Valley National Bancorp®

4Q 2017 Earnings Conference Call Presentation

Forward Looking Statements

The foregoing contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are not historical facts and include expressions about management's confidence and strategies and management's expectations about new and existing programs and products, acquisitions, relationships, opportunities, taxation, technology, market conditions and economic expectations. These statements may be identified by such forward-looking terminology as "should," "expect," "believe," "view," "opportunity," "allow," "continues," "reflects," "typically," "usually," "anticipate," or similar statements or variations of such terms. Such forward-looking statements involve certain risks and uncertainties. Actual results may differ materially from such forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, but are not limited to: weakness or a decline in the economy, mainly in New Jersey, New York and Florida, as well as an unexpected decline in commercial real estate values within our market areas; less than expected cost reductions and revenue enhancement from Valley's cost reduction plans including its earnings enhancement program called "LIFT"; higher or lower than expected income tax expense or tax rates, including increases or decreases resulting from the impact of the Tax Act and other changes in tax laws, regulations and case law; damage verdicts or settlements or restrictions related to existing or potential litigations arising from claims of breach of fiduciary responsibility, negligence, fraud, contractual claims, environmental laws, patent or trade mark infringement, employment related claims, and other matters; the loss of or decrease in lower-cost funding sources within our deposit base may adversely impact our net interest income and net income; cyber attacks, computer viruses or other malware that may breach the security of our websites or other systems to obtain unauthorized access to confidential information, destroy data, disable or degrade service, or sabotage our systems; results of examinations by the OCC, the FRB, the CFPB and other regulatory authorities, including the possibility that any such regulatory authority may, among other things, require us to increase our allowance for credit losses, write-down assets, require us to reimburse customers, change the way we do business, or limit or eliminate certain other banking activities; changes in accounting policies or accounting standards, including the new authoritative accounting guidance (known as the current expected credit loss (CECL) model) which may increase the required level of our allowance for credit losses after adoption on January 1, 2020; our inability or determination not to pay dividends at current levels, or at all, because of inadequate future earnings, regulatory restrictions or limitations, changes in our capital requirements or a decision to increase capital by retaining more earnings; higher than expected loan losses within one or more segments of our loan portfolio; unanticipated loan delinquencies, loss of collateral, decreased service revenues, and other potential negative effects on our business caused by severe weather or other external events; unexpected significant declines in the loan portfolio due to the lack of economic expansion, increased competition, large prepayments, changes in regulatory lending guidance or other factors; the failure of other financial institutions with whom we have trading, clearing, counterparty and other financial relationships; the risk that the businesses of Valley and USAB may not be combined successfully, or such combination may take longer or be more difficult, time-consuming or costly to accomplish than expected; the diversion of management's time on issues relating to merger integration; the inability to realize expected cost savings and synergies from the merger of USAB with Valley in the amounts or in the timeframe anticipated; and the inability to retain USAB's customers and employees. A detailed discussion of factors that could affect our results is included in our SEC filings, including the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2016 and Quarterly Report on Form 10-Q for the period ended September 30, 2017. We undertake no duty to update any forward-looking statement to conform the statement to actual results or changes in our expectations. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

Highlights

	Reported 4Q17	Reported 3Q17	Reported 2017	Reported 2016	Adjusted[1] 4Q17	Adjusted[1] 3Q17	Adjusted[1] 2017	Adjusted[1] 2016
✓ Return on Average Assets	0.44%	0.67%	0.69%	0.76%	0.83%	0.79%	0.82%	0.76%
✓ Efficiency Ratio	68.3%	69.4%	66.0%	66.0%	57.4%	59.2%	58.9%	61.2%
✓ Diluted Earnings Per Share	$0.09	$0.14	$0.58	$0.63	$0.18	$0.17	$0.69	$0.63

Solid Relative Performance in 2017 Despite Substantial Investment and Repositioning

1 Investing

- Valley initiated Phase 1 of its 3 year, ~$50 million, technology infrastructure plan

2 Executing

- Project LIFT implementation has begun; We remain on track to hit our targets

3 Integrating

- Acquisition of USAmeriBancorp, Inc. (closed effective January, 1, 2018)

4 Repositioning

- Completed senior management succession plan for 2018

[1]Refer to the appendix regarding the reconciliation of certain non-GAAP financial measures.

Merger Closing & Integration

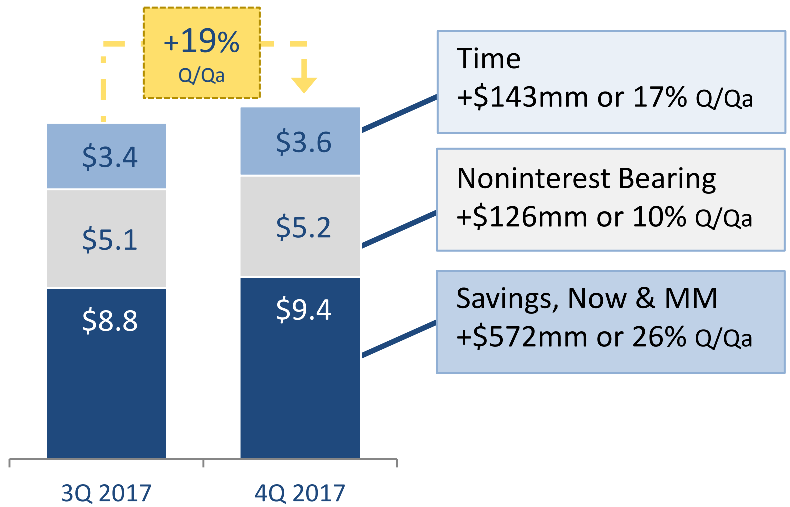
- Closed USAmeriBank acquisition on January 1, 2018
- Systems consolidation expected to occur in the first half of 2Q 2018
- Long track record of successful conversions
- USAmeriBank timeline consistent with recent acquisitions

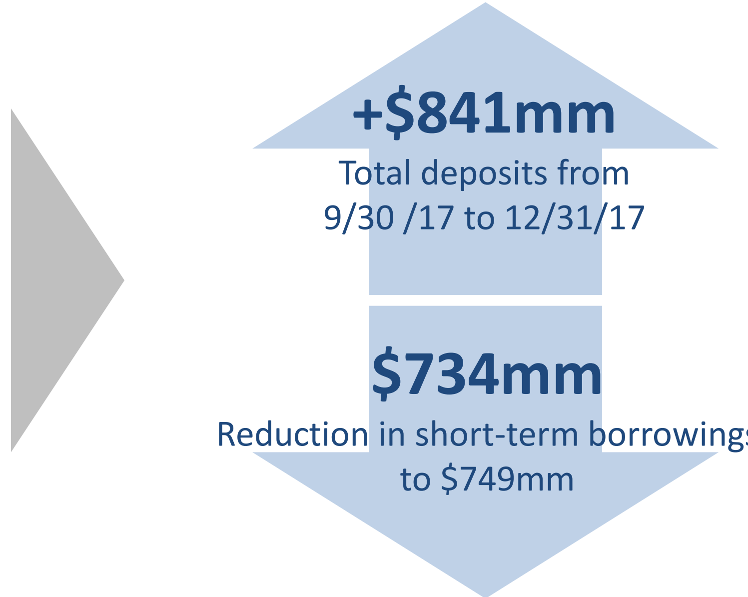
Year	Institution Name*	Assets* ($mil)	Days to Convert
2018	USAmeriBank	4,228	**~125**
2015	CNLBank	1,365	**90**
2014	1st United Bank	1,738	**122**
2012	State Bank of Long Island	1,578	**90**
2010	The Park Avenue Bank	509	**91**
2010	LibertyPoint Bank	210	**86**
2008	Greater Community Bank	976	**40**
2005	NorCrown Bank	622	**50**
2005	Shrewsbury Bank	424	**51**
2001	Merchants Bank	1,370	**103**

*Principal subsidiary bank of the acquired bank holding company. Assets represent total consolidated assets acquired.

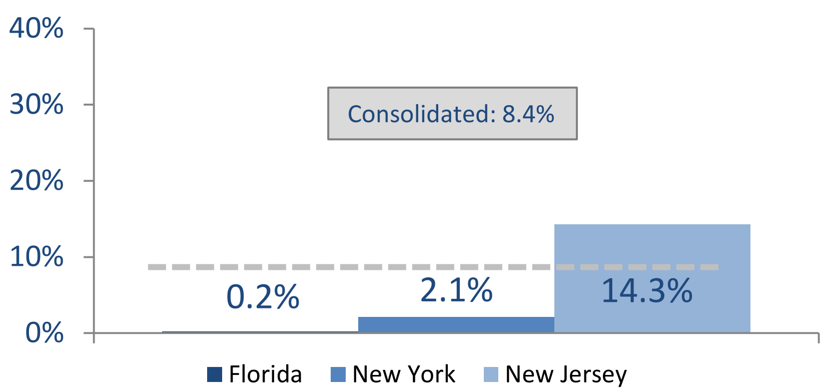
Deposit & Balance Sheet Funding

Solid Deposit Growth[1] ($ in billions)





Deposit Beta by Region for Current Cycle (3Q15 – 4Q17)[2]

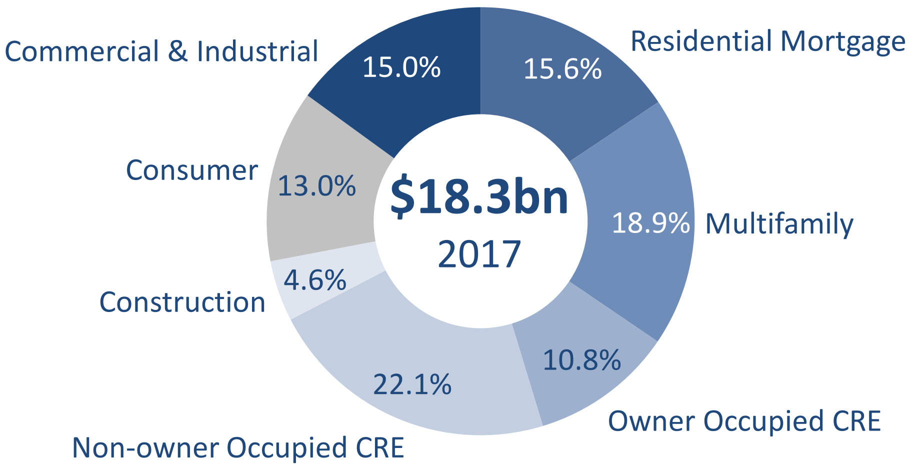


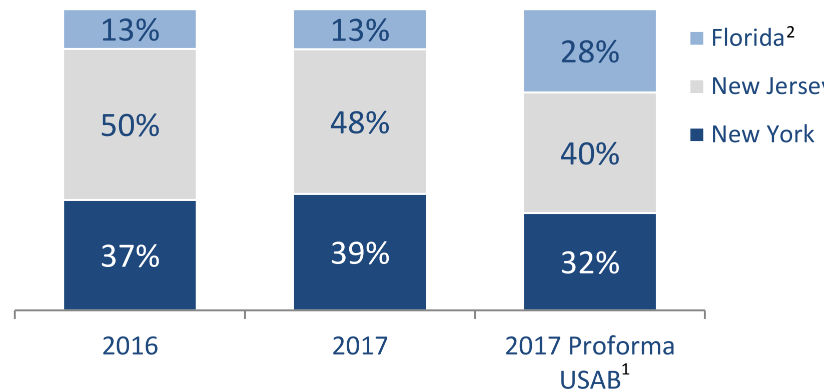
- Diversified geographic mix of deposits is proving to be a successful strategy

[1]Growth rates represent the quarter over quarter change, annualized (Q/Qa); [2]Represents the change in the monthly average rate for Valley in each respective region as a percentage of the change in the monthly average effective federal funds rate from September 30, 2015 to December 31, 2017; excludes government deposits.

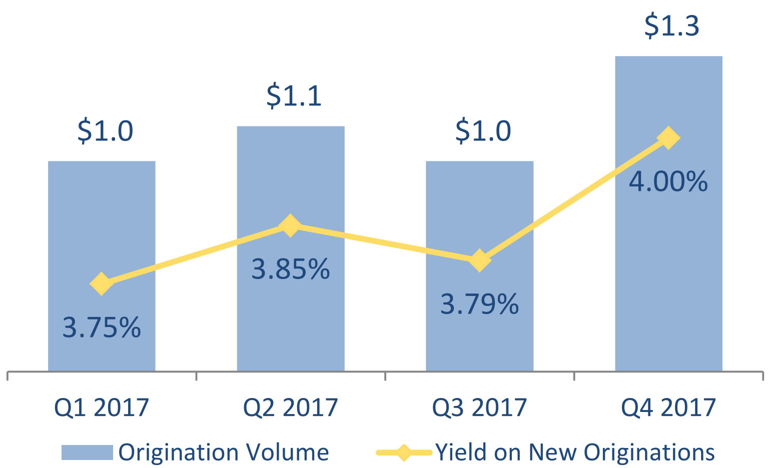
Loans & Loan Growth

Diversified Loan Portfolio by Product & Region[1]





Yield & Volume of Loan Originations ($ in billions)



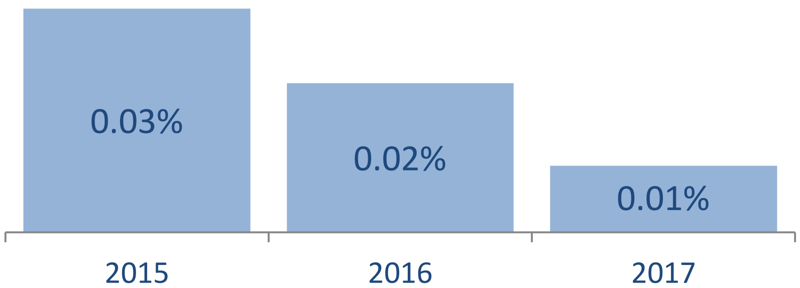
- 2017 loan growth up 6.4%, including sale of residential mortgage loans
- Well-positioned for organic growth in 2018 (proforma USAmeriBank);
  - Targeting total loan growth of 8-10% (7-9% after portfolio sales)
  - Florida loan growth of 10-12%
- Opportunity to enhance fees in existing portfolio

[1]Balance sheet data is as of the December 31, of the year indicated; [2]Florida includes the proforma impact of USAmeriBank outstanding loan balances for both Florida and Alabama as of September 30, 2017.

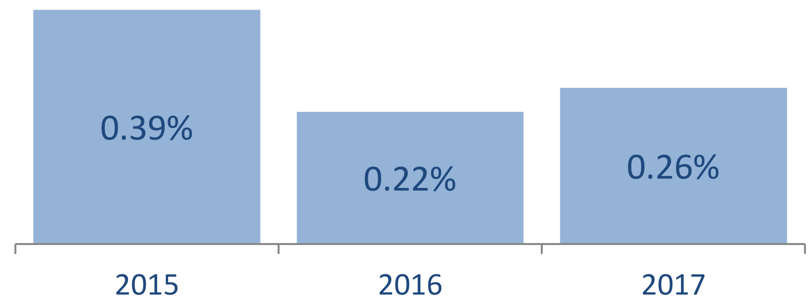
Credit Quality

Net Charge-offs and Non-accrual Loans Reflect Conservative Underwriting Standards

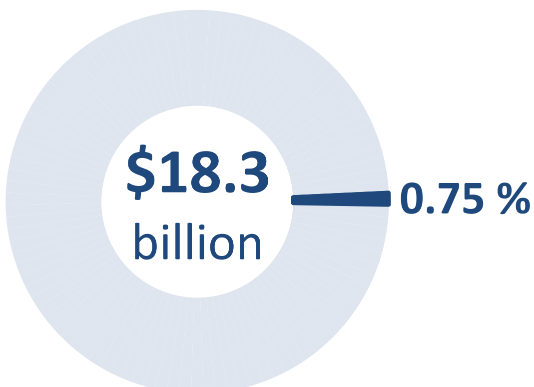
NCOs/Avg. Loans[1]



Nonaccruals/Loans[2]



Total Loans

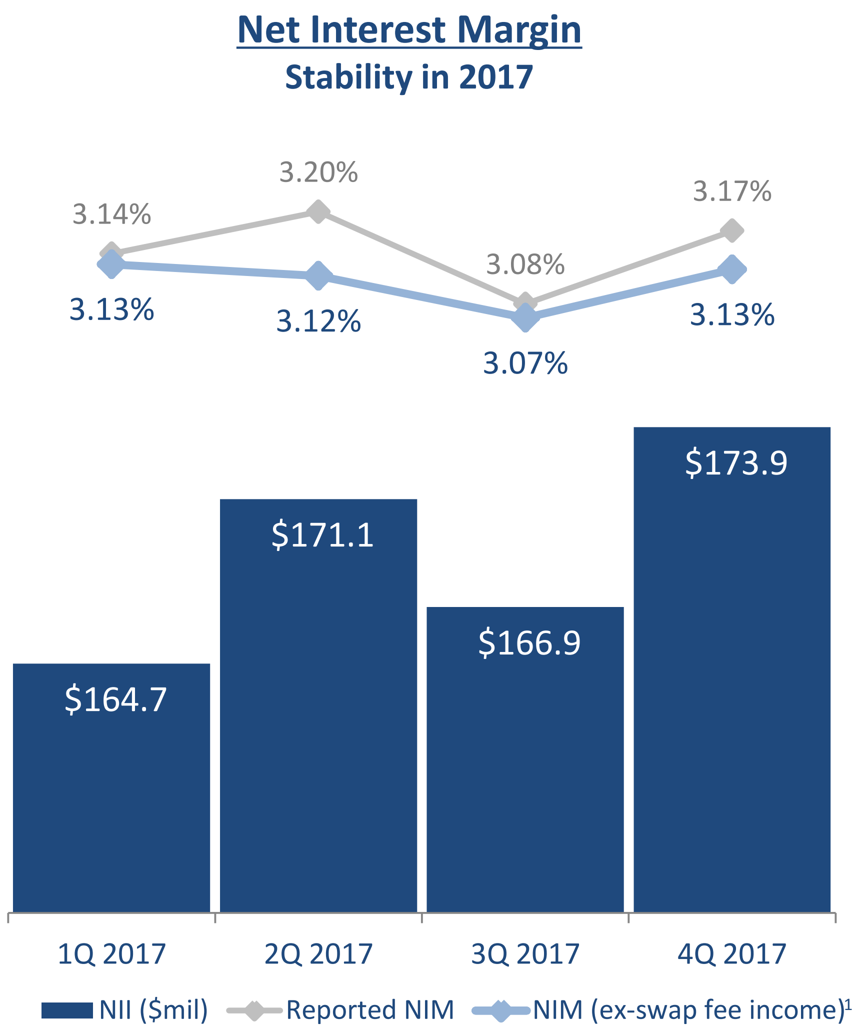


Outstanding balance as of December 31, 2017

Taxi Medallion	9/30/17	12/31/17
Related Reserves as a % of Total Exposure	5.5%	7.7%
Total Exposure	$139 million	$137 million

[1]Represents net charge-offs as a percentage of average loans for the year indicated; [2]Represents nonaccrual loans as a percentage of total outstanding loans as of December 31, of the year indicated

Net Interest Income



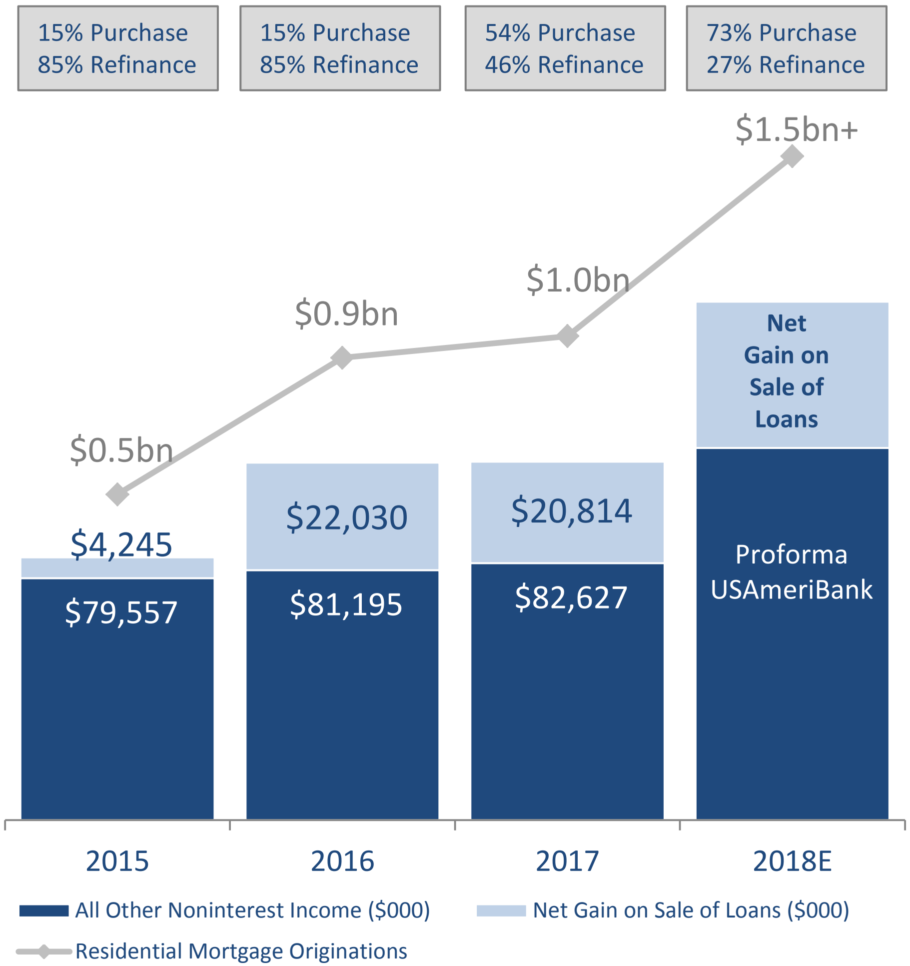
- Net interest margin[1] (ex-swap fee income) has been stabilizing
- Favorable balance sheet trends combined with promising new loan yield bode well for net interest income growth
- Anticipate 6 basis points of positive impact to NIM from USAmeriBank in 1Q18

[1]Net interest margin is presented on a tax equivalent basis; NIM ex-swap fee income excludes commercial loan fee income related to derivative interest rate swaps executed with customers.

Noninterest Income Trends

Noninterest Income

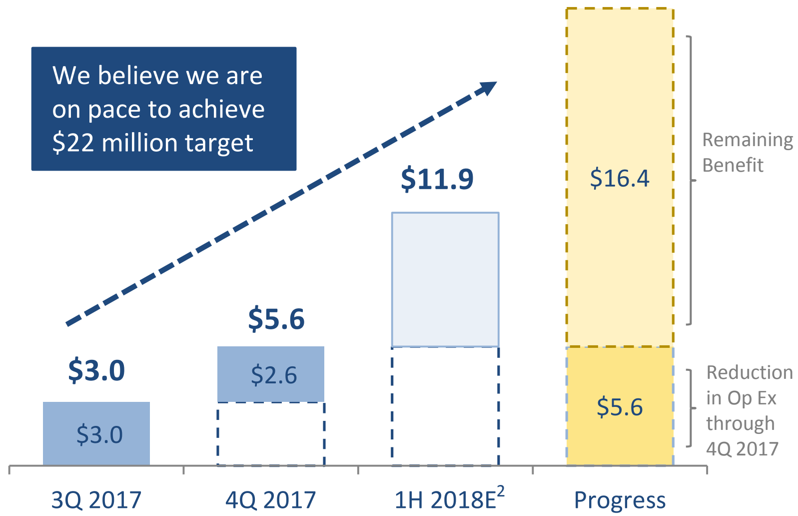
Emphasis on Home Purchase Gain on Sale



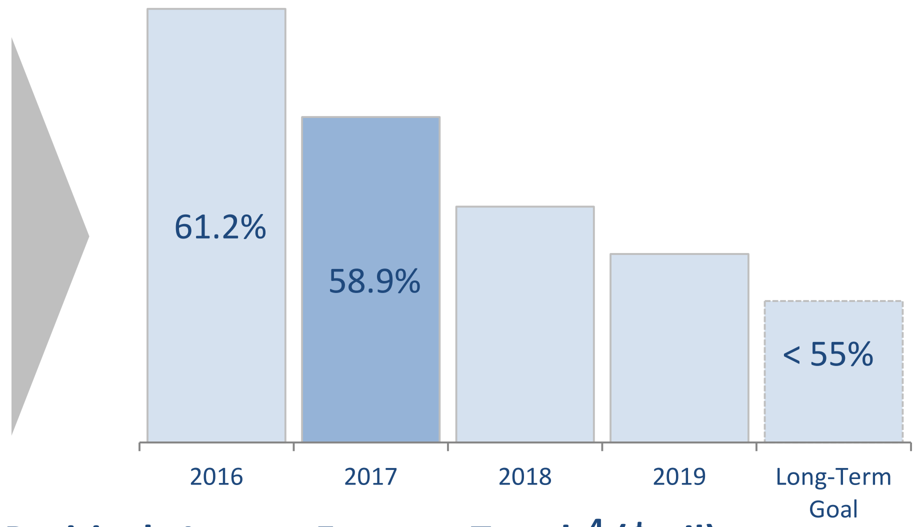
- Transforming Residential Mortgage gain-on sale business from refinance driven to home purchase focused
  - More predictable origination volume vs. refinance activity
- 4Q 2017 residential mortgage application volume was over $450 million
- We believe we are on track to achieve > $1.5 billion in residential originations in 2018

Expense Management

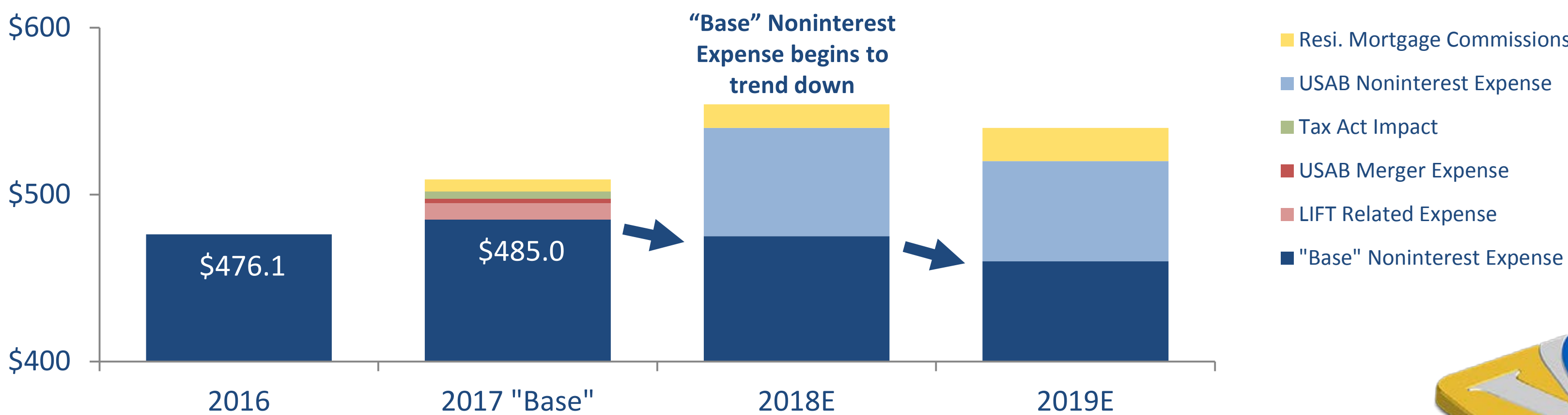
Project LIFT Status & Timing[1] ($ in millions)



Adjusted Efficiency Ratio[3]



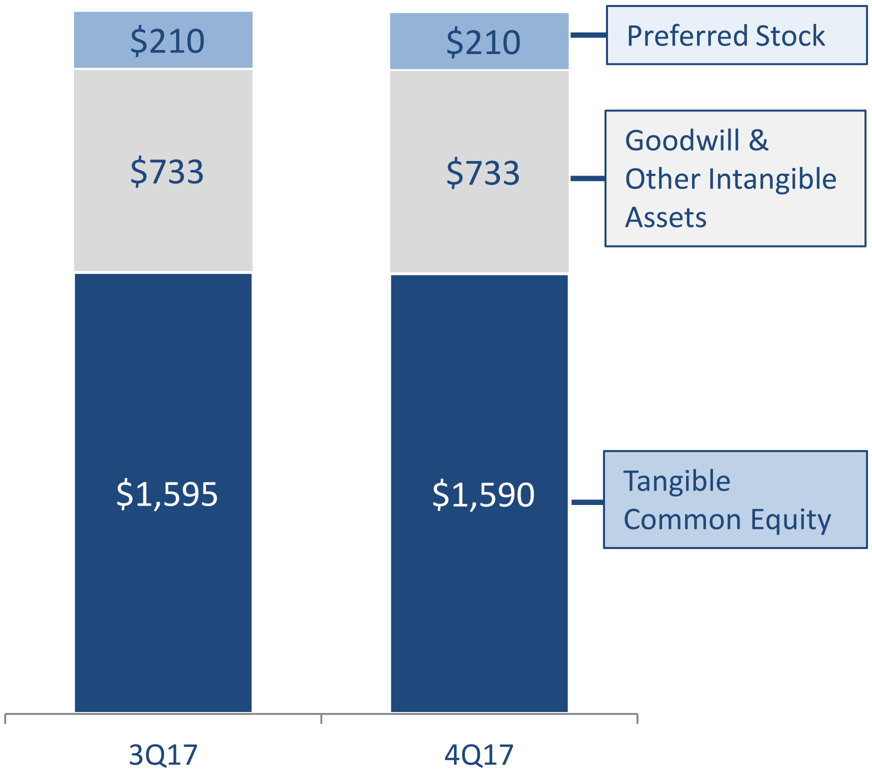
Disciplined Expense Management Expected to Positively Impact Expense Trends[4] ($mil)



[1]Figures are on a pre-tax basis; [2]Represents the estimated realized benefit for the program at June 30, 2018; [3]Refer to the appendix regarding the calculation for non-GAAP financial measures. [4] "Base" expenses refer to reported noninterest expense, less LIFT related expense, merger charges, Tax Act related non-recurring impact, and mortgage commissions.

Tax Act Implications & Capital

Shareholders' Equity **($ in millions)**



- Common Equity Tier 1 Capital Ratio of 9.2% (flat with previous quarter)
- Go-forward effective tax rate in range of 21%-23%
- Expect to earn-back our capital charge (total $22.6 million) related to Tax Reform within 2 quarters
- Over the next two years we plan to reinvest approximately 15% or our annualized earnings benefit from tax reform on:
  - Facilities & Infrastructure
- Reinvestment of additional earnings from tax reform is included in expense outlook on page 10

Footnote:

Non-GAAP Disclosure Reconciliations

($ in thousands, except for share data)	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended December 31, 2016	Years Ended December 31, 2017	Years Ended December 31, 2016
Adjusted net income available to common shareholders:					
Net income, as reported	$26,098	$39,649	$50,090	$161,907	$168,146
Add: LIFT program expenses (net of tax)*	—	5,753	—	5,753	—
Add: Merger related expenses (net of tax)**	1,073	1,200	—	2,274	—
Add: Amortization of tax credit investments (Tax Act Impact Only)	4,271	—	—	4,271	—
Add: Income Tax Expense (Tax Act Impact Only)	18,290	—	—	18,290	—
Net income, as adjusted	$49,732	$46,602	$50,090	$192,495	$168,146
Dividends on preferred stock	3,172	2,683	1,797	9,449	7,188
Net income available to common shareholders, as adjusted	$46,560	$43,919	$48,293	$183,046	$160,958

* LIFT program expenses are primarily within professional and legal fees, and salary and employee benefits expense.

** Merger related expenses are primarily within professional and legal fees.

($ in thousands, except for share data)	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended December 31, 2016	Years Ended December 31, 2017	Years Ended December 31, 2016
Adjusted per common share data:					
Net income available to common shareholders, as adjusted	$46,560	$43,919	$48,293	$183,046	$160,958
Average number of shares outstanding	264,332,895	264,058,174	256,422,437	264,038,123	254,841,571
Basic earnings, as adjusted	$0.18	$0.17	$0.19	$0.69	$0.63
Average number of diluted shares outstanding	265,288,067	264,936,220	256,952,036	264,889,007	255,268,336
Diluted earnings, as adjusted	$0.18	$0.17	$0.19	$0.69	$0.63

Non-GAAP Disclosure Reconciliations

($ in thousands)	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended December 31, 2016	Years Ended December 31, 2017	Years Ended December 31, 2016
Adjusted annualized return on average assets:					
Net income, as adjusted	$49,732	$46,602	$50,090	$192,495	$168,146
Average assets	$23,907,011	$23,604,252	$22,679,991	$23,478,799	$22,044,874
Annualized return on average assets, as adjusted	0.83%	0.79%	0.88%	0.82%	0.76%

($ in thousands)	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended December 31, 2016	Years Ended December 31, 2017	Years Ended December 31, 2016
Adjusted efficiency ratio:					
Non-interest expense	$136,317	$132,565	$124,829	$509,073	$476,125
Less: LIFT program expenses (pre-tax)	—	9,875	—	9,875	—
Less: Merger-related expenses (pre-tax)	1,378	1,241	—	2,620	—
Less: Amortization of tax credit investments (pre-tax)	20,302	8,389	13,384	41,747	34,744
Non-interest expense, as adjusted	114,637	113,060	111,445	454,831	441,381
Net interest income	171,969	164,854	164,395	668,312	618,149
Non-interest income	27,604	26,088	32,660	103,441	103,225
Gross operating income	$199,573	$190,942	$197,055	$771,753	$721,374
Efficiency ratio, as adjusted	57.44%	59.21%	56.56%	58.93%	61.19%

($ in thousands)	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017	Three Months Ended December 31, 2016
Adjusted Net Interest Margin:					
Net Interest Income - FTE	$173,876	$166,878	$171,086	$164,702	$166,601
Less: Commercial Loan Fees from Interest Rate Swaps (pre-tax)	2,544	910	4,140	661	5,035
Net Interest Income, as adjusted	171,332	165,968	166,946	164,041	161,566
Average Interest Earning Assets	21,932,539	21,642,846	21,416,670	20,949,464	20,388,486
Net Interest Margin - FTE, as adjusted	3.13%	3.07%	3.12%	3.13%	3.17%

For More Information

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