

VALLEY NATIONAL BANCORP

Form 10-Q

November 08, 2013

[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, 2013**

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)

New Jersey (State or other jurisdiction of	22-2477875 (I.R.S. Employer
Incorporation or Organization)	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 <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

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 199,626,645 shares were outstanding as of November 5, 2013.

Table of Contents

TABLE OF CONTENTS

	Page Number
PART I <u>FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements (Unaudited)</u>	
<u>Consolidated Statements of Financial Condition as of September 30, 2013 and December 31, 2012</u>	2
<u>Consolidated Statements of Income for the Three and Nine Months Ended September 30, 2013 and 2012</u>	3
<u>Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended September 30, 2013 and 2012</u>	4
<u>Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2013 and 2012</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>	48
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	87
Item 4. <u>Controls and Procedures</u>	87
PART II <u>OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	88
Item 1A. <u>Risk Factors</u>	88
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	88
Item 6. <u>Exhibits</u>	88
<u>SIGNATURES</u>	90

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, 2013	December 31, 2012
Assets		
Cash and due from banks	\$ 263,745	\$ 390,078
Interest bearing deposits with banks	86,656	463,022
Investment securities:		
Held to maturity (fair value of \$1,701,492 at September 30, 2013 and \$1,657,950 at December 31, 2012)	1,703,779	1,599,707
Available for sale	910,809	807,816
Trading securities	14,270	22,157
Total investment securities	2,628,858	2,429,680
Loans held for sale, at fair value	9,611	120,230
Non-covered loans	11,275,661	10,842,125
Covered loans	121,520	180,674
Less: Allowance for loan losses	(112,585)	(130,200)
Net loans	11,284,596	10,892,599
Premises and equipment, net	269,762	278,615
Bank owned life insurance	342,373	339,876
Accrued interest receivable	52,888	52,375
Due from customers on acceptances outstanding	5,294	3,323
FDIC loss-share receivable	35,678	44,996
Goodwill	428,234	428,234
Other intangible assets, net	37,959	31,123
Other assets	531,289	538,495
Total Assets	\$ 15,976,943	\$ 16,012,646
Liabilities		
Deposits:		
Non-interest bearing	\$ 3,581,089	\$ 3,558,053
Interest bearing:		

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Savings, NOW and money market	5,331,895	5,197,199
Time	2,207,127	2,508,766
Total deposits	11,120,111	11,264,018
Short-term borrowings	158,283	154,323
Long-term borrowings	2,820,827	2,697,299
Junior subordinated debentures issued to capital trusts (includes fair value of \$132,406 at September 30, 2013 and \$147,595 at December 31, 2012 for VNB Capital Trust I)	173,454	188,522
Bank acceptances outstanding	5,294	3,323
Accrued expenses and other liabilities	178,918	202,784
Total Liabilities	14,456,887	14,510,269
Shareholders Equity		
Preferred stock, (no par value, authorized 30,000,000 shares; none issued)		
Common stock, (no par value, authorized 232,023,233 shares; issued 199,453,031 shares at September 30, 2013 and 198,499,275 shares at December 31, 2012)	69,826	69,494
Surplus	1,400,238	1,390,851
Retained earnings	88,703	93,495
Accumulated other comprehensive loss	(38,686)	(50,909)
Treasury stock, at cost (2,500 common shares at September 30, 2013 and 61,004 common shares at December 31, 2012)	(25)	(554)
Total Shareholders Equity	1,520,056	1,502,377
Total Liabilities and Shareholders Equity	\$ 15,976,943	\$ 16,012,646

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,	
	2013	2012	2013	2012
Interest Income				
Interest and fees on loans	\$ 134,160	\$ 146,011	\$ 401,125	\$ 438,283
Interest and dividends on investment securities:				
Taxable	14,440	15,733	41,854	54,598
Tax-exempt	3,566	3,424	10,888	9,770
Dividends	1,517	1,866	4,701	5,291
Interest on federal funds sold and other short-term investments	96	196	614	282
Total interest income	153,779	167,230	459,182	508,224
Interest Expense				
Interest on deposits:				
Savings, NOW and money market	4,359	5,051	13,430	15,095
Time	7,279	9,226	23,184	28,687
Interest on short-term borrowings	94	556	378	1,178
Interest on long-term borrowings and junior subordinated debentures	30,378	30,575	90,598	91,912
Total interest expense	42,110	45,408	127,590	136,872
Net Interest Income	111,669	121,822	331,592	371,352
Provision for credit losses	5,334	7,250	9,655	20,352
Net Interest Income After Provision for Credit Losses	106,335	114,572	321,937	351,000
Non-Interest Income				
Trust and investment services	2,138	1,947	6,372	5,705
Insurance commissions	4,224	3,228	12,276	11,947
Service charges on deposit accounts	6,362	6,513	17,874	18,545
Gains on securities transactions, net	9	1,496	4,008	2,543
Other-than-temporary impairment losses on securities				
Portion recognized in other comprehensive income (before taxes)		(4,697)		(5,247)

Net impairment losses on securities recognized in earnings		(4,697)		(5,247)
Trading gains (losses), net	2,231	6	(241)	627
Fees from loan servicing	1,851	1,173	5,089	3,481
Gains on sales of loans, net	2,729	25,055	32,155	31,362
(Losses) gains on sales of assets, net	(1,010)	195	(600)	483
Bank owned life insurance	1,553	1,674	4,318	5,265
Change in FDIC loss-share receivable	(2,005)	(390)	(7,180)	(7,502)
Other	4,308	4,296	12,509	19,912

Total non-interest income	22,390	40,496	86,580	87,121
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Non-Interest Expense

Salary and employee benefits expense	47,434	49,267	145,739	151,507
Net occupancy and equipment expense	18,430	17,466	55,498	51,731
FDIC insurance assessment	3,909	3,915	12,836	10,742
Amortization of other intangible assets	2,264	2,696	5,794	7,186
Professional and legal fees	4,112	3,471	12,289	10,440
Advertising	1,203	1,723	4,855	5,252
Other	17,109	14,681	48,235	42,419

Total non-interest expense	94,461	93,219	285,246	279,277
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Income Before Income Taxes	34,264	61,849	123,271	158,844
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Income tax expense	7,143	22,402	30,918	52,046
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Net Income	\$ 27,121	\$ 39,447	\$ 92,353	\$ 106,798
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Earnings Per Common Share:

Basic	\$ 0.14	\$ 0.20	\$ 0.46	\$ 0.54
Diluted	0.14	0.20	0.46	0.54

Cash Dividends Declared per Common Share

	0.16	0.16	0.49	0.49
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Weighted Average Number of Common Shares Outstanding:

Basic	199,445,874	197,437,988	199,206,945	197,205,865
Diluted	199,445,874	197,437,988	199,206,945	197,206,303

See accompanying notes to consolidated financial statements.

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

	Three Months Ended September 30, 2013 2012		Nine Months Ended September 30, 2013 2012	
Net income	\$ 27,121	\$ 39,447	\$ 92,353	\$ 106,798
Other comprehensive income, net of tax:				
Unrealized gains and losses on available for sale securities				
Net gains (losses) arising during the period	1,929	202	(15,111)	7,323
Less reclassification adjustment for net gains included in net income	(6)	(911)	(2,330)	(1,519)
Total	1,923	(709)	(17,441)	5,804