VALLEY NATIONAL BANCORP
Form 11-K
June 28, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 11-K

FOR ANNUAL REPORTS

PURSUANT TO SECTION 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2011

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
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

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SAVINGS AND INVESTMENT PLAN

December 31, 2011 and 2010

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* Schedules required by Form 5500, which are not applicable, have not been included.

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Report of Independent Registered Public Accounting Firm

The 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, 2011 and 2010, 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, 2011 and 2010, 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, 2011, is presented for additional analysis and is not a required part of the 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 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Short Hills, New Jersey

June 28, 2012

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SAVINGS AND INVESTMENT PLAN

Statements of Net Assets Available for Benefits

December 31, 2011 and 2010

	December 31, 2011	December 31, 2010
Assets:		
Investments at fair value:		
Mutual funds	$ 79,078,976	$ 75,129,335
Valley common stock fund	8,061,525	7,880,027
Valley employer stock match fund	6,314,798	6,904,459
Common collective trust fund	2,741,380	2,616,662
Total investments at fair value	96,196,679	92,530,483
Notes receivable from participants	1,386,776	1,214,483
Other receivables	130,778	118,603
Total assets	97,714,233	93,863,569
Liabilities:		
Benefits payable	107,085	100,021
Accrued expenses	92,664	88,650
Total liabilities	199,749	188,671
Net assets available for benefits at fair value	97,514,484	93,674,898
Adjustment from fair value to contract value for fully benefit-responsive investment contract	(67,613)	(21,276)
Net assets available for benefits	$ 97,446,871	$ 93,653,622

See accompanying notes to financial statements.

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Statements of Changes in Net Assets Available for Benefits

Years Ended December 31, 2011 and 2010

	Years Ended December 31, 2011	2010
Additions to net assets attributable to:		
Contributions:		
Employer	$ 2,042,382	$ 1,898,996
Employee	6,419,687	6,164,232
Participant rollovers	1,328,854	495,316
Total contributions	9,790,923	8,558,544
Investment (loss) income:		
Net (depreciation) appreciation in fair value of investments	(3,361,319)	7,861,551
Interest and dividends	2,649,064	2,213,958
Net investment (loss) income	(712,255)	10,075,509
Interest income on notes receivable from participants	58,918	47,211
Total additions	9,137,586	18,681,264
Deductions from net assets attributable to:		
Benefits paid to participants	5,317,134	4,767,636
Administrative expenses	27,203	24,858
Total deductions	5,344,337	4,792,494
Net increase in net assets available for plan benefits	3,793,249	13,888,770
Beginning of year	93,653,622	79,764,852
End of year	$ 97,446,871	$ 93,653,622

See accompanying notes to financial statements.

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Notes to Financial Statements

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(1) Plan Description

The following brief description of the Valley National Bank Savings and Investment Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

(a) General

Valley National Bank (the Bank or the Plan Administrator) maintains the Plan, which is designed to promote savings for retirement. The Plan is a qualified defined contribution retirement plan under Internal Revenue Code (IRC) section 401(k) with an employee stock ownership feature. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is primarily a participant directed, defined contribution plan and covers all eligible employees of the Bank and its subsidiaries, who have completed 1,000 hours of service over a continuous 3-month period, as defined by the Plan.

(b) Plan Amendments

Effective July, 1, 2011, the Bank amended the Plan to raise the level of matching contribution for new employees who are non-participants in the Bank s defined benefit pension plan (if hired on or after such date). The Bank matches 100% on the first 2% of each non-pension participant s salary deferred contribution and 50% on another 8%, for a total potential match of up to 6% of deferred eligible earnings. Certain limitations apply based on the statutory maximums.

(c) Contributions and Participant Accounts

Participants in the Plan may direct contributions to any of investment funds in 0.5% increments from 1% to 100% of compensation, as defined, subject to the annual limit permissible under the IRC, which was $16,500 for both 2011 and 2010. Participants age 50 and over are allowed to make an additional catch-up contribution each year subject to limits set by the Internal Revenue Service up to $5,500 in both 2011 and 2010. The contributions are credited to participant accounts in cash and are matched by the Bank in an amount equal to 100% of the first 2% of each participant s salary deferred contributions and additional amounts, if applicable based upon the Plan amendment described in note 1(b) above. Catch-up contributions are not matched by the Bank.

Participant accounts are credited with the participants voluntary contribution, an allocation of the Bank s contribution, and plan earnings or losses. Allocations are based on participant eligible pre-tax earnings or account balances, as defined by the Plan and payroll contribution percentages. Participants contributions are fully vested at all times. The employer s contributions and earnings or losses on employer contributions made to a participant s account are vested 20% after two years of service, 50% after three years of service, 75% after four years of service, and 100% after five years of service.

(d) Investment Elections

Participants may direct their contributions to the Plan into investment options offered by the Plan consisting of 27 mutual funds, a common collective trust fund and Valley Common Stock Fund managed by Fidelity Management Trust Company and record kept by Fidelity Investments Institutional Operations Company, Inc., both affiliates of Fidelity (collectively Fidelity). The election at enrollment applies to a participant s elective deferral, matching, and catch-up contributions. A separate election is required for any participant rollover contributions, if applicable. If an investment

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election is not made at the time of enrollment, the contributions, including matching contributions are automatically invested in one of the Fidelity Freedom Funds based on the participant s current age and assumed normal retirement age, as defined by the Plan. Generally, participants may change the deferral percentage or investment direction at any time.

(e) Participant Notes Receivable

Effective January 4, 2010, Plan participants may borrow from their before tax account or rollover account a minimum of $1,000 up to a maximum equal to the lesser of $50,000, or 50 percent of the vested portion of the participant s account balance. Loans used to purchase a primary residence of the participant are required to be repaid within fifteen years. Loans requested for any other reasons are required to be repaid within five years. The Plan also has pre-existing participant loans as a result of various acquisitions by the Bank whereby certain benefit plans of the acquiree have been merged into the Plan whose principal and interest is paid ratably over a period of between 1 and 29 years. Repayments of the loans are generally made through payroll deductions and are immediately allocated back to the appropriate funds based on the participant s investment elections. Loans may also be repaid in full at any time.

The interest rates on participant loans ranged from 4.25% to 10.25% at both December 31, 2011 and 2010.

(f) Withdrawals

During employment, Plan participants are allowed to withdraw all or a portion of their vested account balance provided they attained the age of 59 $^1/2$ or they qualify for a financial hardship. A financial hardship withdrawal will prohibit the participant from making contributions to the Plan for a six month period.

(g) Forfeitures

Forfeitures arise from the termination of employment of participants who are not fully vested. A participant s contribution plus actual earnings thereon are fully vested and non forfeitable at all times. The unallocated forfeitures of terminated participants non-vested accounts amounted to $92,574 and $31,840 at December 31, 2011 and 2010, respectively. Forfeited amounts may be used to reduce future Bank matching contributions. Forfeitures that were used to reduce Bank contributions totaled $73,714 for the year ended December 31, 2010. There were no forfeitures used to offset Bank contributions for the year ended December 31, 2011.

(h) Payments of Benefits

The Plan provides for payment of benefits of accumulated vested amounts upon termination of employment, death, disability or retirement. Upon termination of service, if a participant s vested account balance does not exceed $1,000, the vested value is distributed in the form of a lump-sum payment. If the vested account balance exceeds $1,000, the participant may request a lump-sum payment, otherwise the distribution is deferred until the participant attains age 70 $^1/2$ as set forth in the Plan. Upon a participant s death, the entire vested account balance is distributed to the participant s beneficiary in the form of a lump-sum payment.

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(i) Plan Termination

Although the Bank has not expressed any intent to terminate the Plan, the Bank has the right under the Plan to discontinue its contributions at any time and to terminate the Plan by action of its Board of Directors subject to the provisions set forth in ERISA. In the event of the Plan termination, all participants of the Plan would become fully vested in their account balances.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements of the Plan are prepared on an accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(c) New Authoritative Accounting Guidance

ASU No. 2011-04, Fair Value Measurements (Topic 820) Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs, was issued as a result of the effort to develop common fair value measurement and disclosure requirements in U.S. GAAP and International Financial Reporting Standards (IFRS). While ASU No. 2011-04 is largely consistent with existing fair value measurement principles in U.S. GAAP, it expands the existing disclosure requirements for fair value measurements and clarifies the existing guidance or wording changes to align with IFRS No. 13. Many of the requirements for the amendments in ASU No. 2011-04 do not result in a change in the application of the requirements in Topic 820. ASU No. 2011-04 is effective for the Plan on January 1, 2012 and it is not expected to have a significant impact on the Plan s financial statements.

(d) Income Recognition

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

Purchases and sales of securities are recorded on a trade-date basis, with the exception of the Valley common stock fund and Valley employer stock match fund, in which sales are recorded on settlement date. At December 31, 2011 and 2010, the effect on the financial statements related to recording sale transactions on a settlement date basis was not material.

(e) Participant Notes Receivable

Participant notes receivable are carried at amortized cost (i.e., unpaid principal balance plus any accrued but unpaid interest).

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Notes to Financial Statements

December 31, 2011 and 2010

(f) Administrative Expenses

Expenses incurred by the Plan are paid directly by the Plan and by the Bank on the behalf of the Plan.

(g) Benefits Payments

Benefits are recorded when paid, except for Valley common stock fund and Valley employer stock match fund, which are recorded when the distribution request is submitted by the participant.

(h) Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants account balances and the amounts reported in the statements of net assets available for benefits.

The Plan may directly or indirectly invest in securities with contractual cash flows, such as asset backed securities, collateralized mortgage obligations and commercial mortgage backed securities, including securities backed by sub-prime mortgage loans. The value, liquidity and related income of these securities is sensitive to changes in economic conditions, including real estate value, delinquencies of defaults, or both, and may be adversely affected by shifts in the market s perception of the issuers and changes in interest rates.

The Plan s exposure to a concentration credit risk is limited by the participant-directed diversification of their contributions into various investment elections. Additionally, the underlying investments within each participant-directed fund are further diversified into various financial instruments, with the exception of investments in Valley National Bancorp common stock, which is held in the Valley common stock fund and Valley employer stock match fund. Plan Participants exclusively bear the risks of any potential losses that are incurred as a result of their participant-directed investment elections.

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(3) Investments

The following is a summary of individual investments, at fair value, that represent 5% or more of net assets available for benefits at December 31, 2011 and 2010:

	December 31, 2011	December 31, 2010
Fidelity Growth Company Fund	$ 15,916,019	$ 15,911,683
PIMCO Total Return Fund	10,383,879	10,492,434
Fidelity Balanced Fund	9,562,751	9,471,334
Fidelity Cash Reserve Fund	8,804,750	7,573,688
Spartan 500 Index	8,725,374	8,413,097
Valley common stock fund	8,061,525	7,880,027
Valley employer stock match fund	6,314,798	6,904,459

The following table represents the Plan s net (depreciation) appreciation in fair value of investments, including investments sold, as well as held during the years ended December 31, 2011 and 2010:

	December 31, 2011	December 31, 2010
Mutual funds	$ (2,097,198)	$ 7,008,715
Valley employer stock match fund	(638,754)	420,004
Valley common stock fund	(625,367)	432,832
Total net (depreciation) appreciation in fair value of investments	$ (3,361,319)	$ 7,861,551

(4) Fair Value Measurement

Accounting Standards Codification (ASC) Topic 820, Fair Value Measurements and Disclosures, 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 are described below:

Level 1 Unadjusted exchange quoted prices in active markets for identical assets or liabilities, or identical liabilities traded as assets that the reporting entity has the ability to access at the measurement date.

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.

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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).

The following tables present the Plan s investments measured at fair value on a recurring basis by level within the fair value hierarchy at December 31, 2011 and 2010.

		Fair Value Measurements at Reporting Date Using:		
	December 31, 2011	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Investments:				
Mutual funds:				
Large cap	$ 30,066,427	$ 30,066,427	$	$
Mid cap	3,679,782	3,679,782		
Blended	19,819,847	19,819,847		
International	4,862,218	4,862,218		
Fixed income	11,475,821	11,475,821		
Short term investments	9,174,881	9,174,881		
Total mutual funds	79,078,976	79,078,976		
Valley common stock fund	8,061,525	8,061,525		
Valley employer stock match fund	6,314,798	6,314,798		
Common collective trust fund	2,741,380		2,741,380	
Total				