

Gerald H. LipkinChairman of the Board, President & CEO

December 21, 2011

Financial Accounting Standards Board 401 Merritt 7 PO Box 5116 Norwalk, CT 06856-5116

Dear Sir/Madam.

Our Company, Valley National Bancorp, elected several years ago to carry certain junior subordinated debentures issued by capital trusts (trust preferred securities) recorded as liabilities at fair value under the fair value option of the FASB Accounting Standards Codification No. 825 and mark them to market on an ongoing basis. While this election was appropriate at the date of our adoption of the standard, a serious distortion of our earnings and capital now occurs when the price of the issue trades above par.

The entire issue has passed its call date and we have the unrestricted ability to call in the shares, either in whole or in part at any time. We understand that when the issue trades below par, the bank could repurchase shares in the open market at the market price and would in theory have a gain. However, when shares, for whatever reason, trade above par we would never have to pay more than par due to our call option.

Therefore, it our contention, that since we have the exclusive right to always buy shares at par we should never have to adjust the value of the issue on our books to a price higher than par. Or, at least we should be able to value the call option on our books as a dollar for dollar contra to the premium that the issue trades above par. Failure to make such an adjustment causes Valley to under report its earnings; and similarly, understate its capital any time we issue earnings and the price of the securities are trading above par.

We have raised this issue with our independent audit firm, KPMG LLP, and confirmed that we must report the price of the issue for earnings and capital purposes based upon the last trade on our reporting date without giving any consideration to the call option we hold based on current GAAP guidance. We strongly recommend that the FASB amend GAAP in order to allow us and other companies in a similar position, to properly reflect the value of the call option in the fair value of the securities and, as a result, properly report the mark to market impact on our earnings in our financial statements.

Very truly yours,

Gerald H. Lipkin " / Chairman of the Board,

President & CEO