

VALLEY NATIONAL BANCORP

Form 10-Q

November 08, 2010

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended September 30, 2010

OR

Transition Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File Number 1-11277

VALLEY NATIONAL BANCORP

(Exact name of registrant as specified in its charter)

Edgar Filing: VALLEY NATIONAL BANCORP - Form 10-Q

New Jersey (State or other jurisdiction of Incorporation or Organization)	22-2477875 (I.R.S. Employer Identification Number)
1455 Valley Road Wayne, NJ (Address of principal executive office)	07470 (Zip code)
973-305-8800 (Registrant's telephone number, including area code)	

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Common Stock (no par value), of which 161,285,668 shares were outstanding as of November 4, 2010.

Table of Contents

TABLE OF CONTENTS

	Page Number
PART I	
FINANCIAL INFORMATION	
Item 1. <u>Financial Statements (Unaudited)</u>	
<u>Consolidated Statements of Financial Condition as of September 30, 2010 and December 31, 2009</u>	3
<u>Consolidated Statements of Income for the Three and Nine Months Ended September 30, 2010 and 2009</u>	4
<u>Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2010 and 2009</u>	5
<u>Notes to Consolidated Financial Statements</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	39
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	67
Item 4. <u>Controls and Procedures</u>	68
PART II	
OTHER INFORMATION	
Item 1. <u>Legal Proceedings</u>	68
Item 1A. <u>Risk Factors</u>	68
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	70
Item 6. <u>Exhibits</u>	71
<u>SIGNATURES</u>	72

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****VALLEY NATIONAL BANCORP****CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (Unaudited)**

(in thousands, except for share data)

	September 30, 2010	December 31, 2009
Assets		
Cash and due from banks	\$ 256,194	\$ 305,678
Interest bearing deposits with banks	4,677	355,659
Investment securities:		
Held to maturity, fair value of \$1,766,179 at September 30, 2010 and \$1,548,006 at December 31, 2009	1,776,856	1,584,388
Available for sale	1,089,603	1,352,481
Trading securities	32,088	32,950
Total investment securities	2,898,547	2,969,819
Loans held for sale (includes fair value of \$25,293 at September 30, 2010 and \$25,492 at December 31, 2009 for loans originated for sale)	108,455	25,492
Non-covered loans	9,054,661	9,370,071
Less: Allowance for loan losses	(113,786)	(101,990)
Covered loans	377,036	
Net loans	9,317,911	9,268,081
Premises and equipment, net	265,661	266,401
Bank owned life insurance	307,709	304,031
Accrued interest receivable	61,643	56,245
Due from customers on acceptances outstanding	6,023	6,985
FDIC loss-share receivable	109,682	
Goodwill	315,975	296,424
Other intangible assets, net	21,456	24,305
Other assets	413,678	405,033
Total Assets	\$ 14,087,611	\$ 14,284,153
Liabilities		
Deposits:		
Non-interest bearing	\$ 2,461,532	\$ 2,420,006
Interest bearing:		
Savings, NOW and money market	4,131,273	4,044,912
Time	2,675,898	3,082,367

Edgar Filing: VALLEY NATIONAL BANCORP - Form 10-Q

Total deposits	9,268,703	9,547,285
Short-term borrowings	331,265	216,147
Long-term borrowings	2,884,547	2,946,320
Junior subordinated debentures issued to capital trusts (includes fair value of \$159,850 at September 30, 2010 and \$155,893 at December 31, 2009 for VNB Capital Trust I)	185,055	181,150
Bank acceptances outstanding	6,023	6,985
Accrued expenses and other liabilities	133,999	133,412
Total Liabilities	12,809,592	13,031,299
Shareholders Equity*		
Preferred stock, no par value, authorized 30,000,000 shares; none issued		
Common stock, no par value, authorized 210,451,912 shares; issued 162,058,055 shares at September 30, 2010 and 162,042,502 shares at December 31, 2009	57,067	54,293
Surplus	1,178,720	1,178,992
Retained earnings	74,733	73,592
Accumulated other comprehensive loss	(9,843)	(19,816)
Treasury stock, at cost (934,651 common shares at September 30, 2010 and 1,405,204 common shares at December 31, 2009)	(22,658)	(34,207)
Total Shareholders Equity	1,278,019	1,252,854
Total Liabilities and Shareholders Equity	\$ 14,087,611	\$ 14,284,153

* Share data reflects the five percent common stock dividend issued on May 21, 2010.
See accompanying notes to consolidated financial statements.

Table of Contents**VALLEY NATIONAL BANCORP****CONSOLIDATED STATEMENTS OF INCOME (Unaudited)**

(in thousands, except for share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Interest Income				
Interest and fees on loans	\$ 137,742	\$ 139,506	\$ 409,531	\$ 424,719
Interest and dividends on investment securities:				
Taxable	28,361	32,670	88,861	102,162
Tax-exempt	2,743	2,414	7,886	7,175
Dividends	1,679	2,493	5,153	6,475
Interest on federal funds sold and other short-term investments	61	198	291	646
Total interest income	170,586	177,281	511,722	541,177
Interest Expense				
Interest on deposits:				
Savings, NOW, and money market	4,711	6,638	14,384	18,321
Time	13,233	19,833	43,551	76,118
Interest on short-term borrowings	334	487	995	3,617
Interest on long-term borrowings and junior subordinated debentures	34,574	35,255	103,181	105,376
Total interest expense	52,852	62,213	162,111	203,432
Net Interest Income	117,734	115,068	349,611	337,745
Provision for credit losses	9,308	12,722	34,357	35,767
Net Interest Income After Provision for Credit Losses	108,426	102,346	315,254	301,978
Non-Interest Income				
Trust and investment services	1,930	1,811	5,752	5,048
Insurance commissions	2,561	2,504	8,417	8,074
Service charges on deposit accounts	6,562	6,871	19,487	20,071
Gains (losses) on securities transactions, net	112	(5)	4,631	246
Other-than-temporary impairment losses on securities			(1,393)	(5,905)
Portion recognized in other comprehensive income (pre-tax)		(743)	(3,249)	557
Net impairment losses on securities recognized in earnings		(743)	(4,642)	(5,348)
Trading losses, net	(2,627)	(3,474)	(4,819)	(8,886)
Fees from loan servicing	1,187	1,216	3,634	3,585
Gains on sales of loans, net	1,548	2,699	5,087	7,275
Gains on sales of assets, net	78	128	382	477
Bank owned life insurance	1,697	1,421	5,008	4,189
Other	4,280	4,650	12,544	12,943
Total non-interest income	17,328	17,078	55,481	47,674

Non-Interest Expense

Salary and employee benefits expense	43,566
--------------------------------------	--------