

VALLEY NATIONAL BANCORP
Form 11-K
June 29, 2006
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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 years ended December 31, 2005 and 2004
- 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 Employee 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

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FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

Valley National Bank

Employee Savings and Investment Plan

With report of Independent Registered Public Accounting Firm

Years ended December 31, 2005 and 2004

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Valley National Bank Employee
Savings and Investment Plan
Financial Statements and Supplemental Schedule
Years ended December 31, 2005 and 2004

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Report of Independent Registered Public Accounting Firm

Valley National Bank

Employee Savings and Investment Plan

We have audited the accompanying statements of net assets available for benefits of the Valley National Bank Employee Savings and Investment Plan (the Plan) as of December 31, 2005 and 2004, 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. We were not engaged to perform the audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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 Plan at December 31, 2005 and 2004, and the changes in its net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2005 is presented for purposes of additional analysis and is not a required part of the 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. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

New York, New York

June 26, 2006

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Valley National Bank Employee

Savings and Investment Plan

Statements of Net Assets Available for Benefits

	December 31,	
	2005	2004
Assets		
Investments:		
Mutual funds at fair value	\$ 46,336,179	\$ 41,155,161
Valley Common Stock Fund at fair value	5,321,111	5,491,480
Employee Stock Ownership Fund		
Unallocated shares at fair value	976	770,182
Allocated shares at fair value	10,918,874	11,011,960
Total investments	62,577,140	58,428,783
Participant loans	74,298	81,229
Total assets	62,651,438	58,510,012
Liabilities		
Note payable to Valley National Bank	0	178,511
Total liabilities	0	178,511
Net assets available for benefits	\$ 62,651,438	\$ 58,331,501

See accompanying notes.

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Valley National Bank Employee

Savings and Investment Plan

Statement of Changes in Net Assets

Available for Benefits

Year ended December 31, 2005

	Mutual funds	Valley Common Stock Fund	Employee Stock Ownership Fund		Participant loans	Plan total
			Unallocated	Allocated		
Employer contributions, net of forfeitures	\$	\$	\$ 174,000	\$	\$	\$ 174,000
Employee contributions	5,172,383	564,740				5,737,123
Total contributions	5,172,383	564,740	174,000			5,911,123
Allocation of 27,298 shares, at fair market value				513,144		513,144
Investment income (loss):						
Dividends and interest	1,310,221	177,537	12,566	371,969		1,872,293
Net investment gain (loss)	1,203,978	(453,513)	(256,062)	(295,929)		198,474
Net investment income (loss)	2,514,199	(275,976)	(243,496)	76,040		2,070,767
Allocation of 27,298 shares, at fair market value			(513,144)			(513,144)
Transfer among funds	203,988	(203,988)				
Loan repayments	12,235	1,389			(6,931)	6,693
Interest expense on ESOP loan			(8,055)			(8,055)
Distributions	(2,721,787)	(256,534)		(682,270)		(3,660,591)
Net increase (decrease) in net assets available for benefits	5,181,018	(170,369)	(590,695)	(93,086)	(6,931)	4,319,937
Net assets available for benefits at beginning of year	41,155,161	5,491,480	591,671	11,011,960	81,229	58,331,501
Net assets available for benefits at end of year	\$ 46,336,179	\$ 5,321,111	\$ 976	\$ 10,918,874	\$ 74,298	\$ 62,651,438

See accompanying notes.

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Valley National Bank Employee

Savings and Investment Plan

Statement of Changes in Net Assets

Available for Benefits

Year ended December 31, 2004

	Mutual funds	Valley Common Stock Fund	Employee Stock Ownership Fund		Guaranteed investment contract	Participant loans	Plan total
			Unallocated	Allocated			
Employer contributions, net of forfeitures	\$	\$	\$ 163,544	\$	\$	\$	\$ 163,544
Employee contributions	5,216,391	585,000					5,801,391
Total contributions	5,216,391	585,000	163,544				5,964,935
Allocation of 29,496 shares, at fair market value				689,123			689,123
Investment income (loss):							
Dividends and interest	771,819	138,682	38,029	328,793	1,833		1,279,156
Net investment gain (loss)	1,275,164	603,927	(214,473)	337,585			2,002,203
Net investment income (loss)	2,046,983	742,609	(176,444)	666,378	1,833		3,281,359
Allocation of 29,496 shares, at fair market value			(689,123)				(689,123)
Transfer among funds	473,914	158,613		64,015	(696,542)		
Loan repayments	20,270	2,108				(60,214)	(37,836)
Interest expense on ESOP loan			(23,062)				(23,062)
Distributions	(2,215,265)	(383,077)		(486,295)	(99)		(3,084,736)
Net increase (decrease) in net assets available for benefits	5,542,293	1,105,253	(725,085)	933,221	(694,808)	(60,214)	6,100,660
Net assets available for benefits at beginning of year	35,612,868	4,386,227	1,316,756	10,078,739	694,808	141,443	52,230,841
Net assets available for benefits at end of year	\$ 41,155,161	\$ 5,491,480	\$ 591,671	\$ 11,011,960	\$	\$ 81,229	\$ 58,331,501

See accompanying notes.

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Valley National Bank

Employee Savings and Investment Plan

Notes to Financial Statements

For the Years Ended December 31, 2005 and 2004

1. Summary of Significant Accounting Policies

General

The accompanying financial statements of the Valley National Bank (the **Bank**) Employee Savings and Investment Plan (the **Plan**) are prepared in accordance with accounting principles generally accepted in the United States. Effective July 1, 2005, each 401k participant of NorCrown Bank, acquired June 3, 2005, became a participant in the Bank's Plan.

Management of Trust Assets

Mutual funds of the Plan are managed by Fidelity Investments, Inc. (**Fidelity**). Effective June 2, 2003, Fidelity assumed the administration function as the custodian and investment manager of the Valley Common Stock Fund and the Valley common stock held in the Unallocated and Allocated Employee Stock Ownership Fund.

Costs of management services rendered on behalf of the Plan were paid by the Bank and totaled \$43,238 and \$42,859 for the years ended December 31, 2005 and 2004, respectively.

Investments

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 investment (loss) gain on the statement of changes in net assets available for benefits. The fair market value of these investments is based on current market quotations.

Investment transactions, with the exception of the Valley Common Stock Fund, are recorded on trade date. At December 31, 2005 and 2004 there was no effect on the financial statements related to recording transactions in the Valley Common Stock Fund on a settlement date basis. The Plan accrues interest and dividend income as earned. Realized gains or losses are calculated on a specific identification basis.

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Valley National Bank

Employee Savings and Investment Plan

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

The assets of the Plan are primarily financial instruments which are monetary in nature. As a result, interest rates have a more significant impact on the Plan's performance than do the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or in the same magnitude as the prices of goods and services as measured by the consumer price index. Investments in funds are subject to risk conditions of the individual fund objectives, the stock market, interest rates, economic conditions and world affairs.

Administrative Expenses

The Plan is not charged