

VALLEY NATIONAL BANCORP

Form 11-K

June 26, 2009

[Table of Contents](#)

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

**FORM 11-K**

ANNUAL REPORT

PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

(Mark One):

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934 (NO FEE REQUIRED).

For the fiscal year ended December 31, 2008

TRANSACTION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934 (NO FEE REQUIRED).

For the transaction period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 1-11277

- A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

## **Valley National Bank Savings and Investment Plan**

- B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**Valley National Bancorp**

**1455 Valley Road**

**Wayne, New Jersey 07470**

**Table of Contents**

**VALLEY NATIONAL BANK**

**SAVINGS AND INVESTMENT PLAN**

Financial Statements and Supplemental Schedule

Years ended December 31, 2008 and 2007

**Table of Contents**

	<b>Page</b>
<u>Report of Independent Registered Public Accounting Firm</u>	1
<u>Statements of Net Assets Available for Benefits – December 31, 2008 and 2007</u>	2
<u>Statement of Changes in Net Assets Available for Benefits – Year ended December 31, 2008</u>	3
<u>Statement of Changes in Net Assets Available for Benefits – Year ended December 31, 2007</u>	4
<u>Notes to Financial Statements</u>	5
<b>Supplemental Schedule</b>	
<u>Schedule H, Line 4i – Schedule of Assets (Held at End of Year)</u>	15

**Table of Contents**

**Report of Independent Registered Public Accounting Firm**

Plan Administrator

Valley National Bank Savings and Investment Plan:

We have audited the accompanying statements of net assets available for benefits of the Valley National Bank Savings and Investment Plan (the Plan ) as of December 31, 2008 and 2007, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Valley National Bank Savings and Investment Plan as of December 31, 2008 and 2007, and the changes in net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule H, Line 4i- Schedule of Assets (Held at End of Year) as of December 31, 2008, is presented for additional analysis and is not a required part of the 2008 basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the 2008 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2008 basic financial statements taken as a whole.

/s/ KPMG LLP

Short Hills, New Jersey

June 26, 2009

**Table of Contents****VALLEY NATIONAL BANK****SAVINGS AND INVESTMENT PLAN**

## Statements of Net Assets Available for Benefits

December 31, 2008 and 2007

	December 31,	
	2008	2007
<b>Assets:</b>		
Investments at fair value:		
Mutual funds	\$ 45,951,096	\$ 62,591,246
Employee stock ownership fund	9,269,828	8,915,043
Valley common stock fund	5,986,964	5,201,561
Common collective trust:		
Fidelity managed income portfolio	1,085,331	713,573
Wrap contracts	1,028	
<b>Total common collective trust</b>	<b>1,086,359</b>	<b>713,573</b>
<b>Total investments at fair value</b>	<b>62,294,247</b>	<b>77,421,423</b>
Participant loans receivable	69,362	70,435
<b>Total assets</b>	<b>62,363,609</b>	<b>77,491,858</b>
<b>Liabilities:</b>		
Benefit claims payable	55,862	53,212
Accrued expenses and other liabilities	50,346	45,277
<b>Total liabilities</b>	<b>106,208</b>	<b>98,489</b>
<b>Net assets available for benefits before adjustment</b>	<b>62,257,401</b>	<b>77,393,369</b>
Adjustment from fair value to contract value for fully benefit-responsive investment contract	58,600	7,754
<b>Net assets available for benefits</b>	<b>\$ 62,316,001</b>	<b>\$ 77,401,123</b>

See accompanying notes to financial statements.

**Table of Contents****VALLEY NATIONAL BANK****SAVINGS AND INVESTMENT PLAN**

Statement of Changes in Net Assets

Available for Benefits

Year Ended December 31, 2008

	Mutual Funds*	Valley Common Stock Fund	Employee Stock Ownership Fund	Participant Loans	Plan Total
Employer contributions, net of forfeitures	\$ 1,169,325	\$ 131,228	\$ (25,774)	\$	\$ 1,274,779
Employee contributions	4,407,516	501,021			4,908,537
Rollover contributions	99,980	2,713			102,693
<b>Total contributions</b>	<b>5,676,821</b>	<b>634,962</b>	<b>(25,774)</b>		<b>6,286,009</b>
<b>Investment income:</b>					
Dividends and interest	1,822,508	219,129	390,335		2,431,972
Net realized (losses) gains on sales of investments	(2,146,618)	60,906	(27,009)		(2,112,721)
Net (depreciation) appreciation of investments	(17,398,805)	598,494	991,719		(15,808,592)
<b>Net investment (loss) income</b>	<b>(17,722,915)</b>	<b>878,529</b>	<b>1,355,045</b>		<b>(15,489,341)</b>
Transfers from predecessor retirement savings plans	1,384,180			15,740	1,399,920
Transfer among funds	525,566	(131,412)	(394,154)		
Loan repayments	22,127	955		(16,813)	6,269
Benefits paid to participants	(6,099,851)	(605,166)	(580,148)		(7,285,165)
Administrative expenses	(2,446)	(184)	(184)		(2,814)
<b>Net (decrease) increase in net assets available for benefits</b>	<b>(16,216,518)</b>	<b>777,684</b>	<b>354,785</b>	<b>(1,073)</b>	<b>(15,085,122)</b>
Net assets available for benefits at beginning of year	63,312,573	5,103,072	8,915,043	70,435	77,401,123
<b>Net assets available for benefits at end of year</b>	<b>\$ 47,096,055</b>	<b>\$ 5,880,756</b>	<b>\$ 9,269,828</b>	<b>\$ 69,362</b>	<b>\$ 62,316,001</b>

\* Includes changes in net assets for mutual funds and a common collective trust.  
See accompanying notes to financial statements.

**Table of Contents**

**VALLEY NATIONAL BANK**  
**SAVINGS AND INVESTMENT PLAN**

Statement of Changes in Net Assets

Available for Benefits

Year ended December 31, 2007

	Mutual Funds*	Valley Common Stock Fund	Employee Stock Ownership Fund	Participant loans	Plan total
Employer contributions, net of forfeitures	\$ 1,145,524	\$ 147,709	\$ 46,110	\$	\$ 1,339,343
Employee contributions	4,376,901	576,972			4,953,873
Rollover contributions	404,885				404,885
 Total contributions	 5,927,310	 724,681	 46,110		 6,698,101
<b>Investment income:</b>					
Dividends and interest	2,976,203	209,823	430,981		3,617,007
Net realized gains (losses) on sales of investments	461,894	(126,632)	(357,816)		(22,554)
Net appreciation (depreciation) of investments	2,461,733	(1,394,799)	(2,785,363)		(1,718,429)
 Net investment income (loss)	 5,899,830	 (1,311,608)	 (2,712,198)		 1,876,024
 Transfers from predecessor retirement savings plans	 21,129				 21,129
Transfer among funds	1,344,119	(441,614)	(902,505)		
Loan repayments	14,997	1,368		(10,080)	6,285
Benefits paid to participants	(4,587,441)	(521,260)	(1,125,801)	(5,393)	(6,239,895)
Administrative expenses	(1,076)	(145)	(133)		(1,354)
 Net increase (decrease) in net assets available for benefits	 8,618,868	 (1,548,578)	 (4,694,527)	 (15,473)	 2,360,290
Net assets available for benefits at beginning of year	54,693,705	6,651,650	13,609,570	85,908	75,040,833
 Net assets available for benefits at end of year	 \$ 63,312,573	 \$ 5,103,072	 \$ 8,915,043	 \$ 70,435	 \$ 77,401,123

\* Includes changes in net assets for mutual funds and a common collective trust.  
See accompanying notes to financial statements.

**Table of Contents**

**VALLEY NATIONAL BANK**  
**SAVINGS AND INVESTMENT PLAN**

Notes to Financial Statements

December 31, 2008 and 2007

**(1) Summary of Significant Accounting Policies**

***(a) General***

The accompanying financial statements of the Valley National Bank (the *Bank*) Savings and Investment Plan (the *Plan*) have been prepared on an accrual basis of accounting in accordance with U.S generally accepted accounting principles. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

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

***(b) Plan Amendments***

Effective January 1, 2008, the Bank amended the Plan such that former Norcrown Bank 401(k) Plan participants who had completed at least three years of service as of December 31, 2004, will be 100% vested in amounts transferred to the Plan. Participants with less than three years of service as of December 31, 2004 will vest using the normal vesting schedule under the Plan. See Note 6 for additional information.

Effective January 1, 2008, the Bank amended the Plan to comply with new IRS Section 415 contribution limits. The amendment did not materially affect the Plan's financial statements.

Effective April 1, 2008, the Bank amended the Plan such that if a participant does not make an investment election, his/her account shall be invested in one of the Fidelity Freedom Funds based on his/her normal retirement age of 65. Prior to this amendment, if a participant did not make an investment election, their account was invested in the Fidelity Cash Reserves Fund.

***(c) Management of Trust Assets***

Mutual funds that are invested in by the Plan, including one common collective trust, are managed by Fidelity Investments, Inc. ( *Fidelity* ). Fidelity also performs the administration function, as the custodian and investment manager, for the Valley Common Stock Fund and the Valley common stock held in the Employee Stock Ownership Fund.

Costs of management services rendered on behalf of the Plan were paid by the Bank and totaled \$63,071 and \$45,026 for the years ended December 31, 2008 and 2007, respectively.

***(d) Use of Estimates***

A number of estimates and assumptions have been made relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.





**Table of Contents**

**VALLEY NATIONAL BANK**

**SAVINGS AND INVESTMENT PLAN**

Notes to Financial Statements

December 31, 2008 and 2007

***(e) New Accounting Pronouncements***

On January 1, 2008, the Plan adopted the provisions of Statement of Financial Accounting Standards ( FAS ) No. 157, Fair Value Measurements , which defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value measurements. This pronouncement did not require any new fair value measurements for the Plan. In February 2008, the FASB issued FASB Staff Position ( FSP ) No. FAS 157-2, Effective Date of FASB Statements No. 157 ( FSP FAS 157-2 ), which defers the effective date of FAS No. 157 for one year for non-financial assets and non-financial liabilities that are not disclosed at fair value in the financial statements on a recurring basis. FSP FAS 157-2 did not defer the recognition and disclosure requirements for financial or non-financial assets and liabilities that are measured at least annually. In February 2008, the Plan adopted FSP FAS 157-2. In October 2008, the FASB issued FSP No. 157-3, Determining the Fair Value of a Financial Asset in a Market That Is Not Active ( FSP FAS 157-3 ). FSP FAS 157-3 was effective, upon issuance, and applies to periods for which financial statements have not been issued. This FSPs guidance clarifies various application issues with respect to the objective of fair value measurement, distressed transactions, relevance of observable date, and the use of management s assumptions. The effect of the adoption of FAS No. 157, FSP FAS 157-2, and FSP FAS 157-3 did not have a material effect on the changes in net assets or the financial position of the Plan.

In April 2009, the FASB issued FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*. Under FSP FAS 157-4, if the reporting entity has determined that the volume and level market activity has significantly decreased and transactions are not orderly, further analysis is required and adjustments to the quoted prices or transactions might be needed. FSP FAS 157-4 is effective for interim and annual reporting periods ending after June 15, 2009. The Plan is currently evaluating the impact FAS FSP 157-4 may have on the Plan s financial statements.

On January 1, 2007, the Plan adopted FASB Interpretation ( FIN ) No.48, *Accounting for Uncertainty in Income Taxes*. FIN No. 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN No. 48 requires evaluation of tax positions taken or expected to be taken to determine whether the tax positions will more likely than not be sustained by the applicable tax authority. The adoption did not have a material effect on the changes in net assets or the financial position of the Plan.

***(f) Investment Valuation***

**General.** Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FAS No. 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FAS No. 157 are described below:

Basis of Fair Value Measurement

Level 1 Unadjusted exchange quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

**Table of Contents**

**VALLEY NATIONAL BANK**

**SAVINGS AND INVESTMENT PLAN**

Notes to Financial Statements

December 31, 2008 and 2007

Level 2 Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly (i.e., quoted prices on similar assets), for substantially the full term of the asset or liability;

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

Fair Value estimates are made at a specific point in time, based on available market information and other observable inputs. In some cases, the fair value estimated cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset and these values do not represent any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in the amounts disclosed.

**Mutual funds and common stock.** Mutual funds, the Employee Stock Ownership Fund and the Valley Common Stock Fund are stated at fair market value with related changes in unrealized appreciation and depreciation reflected in net assets available for benefits. The fair market values of these investments are based on exchange quoted prices in active markets.

Purchases and sales of securities are recorded on a trade-date basis, with the exception of the Valley Common Stock Fund, in which purchases are recorded on trade date and sales are recorded on settlement date. At December 31, 2008 and 2007, there was no effect on the financial statements related to recording transactions in the Valley Common Stock Fund on a settlement date basis. Interest income is recorded on an accrual basis and dividends are recorded on the ex-dividend date.

Realized gains or losses are calculated on a specific identification basis.

**Common collective trust.** The Plan invests in investment contracts through a collective trust. FASB Staff Position, FSP AAG INV-1 and SOP 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare Pension Plans* requires investment contracts held by a defined-contribution plan to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. Therefore, the statement of net assets available for benefits presents the fair value of the investment in the collective trust as well as

**Table of Contents**

**VALLEY NATIONAL BANK  
SAVINGS AND INVESTMENT PLAN**

Notes to Financial Statements

December 31, 2008 and 2007

adjustment of the investment in the collective trust from fair value to contract value relating to the investment contracts. The statement of changes in net assets available for benefits is prepared on a contract value basis.

The fair value of the Plan's common collective trust includes the fair value of wrapper contracts. A wrapper contract is an agreement by another party, su