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2008

3rd Quarter Report

October 23, 2008

Filings Services
November 4, 2008
SNL Financial, LC
1-800-969-4121

Dear Shareholder:

During this time of market dislocation and extreme volatility, we are pleased to report that Valley's straight-forward lending practices continue to be its strength. Management has and will continue to avoid the use of non-traditional, high-risk loan products that could jeopardize capital and potentially create liquidity issues, similar to those reported too many times in today's news headlines.

Management believes that Valley's credit quality is stable with delinquencies and losses remaining relatively low, despite such difficulties being reported by other less disciplined financial institutions. Valley's focus has been and continues to be on traditional lending, utilizing our time-tested conservative underwriting approach. Valley's delinquency levels were low compared to industry standards with total loans past due in excess of 30 days totaling 0.86 percent of our \$10.1 billion loan portfolio at September 30, 2008 as compared to 1.00 percent of total loans at December 31, 2007. These numbers continue to demonstrate the strong performance of our loan portfolio and management's dedication to conservative loan underwriting standards.

Our third quarter earnings results were substantially impacted by write-downs and realized losses associated with the U.S. Government's decision to place Fannie Mae and Freddie Mac into conservatorship and cause the value of their preferred securities to substantially decline. While we're upset about the impact of these charges brought on by current market conditions, these same market conditions have benefited us by creating more loan opportunities with new quality customers unable to find financing at their current financial institutions.

Net income for the third quarter of 2008 was \$3.6 million, or \$0.03 fully diluted earnings per common share. Third quarter results were reduced by a \$70.9 million securities loss on Fannie Mae and Freddie Mac perpetual preferred stock held in the available for sale securities portfolio. On an after tax basis, this charge reduced third quarter net income by \$44.1 million, or \$0.33 per diluted share. A preliminary estimate of the impact of this charge was previously disclosed in Valley's Form 8-K on September 4, 2008. On a core operating basis, excluding the aforementioned securities loss, net income for the third quarter was \$47.7 million or \$0.35 per fully diluted share. Management believes the core operating results present a more relevant measure of ongoing business trends and offer a better comparison with prior periods. The selected financial data included below provides a reconciliation of results that include securities losses and impairment charges (reported results) with those that do not (core operating results).

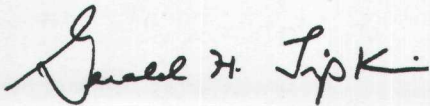
At September 30, 2008, Valley National Bank's capital ratios were all above the level required to be categorized as "well capitalized" bank. Valley National Bank's total risk-based capital, Tier I capital, and leverage capital were 10.12 percent, 8.41 percent, and 6.83 percent, respectively, at September 30, 2008. Valley anticipates no change in its regular quarterly cash dividend to common shareholders during the remainder of 2008.

On July 1, 2008, Valley completed the acquisition of Greater Community Bancorp with approximately \$1.0 billion in total assets and 16 full-service branches in northern New Jersey. The purchase price of \$167.8 million was paid through a combination of Valley's common stock and warrants. Greater Community Bancorp's systems were integrated into Valley during the third quarter with minimal disruption to customer service. More importantly, Valley has begun to see the projected cost savings and synergies expected from this in-market acquisition during the fourth quarter of 2008. Moreover, Valley expects these benefits to gradually increase into the first quarter of 2009 and be fully recognizable thereafter.

Recently, we were pleased to announce Valley's intent to voluntarily participate in the FDIC's fee-based expanded insurance program which provides, without limitation, a guarantee on all of Valley's non-interest bearing accounts through December 31, 2009. This additional benefit should provide peace of mind to a large number of Valley customers and shareholders alike, and allow Valley to remain competitive for deposits in its primary markets.

Thank you for your continued support.

Sincerely,

A handwritten signature in black ink, appearing to read "Gerald H. Lipkin". The signature is written in a cursive style with a prominent initial "G".

Gerald H. Lipkin
Chairman of the Board, President & CEO

Valley National Bancorp

Consolidated Financial Highlights

SELECTED FINANCIAL DATA (1)

(in thousands, except for share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
FINANCIAL DATA:				
Net interest income	\$115,232	\$94,414	\$313,392	\$286,367
Net interest income - FTE (2)	116,588	95,925	317,529	291,075
Non-interest income	-32,104	20,299	5,077	82,358
Non-interest expense	73,842	64,173	205,279	190,577
Income tax (benefit) expense	-1,159	11,373	19,879	45,570
Net income	3,595	36,454	76,661	125,567
Weighted average number of shares outstanding (3):				
Basic	134,827,600	125,964,857	128,912,882	126,398,906
Diluted	134,969,373	126,315,018	128,987,839	126,839,039
Per share data (3):				
Basic earnings	\$0.03	\$0.29	\$0.59	\$0.99
Diluted earnings	0.03	0.29	0.59	0.99
Cash dividends declared	0.20	0.20	0.60	0.60
Book value	8.07	7.48	8.07	7.48
Tangible book value (1)	5.68	5.83	5.68	5.83
Closing stock price - high	24.00	22.43	24.00	23.98
Closing stock price - low	14.44	19.94	14.44	19.94
CORE ADJUSTED FINANCIAL DATA (1):				
Net income, as adjusted	\$47,675	\$36,454	\$121,336	\$125,567
Basic earnings per share, as adjusted	0.35	0.29	0.94	0.99
Diluted earnings per share, as adjusted	0.35	0.29	0.94	0.99
FINANCIAL RATIOS:				
Net interest margin	3.59 %	3.35 %	3.45 %	3.38 %
Net interest margin - FTE (2)	3.64	3.40	3.49	3.43
Annualized return on average assets	0.10	1.19	0.78	1.37
Annualized return on average shareholders' equity	1.28	15.66	10.09	18.05
Annualized return on average tangible shareholders' equity (1)	1.80	20.18	13.28	23.31
Efficiency ratio (1,4)	88.83	55.94	64.46	51.69
CORE ADJUSTED FINANCIAL RATIOS (1):				
Annualized return on average assets, as adjusted	1.36 %	1.19 %	1.23 %	1.37 %
Annualized return on average shareholders' equity, as adjusted	17.03	15.66	15.97	18.05
Annualized return on average tangible shareholders' equity, as adjusted	23.92	20.18	21.01	23.31
Efficiency ratio, as adjusted	47.94	55.94	52.58	51.69
ASSET QUALITY:				
Non-accrual loans			\$30,663	\$29,908
Other real estate owned			7,119	832
Other repossessed assets			4,060	1,511
Total non-performing assets			\$41,842	\$32,251
Loans past due 90 days or more and still accruing			\$12,677	\$5,373
ASSET QUALITY RATIOS:				
Non-performing assets to total loans			0.42 %	0.39 %
Loans past due 30 days or more to total loans			0.86	0.79
Allowance for credit losses to total loans			0.89	0.89
Annualized net charge-offs to average loans			0.19	0.12

NOTES TO SELECTED FINANCIAL DATA

(1) The selected financial data above contains certain supplemental financial information, described in the following notes, which has been determined by methods other than Generally Accepted Accounting Principles ("GAAP") that management uses in its analysis of Valley's performance. Management believes these non-GAAP financial measures provide information useful to investors in understanding Valley's financial results. Specifically, Valley provides measures based on what it believes are its operating earnings on a consistent basis and exclude non-core operating items which affect the GAAP reporting of results of operations. Management utilizes these measures for internal planning and forecasting purposes. Management believes that Valley's presentation and discussion, together with the accompanying reconciliations, provides a complete understanding of factors and trends affecting Valley's business and allows investors to view performance in a manner similar to management. These non-GAAP measures should not be considered a substitute for GAAP basis measures and results and Valley strongly encourages investors to review its consolidated financial statements in their entirety and not to rely on any single financial measure. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names.

Valley National Bancorp

Consolidated Financial Highlights

NOTES TO SELECTED FINANCIAL DATA - CONTINUED

(Dollars in thousands, except for share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Tangible Book Value				
Common shares outstanding	134,940,776	125,961,562	134,940,776	125,961,562
Shareholders' equity	\$1,088,612	\$942,782	\$1,088,612	\$942,782
Less: Goodwill and other intangible assets	321,948	208,061	321,948	208,061
Tangible shareholders' equity	\$766,664	\$734,721	\$766,664	\$734,721
Tangible book value	\$5.68	\$5.83	\$5.68	\$5.83
Return on Average Tangible Equity				
Net income	\$3,595	\$36,454	\$76,661	\$125,567
Average shareholders' equity	\$1,120,011	\$931,359	\$1,013,113	\$927,647
Less: Average goodwill and other intangible assets	322,685	208,640	242,964	209,513
Average tangible shareholders' equity	\$797,326	\$722,719	\$770,149	\$718,134
Annualized return on average tangible shareholders' equity	1.80%	20.18%	13.27%	23.31%
Adjusted net income				
Net income, as reported	\$3,595	\$36,454	\$76,661	\$125,567
Add: Impairment and realized losses on FNMA and FHLMC preferred stock	70,905	0	71,909	0
Less: Tax benefit on FNMA and FHLMC preferred stock losses	26,825	0	27,234	0
Net income, as adjusted	\$47,675	\$36,454	\$121,336	\$125,567
Adjusted per share data				
Net income, as adjusted	\$47,675	\$36,454	\$121,336	\$125,567
Average number of basic shares outstanding	134,827,600	125,964,857	128,912,882	126,398,906
Basic earnings, as adjusted	\$0.35	\$0.29	\$0.94	\$0.99
Average number of diluted shares outstanding	134,969,373	126,315,018	128,987,839	126,839,039
Diluted earnings, as adjusted	\$0.35	\$0.29	\$0.94	\$0.99
Adjusted annualized return on average assets				
Net income, as adjusted	\$47,675	\$36,454	\$121,336	\$125,567
Average assets	14,002,952	12,216,419	13,184,875	12,190,610
Annualized return on average assets, as adjusted	1.36%	1.19%	1.23%	1.37%
Adjusted annualized return on average shareholders' equity				
Net income, as adjusted	\$47,675	\$36,454	\$121,336	\$125,567
Average shareholders' equity	1,120,011	931,359	1,013,113	927,647
Annualized return on average shareholder equity, as adjusted	17.03%	15.66%	15.97%	18.05%
Adjusted annualized return on average tangible shareholders' equity				
Net income, as adjusted	\$47,675	\$36,454	\$121,336	\$125,567
Average tangible shareholders' equity	797,326	722,719	770,149	718,134
Annualized return on average tangible shareholder equity, as adjusted	23.92%	20.18%	21.01%	23.31%
Adjusted efficiency ratio				
Total non-interest expense	\$73,842	\$64,173	\$205,279	\$190,577
Net interest income	\$115,232	\$94,414	\$313,392	\$286,367
Non-interest income	(32,104)	20,299	5,077	82,358
Add: Impairment and realized losses on FNMA and FHLMC preferred stock	70,905	0	71,909	0
Gross operating income, as adjusted	\$154,033	\$114,713	\$390,378	\$368,725
Efficiency ratio, as adjusted	47.94%	55.94%	52.58%	51.69%

(2) Net interest income and net interest margin are presented on a tax equivalent basis using a 35 percent federal tax rate. Valley believes that this presentation provides comparability of net interest income and net interest margin arising from both taxable and tax-exempt sources and is consistent with industry practice and SEC rules.

(3) Share data reflects the five percent common stock dividend issued on May 23, 2008.

(4) The efficiency ratio measures Valley's total non-interest expense as a percentage of net interest income plus total non-interest income.

SHAREHOLDER RELATIONS

Requests for copies of reports and/or other inquiries should be directed to Dianne Grenz, Director of Shareholder and Public Relations, Valley National Bancorp, 1455 Valley Road, Wayne, New Jersey, 07470, by telephone at (973) 305-3380, by fax at (973) 696-2044 or by e-mail at dgrenz@valleynationalbank.com.