**

Mr. Giovinazzi, age 62, has been Executive Vice President and Chief Credit Officer of Provident Bank since December 2008, and prior to that, he was Executive Vice President-Corporate Administration since April 2007. Prior to that time, he was President and Chief Executive Officer of First Morris Bank & Trust and a member of its board of directors.

### **Janet D. Krasowski**

**Age 64**

Ms. Krasowski, age 64, has been Executive Vice President and Chief Human Resources Officer of Provident Bank since January 2012 and prior to that time she was Senior Vice President and Chief Human Resources Officer of Provident Bank since May 2006.

**John Kuntz**

**Age 61**

Mr. Kuntz, age 61, has been Executive Vice President, General Counsel and Corporate Secretary of Provident since January 2003, and has been Executive Vice President and Chief Administrative Officer of Provident Bank since February 2016. Prior to that time he served as Executive Vice President, Chief Administrative Officer and General Counsel of Provident Bank since January 2011, and prior to that time Executive Vice President and General Counsel since May 2005. He formerly served as Senior Vice President and General Counsel of Provident Bank since November 2002, and Vice President and General Counsel of Provident Bank since September 2001.

**Thomas M. Lyons**

**Age 52**

Mr. Lyons, age 52, has been Executive Vice President and Chief Financial Officer of Provident and Provident Bank since January 2011. Prior to that time he was Senior Vice President and Chief Financial Officer of Provident and Provident Bank since September 2009, and previously was First Vice President and Chief Accounting Officer of Provident Bank since February 2005 and First Vice President, Finance of Provident Bank since July 2004.

**Valerie O. Murray**

**Age 42**

Ms. Murray, age 42, is President of Beacon Trust Company, a wholly owned subsidiary of Provident Bank and Senior Vice President and Chief Wealth Management Officer of Provident Bank since February 2017. She previously served as Chief Operating Officer of Beacon Trust Company since January 2016. Since joining Beacon Trust Company in

2011, she has also served as Executive Managing Director and Vice President.

**Frank S. Muzio**

**Age 63**

Mr. Muzio, age 63, has been Senior Vice President and Chief Accounting Officer of Provident Bank since January 2011. Prior to that time, he was First Vice President and Chief Accounting Officer of Provident Bank since June 2010. Prior to joining Provident Bank, he was Senior Vice President and Controller for the New York Division of Sovereign Bank since June 2006.

**Michael A. Raimonde**

**Age 64**

Mr. Raimonde, age 64, has been Executive Vice President and Director of Retail Banking of Provident Bank since January 2011. Prior to that time he was Senior Vice President and Director of Retail Banking of Provident Bank since April 2007. He was Executive Vice President of the Community Banking Division and Market President of the New York Retail System of Sovereign Bank prior to that time.

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## **Corporate Governance Matters**

We are committed to maintaining sound corporate governance principles and the highest standards of ethical conduct and we are in compliance with applicable corporate governance laws and regulations.

### **Board of Directors Meetings and Committees**

Our board of directors meets quarterly, or more often as may be necessary. The board of directors met eight times in 2016. There are four standing committees of the board of directors: the Audit, Compensation, Risk and Governance/Nominating Committees. The board of directors of Provident Bank meets monthly at least 11 times a year, as required by New Jersey banking law.

All directors attended no fewer than 75% of the total number of meetings held by the board of directors and all committees of the board on which they served (during the period they served) in 2016.

When the Provident and Provident Bank board of directors and committee meetings are aggregated, all directors attended no fewer than 75% of the aggregated total number of meetings in 2016. We have a policy requiring each director to attend the Annual Meeting of Stockholders. All persons serving on the board of directors at the time of the Annual Meeting of Stockholders held on April 28, 2016 attended the meeting, except for Mr. Hernandez who was not able to attend due to an unavoidable scheduling conflict.

### **Board Leadership Structure**

Our board of directors believes that combining the Chairman and Chief Executive Officer positions, together with the appointment of an independent Lead Director, is the appropriate board leadership structure for our company. Carlos Hernandez currently serves as the Lead Director. Our board of directors believes that the Chief Executive Officer is most knowledgeable about our business and corporate strategy, and is in the best position to lead the board of directors, especially in relation to its oversight of corporate strategy formation and execution. Management accountability and our board's independence from management are best served by maintaining a super majority of independent directors, electing an independent Lead Director, and maintaining standing board committees that are comprised of independent leadership and members. The Lead Director plays an important role on our board of directors and has the following responsibilities:

-

Schedules executive sessions of the non-management directors without management present at least twice each year and advises the Chairman and Chief Executive Officer of the schedule for such executive sessions.

With input from the non-management directors, develops agendas for, and presides over the executive sessions. The

- Lead Director provides the Chairman and Chief Executive Officer with timely feedback from the executive sessions where appropriate.

Acts as the principal liaison between the non-management directors and the Chairman and Chief Executive Officer on issues relating to the working relationship between our board and management, including providing input as to the

- quality and timeliness of information provided by management to ensure that the conduct of board meetings allows adequate time for discussion of important issues and that appropriate information is made available to our board on a timely basis.

- Provides input to the Chairman and Chief Executive Officer regarding board meeting agendas and meeting materials based on requests from the non-management directors.

- Attends board committee meetings as a non-member at the invitation of the respective committee chair.

### **Risk Oversight/Risk Committee**

Our entire board of directors is engaged in risk management oversight. A separate standing Risk Committee of the board facilitates our board's risk oversight responsibilities. The current members of the Risk Committee are: Ms. Brooks (Chair) and Messrs. Berry, Harding and O'Donnell. Each member of the Risk Committee is considered independent as defined in the New York Stock Exchange corporate governance listing standards. The Risk Committee's charter is posted on the "Governance Documents" section of the "Investor Relations" page of Provident Bank's website at [www.provident.bank](http://www.provident.bank). The Committee met eight times during 2016.

The Risk Committee oversees the overall risk management activities employed by management in pursuit of:

- maintaining an effective culture of discipline that provides proper guidance and support for a sound, effective and coordinated enterprise risk management process designed to identify potential events that may affect our business and to appropriately manage risks in order to provide reasonable assurance that our stated objectives will be achieved; and

- identifying potential emerging risks in a routine and systematic manner, assessing the implications of those risks to our business, and managing those risks in a manner consistent with reducing the probability of their occurrence and potential consequences to our company to an acceptable level.

Our Risk Committee receives regular reports from management and other standing board committees regarding relevant risks and the actions taken by management to adequately address those risks.



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## **Corporate Governance Principles**

Our board of directors has adopted Corporate Governance Principles which are posted on the “Governance Documents” section of the “Investor Relations” page of Provident Bank’s website at [www.provident.bank](http://www.provident.bank). These Corporate Governance Principles cover the general operating policies and procedures followed by our board of directors including:

- establishing the size and composition of our board of directors and the desired qualifications of directors;
- setting a minimum stock ownership requirement for directors at an amount having a value equal to five times a director’s annual cash retainer;
- providing for director orientation, continuing education and an annual performance assessment of our board of directors;
- selecting board committee membership; and
- reviewing annual compensation paid to the non-management directors.

The Corporate Governance Principles provide for our board of directors to meet in regularly scheduled executive sessions without management at least two times a year. Four executive sessions were conducted in 2016. The Lead Director presided over these executive sessions conducted by the non-management directors, all of whom are independent.

## **Director Independence**

The New York Stock Exchange rules provide that a director does not qualify as independent unless the board of directors affirmatively determines that the director has no direct or indirect material relationship with the company. The New York Stock Exchange rules require our board of directors to consider all relevant facts and circumstances in determining the materiality of a director’s relationship with Provident and permit the board of directors to adopt and disclose standards to assist the board in making independence determinations. Accordingly, our board of directors has adopted Independence Standards to assist the board in determining whether a director has a material relationship with the company. These Independence Standards, which should be read with the New York Stock Exchange rules, are available on the “Governance Documents” section of the “Investor Relations” page of Provident Bank’s website at [www.provident.bank](http://www.provident.bank).

Our board of directors conducted an evaluation of director independence, based on the Independence Standards and the New York Stock Exchange rules. In connection with this review, our board of directors considered relevant facts and circumstances relating to relationships that each director and his or her immediate family members and their

related interests had with Provident. In connection with its evaluation of director independence, the board considered the following relationships and transactions:

Ms. Brooks' mother has a home equity line of credit with Provident Bank which has no loan balance outstanding and which existed prior to the time that Ms. Brooks became a director. This loan was made in the ordinary course of business, was made on substantially the same terms prevailing for loans made to others unrelated to Provident Bank, and does not involve more than the normal risk of collectibility or present other unfavorable features;

Mr. Harding is an officer of a corporation that has a 1% ownership interest in, and is a general partner of, a limited partnership and that is the non-member manager of a limited liability company. Both the limited partnership and the limited liability company are partners of an entity that has a commercial real estate loan and line of credit with Provident Bank. These loans were made in the ordinary course of business, were made on substantially the same terms prevailing for loans made to others unrelated to Provident Bank, and do not involve more than the normal risk of collectibility or present other unfavorable features; and

Mr. Pugliese is a director and treasurer of a private foundation that has an investment management account with Beacon Trust Company, the wealth management subsidiary of Provident Bank.

After its evaluation, our board of directors affirmatively determined that Messrs. Adamo, Berry, Fekete, Gallagher, Harding, Hernandez, O'Donnell, and Pugliese and Ms. Brooks is each an independent director. The board of directors determined that Mr. Martin is not independent because he has served as a Provident executive in the last three years.

### **Governance/Nominating Committee**

The current members of our Governance/Nominating Committee are: Messrs. Hernandez (Chair), Berry, Fekete, and Gallagher. Each member of the Committee is considered independent as defined in the New York Stock Exchange corporate governance listing standards. The Committee's charter is posted on the "Governance Documents" section of the "Investor Relations" page of Provident Bank's website at [www.provident.bank](http://www.provident.bank). The Committee met five times during 2016.

The functions of our Governance/Nominating Committee include, among other things:

- evaluating and making recommendations to the board concerning the number of directors and committee assignments;
- establishing the qualifications, relevant background, and selection criteria for board members;
- making recommendations to the board concerning board nominees;
- conducting evaluations of the effectiveness of the operation of the board;



- developing and maintaining corporate governance principles;

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- recommending revisions to the code of business conduct and ethics;
- making recommendations to the board regarding director orientation and continuing education; and
- evaluating the Governance/Nominating Committee's performance on an annual basis.

Our Governance/Nominating Committee identifies nominees for director by first assessing the performance, qualifications and skills of the current members of our board of directors willing to continue service. Current members of the board with skills and experience that are relevant to our business and who are willing to continue service are first considered for re-nomination, balancing the value of continuity of service by existing members of the board with that of obtaining a new perspective. If a vacancy should exist on our board, or if the size of the board is increased, the Committee will solicit suggestions for director candidates from all board members. In addition, the Committee is authorized by its charter to engage a third party to assist in the identification of director nominees. Persons under consideration to serve on our board of directors must have the highest personal and professional ethics and integrity.

**Procedures for the Recommendation of Directors by Stockholders**

If a determination is made that an additional candidate is needed for our board, the Governance/Nominating Committee will consider candidates properly submitted by our stockholders. Stockholders can submit the names of qualified candidates for director by writing to the Corporate Secretary at Provident Financial Services, Inc., 100 Wood Avenue South, P.O. Box 1001, Iselin, New Jersey 08830-2727. The Corporate Secretary must receive a submission not less than 120 days prior to the date of Provident's proxy materials for the preceding year's Annual Meeting. A stockholder's submission must be in writing and include the following information:

- the name and address of the stockholder as they appear on our books, and the number of shares of our common stock that are beneficially owned by such stockholder (if the stockholder is not a holder of record, appropriate evidence of the stockholder's ownership should be provided);
- the name, address and contact information for the candidate, and the number of shares of our common stock that are owned by the candidate (if the candidate is not a holder of record, appropriate evidence of the candidate's ownership should be provided);
- a statement of the candidate's business and educational experience;
- such other information regarding the candidate as would be required to be included in our proxy statement pursuant to Securities and Exchange Commission Regulation 14A;
- a statement detailing any relationship between the candidate and Provident, Provident Bank and any subsidiaries of Provident Bank;
- a statement detailing any relationship between the candidate and any customer, supplier or competitor of Provident and Provident Bank;

- detailed information about any relationship or understanding between the proposing stockholder and the candidate; and
- a statement that the candidate is willing to be considered and willing to serve as a director if nominated and elected.

Stockholder submissions that are timely and that meet the criteria outlined above will be forwarded to the Chair of our Governance/ Nominating Committee for further review and consideration. A nomination submitted by a stockholder for presentation at an Annual Meeting of our stockholders must comply with the procedural and informational requirements described later in this Proxy Statement under the heading “Advance Notice Of Business To Be Conducted at an Annual Meeting.”

### **Stockholder and Interested Party Communications with the Board**

Our stockholders and any other interested party may communicate with the board of directors, the non-management directors, the Lead Director or with any individual director by writing to the Chair of the Governance/Nominating Committee, c/o Provident Financial Services, Inc., 100 Wood Avenue South, P.O. Box 1001, Iselin, New Jersey 08830-2727. A communication from a stockholder should indicate that the author is a stockholder and, if shares of our common stock are not held of record, the letter should include appropriate evidence of stock ownership.

### **Code of Business Conduct and Ethics**

We have a Code of Business Conduct and Ethics that applies to all of our directors, officers and employees, including the principal executive officer, principal financial officer, principal accounting officer, and all persons performing similar functions. Our Code of Business Conduct and Ethics is posted on the “Governance Documents” section of the “Investor Relations” page of Provident Bank’s website at [www.provident.bank](http://www.provident.bank). Amendments to and waivers from our Code of Business Conduct and Ethics will also be disclosed on Provident Bank’s website.

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## **Transactions With Certain Related Persons**

Federal laws and regulations generally require that all loans or extensions of credit to directors and executive officers must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with the general public and must not involve more than the normal risk of repayment or present other unfavorable features. However, regulations also permit directors and executive officers to receive the same terms through benefit or compensation plans that are widely available to other employees, as long as the director or executive officer is not given preferential treatment compared to participating employees. Pursuant to such a program, loans may be extended to executive officers on substantially the same terms as those prevailing at the time for comparable transactions with the general public, except as to the interest rate charged, which may be the interest rate generally available to all other participating employees. These loans may not involve more than the normal risk of repayment or present other unfavorable features.

As of December 31, 2016, Provident Bank had aggregate loans and loan commitments totaling \$194,200 to its executive officers, none of which originated in 2016. It is the policy of Provident Bank that no loan or extension of credit of any type shall be made to any member of the board of directors or to their immediate family, or to any entity, which is controlled by a member of the board of directors or their immediate family.

Section 402 of the Sarbanes-Oxley Act of 2002 generally prohibits an issuer from: (1) extending or maintaining credit; (2) arranging for the extension of credit; or (3) renewing an extension of credit in the form of a personal loan for a director or officer. There are several exceptions to this general prohibition, one of which is applicable to us. The provisions of the Sarbanes-Oxley Act of 2002 that prohibit loans do not apply to loans made by a depository institution, such as Provident Bank, that is insured by the Federal Deposit Insurance Corporation and is subject to the insider lending restrictions of the Federal Reserve Act. All loans to our officers are made in conformity with the Federal Reserve Act and Regulation O.

Our Code of Business Conduct and Ethics requires directors and executive officers to promptly disclose any interest they may have in any proposed transaction involving Provident or Provident Bank, and any such director or executive officer shall abstain from any deliberation or voting on the transaction. Any such transaction requires the approval of a majority of the directors who have no interest in the proposed transaction. In addition, our directors and executive officers annually disclose any transactions, relationships or arrangements they or their related interests may have with Provident or Provident Bank. These disclosures, together with information obtained from each director's annual statement of interest form, are used to monitor related party transactions and make independence determinations.

## **Anti-Hedging Policy**

Our stock trading policy prohibits our directors, officers and employees from engaging in any transaction designed to hedge or offset the economic risk of owning shares of our common stock. Accordingly, any hedging, derivative or

other similar transaction that is specifically designed to reduce or limit the extent to which declines in the trading price of our common stock would affect the value of the shares of common stock owned by a director, officer or employee is prohibited. In addition, the policy provides that our directors, officers and employees should avoid pledging their shares of our common stock as collateral for a margin account or loan.

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## Audit Committee Matters

### Audit Committee

The current members of our Audit Committee are: Messrs. Fekete (Chair), Adamo, Harding, and Pugliese. Each member of the Audit Committee is considered independent as defined in the New York Stock Exchange corporate governance listing standards and under Securities and Exchange Commission Rule 10A-3.

The duties and responsibilities of the Audit Committee include, among other things:

- sole authority for retaining, overseeing and evaluating a firm of independent registered public accountants to audit Provident's annual financial statements;
- in consultation with the independent registered public accounting firm and the internal auditor, reviewing the integrity of Provident's financial reporting processes, both internal and external;
- reviewing the financial statements and the audit report with management and the independent registered public accounting firm;
- reviewing earnings and financial releases and quarterly and annual reports filed with the Securities and Exchange Commission; and
- approving all engagements for audit and non-audit services by the independent registered public accounting firm.

Our Audit Committee met ten times during 2016. The Audit Committee reports to our board of directors on its activities and findings. The board of directors believes that Messrs. Adamo and Fekete each qualify as an Audit Committee financial expert as that term is defined in the rules and regulations of the Securities and Exchange Commission.

### Audit Committee Report

*Pursuant to rules and regulations of the Securities and Exchange Commission, this Audit Committee Report shall not be deemed incorporated by reference to any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that Provident specifically incorporates this information by reference, and otherwise shall not be deemed "soliciting material" or to be "filed" with the Securities and Exchange Commission subject to Regulation 14A or 14C of the Securities and Exchange Commission or subject to the liabilities of Section 18 of the Securities Exchange Act of*

1934, as amended.

Our Audit Committee operates under a written charter approved by our board of directors, which is posted on the “Governance Documents” section of the “Investor Relations” page of Provident Bank’s website at [www.provident.bank](http://www.provident.bank).

Management has primary responsibility for the internal control and financial reporting process, and for making an assessment of the effectiveness of our internal control over financial reporting. Our independent registered public accounting firm is responsible for performing an independent audit of our company’s consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and to issue an opinion on those financial statements, and for providing an attestation report on the company’s internal control over financial reporting. The Audit Committee’s responsibility is to monitor and oversee these processes.

As part of its ongoing activities, our Audit Committee has:

- reviewed and discussed with management, and our independent registered public accounting firm, the audited consolidated financial statements of Provident for the year ended December 31, 2016;

- discussed with our independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 1301 *Communications with Audit Committees*, as amended, and as adopted by the Public Company Accounting Oversight Board; and

- received and reviewed the written disclosures and the letter from our independent registered public accounting firm mandated by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm’s communications with the Audit Committee concerning independence, and has discussed with our independent registered public accounting firm its independence from Provident.

Based on the review and discussions referred to above, the Audit Committee recommended to our board of directors that the audited consolidated financial statements for the year ended December 31, 2016 and related footnotes be included in Provident’s Annual Report on Form 10-K for the year ended December 31, 2016 and filed with the Securities and Exchange Commission. In addition, the Audit Committee approved the re-appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2017, subject to the ratification of this appointment by our stockholders.

**THE AUDIT COMMITTEE OF PROVIDENT  
FINANCIAL SERVICES, INC.**

Frank L. Fekete (Chair)

Robert Adamo

Matthew K. Harding

John Pugliese

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## **Compensation Committee Matters**

### **Compensation Committee**

The current members of our Compensation Committee are: Messrs. Gallagher (Chair) and Pugliese and Ms. Brooks. Each member of the Compensation Committee has been determined to be independent as defined in the New York Stock Exchange corporate governance listing standards. The Compensation Committee is responsible for reviewing the performance of, and the compensation payable to, our named executive officers, including the Chief Executive Officer; the compensation payable to our non-management directors, management development and succession planning; and for reviewing and evaluating incentive compensation programs and policies and risks associated with such programs and policies. This includes setting performance measures and goals consistent with principles of safety and soundness, approving awards under existing compensation plans and administering long-term equity awards.

Director compensation is established by our board of directors upon the recommendation of the Compensation Committee and is discussed in this Proxy Statement under the heading “Director Compensation”.

The Compensation Committee’s charter is posted on the “Governance Documents” section of the “Investor Relations” page of Provident Bank’s website at [www.provident.bank](http://www.provident.bank). The Compensation Committee met six times during 2016.

### **Compensation Committee Interlocks and Insider Participation**

Messrs. Gallagher, Hogan (retired), and Pugliese and Ms. Brooks served as members of the Compensation Committee during 2016. None of these directors have ever been an officer or employee of Provident. In addition, none of these directors are executive officers of any other entity where one of our executive officers serves on the compensation committee or the board of directors, or which had any transactions or relationships with us in 2016 that would require specific disclosures under Securities and Exchange Commission rules.

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**Overview**

The following discussion provides an overview and analysis of our Compensation Committee’s philosophy and objectives in designing compensation programs, as well as the compensation determinations and rationale for those determinations relating to our Chief Executive Officer, Chief Financial Officer, and the next three most highly compensated executive officers, to whom we refer collectively as our “named executive officers.” Our named executive officers for 2016 were:

<b>Name</b>	<b>Title</b>
<b>Christopher Martin</b>	Chairman, President and Chief Executive Officer of Provident Financial Services, Inc. and Provident Bank
<b>Thomas M. Lyons</b>	Executive Vice President and Chief Financial Officer of Provident Financial Services, Inc. and Provident Bank
<b>Donald W. Blum</b>	Executive Vice President and Chief Lending Officer of Provident Bank
<b>John Kuntz</b>	Executive Vice President, General Counsel and Corporate Secretary of Provident Financial Services, Inc. and Executive Vice President and Chief Administrative Officer of Provident Bank
<b>Michael A. Raimonde</b>	Executive Vice President and Director of Retail Banking

**Executive Summary**

Our executive compensation program is designed to align pay with performance in a manner consistent with safe and sound business practices and sustainable financial performance consistent with stockholder interests. The key features of the program are:

- A pay for performance philosophy aligning executive compensation with business strategies and generating stockholder returns;
  - Executive salaries and total compensation evaluated based on peer group data using a regional group of publicly-traded banks of comparable size and business model;
  - Annual cash incentive compensation opportunities tied to key corporate performance goals;
  - Long-term incentive compensation opportunities tied to key corporate performance goals and total stockholder return performance relative to a peer group over a multi-year period;
  - A significant portion (75%) of equity grants to our named executive officers are performance-based;
  - No dividends are paid on stock awards subject to performance-vesting conditions unless and until the awards have vested;
- Incentive compensation plans that provide for risk mitigation and accountability authorizing our Compensation Committee to condition incentive compensation awards with clawback, deferral, and adjustment provisions, and settlement in stock subject to holding periods;

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- Executives are subject to share ownership guidelines;
- Executives are prohibited from engaging in hedging transactions to offset the economic risk of owning our common stock;
- Perquisites are limited and no tax gross-ups are provided;
- No excise tax gross-ups are provided for in employment or change in control agreements;
- Active oversight by the Compensation Committee consisting solely of independent directors; and
- Assistance regularly provided to the Compensation Committee by an independent compensation consultant selected by the Compensation Committee.

### **Financial and Strategic Highlights**

Our Compensation Committee believes that executive compensation should be linked to Provident's overall financial performance and strategic success and the contribution of its executives to that performance and success.

Highlights of Provident's 2016 financial and operating performance include:

- Annual net income was \$87.8 million, an increase of 4.9% from 2015, as total revenue and net interest income achieved record levels in the fourth quarter of 2016;
  - Total assets increased from \$8.91 billion at December 31, 2015 to \$9.50 billion at December 31, 2016 primarily due to a \$465.8 million increase in total loans and an \$87.9 million increase in total investments;
  - Solid loan growth with loan originations of \$3.09 billion, as the total loan portfolio increased by 7.1% during 2016;
  - Continued improvement in asset quality, with total non-performing assets of \$50.4 million, or 0.53% of total assets at year-end 2016, down from \$55.1 million or 0.62% at year-end 2015; and
- Total deposits increased \$629.6 million, or 10.6% to \$6.55 billion at December 31, 2016, largely due to an increase in
- total core deposits which represented 90.1% of total deposits at December 31, 2016, compared to 87.5% at December 31, 2015.

### **Key Executive Compensation Actions**

The Compensation Committee regularly reviews the components of our executive compensation program with advice from its independent compensation consultant and after giving due consideration to the most recent non-binding

stockholder advisory vote on executive compensation which resulted in a favorable vote of approximately 97% of the votes cast on the matter.

Highlights of key compensation actions in 2016 were:

**2016 Base Salary:** Mr. Martin's base salary increased to \$690,000 in 2016, representing a 3.8% increase. The other named executive officers received salary increases of 3.2%, 3.0%, 4.3% and 3.0% for Messrs. Lyons, Blum, Kuntz and Raimonde, respectively.

**2016 Cash Incentives:** Mr. Martin earned a cash incentive of 105.2% of base salary or \$725,991. This represented a cash incentive based on attainment of overall corporate results that were above Target against established performance goals for 2016. The remaining named executive officers each earned a cash incentive of 65.8% of base salary. The 2016 cash incentive payments to the named executive officers represent payouts of 131.52% of the Target opportunity.

**2016 Long-Term Incentives:** In 2016, Mr. Martin was granted 27,043 performance-vesting stock awards which vest at the end of a three-year period based upon achievement of total shareholder return relative to the performance of an indexed peer group and the multi-year average core return on average assets performance goals. The performance-based awards represented 75% of the long-term equity award component of his pay. Mr. Martin was also granted 76,327 stock options which vest over three years, or 25% of his long-term equity award. The other named executive officers were granted 75% of their long-term equity in performance-vesting stock awards that vest at the end of a three-year period based upon the same relative total shareholder return performance and return on average assets goals, and 25% of their long-term equity in time-vesting stock that vest over three years.

### Compensation Consultants

Our Compensation Committee retained the services of Frederic W. Cook & Co. ("FW Cook") to assist with compensation planning and analysis. FW Cook was retained by and reported directly to the Compensation Committee and did not perform any other services for Provident, Provident Bank or their affiliates or their management. The Compensation Committee regularly meets with its compensation consultant in executive session without management.

The Compensation Committee considered the independence of FW Cook in light of Securities and Exchange Commission rules and New York Stock Exchange corporate governance listing standards, and received a report from FW Cook addressing the independence of the firm and its consultants, including the following factors: (1) that no other services were provided to Provident; (2) fees paid by Provident as a percentage of the

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firm's total revenue; (3) policies or procedures maintained by the firm that are designed to prevent a conflict of interest; (4) that there were no business or personal relationships between the firm and its consultants and any member of the Compensation Committee; (5) any company stock owned by the firm and its consultants; and (6) that there were no business or personal relationships between Provident's executive officers and the firm and its consultants. The Compensation Committee discussed these considerations and concluded that the work performed by FW Cook and its consultants involved in the engagements did not raise any conflict of interest and concluded that they were independent Compensation Committee consultants.

### **Executive Compensation Philosophy**

Our Compensation Committee believes that our executive compensation program is consistent with promoting sound risk management and long-term value creation for our stockholders. The program is intended to align the interests of our executive officers and employees with stockholders by rewarding performance against established corporate financial goals, strong executive leadership and superior individual performance. By offering annual cash incentives, long-term equity compensation and competitive benefits, we strive to attract, motivate and retain a highly qualified and talented team of executives who will help maximize long-term financial performance and earnings growth.

The compensation paid to each named executive officer is based on the executive's level of job responsibility, corporate financial and market performance measured against annual and three-year goals, an assessment of the executive's individual performance and the competitive market. For the named executive officers and other members of executive management, annual and long-term incentive compensation is linked more directly to corporate financial performance, because these executives are in leadership roles that influence corporate financial results.

### **Benchmarking and Peer Groups**

The Compensation Committee is responsible for the design, implementation and administration of the compensation program for our executive officers. FW Cook was engaged in 2015 to review our executive compensation program for 2016, which included a review and recommendation of an appropriate peer group for assessing competitive compensation practices, and for making performance comparisons. The Compensation Committee used the following two peer groups for 2016 executive compensation determinations:

- The SNL Small Cap U.S. Bank & Thrift Index ("SNL Index") was used to compare long-term performance achievement. The SNL Index includes over 90 banks that the Compensation Committee believes serves as an appropriate measure of Provident's relative long-term performance.
- A regional peer group of 18 publicly traded thrift and banking institutions in the Northeast was used to compare base salary and total compensation. The regional peer group is used for setting compensation levels because these banks are broadly reflective of the environment in which Provident competes for executive talent, and they provide a good

indicator of the current competitive range of compensation. Provident's asset size (\$9.50 billion) is within a reasonable range of the regional peer median (\$8.10 billion). Additional consideration was given to business model and performance. The individual peer banks, which remained substantially the same as those used in 2015, are as follows:

Beneficial Mutual Bancorp, Inc.	First Commonwealth Financial Corporation	NBT Bancorp Inc.
Berkshire Hills Bancorp, Inc.	Flushing Financial Corporation	Northwest Bancshares, Inc.
Brookline Bancorp Inc.	Fulton Financial Corporation	S&T Bancorp, Inc.
Community Bank System, Inc.	Independent Bank Corp.	Signature Bank
Dime Community Bancshares, Inc.	Investors Bancorp, Inc.	Valley National Bancorp
F.N.B. Corp.	National Penn Bancshares, Inc. <sup>(1)</sup>	WSFS Financial Corporation

(1) National Penn Bancshares, Inc. was acquired effective April 4, 2016.

The Compensation Committee evaluates the peer groups annually for suitability and may modify peer groups from time to time based on mergers and acquisitions within the industry or other relevant factors. While our executive compensation program targets each named executive officer's base salary, annual cash incentives and long-term equity compensation at median levels, actual compensation paid to a named executive officer may vary based on other factors, such as the individual's performance, experience and competitive market conditions.

[Back to Contents](#)**Role of Management**

Although the Compensation Committee is ultimately responsible for designing our executive compensation program, input from our Chief Executive Officer is critical in ensuring that the Compensation Committee has the appropriate information needed to make informed decisions. The Chief Executive Officer participates in compensation-related activities purely in an informational and advisory capacity and he presents the other named executive officers' performance summaries and recommendations relating to their compensation to the Compensation Committee for its review and approval. The Chief Executive Officer neither recommends nor participates in Compensation Committee deliberations regarding his own compensation.

**Elements of 2016 Executive Compensation**

We pay our named executive officers in accordance with a pay for performance philosophy by providing competitive compensation for demonstrated performance. The Compensation Committee employs a total compensation approach in establishing executive compensation opportunities, consisting of base salary, annual cash incentive compensation, long-term equity awards (which may include performance- and/or time-vesting restricted stock and/or stock options), a competitive benefits package and limited perquisites.

<b>Compensation Element</b>	<b>Description and Purpose</b>	<b>Link to Performance</b>	<b>Fixed/Performance-Based</b>	<b>Short-Long-Term</b>
Base Salary	Attract and retain executives	Based on individual performance, experience, and scope of responsibility	Fixed	Short-Term
Annual Cash Incentive	Drive performance achievement and create stockholder value	Links executive compensation to factors that are important for the company's success.	Performance-Based	Short-Term
Long-Term Incentive Awards	Align executives with stockholder interests and serve as a retention tool through multi-year vesting	75% of equity awards are based on pre-established company performance objectives	Performance-Based	Long-Term
Benefits	Supplemental Defined Contribution Plan	Non-Qualified excess plan to maintain qualified plan benefits limited by IRS rules	Fixed	Long-Term
Other Compensation	Retirement plans and health and welfare benefits on the same basis as other employees. Limited	Benefit plans maintain competitive total compensation	Fixed	Short- and Long-Term



perquisites.

As illustrated below in 2016, 64% of the target compensation (base salary, cash incentives and long-term equity) for Mr. Martin, and 45% of the target compensation to our other named executive officers, was performance-based and not guaranteed.

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[Back to Contents](#)**Base Salary**

A competitive base salary is necessary to attract and retain talented executives. Annually, our Compensation Committee evaluates each named executive officer's base salary level. In general, competitive base salary information and peer market data are furnished to the Compensation Committee by the independent compensation consultant, and each named executive officer's base salary level is compared to the peer market data at the median. In setting base salary levels the Compensation Committee also assesses each individual named executive officer's performance, leadership, operational effectiveness and experience in the industry, as well as competitive market conditions.

In establishing base salaries for 2016, the Compensation Committee considered our company's financial performance as well as the peer group and market compensation analysis performed in 2015 by FW Cook. Based on that information, the Compensation Committee determined that the base salary increases for Mr. Martin and the other named executive officers reflected below were appropriate because of strong financial performance in 2015 and because they brought the executives closer to the median of the peer group for total compensation.

<b>Name</b>	<b>2016 Salary</b>	<b>2015 Salary</b>	<b>% Change</b>
<b>Christopher Martin</b>	\$690,000	\$665,000	3.8%
<b>Thomas M. Lyons</b>	\$390,000	\$378,000	3.2%
<b>Donald W. Blum</b>	\$345,000	\$335,000	3.0%
<b>John Kuntz</b>	\$365,000	\$350,000	4.3%
<b>Michael A. Raimonde</b>	\$312,000	\$303,000	3.0%

**Annual Cash Incentive Payment/Executive Annual Incentive Plan for 2016**

Annual cash incentive opportunities are provided to our named executive officers in order to align the attainment of annual corporate financial performance objectives with executive compensation. At the beginning of each year, the Compensation Committee assigns corporate financial targets and a range of annual cash incentive award opportunities to each named executive officer. The award opportunities are linked to a specific target and range of performance results for multiple corporate financial performance measures and are calculated as a percentage of the named executive officer's base salary.

Our Compensation Committee established, and the board of directors ratified, the performance targets for 2016 under the Executive Annual Incentive Plan, which provided the opportunity for a cash incentive payment based upon the achievement of corporate goals. The targeted levels of incentive opportunity for 2016 were as follows:

Annual Cash Incentive  
as a % of Base Salary

Participant	Threshold	Target	Maximum
Chief Executive Officer	40%	80%	120%
Other Named Executive Officers	25%	50%	75%

For Mr. Martin and the other named executive officers, the Compensation Committee established the following 2016 targets (collectively, the “Corporate Targets”) and relative weightings for the Executive Annual Incentive Cash Plan:

Corporate Goal	Weight	Threshold	Target <sup>(1)</sup>	Maximum	Achievement
		90%	100%	105%	
Earnings Per Share	40%	\$1.20	\$1.33	\$1.40	\$1.38
Net Income (in millions)	40%	\$76.1	\$84.5	\$88.7	\$87.8
Efficiency Ratio <sup>(2)</sup>	20%	62.60%	58.71%	57.59%	58.54%

(1) Performance is interpolated between the Threshold and Maximum opportunity levels.

(2) Represents the ratio of non-interest expense divided by the sum of net interest income and non-interest income.

Under the Executive Annual Incentive Plan, cash incentive payments based on Provident’s actual 2016 financial performance would be made if financial performance met or exceeded 90% of any one of the Corporate Targets (“Threshold”). The payout curve under the annual incentive plan provides a 50% of Target payout for each metric at Threshold performance achievement and 150% of Target for each metric at Maximum performance achievement. Pursuant to this curve, cash incentive payments would be a minimum of 8% of base salary for Mr. Martin and 5% of base salary for the other named executive officers upon the achievement of the metric with the lowest rating (i.e., 20%) at the Threshold level, increasing to a maximum of 120% of base salary for Mr. Martin and 75% of base salary for the other named executive officers upon achievement of all metrics at the Maximum level.

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The overall actual achievement of Corporate Targets for 2016 was above Target for all three performance targets. Based upon the foregoing, the Compensation Committee authorized payouts above the Target level under the Executive Annual Incentive Plan to the named executive officers as noted in the following table.

<b>Name</b>	<b>Cash Incentive</b>	<b>% of Salary</b>	<b>% of Target</b>
Christopher Martin	\$725,991	105.2%	131.52%
Thomas M. Lyons	\$256,464	65.8%	131.52%
Donald W. Blum	\$226,872	65.8%	131.52%
John Kuntz	\$240,030	65.8%	131.52%
Michael A. Raimonde	\$205,171	65.8%	131.52%

**Long-Term Equity Incentives**

Our Amended and Restated Long-Term Equity Incentive Plan provides the opportunity to grant various forms of equity incentives on a performance-vesting and time-vesting basis. The Compensation Committee believes that stock ownership by its officers and employees provides a significant incentive in building long-term stockholder value by further aligning the interests of officers and employees with stockholders. This component of compensation increases in importance as Provident's common stock appreciates in value and serves as a retention tool for executives. The inclusion of performance-vesting awards also encourages a long-term strategic focus.

It is the policy of the Compensation Committee to make equity grants when the window for trading by directors and officers in Provident common stock is open under Provident's stock trading policy. Throughout the year, equity awards may be granted to new hires and promoted employees, or to existing employees to recognize superior performance with a grant date effective as of the date of the next regularly scheduled Compensation Committee meeting that falls when the window for trading is open under our stock trading policy.

The Compensation Committee established the equity component of total compensation as a percentage of base salary, for Mr. Martin and other named executive officers, based upon competitive total compensation data previously provided by the independent compensation consultant. To maintain competitive total compensation and to further align executive pay with long-term financial performance, the Compensation Committee generally follows the guidelines below with respect to annual performance-vesting and time-vesting equity grants:

<b>Participant</b>	<b>2016 Opportunity Long-Term Equity Target Award as a % of Base Salary</b>
Chief Executive Officer	100%
Other Named Executive Officers	60%

The composition of the 2016 long-term equity awards was as follows:

<b>Participant</b>	<b>Performance-Vesting</b>	<b>Time-Vesting</b>	
	<b>Restricted Stock</b>	<b>Stock Options</b>	<b>Restricted Stock</b>
Chief Executive Officer	75%	25%	–
Other Named Executive Officers	75%	–	25%

The Compensation Committee determined that for equity grants made in 2016 to all named executive officers including Mr. Martin, 75% of the grants would be subject to performance-vesting, and 25% would be time-vesting over three years. The time-vesting component of Mr. Martin's equity grant was in the form of stock options which the Compensation Committee viewed as performance-based because value is only realized if there is stock price appreciation over the term of the options.

Performance-vesting grants are measured at the end of a three-year period based upon performance goals approved by the Compensation Committee at the time of the equity grant.

Currently the performance goals include projections of a multi-year return on core average assets and a comparison of total stockholder return to an indexed peer group over a three-year period. These performance goals are designed to encourage conduct that drives long-term strategic decisions suited to maximizing stockholder value, and the vesting period strikes a proper balance between providing a meaningful incentive while maintaining an appropriate level of at-risk compensation for retention purposes.

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		<b>Threshold</b>	<b>Target</b>	<b>Maximum</b>
<b>Core Return on Average Assets</b>	<b>60% Weight</b>			
Multi-Year Average Core ROAA		80 bps.	90 bps.	94 bps.
<b>Total Shareholder Return v. Peer Group</b>	<b>40% Weight</b>			
SNL Small Cap U.S. Bank & Thrift Index		<b>≥30% of peers</b>	<b>≥50% of peers</b>	<b>≥75% of peers</b>

(1) Performance is interpolated between the Threshold and Maximum opportunity levels.

The Compensation Committee has determined that the performance goals for long-term equity awards are appropriately set such that participants will attain: (i) the Threshold level of performance if minimum expected levels of performance are achieved, which the Committee believed were reasonably likely to be attained; (ii) the Target level of performance if projected business plan expectations are achieved, which the Committee believed had approximately an even likelihood of either being attained or not being attained; and (iii) the Maximum level of performance, which sets a cap on how much incentive compensation will be paid in the event the Target level is meaningfully exceeded, which the Compensation Committee believes is not likely to be achieved. The establishment of various levels of performance associated with vesting (e.g., from Threshold to Maximum) is an industry best practice and provides opportunity when macroeconomic conditions are difficult and adversely impact results.

**2016 Performance-Vesting  
Calibration**

**Long-Term Equity Award as  
a % of Target**

<b>Participant</b>	<b>Threshold</b>	<b>Target</b>	<b>Maximum</b>
Chief Executive Officer	50%	100%	150%
Other Named Executive Officers	50%	100%	150%

No dividends are paid with respect to any stock award subject to performance-vesting conditions unless and until the performance conditions are met and vesting occurs, and only on that portion of the stock award that actually vests.

The Compensation Committee revised the performance goal structure for the 2017-2019 performance-vesting grants anticipated to be granted in March of 2017. The performance goals will continue to include a multi-year return on core average assets with a weight of 60%. In addition, a return on average tangible equity goal will be included and measured with a 40% weight. The return on average tangible equity portion of the award will be subject to a relative total shareholder return (“TSR”) modifier measured against the SNL Small Cap US Banks & Thrifts Index Peer Group. The modifier provides for (i) a downward 20% adjustment of payout if our TSR is below the 25<sup>th</sup> percentile and (ii) an upward 20% adjustment of payout if our TSR is at or above the 75<sup>th</sup> percentile. Between the 25<sup>th</sup> percentile and the 75<sup>th</sup> percentile, the modifier has no impact on payout. This performance framework is designed to encourage conduct that drives long-term strategic decisions suited to maximizing stockholder value while maintaining a meaningful impact on total compensation from our three-year relative total shareholder return.

**Benefits**

We offer the named executive officers benefits that are generally available to all employees, including medical and dental, disability insurance, group life insurance coverage, an Employee Stock Ownership Plan (“ESOP”) and a 401(k) Plan with discretionary employer matching contributions. Certain of the named executive officers have accrued benefits under a noncontributory defined benefit pension plan that was frozen as of April 1, 2003 following the adoption of the ESOP. In addition to pension benefits, medical and life insurance benefits are made available to certain employees when they retire. Although these post-retirement benefits have been eliminated, certain employees with ten or more years of service at the time the benefits were eliminated, including Mr. Martin, still qualify for these post-retirement benefits upon retirement. The named executive officers are also eligible for non-qualified benefits under the Non-Qualified Supplemental Defined Contribution Plan designed to make up for the IRS limits on contributions to the tax-qualified 401(k) Plan and ESOP.

### **Perquisites**

The Compensation Committee believes that perquisites should be provided on a limited basis. The following perquisites are currently provided: a club membership for Mr. Martin and the use of a company-owned automobile for Messrs. Martin, Blum and Raimonde. Messrs. Lyons and Kuntz are paid a monthly car allowance. All of the named executive officers are eligible for an annual medical examination at Provident’s expense. These limited perquisites are provided to maintain a competitive compensation package.

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## **Elements of Post-Termination Benefits**

### **Employment Agreement**

Mr. Martin has an employment agreement with a twelve month term that renews on August 31 of each year for an additional twelve months. The employment agreement provides that if Mr. Martin's employment is terminated for reasons other than for cause, or as a result of his death, retirement or disability, Mr. Martin would be entitled to:

- earned but unpaid base salary through the termination date;
- an annual bonus to which he may be entitled under any cash- based annual bonus or performance compensation plan then in effect;
- benefits due to him as a former employee other than pursuant to the agreement;
  - severance pay or liquidated damages equal to his base salary and bonuses due for twelve months following termination, and for these purposes "bonuses due" shall be determined as the greater of: (i) the average annual cash bonus paid to him with respect to the three completed fiscal years prior to the termination, or (ii) the cash bonus paid to him for the last fiscal year prior to the date of termination; and
- the continuation of life, medical, dental and disability insurance coverage for twelve months following termination.

Mr. Martin may resign from employment for good reason and receive these termination benefits in the event of certain adverse changes in his employment conditions. Under the employment agreement, the termination benefits are subject to Mr. Martin's compliance with non-solicit and non-compete provisions for a period of six months following his termination. The employment agreement does not provide for benefits for a termination following a change in control. Those benefits are provided for in a separate change in control agreement between Provident and Mr. Martin described in the following section "Change in Control Agreements".

### **Change in Control Agreements**

Change in control agreements are reserved for a limited number of executives. Benefits are payable under the change in control agreements after a termination of the executive following a change in control of Provident. We have entered into a three-year change in control agreement with Messrs. Martin, Blum, Kuntz, Lyons and Raimonde. Each of the agreements renews on the anniversary date of its respective effective date so that the remaining term is three years unless otherwise terminated.



Under the agreements:

Following a change in control and during the term of the agreement, the executive is entitled to a severance payment if:

- the executive's employment is terminated, other than for cause, disability, or retirement; or
- the executive terminates employment for good reason. Good reason is generally defined to include:
  - the assignment of duties materially inconsistent with the executive's positions, duties or responsibilities as in effect prior to the change in control;
- a reduction in his or her base salary or fringe benefits;
- a relocation of his or her principal place of employment by more than 25 miles from its location immediately prior to the change in control; or
- a failure by Provident to obtain an assumption of the agreement by its successor.

The change in control severance payment is equal to three times the highest level of aggregate annualized base salary and other cash compensation paid to the executive during the calendar year termination occurs, or during either of the immediately preceding two calendar years, whichever is greater. In addition, the executive is generally entitled to receive life, health, dental and disability coverage for the remaining term of the agreement. The gross benefits under the change in control agreements for the named executive officers, other than Mr. Martin, are reduced to avoid an excess parachute payment under Section 280G of the Internal Revenue Code if doing so results in a greater after-tax benefit to the executive.

The Compensation Committee considers these severance and change in control benefits to be an important part of the executive compensation program and consistent with market practice. The Compensation Committee believes that providing appropriate severance benefits helps attract and retain highly-qualified executives by mitigating the risks associated with leaving a previous employer and accepting a new position with Provident, and by providing income continuity following an unexpected termination.

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## **Executive Stock Ownership Guidelines**

Our Compensation Committee recommended, and our board of directors adopted, stock ownership levels for senior executives expressed as an amount of Provident common stock having a value equal to a multiple of base salary as follows:

Tier I	Chief Executive Officer	6 times base salary
Tier II	Other Named Executive Officers	1.5 times base salary

Each of the named executive officers currently exceeds these guidelines. An executive's vested restricted stock awards, unvested time-vesting restricted stock awards, and shares of Provident common stock held in the ESOP and 401(k) Plan count toward the ownership guidelines.

## **Prohibition on Hedging**

Our stock trading policy prohibits the named executive officers and others from engaging in any transaction designed to hedge or offset the economic risk of owning shares of our common stock. In addition, the policy provides that they should avoid pledging their shares of our common stock as collateral for a margin account or loan.

## **Risk Assessment**

The Compensation Committee believes that any risks arising from our compensation policies and practices are not reasonably likely to have a material adverse effect on Provident. In addition, the Compensation Committee believes that the mix and design of the elements of our executive compensation program do not encourage management to assume excessive risks. The Omnibus Incentive Compensation Plan Document of Provident Financial Services, Inc. serves as a core governance document for our cash and equity incentive compensation plans, establishing lines of authority, a foundation for relevant internal controls and procedures, risk mitigation and accountability features, including clawbacks and deferrals.

The Compensation Committee assesses risks posed by the compensation plans maintained for the benefit of, and incentive compensation paid to, officers and employees. This comprehensive risk assessment is performed by our Chief Risk Officer, General Auditor and Chief Compliance Officer and is presented to and reviewed by the Compensation Committee. The risk assessment includes an evaluation of:

- the design of proposed incentive plans to ensure they satisfy bank regulatory requirements and do not encourage excessive or imprudent risk taking;
- the internal controls over determining incentive payments and a review of the accuracy of the incentive payments and any related accruals; and
- the board of directors' oversight of the incentive compensation program to determine if it provides effective governance over the program and satisfies regulatory expectations.

The risk assessment conducted in 2016 concluded that our incentive compensation plans provide incentives that appropriately balance risk and reward; are compatible with effective controls and risk management; and are supportive of strong governance, including active oversight by the board of directors.

### **Tax Deductibility of Executive Compensation**

Under Section 162(m) of the Internal Revenue Code, companies are subject to limits on the deductibility of executive compensation. Deductible compensation is limited to \$1 million per year for each executive officer listed in the summary compensation table, with the exception of the executive listed as a result of serving as the principal financial officer of the company. Compensation that is "performance-based" under the Internal Revenue Code's definition is exempt from this limit. Annual cash incentive payments, stock option grants and other equity grants subject to performance vesting are intended to qualify as performance-based compensation.

A number of requirements must be met for particular compensation to qualify for tax deductibility, so there can be no assurance that the incentive compensation awarded will be fully deductible in all circumstances. While the Compensation Committee does not have a formal policy with respect to the payment of compensation in excess of the deduction limit, the Committee's practice is to structure compensation programs offered to the named executive officers with a view towards maximizing the tax deductibility of amounts paid. However, in structuring compensation programs and making compensation decisions, the Committee considers a variety of factors, including Provident's tax position, the materiality of the payments and tax deductions involved and the need for flexibility to address unforeseen circumstances. After considering these factors, the Committee may decide to authorize payments, all or part of which would be nondeductible for federal tax purposes.

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## **Compensation Committee Report**

*Pursuant to rules and regulations of the Securities and Exchange Commission, this Compensation Committee Report shall not be deemed incorporated by reference to any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that Provident specifically incorporates this information by reference, and otherwise shall not be deemed “soliciting material” or to be “filed” with the Securities and Exchange Commission subject to Regulation 14A or 14C of the Securities and Exchange Commission or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended.*

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the board of directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

### **THE COMPENSATION COMMITTEE OF PROVIDENT FINANCIAL SERVICES, INC.**

Terence Gallagher, Chair

Laura L. Brooks

John Pugliese

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[Back to Contents](#)**Executive Compensation**

The following table shows compensation paid or awarded with respect to our named executive officers during the years indicated. The Compensation Discussion and Analysis contains information concerning how the Compensation Committee viewed its 2016 compensation decisions for the named executive officers.

**Summary Compensation Table**

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)<sup>(1)</sup></b>	<b>Stock Awards (\$)<sup>(2)</sup></b>	<b>Option Awards (\$)<sup>(3)</sup></b>	<b>Non-Equity Incentive Plan Compensation (\$)<sup>(4)</sup></b>	<b>Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)<sup>(5)</sup></b>	<b>All Other Compensation (\$)<sup>(6)</sup></b>	<b>Total (\$)</b>
<b>Christopher Martin</b>	2016	689,135	517,500	172,500	725,991	34,801	138,774	2,278,701
Chairman, President and Chief Executive Officer	2015	664,231	498,750	166,250	651,700	—	144,221	2,125,152
	2014	639,192	556,560	190,350	480,528	110,804	113,825	2,091,259
<b>Thomas M. Lyons</b>	2016	389,585	234,000	—	256,464	4,583	89,087	973,719
Executive Vice President and Chief Financial Officer	2015	378,000	226,800	—	231,525	—	80,894	917,219
	2014	364,596	176,536	—	169,079	14,711	69,880	794,802
<b>Donald W. Blum</b>	2016	344,654	207,000	—	226,872	2,870	87,997	869,393
Executive Vice President and Chief Lending Officer	2015	334,693	201,000	—	205,188	—	81,000	821,881
	2014	324,731	146,251	—	144,528	9,137	70,283	694,930
<b>John Kuntz</b>	2016	364,491	219,000	—	240,030	2,993	71,344	897,858
Executive Vice President, Chief Administrative Officer and General Counsel	2015	349,240	210,000	—	214,375	—	63,723	837,338
	2014	324,677	158,536	—	150,550	9,499	62,154	705,416
<b>Michael A. Raimonde</b>	2016	311,688	187,200	—	205,171	—	54,699	758,758
	2015	302,754	181,800	—	181,876	—	51,235	717,665

Executive Vice President and Director of Retail Banking	2014	294,731	132,751	—	124,354	—	43,861	595,697
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(1) The amounts shown represent base salary earned during each fiscal year covered.

The amounts shown reflect the aggregate grant date fair value of time-vesting and performance-vesting awards computed in accordance with FASB ASC Topic 718. The grant date fair values of the performance-vesting awards are computed at Target performance achievement. The amounts shown computing the grant date fair values of the performance-vesting awards at Maximum performance achievement would be: \$1,147,990; \$389,323; \$344,411;

(2) \$364,363; and \$210,600 for 2016 for Messrs. Martin, Lyons, Blum, Kuntz, and Raimonde, respectively; \$748,125; \$255,150; \$226,125; \$236,250; and \$204,525 for 2015 for Messrs. Martin, Lyons, Blum, Kuntz and Raimonde, respectively; and \$748,548; \$245,521; \$207,676; \$219,961 and \$155,318 for 2014 for Messrs. Martin, Lyons, Blum, Kuntz and Raimonde, respectively.

The amounts shown reflect the grant date fair value of time-vesting and performance-vesting stock options computed in accordance with FASB ASC Topic 718. The grant date fair values of the performance-vesting stock

(3) options granted in 2014 are computed at Target performance achievement. The amounts shown computing the grant date fair value of the performance-vesting stock options at Maximum performance achievement would be: \$254,346 for Mr. Martin for 2014. No performance-vesting stock options were granted in 2016 and 2015.

(4) The amounts shown reflect the payment made under the Executive Annual Incentive Plan.

The amounts in this column reflect the actuarial increase in the present value at each year end compared to the prior year end of the named executive officer's benefits under all defined benefit pension plans. For 2015, there was

(5) a negative change in the present value of the benefits under the defined benefit plan and no amount is disclosed in the Summary Compensation Table. Mr. Raimonde is not a participant in the defined benefit pension plan. No named executive officer received preferential or above-market earnings on deferred compensation.

The amounts in this column represent all other compensation not properly reported in other columns of the Summary Compensation Table including perquisites (non-cash benefits and perquisites such as the use of

(6) employer-owned automobiles, car allowances, membership dues and other personal benefits), the value of cash dividend payments on unvested restricted stock awards subject to time-vesting, accumulated dividends paid on performance-vesting awards that actually vested, employee benefits (employer cost of medical, dental, vision, life and disability insurance), and employer contributions to defined contribution plans (Provident Bank 401(k) Plan, ESOP and the Non-Qualified Supplemental Defined Contribution Plan). Amounts are reported separately under the following "All Other Compensation" and "Perquisites" tables.

[Back to Contents](#)**All Other Compensation**

Name	Year	Perquisites and Other Personal Benefits (\$)	Dividends on Stock Awards (\$)	Company Contribution on Employee Medical and Insurance Benefits (\$)	Company Contributions to Retirement, 401(k) and Non-Qualified Plans (\$)	Total (\$)
Christopher Martin	2016	13,274	24,432	15,908	85,160	138,774
	2015	11,196	58,486	14,793	59,746	144,221
	2014	13,789	30,139	13,912	55,985	113,825
Thomas M. Lyons	2016	6,000	10,991	21,002	51,094	89,087
	2015	6,700	20,061	19,770	34,363	80,894
	2014	6,750	10,914	18,355	33,861	69,880
Donald W. Blum	2016	7,058	9,769	19,921	51,249	87,997
	2015	6,248	19,205	19,418	36,129	81,000
	2014	6,896	11,709	18,232	33,446	70,283
John Kuntz	2016	6,750	9,922	1,548	53,124	71,344
	2015	6,000	19,112	1,428	37,183	63,723
	2014	6,700	11,631	10,470	33,353	62,154
Michael A. Raimonde	2016	5,280	8,858	1,387	39,174	54,699
	2015	5,331	17,001	1,288	27,615	51,235
	2014	6,025	10,083	1,256	26,497	43,861

**Perquisites**

Name	Year	Personal Use of Company Car/Car Allowance (\$) <sup>(7)</sup>	Club Dues (\$)	Total Perquisites and Other Personal Benefits (\$) <sup>(8)</sup>
Christopher Martin	2016	5,134	7,440	13,274
	2015	5,658	4,354	11,196
	2014	6,507	5,482	13,789
Thomas M. Lyons	2016	6,000	—	6,000
	2015	6,000	—	6,700
	2014	6,000	—	6,750
Donald W. Blum	2016	6,308	—	7,058
	2015	6,248	—	6,248
	2014	6,896	—	6,896
John Kuntz	2016	6,000	—	6,750
	2015	6,000	—	6,000
	2014	6,000	—	6,700

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Michael A. Raimonde	2016	5,280	—	5,280
	2015	5,331	—	5,331
	2014	6,025	—	6,025

For Messrs. Martin, Blum and Raimonde, the amount shown is the value attributable to personal use of a (7) company-provided automobile calculated in accordance with Internal Revenue Service guidelines. For the other named executive officers, the amount shown is a monthly car allowance.

The amounts shown include the cost of annual medical examinations of \$700 for Mr. Martin in 2016; \$1,184 and (8) \$700 for Messrs. Martin and Lyons, respectively in 2015; and \$700 for Mr. Kuntz in 2014; and a fifteen-year service award of \$750 each made to Messrs. Kuntz and Blum in 2016; a thirty-year service award of \$1,800 made to Mr. Martin and a fifteen-year service award of \$750 made to Mr. Lyons in 2014.

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[Back to Contents](#)**Plan-Based Awards**

The following table shows certain information as to grants of plan-based awards during 2016 made to the named executive officers. The awards granted on February 26, 2016 represent the cash incentive payments that could be earned based on performance under the Executive Annual Incentive Plan for 2016. The awards granted on February 24, 2016 are long-term equity incentive awards which are primarily performance-vesting awards. The Compensation Discussion and Analysis contains information about cash- and equity-based incentive awards made to our named executive officers.

**GRANTS OF PLAN-BASED AWARDS TABLE FOR THE YEAR ENDED DECEMBER 31, 2016**

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Possible Payouts Under Equity Incentive Plan Awards <sup>(2)</sup>			All Other Stock Awards: Number of Shares of Stock or Units (#) <sup>(3)</sup>	All Other Option Awards: Number of Securities Underlying Options (#) <sup>(4)</sup>	Exercise Price of or Base Price of Awards (\$/Sh)	Vesting Schedule
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
<b>Christopher Martin</b>	2/26/2016	55,200	552,000	828,000							
	2/24/2016				5,219	27,043	40,565				
	2/24/2016								76,327	18.70	
<b>Thomas M. Lyons</b>	2/26/2016	19,500	195,000	292,500							
	2/24/2016				1,770	9,171	13,757				
	2/24/2016							3,128		18.70	
<b>Donald W. Blum</b>	2/26/2016	17,250	172,500	258,750							
	2/24/2016				1,566	8,113	12,170				
	2/24/2016							2,767		18.70	
<b>John Kuntz</b>	2/26/2016	18,250	182,500	273,750							
	2/24/2016				1,657	8,583	12,875				
	2/24/2016							2,928		18.70	
<b>Michael A. Raimonde</b>	2/26/2016	15,600	156,000	234,000							
	2/24/2016				1,416	7,337	11,006				
	2/24/2016							2,503		18.70	

The amounts shown assume achievement of 100% of individual goals and objectives. The range of estimated

(1) possible payouts reflects the full potential of the annual incentive payment if only one performance goal is achieved at Threshold level and if all performance goals are achieved at Maximum level.

(2) Represents the number of restricted stock awards that may vest if performance goals are achieved over the three-year period 2016-2018 at the stated levels.

(3) Represents the number of three-year time-vesting restricted stock awards granted.

(4) Represents the number of three-year time-vesting stock options granted.

Represents the grant date fair value of the awards determined in accordance with FASB ASC Topic 718. Footnote

(5) 1 to our audited financial statements for the year ended December 31, 2016 contained in our Annual Report on Form 10-K includes the assumptions used to calculate these amounts.

[Back to Contents](#)**Outstanding Equity Awards at Year End**

The following table shows certain information about outstanding equity awards as of December 31, 2016 for our named executive officers.

**OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2016**

Name	Option Awards				Stock Awards				
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date <sup>(1)</sup>	Number of Shares or Units of Stock That Have Not Vested (#) <sup>(2)</sup>	Market Value of Stock That Have Not Vested (\$) <sup>(3)</sup>	Equity Incentive Plan Awards: Number of Shares, Units or Rights That Have Not Vested (#) <sup>(4)</sup>	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$) <sup>(3)</sup>
<b>Christopher Martin</b>	13,020	—		12.54	1/29/2018	3,000	84,900	53,030	1,500,749
	16,600	—		10.40	2/3/2019				
	50,000	—		14.50	2/24/2021				
	20,000	5,000		14.88	2/3/2022				
	21,000	14,000		15.23	2/19/2023				
	14,000	21,000		16.38	2/19/2024				
	21,991	43,981		18.34	2/19/2025				
	76,327	—		18.70	2/24/2026				
	3,718	—		10.40	2/3/2019				
	64,433	—		10.34	2/3/2020				
	14,622	—		14.50	2/24/2021				
	22,542	—		14.88	2/3/2022				
	25,126	—		15.23	2/19/2023				
	45,762	—		16.38	2/19/2024				
<b>Thomas M. Lyons</b>	924	—		12.54	1/29/2018	5,189	146,849	18,034	510,362
	1,636	—		10.40	2/3/2019				
	6,100	—		12.54	1/29/2018	4,594	130,010	15,968	451,894

**Donald W.  
Blum**

	8,090	—	10.40	2/3/2019				
	2,417	—	10.40	2/3/2019				
<b>John Kuntz</b>	5,640	—	12.54	1/29/2018	4,837	136,887	16,790	475,157
	7,780	—	10.40	2/3/2019				
	2,324	—	10.40	2/3/2019				
	13,403	—	10.34	2/3/2020				
<b>Michael A. Raimonde</b>	15,000	—	17.45	5/7/2017	4,155	117,587	14,442	408,709
	5,120	—	12.54	1/29/2018				

(1) Stock options generally expire 10 years after the grant date.

(2) Amounts shown represent the number of time-vesting stock awards that were not vested at December 31, 2016.

(3) Amounts shown are based on the fair market value of Provident common stock on December 30, 2016 (the last trading day of 2016) of \$28.30.

(4) Amounts shown represent the number of stock awards that may vest if performance goals are achieved over the three-year periods 2015-2017 and 2016-2018 at Target level.

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[Back to Contents](#)**Option Exercises and Stock Vested**

The following table shows certain information about restricted stock awards that vested and stock options that were exercised in 2016.

Name	Stock Awards		Stock Options	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) <sup>(1)</sup>	Number of Shares Exercised (#)	Value Realized on Exercise (\$) <sup>(2)</sup>
Christopher Martin	22,180	426,062	67,267	102,405
Thomas M. Lyons	8,150	156,325	34,162	179,523
Donald W. Blum	7,252	139,103	45,034	221,100
John Kuntz	7,293	139,869	30,698	54,338
Michael A. Raimonde	6,580	126,215	—	—

(1) The value realized on vesting represents the market value on the day the stock vested.

(2) The value realized on a stock option exercise is the difference between the fair market value on the exercise date and the stock option grant price.

**Pension Benefits**

We maintain a noncontributory defined benefit pension plan, which covers full-time employees hired prior to April 1, 2003, the date on which the pension plan was frozen. All participants in the pension plan are 100% vested.

Pension plan participants generally become entitled to retirement benefits upon their later attainment of age 65 or the fifth anniversary of participation in the plan, which is referred to as the normal retirement date. The normal retirement benefit is equal to 1.35% of the participant's average final compensation up to the average social security level, plus 2% of the participant's average final compensation in excess of the average social security level multiplied by the participant's years of credited service to a maximum of 30 years.

Vested retirement benefits generally are paid beginning on the participant's normal retirement date. Participants with accrued benefits in the pension plan prior to April 1, 2003 continued to vest in their pre-April 1, 2003 accrued benefit.

A participant may elect to retire prior to age 65 and receive early retirement benefits if retirement occurs after completion of at least five consecutive years of vested service and attainment of age 55. If an early retirement election is made by a participant, retirement benefits will begin on the first day of any month during the ten-year period preceding the participant's normal retirement date, as directed by the retiring participant. If a participant elects to retire prior to attaining age 65 and after completing five years of credited service, his or her accrued pension benefit will be

reduced 3% per year for the first five years prior to age 65 and 5% per year thereafter to age 55. However, if a participant elects to retire early after both attaining age 60 and completing 25 years of credited service, his or her accrued pension benefit will be unreduced. If the termination of service occurs after the normal retirement date, the participant's benefits will begin on the participant's postponed retirement date.

The following table shows the present value of accumulated benefits payable to each of our named executive officers, including the number of years of service credited to each named executive officer, under each of the pension plans determined using interest rate and mortality rate assumptions consistent with those used in Provident's financial statements.

**PENSION BENEFITS AT AND FOR THE YEAR ENDED DECEMBER 31, 2016**

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$) <sup>(1)</sup>	Payments During Last Fiscal Year (\$)
Christopher Martin	The First Sentinel Pension Plan	32	502,866	—
Thomas M. Lyons	The First Sentinel Pension Plan	17	53,803	—
Donald W. Blum	Provident Bank Pension Plan	15	41,467	—
John Kuntz	Provident Bank Pension Plan	15	44,678	—
Michael A. Raimonde	None applicable	—	—	—

The amounts shown are determined based on the measurement date of December 31, 2016. For the discount rate and other (1) assumptions used, please refer to note 11 in the audited financial statements included in our Annual Report on Form 10-K.



[Back to Contents](#)**Non-Qualified Deferred Compensation**

The following table shows certain information about the participation by each named executive officer in our non-qualified defined contribution plans at and for the year ended December 31, 2016.

**NON-QUALIFIED DEFERRED COMPENSATION AT AND FOR THE YEAR ENDED DECEMBER 31, 2016**

Name	Executive Contributions in Last Fiscal Year (\$)	Registrant Contributions in Last Fiscal Year (\$) <sup>(1)</sup>	Aggregate Earnings in Last Fiscal Year (\$) <sup>(2)</sup>	Aggregate Withdrawals / Distributions (\$)	Aggregate Balance at Last Fiscal Year-End (\$) <sup>(3)</sup>
Christopher Martin	—	46,156	18,670	—	907,217
Thomas M. Lyons	—	13,655	1,127	—	60,312
Donald W. Blum	—	8,797	943	—	47,861
John Kuntz	—	10,925	938	—	49,771
Michael A. Raimonde	—	5,115	321	—	18,429

The amounts shown represent the estimated Non-Qualified Supplemental Defined Contribution Plan contribution for 2016. The portion of the contribution attributable to the ESOP is based on the fair market value of Provident common stock on December 30, 2016 (the last trading day of 2016) of \$28.30 per share. These contributions are included in the Summary Compensation Table in the column “All Other Compensation”.

The amounts shown include interest and dividends credited under the Non-Qualified Supplemental Defined Contribution Plan, and for Mr. Martin the amount shown includes interest and dividends on his balance in the First Savings Bank Directors’ Deferred Fee Plan. The amounts shown include an increase in the value of the phantom shares attributable to the ESOP portion of the supplemental benefit as the fair market value of Provident common stock at December 30, 2016 (the last trading day of 2016) was \$28.30 compared to \$20.15 at December 31, 2015. The interest and dividends are not included in the Summary Compensation Table because they were not “above market”.

For Mr. Martin the amount shown includes a balance of \$620,607 in the First Savings Bank Directors’ Deferred Fee Plan. The amounts shown include contributions that were previously included in the Summary Compensation Table in the column “All Other Compensation” of \$46,156, \$13,655, \$8,797, \$10,925, and \$5,115 for Messrs. Martin, Lyons, Blum, Kuntz and Raimonde, respectively for 2016; \$31,610, \$7,335, \$5,550, \$6,783 and \$2,981 for Messrs. Martin, Lyons, Blum, Kuntz, and Raimonde, respectively for 2015; \$29,513, \$8,244, \$5,092, \$5,138, and \$2,726 for Messrs. Martin, Lyons, Blum, Kuntz, and Raimonde, respectively for 2014.

We maintain a Non-Qualified Supplemental Defined Contribution Plan (the “Supplemental Plan”), which is a non-qualified plan that provides additional benefits to certain executives whose benefits under the 401(k) Plan and ESOP are limited by tax law limitations applicable to tax-qualified plans. The Supplemental Plan requires a contribution for each participant who also participates in the 401(k) Plan and ESOP equal to the amount that would have been contributed under the terms of the 401(k) Plan and ESOP but for the tax law limitations, less the amount actually contributed under the 401(k) Plan and ESOP. The Supplemental Plan provides for a phantom stock allocation



for qualified contributions that may not be accrued in the qualified ESOP and for matching contributions that may not be accrued in the qualified 401(k) Plan due to tax law limitations. Vesting of these supplemental benefits is subject to the same terms and conditions as the benefits provided under the 401(k) Plan and ESOP. The 401(k) portion of the benefit under the Supplemental Plan is credited with interest at an annual rate equal to the bond-equivalent yield on United States Treasury Securities adjusted to a constant maturity of ten years. The ESOP portion of the benefit under the Supplemental Plan is credited with dividends payable on Provident common stock.

Benefits payable under the Supplemental Plan are payable to the participant in a lump sum during the calendar year immediately following the calendar year of the earliest to occur of: (i) separation from service; (ii) disability; or (iii) death of the participant. The 401(k) portion of the benefit under the Supplemental Plan is paid in cash and the ESOP portion of the benefit is paid in Provident common stock unless the committee administering the Supplemental Plan determines in its sole discretion to pay the equivalent benefit in the form of cash.

[Back to Contents](#)**Potential Payments Upon Termination or Change in Control**

Provident has entered into an employment agreement and a three-year change in control agreement with Mr. Martin, and three-year change in control agreements with Messrs. Blum, Kuntz, Lyons and Raimonde.

The following tables reflect the amount of compensation and benefits payable to each of the named executive officers at December 31, 2016 pursuant to such individual's employment agreement or change in control agreement, as applicable, in the event of termination of such executive's employment under the circumstances noted in the tables. No payments are required due to a voluntary termination under the employment agreement and the change in control agreements.

The amount of compensation and benefits payable to each named executive officer upon an involuntary termination without cause or a termination by the executive for Good Reason, in each case following a change in control and in the event of disability (with respect to Mr. Martin's employment agreement) is shown in the following tables. The amounts shown assume that such termination was effective as of December 31, 2016, and thus include amounts earned through such time and are estimates of the amounts which would be paid out to the executive upon his termination. The amounts shown relating to unvested options and stock awards are based on the fair market value of our common stock on December 30, 2016 (the last trading day of 2016) of \$28.30 per share. The actual amounts that may be paid out to each executive can only be determined at the time of such executive's separation from Provident. The amounts shown in the following tables do not take into account any reductions that may be required in order to comply with Internal Revenue Code Section 280G best net benefit provisions in each of the named executive officers' agreements. There is no such best net benefit provision in Mr. Martin's agreement.

**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL AS OF DECEMBER 31, 2016**

Christopher Martin	Employment Agreement	Employment Agreement	Change in Control Agreement
	Termination w/o Cause or for Good Reason	Disability	After Change in Control Termination w/o Cause or for Good Reason
	(\$) <sup>(1)</sup>	(\$) <sup>(2)</sup>	(\$)
Benefit			
Salary	690,000	517,500	2,070,001
Incentive/Bonus	725,991	—	2,177,972
<b>Total Cash Payments</b>	<b>1,415,991</b>	<b>517,500</b>	<b>4,247,973</b>
Medical	16,312	16,312	48,935
Dental	543	543	1,630
Life Insurance	1,318	1,318	3,955

Long-Term Disability	796	796	2,389
Vision	133	133	398
<b>Total Benefits</b>	<b>19,102</b>	<b>19,102</b>	<b>57,307</b>
<b>Total Cash &amp; Benefits</b>	<b>1,435,093</b>	<b>536,602</b>	<b>4,305,280</b>
Value Unvested Options	—	938,451	938,451
Value Unvested Awards	—	1,585,649	1,585,649
<b>TOTAL</b>	<b>1,435,093</b>	<b>3,060,702</b>	<b>6,829,380</b>

(1) Salary benefit is based on 12 months pursuant to the Employment Agreement.

Represents 75% of base salary over a 12-month period along with 12 months of benefit payments. Payments will commence on the effective date of the executive's termination and will end on the earlier of: (i) the date the executive returns to full-time employment; (ii) full-time employment with another employer; (iii) attaining the age of 65; or (iv) the executive's death.

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<b>Thomas M. Lyons</b>	<b>After Change in Control Termination w/o Cause or for Good Reason (\$)</b>
<b>Benefit</b>	
Salary	1,170,001
Incentive/Bonus	769,393
<b>Total Cash Payments</b>	<b>1,939,394</b>
Medical	70,785
Dental	1,914
Life Insurance	2,238
Long-Term Disability	2,389
Vision	615
<b>Total Benefits</b>	<b>77,941</b>
<b>Total Cash &amp; Benefits</b>	<b>2,017,335</b>
Value Unvested Options	0
Value Unvested Awards	657,211
<b>TOTAL</b>	<b>2,674,546</b>

<b>Donald W. Blum</b>	<b>After Change in Control Termination w/o Cause or for Good Reason (\$)</b>
<b>Benefit</b>	
Salary	1,035,002
Incentive/Bonus	680,617
<b>Total Cash Payments</b>	<b>1,715,619</b>
Medical	79,940
Dental	4,171
Life Insurance	1,980
Long-Term Disability	2,389
Vision	615
<b>Total Benefits</b>	<b>89,095</b>
<b>Total Cash &amp; Benefits</b>	<b>1,804,714</b>
Value Unvested Options	0
Value Unvested Awards	581,905
<b>TOTAL</b>	<b>2,386,619</b>

<b>John Kuntz</b>	<b>After Change in Control Termination w/o Cause or for Good Reason (\$)</b>
<b>Benefit</b>	
Salary	1,095,030
Incentive/Bonus	720,091
<b>Total Cash Payments</b>	<b>1,815,121</b>
Medical	55,264
Dental	3,260
Life Insurance	2,095
Long-Term Disability	2,389

Vision	615
<b>Total Benefits</b>	<b>63,623</b>
<b>Total Cash &amp; Benefits</b>	<b>1,878,744</b>
Value Unvested Options	0
Value Unvested Awards	612,044
<b>TOTAL</b>	<b>2,490,788</b>

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<b>Michael A. Raimonde</b>	<b>After Change in Control Termination w/o Cause or for Good Reason (\$)</b>
<b>Benefit</b>	
Salary	936,000
Incentive/Bonus	615,514
<b>Total Cash Payments</b>	<b>1,551,514</b>
Medical	55,264
Dental	3,260
Life Insurance	1,786
Long-Term Disability	2,389
Vision	398
<b>Total Benefits</b>	<b>63,097</b>
<b>Total Cash &amp; Benefits</b>	<b>1,614,611</b>
Value Unvested Options	0
Value Unvested Awards	526,295
<b>TOTAL</b>	<b>2,140,906</b>

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## **Director Compensation**

### **Elements of Director Compensation**

#### **Director Fees**

As discussed under this caption, director compensation is paid to our non-management directors only. Mr. Martin receives no director compensation for his service on the board of directors.

Our board of directors establishes director compensation based on the recommendation of the Compensation Committee. Periodically, the Compensation Committee will engage the services of a third party and will consult external surveys to assist it in a review of director compensation.

We pay annual director fees based on a fiscal year covering the period starting May 1 and ending on April 30. We do not pay “per meeting” fees. The current director fee schedule is as follows:

Board Member Annual Retainer	\$50,000
Lead Director Annual Retainer	
(paid in quarterly installments)	\$20,000
Committee Annual Retainers	\$27,500 for Audit and Compensation Committee Chairs
(paid in quarterly installments)	\$15,000 for each member of the Audit and Compensation Committees
	\$20,000 for Governance/Nominating and Risk Committee Chairs
	\$10,000 for each member of the Governance/Nominating and Risk Committees
Annual Equity Grant	Shares equivalent to \$90,000 based on the grant date price with immediate vesting

#### **Director Benefits**

Provident Bank makes available to each director an annual medical examination under an arrangement with a designated service provider.

#### **Retirement Plan for the Board of Directors of Provident Bank**

The Retirement Plan for the Board of Directors of Provident Bank was terminated in 2005 to eliminate the accrual of benefits for directors with less than ten years of service as of December 31, 2006. For directors having ten or more years of service as of December 31, 2006 (includes two current directors), the plan provides cash payments for up to ten years based on age and length of service requirements. The maximum payment under this plan to a board member who terminates service on or after the normal retirement age as defined in the plan with at least ten years of service on the board is 40 quarterly payments of \$1,250. We may suspend payments under this plan if Provident Bank fails to meet Federal Deposit Insurance Corporation or New Jersey Department of Banking and Insurance minimum capital requirements. The plan further provides that, in the event of a change in control (as defined in the plan), the undistributed balance of a director's accrued benefit will be distributed to him or her within 60 days of a change in control.

### **Voluntary Fee Deferral Plans**

Our directors may elect to defer the receipt of all or a portion of the cash compensation paid to them for service on the board of directors. Elections to defer fees and the scheduled distribution of amounts deferred and earnings on those amounts shall comply with the requirements of Section 409A of the Internal Revenue Code. Deferred fees are credited to a memorandum account established for the benefit of each participant, and credited amounts currently earn interest at the prevailing prime rate.

In connection with its acquisition of First Sentinel Bancorp, Inc., Provident assumed the First Savings Bank Directors' Deferred Fee Plan, which was frozen prior to the completion of the acquisition. This plan will be paid out in accordance with the provisions of its governing documents.

The following table sets forth for the year ended December 31, 2016 certain information as to total remuneration paid to directors who served on the board of directors in 2016 other than Mr. Martin, who is not paid director fees. Compensation paid to Mr. Martin is included in "Executive Compensation--Summary Compensation Table."



[Back to Contents](#)**Director Compensation Table**

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) <sup>(1)</sup>	Option Awards (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) <sup>(2)</sup>	All Other Compensation (\$) <sup>(3)</sup>	Total (\$)
Robert Adamo <sup>(4)</sup>	34,167	52,504	—	—	—	86,671
Thomas W. Berry	70,000	89,995	—	—	1,200	161,195
Laura L. Brooks	85,000	89,995	—	—	—	174,995
Frank L. Fekete	87,500	89,995	—	667	—	178,162
Terence Gallagher	87,500	89,995	—	—	—	177,495
Matthew K. Harding	75,000	89,995	—	—	—	164,995
Carlos Hernandez	85,000	89,995	—	1,050	—	176,045
Thomas B. Hogan Jr. <sup>(5)</sup>	12,500	—	—	—	—	12,500
Edward O'Donnell	60,000	89,995	—	8,503	—	158,498
John Pugliese	80,000	89,995	—	—	—	169,995

The amounts shown reflect the aggregate grant date fair value of the restricted stock award made to each (1) non-management director based on the closing price of the stock on the grant date and computed in accordance with FASB ASC Topic 718. These stock awards were made on May 3, 2016 and vested immediately.

The amounts shown represent the aggregate increase in the present value of a director's accumulated benefit under the Retirement Plan for the Board of Directors of Provident Bank, which was terminated in 2005 to eliminate the (2) accrual of benefits for directors with less than ten years of service as of December 31, 2006. Messrs. Fekete and Hernandez have benefits under this plan. The amounts shown also include interest earned on deferred director fees for Mr. O'Donnell.

(3) The amount shown represents the cost of an annual medical examination.

(4) Mr. Adamo was elected to the board of directors on September 23, 2016.

(5) Mr. Hogan served on the board of directors until April 28, 2016.

The aggregate total stock option grants to our current non-management directors are shown below:

Name	Grant Date	Expiration Date	Stock Options (#)	Exercise Price (\$)	Grant Date Fair Value (\$) <sup>(1)</sup>	Outstanding Unexercised Stock Options as of December 31, 2016 (#)
Thomas W. Berry	1/29/08	1/29/18	8,000	12.54	25,280	8,000
Laura L. Brooks	1/29/07	1/29/17	7,000	17.94	27,090	
	1/29/08	1/29/18	8,000	12.54	25,280	15,000
Carlos Hernandez	1/29/07	1/29/17	2,000	17.94	7,740	
	1/29/08	1/29/18	3,000	12.54	9,480	5,000
Edward O'Donnell	1/29/07	1/29/17	2,000	17.94	7,740	

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1/29/08	1/29/18	3,000	12.54	9,480	5,000
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The amounts shown reflect the grant date fair value of stock options computed in accordance with FASB ASC (1) Topic 718. Messrs. Adamo, Gallagher, Harding, Hogan and Pugliese have not been granted stock options. Mr. Fekete has exercised all of his outstanding stock options.

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**Proposal 2** Advisory Vote to Approve Executive Compensation

The Compensation Discussion and Analysis appearing earlier in this Proxy Statement describes our executive compensation program and the compensation decisions made by our Compensation Committee with respect to the Chief Executive Officer and other officers named in the Summary Compensation Table (who are referred to as the “named executive officers”). At the 2011 Annual Meeting of Stockholders, our board of directors recommended, and the stockholders approved, a non-binding vote in favor of holding an annual advisory vote on executive compensation. As a result, we determined to hold an annual advisory vote on executive compensation until the next required stockholder vote relating to the frequency of stockholder voting on executive compensation. We are recommending that stockholders vote to approve an annual vote on executive compensation at this annual meeting. (See Proposal 3 – Advisory Vote on the Frequency of Executive Compensation Advisory Votes.) Pursuant to Section 14A of the Securities Exchange Act of 1934, the board of directors is requesting stockholders to cast a non-binding advisory vote on the following resolution:

“RESOLVED, that the stockholders of Provident Financial Services, Inc. (“Provident”) approve the compensation paid to Provident’s named executive officers, as disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and narrative accompanying the tables.”

Our executive compensation program is based on a pay for performance philosophy that is designed to support our business strategy and align the interests of our executives with our stockholders. Our board of directors believes that the link between compensation and the achievement of its long- and short-term business goals has helped our company’s financial performance over time, while not encouraging excessive risk-taking by management.

For these reasons, the board of directors is recommending that stockholders vote **“FOR”** this proposal. While this advisory vote is non-binding, the Compensation Committee and the board of directors value the views of our stockholders and will consider the outcome of this vote in future executive compensation decisions.

**The Board of Directors Recommends a Vote “For” Approval of the Compensation Paid to Provident’s Named Executive Officers.**

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**Proposal 3** Advisory Vote on the Frequency of Stockholder Voting on Executive Compensation

Under the Dodd-Frank Act, the Company is required every six years to seek a non-binding advisory vote regarding the frequency of submission to stockholders of a “Say on Pay” advisory vote, such as Proposal 2. The Dodd-Frank Act specifies that stockholders be given the opportunity to vote on compensation paid to our named executive officers either annually, every two years or every three years. Although this vote is advisory and non-binding, our board of directors will review voting results and give serious consideration to the outcome of such voting.

Since 2011, following the initial advisory vote of stockholders in favor of annual “say on pay” votes, we have held such votes every year. Our board of directors recognizes the importance of receiving regular input from our stockholders on important issues such as our executive compensation, and believes that it should continue to receive advisory input from our stockholders each year. In addition, market practice is that annual “say on pay” votes are held.

We have provided stockholders with the opportunity to choose among four options (holding the vote every one, two or three years, or abstaining) and, therefore, stockholders will not be voting to approve or disapprove the board’s recommendation.

While our compensation policies and procedures are developed with long term objectives in mind, our board of directors continues to believe that stockholder votes every year will permit stockholders to continue to express their collective view on approval of executive compensation on a frequent basis.

**The Board of Directors Recommends that you Vote for the Option of “One Year” for Future Advisory Votes on Executive Compensation.**

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**Proposal 4** Ratification of the Appointment of our Independent Registered Public Accounting Firm

Our independent registered public accounting firm for the year ended December 31, 2016 was KPMG LLP. The Audit Committee has re-appointed KPMG LLP to continue as our independent registered public accounting firm for the year ending December 31, 2017, subject to the ratification by our stockholders at the Annual Meeting. Representatives of KPMG LLP are expected to attend the Annual Meeting, and they will be given an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

Stockholder ratification of the appointment of KPMG LLP is not required by our Bylaws or otherwise. However, our board of directors is submitting the appointment of our independent registered public accounting firm to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the appointment of KPMG LLP, our Audit Committee will reconsider whether it should select another independent registered public accounting firm. Even if the selection is ratified, our Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change is in the best interests of Provident and its stockholders.

**Audit Fees.** The aggregate fees billed to Provident for professional services rendered by KPMG LLP for the audit of the annual financial statements, review of the financial statements included in our Quarterly Reports on Form 10-Q and services that are normally provided by KPMG LLP in connection with statutory and regulatory filings and engagements were \$906,000 and \$844,000 during the fiscal years ended December 31, 2016 and 2015, respectively.

**Audit-Related Fees.** The aggregate fees billed to Provident for assurance and related services rendered by KPMG LLP that are reasonably related to the performance of the audit and review of the financial statements and that are not already reported in “Audit Fees” above, were \$119,500 and \$113,000 during the fiscal years ended December 31, 2016 and 2015, respectively. These services included audits of our employee benefit plans.

**Tax Fees.** No fees were billed to Provident for professional services rendered by KPMG LLP for tax compliance, tax advice and tax planning during the fiscal years ended December 31, 2016 and 2015, as the Audit Committee currently has a policy that the independent registered public accounting firm shall not perform the preparation and filing of our corporate tax returns, tax compliance and other tax-related services.

**All Other Fees.** No fees were billed to Provident for other permissible services rendered by KPMG LLP during each of the fiscal years ended December 31, 2016 and 2015.

**Pre-Approval Policy.** Our Audit Committee has delegated to the Chair of the Audit Committee the authority to pre-approve audit and audit-related services up to a maximum amount of \$25,000 between meetings of the Audit Committee, provided the Chair reports any such approvals to the full Audit Committee at its next meeting. The full

Audit Committee pre-approves all other services to be performed by the independent registered public accounting firm and the related fees.

**The Board of Directors Recommends a Vote “For” the Ratification of KPMG LLP as our Independent Registered Public Accounting Firm.**

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## **Submission of Stockholder Proposals**

To be eligible for inclusion in the proxy materials for next year's Annual Meeting of stockholders, any stockholder proposal under SEC Rule 14a-8 to take action at such meeting must be received at our executive office at 239 Washington Street, Jersey City, New Jersey 07302, no later than November 16, 2017. Any such proposals shall be subject to the requirements of the proxy rules adopted under the Securities Exchange Act of 1934, as amended.

## **Advance Notice of Business to be Conducted at an Annual Meeting**

Our Bylaws provide an advance notice procedure for certain business, or nominations to our board of directors to be brought before an Annual Meeting of stockholders. For a stockholder to properly bring business before an Annual Meeting, the stockholder must give written notice to the Corporate Secretary of Provident not less than 120 days prior to the date of Provident's proxy materials for the preceding year's Annual Meeting, or by no later than November 16, 2017 for next year's Annual Meeting of stockholders; provided, however, that if the date of the Annual Meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year's Annual Meeting, notice by the stockholder to be timely must be so delivered not later than the close of business on the tenth day following the day on which public announcement of the date of such Annual Meeting is first made. The notice must include the stockholder's name, record address, and number of shares owned; describe briefly the proposed business; the reasons for bringing the proposed business before the Annual Meeting; and any material interest of the stockholder in the proposed business.

## **Other Matters**

As of the date of this Proxy Statement, our board of directors knows of no matters that will be presented for consideration at the Annual Meeting other than as described in this document. However, if any other matters shall properly come before the Annual Meeting or any adjournment or postponement thereof and shall be voted upon, the proposed proxy will be deemed to confer authority to the individuals named as authorized therein to vote the shares represented by the proxy in accordance with their best judgment as to any matters that fall within the purposes set forth in the notice of Annual Meeting.

**AN ADDITIONAL COPY OF OUR ANNUAL REPORT ON FORM 10-K (WITHOUT EXHIBITS) FOR THE YEAR ENDED DECEMBER 31, 2016, AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, WILL BE FURNISHED WITHOUT CHARGE TO STOCKHOLDERS UPON WRITTEN REQUEST TO THE CORPORATE SECRETARY, PROVIDENT FINANCIAL SERVICES, INC., 239 WASHINGTON STREET, JERSEY CITY, NEW JERSEY 07302. THE FORM 10-K IS ALSO AVAILABLE FREE OF CHARGE ON THE "INVESTOR RELATIONS" PAGE OF PROVIDENT BANK'S WEBSITE AT [www.provident.bank](http://www.provident.bank).**

**THE CHARTERS OF OUR AUDIT, COMPENSATION, GOVERNANCE/NOMINATING AND RISK COMMITTEES OF THE BOARD OF DIRECTORS, OUR CORPORATE GOVERNANCE PRINCIPLES, CODE OF BUSINESS CONDUCT AND ETHICS AND INDEPENDENCE STANDARDS ARE AVAILABLE ON THE “GOVERNANCE DOCUMENTS” SECTION OF THE “INVESTOR RELATIONS” PAGE OF PROVIDENT BANK’S WEBSITE AT [www.provident.bank](http://www.provident.bank). COPIES OF EACH WILL BE FURNISHED WITHOUT CHARGE UPON WRITTEN REQUEST TO THE CORPORATE SECRETARY, PROVIDENT FINANCIAL SERVICES, INC., 239 WASHINGTON STREET, JERSEY CITY, NEW JERSEY 07302.**

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