

ROMA FINANCIAL CORP  
Form 10-Q  
May 06, 2011

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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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

March 31, 2011

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 000-52000

ROMA FINANCIAL CORPORATION  
(Exact name of registrant as specified in its charter)

UNITED STATES  
(State or other jurisdiction of  
Incorporation or organization)

51-0533946  
(I.R.S. Employer  
Identification Number)

2300 Route 33, Robbinsville, New Jersey  
(Address of principal executive offices)

08691  
(Zip Code)

Registrant's telephone  
number, including area  
code:

(609) 223-8300

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 for 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 twelve months (or for such shorter period that the registrant

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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

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date,

April 25, 2011:

\$0.10 par value common stock - 30,280,927 shares outstanding

ROMA FINANCIAL CORPORATION AND SUBSIDIARIES

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ROMA FINANCIAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION  
(Unaudited)

|   | March 31,<br>2011                     | December 31,<br>2010 |
|---|---------------------------------------|----------------------|
|   | (In thousands, except for share data) |                      |
| Assets  |                                       |                      |
| Cash and amounts due from depository institutions   | \$ 19,121                             | \$ 17,958            |
| Interest-bearing deposits in other banks  | 44,539                                | 44,220               |
| Money market funds  | 29,920                                | 27,409               |
| Cash and Cash Equivalents   | 93,580                                | 89,587               |
| Investment securities available for sale ("AFS") at fair value  | 47,205                                | 52,513               |
| Investment securities held to maturity ("HTM") at amortized cost (fair value of \$ 241,352 and \$238,785, respectively) | 247,135                               | 244,421              |
| Mortgage-backed securities held to maturity at amortized cost (fair value of \$ 438,840 and \$425,462, respectively)    | 434,942                               | 421,114              |
| Loans receivable, net of allowance for loan losses \$10,251 and \$9,844, respectively                                   | 911,729                               | 893,842              |
| Real estate and other repossessed assets owned  | 4,467                                 | 3,689                |
| Real estate held for sale   | 1,164                                 | 1,164                |
| Real estate owned via equity investment   | 3,961                                 | 3,979                |
| Premises and equipment, net   | 47,530                                | 47,355               |
| Federal Home Loan Bank of New York and ACBB stock   | 4,870                                 | 4,789                |
| Accrued interest receivable   | 7,439                                 | 8,030                |
| Bank owned life insurance   | 28,090                                | 28,073               |
| Goodwill  | 1,826                                 | 1,826                |
| Deferred tax asset  | 14,791                                | 14,281               |
| Other assets  | 4,472                                 | 4,491                |
| Total Assets  | \$ 1,853,201                          | \$ 1,819,154         |
| Liabilities And Stockholders' Equity  |                                       |                      |
| Liabilities   |                                       |                      |
| Deposits:   |                                       |                      |
| Non-interest bearing  | \$ 70,078                             | \$ 64,778            |
| Interest bearing  | 1,475,747                             | 1,438,782            |
| Total deposits  | 1,545,825                             | 1,503,560            |
| Federal Home Loan Bank of New York advances   | 33,494                                | 35,000               |
| Securities sold under agreements to repurchase  | 40,000                                | 40,000               |
| Subordinated debentures   | 1,907                                 | 1,904                |
| Securities purchased and not settled  | 2,070                                 | 11,004               |
| Advance payments by borrowers for taxes and insurance   | 3,005                                 | 2,776                |
| Accrued interest payable and other liabilities  | 12,670                                | 12,434               |
| Total Liabilities   | 1,638,971                             | 1,606,678            |
| Stockholders' Equity  |                                       |                      |

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|  |              |              |
|--|--------------|--------------|
| Common stock, \$0.10 par value, 45,000,000 shares authorized,<br>32,731,875 shares issued;<br>and 30,280,927 and 30,280,927 shares outstanding, respectively | 3,274        | 3,274        |
| Paid-in capital  | 99,895       | 99,585       |
| Retained earnings  | 154,212      | 152,911      |
| Unearned shares held by Employee Stock Ownership Plan  | (5,548 )     | (5,683 )     |
| Treasury stock, 2,450,948 and 2,450,948, respectively outstanding  | (35,880 )    | (35,880 )    |
| Accumulated other comprehensive loss   | (3,473 )     | (3,463 )     |
| Total Roma Financial Corporation stockholders' equity  | 212,480      | 210,744      |
| Noncontrolling interest  | 1,750        | 1,732        |
| Total Stockholders' Equity   | 214,230      | 212,476      |
| Total Liabilities and Stockholders' Equity   | \$ 1,853,201 | \$ 1,819,154 |

See notes to consolidated financial statements.

ROMA FINANCIAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

|  | Three Months Ended<br>March 31,                           |         |
|--|---|---------|
|  | 2011  | 2010    |
|  | (In thousands, except for share<br>and<br>per share data) |         |
| Interest Income  |   |         |
| Loans, including fees                                    | \$11,721  | \$8,225 |
| Mortgage-backed securities held to maturity              | 4,306   | 3,145   |
| Investment securities held to maturity                   | 2,232   | 3,266   |
| Securities available for sale                            | 268   | 146     |
| Other interest-earning assets                            | 93  | 95      |
| Total Interest Income                                    | 18,620  | 14,877  |
| Interest Expense   |   |         |
| Deposits   | 4,604   | 4,201   |
| Borrowings   | 689   | 600     |
| Total Interest Expense                                   | 5,293   | 4,801   |
| Net Interest Income                                      | 13,327  | 10,076  |
| Provision for loan losses                                | 800   | 1,272   |
| Net Interest Income after Provision for Loan Losses      | 12,527  | 8,804   |
| Non-Interest Income                                      |   |         |
| Commissions on sales of title policies                   | 203   | 211     |
| Fees and service charges on deposits and loans           | 395   | 407     |
| Income from bank owned life insurance                    | 305   | 277     |
| Net gain from sale of mortgage loans originated for sale | 77  | 55      |
| Net gain from sale of available for sale securities      | 17  | 23      |
| Realized (loss) from real estate owned                   | (70)  | -       |
| Other  | 278   | 280     |
| Total Non-Interest Income                                | 1,205   | 1,253   |
| Non-Interest Expense                                     |   |         |
| Salaries and employee benefits                           | 6,068   | 4,382   |
| Net occupancy expense of premises                        | 1,268   | 708     |
| Equipment  | 885   | 658     |
| Data processing fees                                     | 566   | 417     |

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|  |            |            |
|--|------------|------------|
| Advertising  | 169        | 134        |
| Federal deposit insurance premiums                                     | 598        | 301        |
| Other  | 1,423      | 1,058      |
| Total Non-Interest Expense   | 10,977     | 7,658      |
| Income Before Income Taxes   | 2,755      | 2,399      |
| Income Taxes   | 884        | 773        |
| Net income   | 1,871      | 1,626      |
| Plus: net gain attributable to the noncontrolling interest             | (18 )      | (28 )      |
| Net Income attributable to Roma Financial Corporation                  | \$1,853    | \$1,598    |
| Net income attributable to Roma Financial Corporation per common share |            |            |
| Basic and Diluted  | \$.06      | \$.05      |
| Dividends Declared Per Share   | \$.08      | \$.08      |
| Weighted Average Number of Common Shares Outstanding                   |            |            |
| Basic and Diluted  | 30,137,145 | 30,733,344 |

See notes to consolidated financial statements.



ROMA FINANCIAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
(Unaudited)  
(In thousands)

|  | Common<br>Shares | Stock<br>Amount | Paid-In<br>Capital | Retained<br>Earnings | Unearned<br>Shares<br>Held<br>By<br>ESOP | Accumulated<br>Other<br>Comprehensive<br>Less | Treasury<br>Stock | Noncontrolling<br>Interest | Total      |
|--|------------------|-----------------|--------------------|----------------------|--|---|-------------------|----------------------------|------------|
| Balance<br>December 31,<br>2009  | 30,933           | \$ 3,274        | \$ 98,921          | \$ 150,131           | \$ (6,224)                               | \$ (2,313 )                                   | \$ (29,214)       | \$ 1,645                   | \$ 216,220 |
| Comprehensive<br>income:   |                  |                 |                    |                      |  |   |                   |                            |            |
| Net income for<br>the three months<br>ended March 31,<br>2010                                | -                | -               | -                  | 1,598                | -  | -   | -                 | 28                         | 1,626      |
| Other<br>comprehensive<br>income<br>net of taxes:  |                  |                 |                    |                      |  |   |                   |                            |            |
| Unrealized loss<br>on available for<br>sale<br>securities net<br>of income<br>taxes of \$106 | -                | -               | -                  | -                    | -  | 145   | -                 | -                          | 145        |
| Total<br>comprehensive<br>income   | -                | -               | -                  | -                    | -  | -   | -                 | -                          | \$ 1,771   |
| Dividends<br>declared and paid   | -                | -               | -                  | (603 )               | -  | -   | -                 | -                          | (603 )     |
| Purchase of<br>treasury shares   | (26 )            | -               | -                  | -                    | -  | -   | (328 )            | -                          | (328 )     |
| Stock-based<br>compensation  | -                | -               | 309                | -                    | -  | -   | -                 | -                          | 309        |
| ESOP shares<br>earned  | -                | -               | 27                 | -                    | 135                                      | -   | -                 | -                          | 162        |
| Balance March<br>31, 2010  | 30,907           | \$ 3,274        | \$ 99,257          | \$ 151,126           | \$ (6,089)                               | \$ (2,168 )                                   | \$ (29,542)       | \$ 1,673                   | \$ 217,531 |
| Balance<br>December 31,<br>2010  | 30,281           | \$ 3,274        | \$ 99,585          | \$ 152,911           | \$ (5,683)                               | \$ (3,463 )                                   | \$ (35,880)       | \$ 1,732                   | \$ 212,476 |
| Comprehensive<br>income:   |                  |                 |                    |                      |  |   |                   |                            |            |

|   |        |          |           |            |            |             |             |          |            |
|---|--------|----------|-----------|------------|------------|-------------|-------------|----------|------------|
| Net income for<br>the three months<br>ended March 31,<br>2011 | -      | -        | -         | 1,853      | -          | -           | -           | 18       | 1,871      |
| Other<br>comprehensive<br>income net<br>of taxes:             |        |          |           |            |            |             |             |          |            |
| Unrealized loss<br>on available for<br>sale                   |        |          |           |            |            |             |             |          |            |
| securities net<br>of income taxes<br>of \$6                   | -      | -        | -         | -          | -          | (10 )       | -           | -        | (10 )      |
| Total<br>comprehensive<br>income                              | -      | -        | -         | -          | -          | -           | -           | -        | \$ 1,861   |
| Dividends<br>declared and paid                                | -      | -        | -         | (552 )     | -          | -           | -           | -        | (552 )     |
| Stock-based<br>compensation                                   | -      | -        | 303       | -          | -          | -           | -           | -        | 303        |
| ESOP shares<br>earned   | -      | -        | 7         | -          | 135        | -           | -           | -        | 142        |
| Balance March<br>31, 2011                                     | 30,281 | \$ 3,274 | \$ 99,895 | \$ 154,212 | \$ (5,548) | \$ (3,473 ) | \$ (35,880) | \$ 1,750 | \$ 214,230 |

See notes to consolidated financial statements

ROMA FINANCIAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

|  | Three Months Ended<br>March 31, |           |
|--|---------------------------------|-----------|
|  | 2011                            | 2010      |
|  | (In thousands)                  |           |
| <b>Cash Flows from Operating Activities</b>  |                                 |           |
| Net income   | \$1,871                         | \$1,626   |
| Adjustments to reconcile net income to net cash provided by operating activities:                  |                                 |           |
| Depreciation and amortization  | 598                             | 501       |
| Amortization of premiums and accretion of discounts on securities                                  | 20                              | (71 )     |
| Accretion of deferred loan fees and discounts  | (23 )                           | (67 )     |
| Amortization of net premiums on loans  | 245                             | -         |
| Amortization of premiums on deposits   | (108 )                          | -         |
| Gain on sale of securities available for sale  | (17 )                           | (23 )     |
| Net gain on sale of mortgage loans originated for sale   | (77 )                           | (55 )     |
| Mortgage loans originated for sale   | (4,060 )                        | (3,773 )  |
| Proceeds from sales of mortgage loans originated for sale  | 4,137                           | 3,828     |
| Net realized loss from sales of real estate owned  | 70                              | -         |
| Provision for loan losses  | 800                             | 1,272     |
| Stock-based compensation, including warrants   | 303                             | 309       |
| ESOP shares earned   | 142                             | 162       |
| (Increase) decrease in accrued interest receivable   | 591                             | (1,303 )  |
| Increase in cash surrender value of bank owned life insurance                                      | (253 )                          | (231 )    |
| Decrease in other assets   | 19                              | 999       |
| Decrease in accrued interest payable   | (164 )                          | (231 )    |
| Increase in deferred income taxes  | (504 )                          | (604 )    |
| Increase (decrease) in other liabilities   | 403                             | (1,205 )  |
| <br>Net Cash Provided by Operating Activities  | <br>3,993                       | <br>1,134 |
| <b>Cash Flows from Investing Activities</b>  |                                 |           |
| Proceeds from maturities, calls and principal repayments of securities available for sale          | 3,782                           | 5,114     |
| Proceeds from sale of securities available for sale  | 1,517                           | 520       |
| Purchases of securities available for sale   | (1,037 )                        | (6,219 )  |
| Proceeds from maturities, calls and principal repayments of investment securities held to maturity | 13,286                          | 46,000    |
| Purchases of investment securities held to maturity  | (13,922 )                       | (21,975 ) |
| Principal repayments on mortgage-backed securities held to maturity                                | 23,479                          | 18,006    |
| Purchases of mortgage-backed securities held to maturity   | (47,292 )                       | (27,081 ) |
| Net increase in loans receivable   | (20,847 )                       | (5,127 )  |
| Purchase of bank owned life insurance  | -                               | (169 )    |
| Proceeds from life insurance redemption  | 236                             | -         |
| Additions to premises and equipment and real estate owned via equity investment                    | (755 )                          | (578 )    |

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|   |           |           |
|---|-----------|-----------|
| Proceeds from sale of real estate owned                           | 1,090     | -         |
| Purchases of Federal Home Loan Bank of New York and ACBB stock    | (81 )     | (446 )    |
| Net Cash (Used in) Provided by Investing Activities               | (40,544 ) | 8,045     |
| Cash Flows from Financing Activities                              |           |           |
| Net increase in deposits  | 42,373    | 35,901    |
| Increase in advance payments by borrowers for taxes and insurance | 229       | 57        |
| Dividends paid to minority stockholders of Roma Financial Corp.   | (552 )    | (603 )    |
| Repayment of Federal Home Loan Bank of New York advances          | (5,006 )  | (541 )    |
| Proceeds from Federal Home Loan Bank of New York advances         | 3,500     | 7,000     |
| Purchases of treasury stock                                       | -         | (328 )    |
| Net Cash Provided by Financing Activities                         | 40,544    | 41,486    |
| Net Increase in Cash and Cash Equivalents                         | 3,993     | 50,665    |
| Cash and Cash Equivalents – Beginning                             | 89,587    | 50,895    |
| Cash and Cash Equivalents – Ending                                | \$93,580  | \$101,560 |

ROMA FINANCIAL CORPORATION AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF CASH FLOWS (Cont'd)  
 (Unaudited)

Three Months Ended  
 March 31,  
 2011                      2010  
 (In thousands)

Supplementary Cash Flows Information

|   |         |          |
|---|---------|----------|
| Income taxes paid, net                            | \$412   | \$-      |
| Interest paid                                     | \$5,129 | \$5,032  |
| Securities purchased and not settled              | \$2,070 | \$16,654 |
| Loans receivable transferred to real estate owned | \$1,938 | \$511    |

See notes to consolidated financial statements.

ROMA FINANCIAL CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

NOTE A – ORGANIZATION

Roma Financial Corporation (the “Company”) is a federally-chartered corporation organized in January 2005 for the purpose of acquiring all of the capital stock that Roma Bank issued in its mutual holding company reorganization. Roma Financial Corporation’s principal executive offices are located at 2300 Route 33, Robbinsville, New Jersey 08691 and its telephone number at that address is (609) 223-8300.

Roma Financial Corporation, MHC is a federally-chartered mutual holding company that was formed in January 2005 in connection with the mutual holding company reorganization. Roma Financial Corporation, MHC has not engaged in any significant business since its formation. So long as Roma Financial Corporation MHC is in existence, it will at all times own a majority of the outstanding stock of Roma Financial Corporation.

Roma Bank is a federally-chartered stock savings bank. It was originally founded in 1920 and received its federal charter in 1991. Roma Bank’s deposits are federally insured by the Deposit Insurance Fund as administered by the Federal Deposit Insurance Corporation. Roma Bank is regulated by the Office of Thrift Supervision and the Federal Deposit Insurance Corporation. The Office of Thrift Supervision also regulates Roma Financial Corporation, MHC and Roma Financial Corporation as savings and loan holding companies.

RomAsia Bank is a federally-chartered stock savings bank. RomAsia Bank received all regulatory approvals on June 23, 2008 to be a federal savings bank and began operations on that date. The Company invested \$13.4 million in RomAsia Bank and currently holds a 89.55% ownership interest. RomAsia Bank is regulated by the Office of Thrift Supervision. Roma Bank and RomAsia Bank are collectively referred to as (the “Banks”).

The Banks offer traditional retail banking services, one-to four-family residential mortgage loans, multi-family and commercial mortgage loans, construction loans, commercial business loans and consumer loans, including home equity loans and lines of credit. Roma Bank operates from its main office in Robbinsville, New Jersey, and twenty-three branch offices located in Mercer, Burlington, Camden and Ocean Counties, New Jersey. RomAsia Bank operates from two locations in Monmouth Junction, New Jersey. As of March 31, 2011, the Banks had 319 full-time employees and 58 part-time employees. Roma Bank maintains a website at [www.romabank.com](http://www.romabank.com).

Throughout this document, references to “we,” “us,” or “our” refer to the Banks or the Company, or both, as the context indicates.

NOTE B - BASIS OF PRESENTATION

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary, Roma Bank and Roma Bank’s wholly-owned subsidiaries, Roma Capital Investment Corp. (the “Investment Co.”) and General Abstract and Title Agency (the “Title Co.”), and the Company’s majority owned investment of 89.55% in RomAsia Bank. The consolidated statements also include the Company’s 50% interest in 84 Hopewell, LLC (the “LLC”), a real estate investment which is consolidated according to the requirements of Accounting Standards Codification Topic 810, Variable Interest Entities. All significant inter-company accounts and transactions have been eliminated in consolidation. These statements were prepared in accordance with instructions for Form 10-Q and Rule 10-01 of Regulation S-X and, therefore, do not include all information or footnotes necessary for a complete presentation of financial condition, results of operations, and cash flows in conformity with generally accepted accounting principles in the United States of America (“GAAP”).



NOTE B - BASIS OF PRESENTATION (Continued)

In the opinion of management, all adjustments which are necessary for a fair presentation of the consolidated financial statements have been made at and for the three months ended March 31, 2011 and 2010. The results of operations for the three months ended March 31, 2011 are not necessarily indicative of the results which may be expected for the entire fiscal year or other interim periods.

The December 31, 2010 data in the consolidated statements of financial condition was derived from the Company's audited consolidated financial statements for that date. That data, along with the interim financial information presented in the consolidated statements of financial condition, income, changes in stockholders' equity and cash flows should be read in conjunction with the 2010 audited consolidated financial statements for the year ended December 31, 2010, including the notes thereto included in the Company's Annual Report on Form 10-K.

The Investment Co. was incorporated in the State of New Jersey effective September 4, 2004, and began operations October 1, 2004. The Investment Co. is subject to the investment company provisions of the New Jersey Corporation Business Tax Act. The Title Co. was incorporated in the State of New Jersey effective March 7, 2005 and commenced operations April 1, 2005. The Company, together with two individuals, formed a limited liability company, 84 Hopewell, LLC. The LLC was formed to build a commercial office building in which is located the Company's Hopewell branch, corporate offices for the other LLC members construction company and tenant space. The Company invested \$370,000 in the LLC and provided a loan in the amount of \$3.6 million to the LLC. The Company and the other 50% owner's construction company both have signed lease commitments to the LLC.

The consolidated financial statements have been prepared in conformity with ("GAAP"). In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated statements of financial condition and revenues and expenses for the periods then ended. Actual results could differ significantly from those estimates.

A material estimate that is particularly susceptible to significant change relates to the determination of the allowance for loan losses. The allowance for loan losses represents management's best estimate of losses known and inherent in the portfolio that are both probable and reasonable to estimate. While management uses the most current information available to estimate losses on loans, actual losses are dependent on future events and, as such, increases in the allowance for loan losses may be necessary.

In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Banks' allowance for loan losses. Such agencies may require the Banks to recognize additions to their allowance based on their judgments about information available to them at the time of their examinations.

In accordance with Accounting Standards Codification ("FASB ASC") Topic 855, Subsequent Events, management has evaluated subsequent events until the date of issuance of this report, and concluded that no events occurred that were of a material nature.

NOTE C - CONTINGENCIES

The Company, from time to time, is a party to routine litigation that arises in the normal course of business. In the opinion of management, the resolution of such litigation, if any, would not have a material adverse effect, as of March 31, 2011, on the Company's consolidated financial position or results of operations.

NOTE D – EARNINGS PER SHARE



Basic earnings per share is based on the weighted average number of common shares actually outstanding adjusted for Employee Stock Ownership Plan (“ESOP”) shares not yet committed to be released. Diluted EPS is calculated by adjusting the weighted average number of shares of common stock outstanding to include the effect of outstanding stock options and unvested stock awards, if dilutive, using the treasury stock method. Shares issued and reacquired during any period are weighted for the portion of the period they were outstanding.

Outstanding stock options and restricted stock grants for the three months ended March 31, 2011 were not considered in the calculation of diluted earnings per share because they were antidilutive.

#### NOTE E – ACQUISITION

On July 16, 2010, the Company completed its acquisition of Sterling Banks, Inc., the holding company for Sterling Bank. The final consideration paid in the transaction to stockholders of Sterling Banks, Inc. consisted of \$2.52 per share, or \$14,725,000, in cash.

The Company accounted for the transaction using the acquisition method pursuant to FASB ASC 805 “Business Combinations”. Accordingly, the Company recorded merger and acquisition expenses totaling \$924 thousand, in non-interest expense other, during the year ended December 31, 2010. The Company’s results of operations include Sterling Banks, Inc. and Sterling Bank from the date of

## NOTE E – ACQUISITION (Continued)

acquisition. Additionally, ASC 805 “Business Combinations” requires an acquirer to recognize the assets acquired and the liabilities assumed at their fair values as of the acquisition date.

The Company acquired loans with a fair value of \$272.3 million. Included in this amount was \$47.4 million of loans with evidence of deterioration of credit quality since origination for which it was probable, at the time of the acquisition, that the Company would be unable to collect all contractually required payments due. In accordance with the “Loans and Debt Securities Acquired with Deteriorating Credit Quality” section of FASB ASC 310 “Receivables,” the Company recorded a non accretable credit mark discount of \$13.3 million, which is defined as the loans’ contractually required payments receivable in excess of the amount of their cash flows expected to be collected. The Company considered factors such as payment history, collateral values, and accrual status when determining whether there was evidence of deterioration of a loan’s credit quality at the acquisition date.

We estimated the fair value for most loans acquired from Sterling Bank by utilizing a methodology wherein loans with comparable characteristics were aggregated by type of collateral, remaining maturity, and repricing terms. Cash flows for each pool were determined by estimating future credit losses and the rate of prepayments. Projected cash flows were then discounted to present value using a risk-adjusted market rate for similar loans. To estimate the fair value of the remaining loans, we analyzed the value of the underlying collateral of the loans, assuming the fair values of the loans were derived from the eventual sale of the collateral. The value of the collateral was based on completed appraisals adjusted to the valuation date based on recognized industry indices. We discounted those values using market derived rates of return, with consideration given to the period of time and costs associated with the foreclosure and disposition of the collateral. There was no carryover of Sterling’s allowance for loan losses associated with the loans acquired as the loans were initially recorded at fair value.

Information about the acquired Sterling loan portfolio as of July 16, 2010 is as follows (in thousands):

|   |           |
|---|-----------|
| Contractually required principal and interest at acquisition              | \$285,506 |
| Contract cash flows not expected to be collected (nonaccretable discount) | (15,647 ) |
| Expected cash flows at acquisition  | 269,859   |
| Interest component of expected cash flows (accretable premium)            | 2,454     |
| Fair value of acquired loans  | \$272,313 |

Certificates of deposit accounts were valued by comparing the contractual cost of the portfolio to an identical portfolio bearing current market rates. The projected cash flows from maturing certificates were calculated based on contractual rates. The fair value of the certificates of deposit was calculated by discounting their contractual cash flows at a market rate for a certificate of deposit with a corresponding maturity.

The fair value of borrowings and subordinated debentures assumed was determined by estimating projected future cash outflows and discounting them at a market rate of interest.

The goodwill, which is not amortized for book purposes, was assigned to Roma Financial Corporation and is not deductible for tax purposes.



## NOTE F – STOCK BASED COMPENSATION

### Equity Incentive Plan

At the Annual Meeting held on April 23, 2008, stockholders of the Company approved the Roma Financial Corporation 2008 Equity Incentive Plan. On June 25, 2008, directors, senior officers and certain employees of the Company were granted, in the aggregate, 820,000 stock options and awarded 222,000 shares of restricted stock.

The 2008 Plan enables the Board of Directors to grant stock options to executives, other key employees and nonemployee directors. The options granted under the Plan may be either incentive stock options or non-qualified stock options. The Company has reserved 1,292,909 shares of common stock for issuance upon the exercise of options granted under the 2008 Plan and 517,164 shares for grants of restricted stock. The Plan will terminate in ten years from the grant date. Options will be granted with an exercise price not less than the Fair Market Value of a share of Common Stock on the date of the grant. Options may not be granted for a term greater than ten years. Stock options granted under the Incentive Plan are subject to limitations under Section 422 of the Internal Revenue Code. The number of shares available under the 2008 Plan, the number of shares subject to outstanding options and the exercise price of outstanding options will be adjusted to reflect any stock dividend, stock split, merger, reorganization or other event generally affecting the number of Company's outstanding shares. At March 31, 2011 there were 495,709 shares available for option grants under the 2008 Plan and 301,164 shares available for grants of restricted stock.

The Company accounts for stock based compensation under FASB ASC Topic 718, "Compensation-Stock Compensation". ASC Topic 718 covers a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. ASC Topic 718 requires that compensation cost relating to share-based payment transactions be recognized in the financial statements. The cost is measured based on the fair value of the equity or liability instruments issued.

ASC Topic 718 also requires the Company to realize as a financing cash flow rather than an operating cash flow, as previously required, the benefits of realized tax deductions in excess of previously recognized tax benefits on compensation expense. In accordance with SEC Staff Accounting Bulletin ("SAB") No. 107, the Company classified share-based compensation for employees and outside directors within "salaries and employee benefits" in the consolidated statement of income to correspond with the same line item as the cash compensation paid.

The stock options will vest over a five year service period and are exercisable within ten years. Compensation expense for all option grants is recognized over the awards' respective requisite service period.

Restricted shares, granted on June 25, 2008, vest over a five year service period. Management recognizes compensation expense for the fair value of restricted shares on a straight-line basis over the requisite service period of the awards of five years. The number of shares granted and the grant date market price of the Company's common stock determines the fair value of the restricted shares under the Company's restricted stock plan.

## NOTE F – STOCK BASED COMPENSATION (Continued)

The following is a summary of the status of the Company's stock option activity and related information for the three months ended March 31, 2011:

|  | Number of<br>Stock Options | Weighted<br>Avg.<br>Exercise Price | Weighted Avg.<br>Remaining<br>Contractual<br>Life | Aggregate<br>Intrinsic<br>Value |
|--|----------------------------|------------------------------------|---|---------------------------------|
| Balance at January 1, 2008                         | -                          | \$ -                               |   |                                 |
| Granted  | 820,000                    | 13.67                              |   |                                 |
| Balance at December 2008 and 2009                  | 820,000                    | 13.67                              |   |                                 |
| Forfeited  | (22,800 )                  | 13.67                              |   |                                 |
| Balance at March 31, 2011<br>and December 31, 2010 | 797,200                    | \$ 13.67                           | 7.23 years  | \$ 0.00                         |
| Exercisable at March 31, 2011                      | 349,600                    | \$ 13.67                           |   |                                 |

The following is a summary of the status of the Company's restricted shares as of March 31, 2011 and changes during the three months ended March 31, 2011:

|   | Number of<br>Restricted<br>Shares | Weighted<br>Average<br>Grant Date<br>Fair Value |
|---|-----------------------------------|---|
| Non-vested restricted shares at January 1, 2008                         | -                                 | \$-   |
| Granted   | 222,000                           | 13.67   |
| Non-vested restricted shares at December 31, 2008                       | 222,000                           | 13.67   |
| Vested  | (44,400 )                         | 13.67   |
| Non-vested restricted shares at December 31, 2009                       | 177,600                           | 13.67   |
| Forfeited   | (6,000 )                          | 13.67   |
| Vested  | (51,600 )                         | 13.67   |
| Non-vested restricted shares at March 31, 2011 and<br>December 31, 2010 | 120,000                           | \$13.67   |

Stock option and stock award expenses included in compensation expense was \$268,000 for the three months ended March 31, 2011 and \$300,000 for three months ended March 31, 2010, with a related tax benefit of \$107,000 and \$118,000 respectively. At March 31, 2011, there was approximately \$2.4 million of unrecognized cost, related to outstanding stock options and restricted shares, which will be recognized over a period of approximately 2.23 years.

Equity Incentive Plan – RomAsia Bank

The stockholders of RomAsia Bank approved an equity incentive plan in 2009. On January 6, 2010, directors, senior officers and certain employees of the RomAsia Bank were granted, in the aggregate, options to purchase 75,500 shares of RomAsia common stock.

The Plan enables the Board of Directors of RomAsia Bank to grant stock options to executives, other key employees and nonemployee directors. The options granted under the Plan may be either incentive stock options or non-qualified stock options. RomAsia has reserved 225,000 shares of its common stock for issuance upon the exercise of options granted under the Plan. The Plan will terminate in ten years from the grant date. Options will be granted with an exercise price not less than the Fair Market Value of a share of RomAsia's Common Stock on the date of the grant. Options may not be granted for a term greater than ten years. The stock options vest over a five year service period and are exercisable within ten years. Stock options granted under the Incentive Plan are subject to limitations under Section 422 of the Internal Revenue Code. The number of shares available under the Plan, the number of shares subject to outstanding options and the exercise price of outstanding options will be adjusted to reflect any stock dividend, stock split, merger, reorganization or other event

## NOTE F – STOCK BASED COMPENSATION (Continued)

generally affecting the number of Company's outstanding shares. At March 31, 2011, there were 155,000 shares available for option grants under the Plan.

The following is a summary of the status of the RomAsia's stock option activity and related information for the three months ended March 31, 2011:

|                               | Number of<br>Stock Options | Weighted<br>Avg.<br>Exercise<br>Price | Weighted Avg.<br>Remaining<br>Contractual<br>Life | Aggregate<br>Intrinsic<br>Value |
|-------------------------------|----------------------------|---------------------------------------|---|---------------------------------|
| Balance at January 1, 2010    | -                          | \$ -                                  |   |                                 |
| Granted                       | 75,500                     | 8.47                                  |   |                                 |
| Balance at January 1, 2011    | 75,500                     | 8.47                                  |   |                                 |
| Forfeited                     | (5,500 )                   | 8.47                                  |   |                                 |
| Balance at March 31, 2011     | 70,000                     | \$ 8.47                               | 8.77 years  | \$ 0.00                         |
| Exercisable at March 31, 2011 | 14,800                     |                                       |   |                                 |

Stock option expense, related to the RomAsia plan included with compensation expense was \$11,000 for the three months ended March 31, 2011, and \$10,000 for three months ended March 31, 2010, with a related tax benefit of \$5,000 and \$4,000, respectively. At March 31, 2011, approximately \$149,000 unrecognized cost, related to outstanding stock options, will be recognized over a period of approximately 3.77 years.

## Employee Stock Ownership Plan

Roma Bank has an Employee Stock Ownership Plan ("ESOP") for the benefit of employees who meet the eligibility requirements defined in the plan. The ESOP trust purchased 811,750 shares of common stock as part of the stock offering using proceeds from a loan from the Company. The total cost of the shares purchased by the ESOP trust was \$8.1 million, reflecting a cost of \$10 per share. Roma Bank makes cash contributions to the ESOP on a quarterly basis sufficient to enable the ESOP to make the required loan payments to the Company. The loan bears an interest rate of 8.25% with principal and interest payable in equal quarterly installments over a fifteen year period. The loan is secured by the shares of the stock purchased.

Shares purchased with the loan proceeds were initially pledged as collateral for the term loan and are held in a suspense account for future allocation among participants. Contributions to the ESOP and shares released from the suspense account will be allocated among the participants on the basis of compensation, as described by the Plan, in the year of allocation. As shares are committed to be released from collateral, the Company reports compensation expense equal to the current market price of the shares, and the shares become outstanding for earnings per share computations. Roma Bank made its first loan payment in October 2006. As of March 31, 2011 there were 554,599 unearned shares. The Company's ESOP compensation expense was \$142 thousand and \$162 thousand, respectively, for the three months ended March 31, 2011 and 2010.





#### NOTE G – STOCK WARRANTS

RomAsia Bank issued warrants to purchase 150,500 shares of RomAsia Common Stock (the “warrants”), bearing an exercise price of \$10.00 per share, to the Founding Stockholders who subscribed initially for 150,500 shares of RomAsia Common Stock and provided \$1,505,000 to pay RomAsia’s organizational expenses. The warrants were issued on June 23, 2008.

The warrants will become exercisable in three equal installments on the first, second and third anniversaries after their respective dates of issuance. Warrants will be convertible into one share of RomAsia Common Stock and will be transferable only in compliance with the Securities Act of 1933, as amended, and applicable state securities laws. RomAsia may redeem the Warrants at a price of \$1.00 per Warrant at any time after January 1, 2012 upon 60 days prior written notice to the holders thereof.

The Warrants provide that, in the event that RomAsia’s capital falls below certain minimum requirements, the FDIC or the OTS may require RomAsia to notify the holders of the Warrants that such holders must exercise the Warrants within 30 days of such notice, or such longer period as the FDIC or OTS may prescribe, or forfeit all rights to purchase shares of RomAsia Common Stock under the Warrants after the expiration of such period.

The Warrants expire ten years after being issued. In the event a holder fails to exercise the Warrants prior to their expiration, the Warrants will expire and the holder thereof will have no further rights with respect to the Warrants.

The Warrant expense for minority shareholders, (10.45% ownership), for the three month ended March 31, 2011 and 2010, was \$22,000, and \$0, respectively, and related deferred taxes were recorded at \$9,600, and \$0, respectively. The warrant expense for the majority shareholder, Roma Financial Corporation, was eliminated in consolidation.

#### NOTE H- REAL ESTATE OWNED VIA EQUITY INVESTMENTS

In 2008, Roma Bank, together with two individuals, formed 84 Hopewell, LLC. The LLC was formed to build a commercial office building which includes Roma Bank’s Hopewell branch, corporate offices for the other 50% owners’ construction company and tenant space. Roma Bank made a cash investment of approximately \$360,000 in the LLC and provided a loan to the LLC in the amount of \$3.6 million. Roma Bank and the construction company both have signed lease commitments to the LLC. With the adoption of guidance in regards to variable interest entities now codified in FASB ASC Topic 810, “Consolidation”, the Company is required to perform an analysis to determine whether such an investment meets the criteria for consolidation into the Company’s financial statements. As of March 31, 2011 and December 31, 2010, this variable interest entity met the requirements of ASC Topic 810 for consolidation based on Roma Bank being the primary financial beneficiary. This was determined based on the amount invested by the Bank compared to the other partners to the LLC and the lack of personal guarantees. As of March 31, 2011, the LLC had \$4.0 million in fixed assets and a loan from Roma Bank for \$3.4 million, which was eliminated in consolidation. The LLC had accrued interest payable to the Bank of \$11 thousand at March 31, 2011 and during the three months then ended the Bank had paid \$25 thousand in rent to the LLC. Both of these amounts were eliminated in consolidation. Roma Bank’s 50% share of the LLC’s net income for the three months ended March 31, 2011 was \$8 thousand.

## NOTE I – INVESTMENT AND MORTGAGE-BACKED SECURITIES

The following summarizes the amortized cost and estimated fair value of securities available for sale at March 31, 2011 and December 31, 2010 with gross unrealized gains and losses therein:

|  | March 31, 2011                   |                        |                         | Fair Value |
|--|----------------------------------|------------------------|-------------------------|------------|
|  | Amortized Cost<br>(In Thousands) | Gross Unrealized Gains | Gross Unrealized Losses |            |
| Available for sale:  |                                  |                        |                         |            |
| Mortgage-backed securities-U.S. Government Sponsored Enterprises (GSE's) | \$22,648                         | \$144                  | \$379                   | \$22,413   |
| Obligations of state and political subdivisions                          | 7,986                            | 77                     | 75                      | 7,988      |
| U.S. Government (including agencies)                                     | 13,368                           | -                      | 416                     | 12,952     |
| Corporate bond   | 1,000                            | 3                      | 10                      | 993        |
| Equity securities  | 50                               | 9                      | -                       | 59         |
| Mutual funds   | 2,909                            | -                      | 109                     | 2,800      |
|  | \$47,961                         | \$233                  | \$989                   | \$47,205   |
|  |                                  |                        |                         |            |
|  | December 31, 2010                |                        |                         | Fair Value |
|  | Amortized Cost                   | Gross Unrealized Gains | Gross Unrealized Losses |            |
|  |                                  |                        |                         |            |
| Available for sale:  |                                  |                        |                         |            |
| Mortgage-backed securities-U.S. Government Sponsored Enterprises (GSE's) | \$24,180                         | \$168                  | \$349                   | \$23,999   |
| Obligations of state and political subdivisions                          | 8,761                            | 50                     | 151                     | 8,660      |
| U.S. Government (including agencies)                                     | 16,384                           | 17                     | 382                     | 16,019     |
| Corporate bond   | 1,000                            | -                      | 12                      | 988        |
| Equity securities  | 50                               | 3                      | -                       | 53         |
| Mutual funds   | 2,877                            | -                      | 83                      | 2,794      |
|  | \$53,252                         | \$238                  | \$977                   | \$52,513   |

## NOTE I – INVESTMENT AND MORTGAGE-BACKED SECURITIES (Continued)

The unrealized losses, categorized by the length of time of continuous loss position, and the fair value of related securities available for sale are as follows:

|   | Less than 12 Months |                   | More than 12 Months |                   | Total      |                   |
|---|---------------------|-------------------|---------------------|-------------------|------------|-------------------|
|   | Fair Value          | Unrealized Losses | Fair Value          | Unrealized Losses | Fair Value | Unrealized Losses |
|   | (In Thousands)      |                   |                     |                   |            |                   |
| March 31, 2011:                               |                     |                   |                     |                   |            |                   |
| Mortgage-backed securities-GSE's              | \$15,960            | \$379             | \$-                 | \$-               | \$15,960   | \$379             |
| Obligations of state & political subdivisions | 1,863               | 63                | 1,327               | 12                | 3,190      | 75                |
| U.S. Government, (including agencies)         | 12,952              | 416               | -                   | -                 | 12,952     | 416               |
| Corporate bond                                | 490                 | 10                | -                   | -                 | 490        | 10                |
| Mutual funds                                  | -                   | -                 | 2,800               | 109               | 2,800      | 109               |
|   | \$31,265            | \$868             | \$4,127             | \$121             | \$35,392   | \$989             |
| December 31, 2010:                            |                     |                   |                     |                   |            |                   |
| Mortgage-backed securities-GSE's              | \$17,061            | \$349             | \$-                 | \$-               | \$17,061   | \$349             |
| U.S. Government (including agencies)          | 13,002              | 382               | -                   | -                 | 13,002     | 382               |
| Obligations of state & political subdivisions | 4,114               | 151               | -                   | -                 | 4,114      | 151               |
| Corporate bond                                | 988                 | 12                | -                   | -                 | 988        | 12                |
| Mutual funds                                  | -                   | -                 | 2,793               | 83                | 2,793      | 83                |
|   | \$35,165            | \$894             | \$2,793             | \$83              | \$37,958   | \$977             |

The amortized cost and estimated fair value of securities available for sale at March 31, 2011 by contractual maturity are shown below. Expected maturities will differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties:

|                         | Amortized      |            |
|-------------------------|----------------|------------|
|                         | Cost           | Fair Value |
|                         | (in Thousands) |            |
| One year or less        | \$-            | \$-        |
| After one to five years | 2,790          | 2,771      |
| After five to ten years | 9,978          | 9,794      |
| After ten years         | 8,586          | 8,375      |
| Total                   | 21,354         | 20,940     |

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|                            |          |          |
|----------------------------|----------|----------|
| Mortgage-backed securities | 22,648   | 22,413   |
| Equity securities          | 50       | 59       |
| Mutual funds               | 2,909    | 2,800    |
| Corporate bond             | 1,000    | 993      |
| Total                      | \$47,961 | \$47,205 |

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## NOTE I – INVESTMENT AND MORTGAGE- BACKED SECURITIES (Continued)

The following summarizes the amortized cost and estimated fair value of securities held to maturity at March 31, 2011 and December 31, 2010 with gross unrealized gains and losses therein:

|   | March 31, 2011    |            |            |            |
|---|-------------------|------------|------------|------------|
|   | Amortized         | Gross      | Gross      | Fair Value |
|   | Cost              | Unrealized | Unrealized |            |
|   | (In Thousands)    | Gains      | Losses     |            |
| Held to maturity:                               |                   |            |            |            |
| U.S. Government (including agencies)            | \$230,520         | \$175      | \$5,936    | \$224,759  |
| Obligations of state and political subdivisions | 15,343            | 217        | 248        | 15,312     |
| Corporate and other                             | 1,272             | 9          | -          | 1,281      |
|   | \$247,135         | \$401      | \$6,184    | \$241,352  |
|   |                   |            |            |            |
|   | December 31, 2010 |            |            |            |
|   | Amortized         | Gross      | Gross      | Fair Value |
|   | Cost              | Unrealized | Unrealized |            |
|   | (In Thousands)    | Gains      | Losses     |            |
| Held to maturity:                               |                   |            |            |            |
| U.S. Government (including agencies)            | \$227,522         | \$357      | \$5,890    | \$221,989  |
| Obligations of state and political subdivisions | 15,628            | 190        | 303        | 15,515     |
| Corporate and other                             | 1,271             | 10         | -          | 1,281      |
|   | \$244,421         | \$557      | \$6,193    | \$238,785  |

## NOTE I – INVESTMENT AND MORTGAGE-BACKED SECURITIES (Continued)

The unrealized losses, categorized by the length of time of continuous loss position, and the fair value of related securities held to maturity are as follows:

|   | Less than 12 Months |                   | More than 12 Months |                   | Total      | Unrealized |
|---|---------------------|-------------------|---------------------|-------------------|------------|------------|
|   | Fair Value          | Unrealized Losses | Fair Value          | Unrealized Losses | Fair Value | Losses     |
|   | (In Thousands)      |                   |                     |                   |            |            |
| March 31, 2011                                |                     |                   |                     |                   |            |            |
| U.S. Government (including agencies)          | \$ 195,607          | \$ 5,936          | \$ -                | \$ -              | \$ 195,607 | \$ 5,936   |
| Obligations of state & political subdivisions | 4,874               | 236               | 1,698               | 12                | 6,572      | 248        |
|   | \$ 200,481          | \$ 6,172          | \$ 1,698            | \$ 12             | \$ 202,179 | \$ 6,184   |
| December 31, 2010                             |                     |                   |                     |                   |            |            |
| U.S. Government (including agencies)          | \$ 169,833          | \$ 5,890          | \$ -                | \$ -              | \$ 169,833 | \$ 5,890   |
| Obligations of state & political subdivisions | 6,582               | 273               | 1,680               | 30                | 8,262      | 303        |
|   | \$ 176,415          | \$ 6,163          | \$ 1,680            | \$ 30             | \$ 178,095 | \$ 6,193   |

The amortized cost and estimated fair value of securities held to maturity at March 31, 2011 by contractual maturity are shown below. Expected maturities will differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties:

|                         | Amortized Cost | Fair Value |
|-------------------------|----------------|------------|
|                         | (In Thousands) |            |
| One year or less        | \$ 102         | \$ 102     |
| After one to five years | 3,068          | 3,088      |
| After five to ten years | 102,622        | 101,203    |
| After ten years         | 141,343        | 136,959    |
| Total                   | \$ 247,135     | \$ 241,352 |

Proceeds from the sale of securities available for sale amounted to \$1.5 million and \$520 thousand for the three months ended March 31, 2011 and 2010, respectively, with a net realized gain of \$17 thousand and \$23 thousand, respectively.

Management evaluates securities for other-than-temporary-impairment (“OTTI”) at least on a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation.

In determining OTTI under the ASC Topic 320, management considers many factors, including: (1) the length of time and the extent to which the fair value has been less than amortized cost; (2) the financial condition and near term

prospects of the issuer; (3) whether the market decline was affected by macroeconomic conditions, and (4) whether the entity has the intent to sell the debt security or more likely than not will be required to sell the debt security before its anticipated recovery. The assessment of whether an other-than-temporary-impairment decline exists involves a high degree of subjectivity and judgment and is based on information available to management at a point in time. An OTTI is deemed to have occurred if there has been an adverse change in the remaining expected future cash flows.

## NOTE I – INVESTMENT AND MORTGAGE-BACKED SECURITIES (Continued)

When OTTI for debt securities, occurs under the model, the amount of the OTTI recognized in earnings depends on whether an entity intends to sell the security or more likely than not will be required to sell the security before recovery of its amortized cost basis. If an entity intends to sell or more likely than not will be required to sell the security before recovery of its amortized cost basis, the OTTI shall be recognized in earnings equal to the entire difference between the investment's amortized cost basis and its fair value at the balance sheet date. If any entity does not intend to sell the security and it is not more likely than not that the entity will be required to sell the security before recovery of its amortized cost basis, the OTTI shall be separated into the amount representing the credit loss and the amount related to all other factors. The amount of the total OTTI related to the credit loss is determined based on the present value of cash flows expected to be collected and is recognized in earnings. The amount of the total OTTI related to other factors shall be recognized in other comprehensive income, net of applicable tax benefit. The previous amortized cost basis less the OTTI recognized in earnings shall become the new amortized cost basis of the investment.

At March 31, 2011, the Company's available for sale and held to maturity debt securities portfolio consisted of approximately 193 securities, of which 95 were in an unrealized loss position for less than twelve months and 6 were in a loss position for more than twelve months. No OTTI charges were recorded for the three months ended March 31, 2011. The Company does not intend to sell these securities and it is not more likely than not that we will be required to sell these securities. Unrealized losses primarily relate to interest rate fluctuations and not credit concerns.

The available for sale mutual funds consists of CRA investments and currently have an unrealized loss of approximately \$109 thousand. They have been in a loss position for the last two years with the greatest unrealized loss being approximately \$184 thousand. Management does not believe the mutual fund securities available for sale are OTTI due to reasons of credit quality. The Company does not intend to sell these securities and it is not more likely than not that we will be required to sell these securities. Accordingly, as of March 31, 2011 management believes the impairments are temporary and no impairment loss has been realized in the Company's consolidated income statement.

Approximately \$51.4 million of securities held to maturity are pledged as collateral for Federal Home Loan Bank of New York ("FHLBNY") advances, borrowings, and deposits at March 31, 2011.

The following tables set forth the composition of our mortgage-backed securities portfolio as of March 31, 2011 and December 31, 2010:

|   | March 31, 2011                   |                        |                         | Fair Value |
|---|----------------------------------|------------------------|-------------------------|------------|
|   | Amortized Cost<br>(In Thousands) | Gross Unrealized Gains | Gross Unrealized Losses |            |
| Government National Mortgage Association  | \$9,301                          | \$224                  | \$145                   | \$9,380    |
| Federal Home Loan Mortgage Corporation    | 174,255                          | 4,419                  | 2,768                   | 175,906    |
| Federal National Mortgage Association     | 244,018                          | 4,628                  | 2,740                   | 245,906    |
| Collateralized mortgage obligations-GSE's | 7,368                            | 280                    | -                       | 7,648      |
|   | \$434,942                        | \$9,551                | \$5,653                 | \$438,840  |





## NOTE I – INVESTMENT AND MORTGAGE-BACKED SECURITIES (Continued)

|   | December 31, 2010                   |                              |                               | Estimated<br>Fair Value |
|---|-------------------------------------|------------------------------|-------------------------------|-------------------------|
|   | Carrying<br>Value<br>(In Thousands) | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses |                         |
| Government National Mortgage Association  | \$9,988                             | \$204                        | \$107                         | \$10,085                |
| Federal Home Loan Mortgage Corporation    | 172,969                             | 4,188                        | 2,782                         | 174,375                 |
| Federal National Mortgage Association     | 229,951                             | 5,206                        | 2,629                         | 232,529                 |
| Collateralized mortgage obligations-GSE's | 8,206                               | 310                          | 42                            | 8,473                   |
|   | \$421,114                           | \$9,908                      | \$5,560                       | \$425,462               |

The unrealized losses, categorized by the length of time of continuous loss position, and the fair value of related mortgage-backed securities held to maturity are as follows:

|  | Less than 12 Months             |                      | More than 12 Months |                      | Total         |                      |
|--|---------------------------------|----------------------|---------------------|----------------------|---------------|----------------------|
|  | Fair<br>Value<br>(In Thousands) | Unrealized<br>Losses | Fair<br>Value       | Unrealized<br>Losses | Fair<br>Value | Unrealized<br>Losses |
| March 31, 2011                               |                                 |                      |                     |                      |               |                      |
| Government National<br>Mortgage Association  | \$3,840                         | \$145                | \$-                 | \$-                  | \$3,840       | \$145                |
| Federal Home Loan<br>Mortgage Corporation    | 75,621                          | 2,754                | 442                 | 14                   | 76,063        | 2,768                |
| Federal National<br>Mortgage Association     | 73,391                          | 2,730                | 2,433               | 10                   | 75,824        | 2,740                |
| Collateralized Mortgage<br>Obligations-GSE's | -                               | -                    | -                   | -                    | -             | -                    |
|  | \$152,852                       | \$5,629              | \$2,875             | \$24                 | \$155,727     | \$5,653              |
| December 31, 2010                            |                                 |                      |                     |                      |               |                      |
| Government National<br>Mortgage Association  | \$3,836                         | \$107                | \$-                 | \$-                  | \$3,836       | \$107                |
| Federal Home Loan<br>Mortgage Corporation    | 83,451                          | 2,781                | 19                  | 1                    | 83,470        | 2,782                |
| Federal National                             |                                 | 2,628                | 8                   | 1                    | 83,260        | 2,629                |

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|                         |           |         |      |     |           |         |
|-------------------------|-----------|---------|------|-----|-----------|---------|
| Mortgage Association    | 83,252    |         |      |     |           |         |
| Collateralized Mortgage |           |         |      |     |           |         |
| Obligations-GSE's       | 1,920     | 42      | -    | -   | 1,920     | 42      |
|                         | \$172,459 | \$5,558 | \$27 | \$2 | \$172,486 | \$5,560 |

## NOTE I – INVESTMENT AND MORTGAGE-BACKED SECURITIES (Continued)

The amortized cost and estimated fair value of mortgage backed securities held to maturity at March 31, 2011 by contractual maturity are shown below. Expected maturities will differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties:

|                         | Amortized<br>Cost | Fair Value |
|-------------------------|-------------------|------------|
|                         | (In Thousands)    |            |
| One year or less        | \$706             | \$709      |
| After one to five years | 21,242            | 22,066     |
| After five to ten years | 51,506            | 52,568     |
| After ten years         | 361,488           | 363,497    |
| Total                   | \$434,942         | \$438,840  |

As of March 31, 2011, there were 5 Government National Mortgage Association securities, 37 Federal Home Loan Mortgage Corporation securities, and 16 Federal National Mortgage Association securities in unrealized loss positions. Management does not believe that any of the individual unrealized losses represent an other-than-temporary impairment. The unrealized losses on mortgage-backed securities relate primarily to fixed interest rate and, to a lesser extent, adjustable interest rate securities. Such losses are the result of changes in interest rates and not credit concerns. The Bank, the Investment Co. and RomAsia Bank do not intend to sell these securities and it is not more likely than not that they will be required to sell these securities, therefore, no OTTI is required.

## NOTE J - LOANS RECEIVABLE, NET

Loans receivable, net at March 31, 2011 and December 31, 2010 were comprised of the following (in thousands):

|                             | March 31,<br>2011 | December<br>31,<br>2010 |
|-----------------------------|-------------------|-------------------------|
| Real estate mortgage loans: |                   |                         |
| Residential mortgage        | \$373,687         | \$358,503               |
| Commercial real estate      | 281,662           | 273,177                 |
|                             | 655,349           | 631,680                 |
| Construction:               |                   |                         |
| Commercial real estate      | 22,450            | 18,055                  |
| Residential                 | 15,268            | 19,142                  |
|                             | 37,718            | 37,197                  |
| Consumer:                   |                   |                         |
| Home equity                 | 204,724           | 202,926                 |
| Other                       | 1,635             | 1,760                   |
|                             | 206,359           | 204,686                 |
| Commercial                  | 34,524            | 36,125                  |
| Total loans                 | 933,950           | 909,688                 |
| Less:                       |                   |                         |

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|                             |           |           |
|-----------------------------|-----------|-----------|
| Allowance for loan losses   | 10,251    | 9,844     |
| Deferred loan fees          | 694       | 663       |
| Loans in process            | 11,276    | 5,339     |
|                             | 22,221    | 15,846    |
| Total loans receivable, net | \$911,729 | \$893,842 |

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## NOTE J - LOANS RECEIVABLE, NET (Continued)

The following table presents nonaccrual loans by classes of the loan portfolio as of March 31, 2011 and December 31, 2010:

|                                       | March 31,<br>2011 | December<br>31, 2010 |
|---------------------------------------|-------------------|----------------------|
|                                       | (In thousands)    |                      |
| Commercial                            | \$2,022           | \$2,178              |
| Commercial real estate                | 17,332            | 17,481               |
| Commercial real estate – construction | 4,396             | 4,870                |
| Residential mortgage                  | 4,922             | 5,515                |
| Residential construction              | 10,170            | 9,246                |
| Home equity and other consumer        | 693               | 1,120                |
| Total                                 | \$39,535          | \$40,410             |

A loan is considered impaired when based on current information and events, it is probable that the Company will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming commercial loans but also include loans modified in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction in the interest rate on the loans, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collection.

The following table summarizes information in regards to impaired loans by loan portfolio class segregated by those for which a related allowance was required and those for which a related allowance was not necessary, as of March 31, 2011 and the three months then ended:

|                                     | Recorded<br>Investment | Unpaid<br>Principal<br>Balance | Related<br>Allowance<br>(In Thousands) | 1/1/11 –<br>3/31/11<br>Average<br>Recorded<br>Investment | 1/1/11 –<br>3/31/11<br>Interest<br>Income<br>Recognized |
|-------------------------------------|------------------------|--------------------------------|--|--|---|
| With no related allowance recorded: |                        |                                |  |  |   |
| Commercial                          | \$1,282                | \$3,655                        | \$-                                    | \$502  | \$25  |
| Commercial real estate              | 28,986                 | 32,244                         | -                                      | 29,041   | 183   |
| Residential mortgage                | 12,364                 | 13,653                         | -                                      | 12,391   | 156   |
| Residential construction            | 14,640                 | 18,620                         | -                                      | 14,707   | 145   |
| Home equity and other consumer      | 2,684                  | 3,030                          | -                                      | 2,689  | 37  |
|                                     | 59,956                 | 71,202                         | -                                      | 59,330   | 546   |
| With an allowance recorded:         |                        |                                |  |  |   |
| Commercial                          | 1,641                  | 1,641                          | 483                                    | 1,641  | -   |
| Commercial real estate              | 11,850                 | 11,850                         | 3,570                                  | 11,860   | 23  |
| Commercial real estate-construction | 4,396                  | 4,396                          | 1,300                                  | 4,396  | -   |
| Residential mortgage                | 454                    | 454                            | 61                                     | 454  | -   |
| Home equity and other consumer      | 217                    | 217                            | 176                                    | 217  | -   |
|                                     | 18,558                 | 18,558                         | 5,590                                  | 18,568   | 23  |

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Total:

|                                     |          |          |         |          |       |
|-------------------------------------|----------|----------|---------|----------|-------|
| Commercial                          | 2,923    | 5,296    | 483     | 2,143    | 25    |
| Commercial real estate              | 40,836   | 44,094   | 3,570   | 40,901   | 256   |
| Commercial real estate-construction | 4,396    | 4,396    | 1,300   | 4,396    | -     |
| Residential mortgage                | 12,818   | 14,107   | 61      | 12,845   | 156   |
| Residential construction            | 14,640   | 18,620   | -       | 14,707   | 145   |
| Home equity and other consumer      | 2,901    | 3,247    | 176     | 2,906    | 37    |
|                                     | \$78,514 | \$89,760 | \$5,590 | \$77,898 | \$569 |

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## NOTE J - LOANS RECEIVABLE, NET (Continued)

The following table summarizes information in regards to impaired loans by loan portfolio class segregated by those for which a related allowance was required and those for which a related allowance was not necessary, as of December 31, 2010 and the year then ended:

|                                     | Recorded<br>Investment | Unpaid<br>Principal<br>Balance | Related<br>Allowance<br>(In Thousands) | Average<br>Recorded<br>Investment | Interest<br>Income<br>Recognized |
|-------------------------------------|------------------------|--------------------------------|--|-----------------------------------|----------------------------------|
| With no related allowance recorded: |                        |                                |  |                                   |                                  |
| Commercial real estate              | \$ 32,714              | \$ 38,586                      | \$ -                                   | \$ 36,167                         | \$ 1,159                         |
| Residential mortgage                | 10,833                 | 12,122                         | -                                      | 10,855                            | 128                              |
| Residential construction            | 15,702                 | 20,500                         | -                                      | 16,572                            | 186                              |
| Home equity and other consumer      | 2,545                  | 2,906                          | -                                      | 2,679                             | 70                               |
|                                     | 61,794                 | 74,114                         | -                                      | 66,273                            | 1,543                            |
| With an allowance recorded:         |                        |                                |  |                                   |                                  |
| Commercial                          | 1,651                  | 1,651                          | 483                                    | 1,712                             | 26                               |
| Commercial real estate              | 6,810                  | 6,810                          | 2,965                                  | 4,656                             | 78                               |
| Commercial real estate-construction | 4,870                  | 4,870                          | 1,555                                  | 4,935                             | 101                              |
| Residential mortgage                | 323                    | 323                            | 61                                     | 323                               | -                                |
| Home equity and other consumer      | 226                    | 226                            | 192                                    | 189                               | 3                                |
|                                     | 13,880                 | 13,880                         | 5,256                                  | 11,815                            | 208                              |
| Total:                              |                        |                                |  |                                   |                                  |
| Commercial                          | 1,651                  | 1,651                          | 483                                    | 1,712                             | 26                               |
| Commercial real estate              | 39,524                 | 45,396                         | 2,965                                  | 40,823                            | 1,237                            |
| Commercial real estate-construction | 4,870                  | 4,870                          | 1,555                                  | 4,935                             | 101                              |
| Residential mortgage                | 11,156                 | 12,445                         | 61                                     | 11,178                            | 128                              |
| Residential construction            | 15,702                 | 20,500                         | -                                      | 16,572                            | 186                              |
| Home equity and other consumer      | 2,771                  | 3,132                          | 192                                    | 2,868                             | 73                               |
|                                     | \$ 75,674              | \$ 87,994                      | \$ 5,256                               | \$ 78,088                         | \$ 1,751                         |

At March 31, 2011, impaired loans included \$37.6 million of loans, net of credit marks of \$11.2 million, which were acquired in the merger. Loans totaling \$29.6 million which are performing, are also included in this total and classified as impaired because they are a troubled debt restructure, have related loans that are non-performing, or which are considered impaired because at the merger date there was evidence of deterioration of credit quality, since origination, primarily collateral related.

At December 31, 2010, impaired loans included \$38.7 million of loans, net of credit marks of \$12.4 million, which were acquired in the merger. Loans totaling \$30.8 million which were performing, were also included in this total and classified as impaired because they were a troubled debt restructure, have related loans that are non-performing, or



which are considered impaired because at the merger date there was evidence of deterioration of credit quality, since origination, primarily collateral related.

## NOTE J - LOANS RECEIVABLE, NET (Continued)

The performance and credit quality of the loan portfolio is also monitored by analyzing the age of the loans receivable by the length of time a recorded payment is past due. The following table presents the classes of the loan portfolio summarized by the past due status as of March 31, 2011 (In thousands):

|                                     | 30-59<br>Days Past<br>Due | 60-89<br>Days Past<br>Due | Greater<br>than<br>90 days | Total Past<br>Due | Current   | Total<br>Loans<br>Receivable | Loans<br>Receivable<br>>90 Days<br>and<br>Accruing |
|-------------------------------------|---------------------------|---------------------------|----------------------------|-------------------|-----------|------------------------------|--|
| Commercial                          | \$39                      | \$-                       | \$1,519                    | \$1,558           | \$32,966  | \$34,524                     | \$-  |
| Commercial real<br>estate           | 4,204                     | 6,049                     | 22,666                     | 32,919            | 248,743   | 281,662                      | 4,832  |
| Commercial real<br>estate – constr. | -                         | -                         | 4,396                      | 4,396             | 18,054    | 22,450                       | -  |
| Residential<br>mortgage             | 3,874                     | 433                       | 8,379                      | 12,686            | 361,001   | 373,687                      | 1,698  |
| Residential<br>construction         | 1,500                     | 236                       | 8,745                      | 10,481            | 4,787     | 15,268                       | -  |
| Home equity and<br>other consumer   | 728                       | 595                       | 1,315                      | 2,638             | 203,721   | 206,359                      | 55   |
| Total                               | \$10,345                  | \$7,313                   | \$47,020                   | \$64,678          | \$869,272 | \$933,950                    | \$6,585  |

The following table presents the classes of the loan portfolio summarized by the aggregate pass rating and the classified ratings of special mention, substandard and doubtful within the Company's internal risk rating system as of March 31, 2011: (In thousands)

|   | Pass      | Special<br>Mention | Substandard | Doubtful | Total     |
|---|-----------|--------------------|-------------|----------|-----------|
| Commercial                              | \$30,101  | \$2,083            | \$2,340     | \$-      | \$34,524  |
| Commercial real estate                  | 224,240   | 21,111             | 36,311      | -        | 281,662   |
| Commercial real estate-<br>construction | 18,054    | -                  | 4,396       | -        | 22,450    |
| Residential mortgage                    | 360,778   | 463                | 12,446      | -        | 373,687   |
| Residential construct.                  | 4,515     | 671                | 10,082      | -        | 15,268    |
| Home equity and other consumer          | 204,383   | 192                | 1,784       | -        | 206,359   |
| Total                                   | \$842,071 | \$24,520           | \$67,359    | \$-      | \$933,950 |

## NOTE J - LOANS RECEIVABLE, NET (Continued)

The performance and credit quality of the loan portfolio is also monitored by analyzing the age of the loans receivable by the length of time a recorded payment is past due. The following table presents the classes of the loan portfolio summarized by the past due status as of December 31, 2010 (In thousands):

|                                     | 30-59<br>Days Past<br>Due | 60-89<br>Days Past<br>Due | Greater<br>than<br>90 days | Total Past<br>Due | Current   | Total<br>Loans<br>Receivable | Loans<br>Receivable<br>>90 Days<br>and<br>Accruing |
|-------------------------------------|---------------------------|---------------------------|----------------------------|-------------------|-----------|------------------------------|--|
| Commercial                          | \$93                      | \$-                       | \$1,579                    | \$1,672           | \$34,453  | \$36,125                     | \$-  |
| Commercial real<br>estate           | 2,952                     | 556                       | 18,658                     | 22,166            | 251,011   | 273,177                      | 437  |
| Commercial real<br>estate – constr. | -                         | -                         | 4,870                      | 4,870             | 13,185    | 18,055                       | -  |
| Residential<br>mortgage             | 3,666                     | 559                       | 4,606                      | 8,831             | 349,672   | 358,503                      | 78   |
| Residential<br>construction         | 1,044                     | -                         | 10,690                     | 11,734            | 7,408     | 19,142                       | 1,152  |
| Home equity and<br>other consumer   | 2,126                     | 216                       | 1,206                      | 3,548             | 201,138   | 204,686                      | 79   |
| Total                               | \$9,881                   | \$1,331                   | \$41,609                   | \$52,821          | \$856,867 | \$909,688                    | \$1,746  |

The following table presents the classes of the loan portfolio summarized by the aggregate pass rating and the classified ratings of special mention, substandard and doubtful within the Company's internal risk rating system as of December 31, 2010: (In thousands)

|  | Pass      | Special<br>Mention | Substandard | Doubtful | Total     |
|--|-----------|--------------------|-------------|----------|-----------|
| Commercial                               | \$32,902  | \$1,141            | \$2,082     | \$-      | \$36,125  |
| Commercial real estate                   | 217,609   | 22,039             | 33,529      | -        | 273,177   |
| Commercial real estate<br>(construction) | 11,605    | 1,580              | 4,870       | -        | 18,055    |
| Residential mortgage                     | 350,771   | 786                | 6,946       | -        | 358,503   |
| Residential construct.                   | 4,358     | 3,331              | 11,453      | -        | 19,142    |
| Home equity and other consumer           | 202,707   | 926                | 1,053       | -        | 204,686   |
| Total                                    | \$819,952 | \$29,803           | \$59,933    | \$-      | \$909,688 |

## NOTE J - LOANS RECEIVABLE, NET (Continued)

Allowance for Credit Losses and Recorded Investment in Financing Receivables  
At and For the Three Months Ended March 31, 2011

|                              | Commercial     | Commercial<br>Real Estate | Commercial<br>Real Estate-Construction | Residential<br>Mortgage | Residential<br>Construction | Home<br>Equity<br>and Other<br>Consumer | Total    |   |
|------------------------------|----------------|---------------------------|--|-------------------------|-----------------------------|---|----------|---|
|                              | (In thousands) |                           |  |                         |                             |   |          |   |
| Allowance for credit losses: |                |                           |  |                         |                             |   |          |   |
| Beginning                    |                |                           |  |                         |                             |   |          |   |
| balance                      | \$654          | \$4,922                   | \$ 2,097                               | \$1,799                 | \$ -                        | \$372                                   | \$9,844  |   |
| Charge-offs                  | -              | -                         | (254                                   | ) (126                  | ) -                         | (15                                     | ) (395   | ) |
| Recoveries                   | -              | -                         | -                                      | -                       | -                           | 2                                       | 2        |   |
| Provisions                   | (20            | ) 538                     | 76                                     | 81                      | -                           | 125                                     | 800      |   |
| Ending                       |                |                           |  |                         |                             |   |          |   |
| Balance                      | \$634          | \$5,460                   | \$ 1,919                               | \$1,754                 | \$ -                        | \$484                                   | \$10,251 |   |
| Ending                       |                |                           |  |                         |                             |   |          |   |
| Balance:                     |                |                           |  |                         |                             |   |          |   |
| individually                 |                |                           |  |                         |                             |   |          |   |
| valuated for                 |                |                           |  |                         |                             |   |          |   |
| impairment                   | \$ 483         | \$ 3,570                  | \$ 1,300                               | \$ 61                   | \$ -                        | \$ 176                                  | \$ 5,590 |   |
| Ending                       |                |                           |  |                         |                             |   |          |   |
| Balance:                     |                |                           |  |                         |                             |   |          |   |
| collectively                 |                |                           |  |                         |                             |   |          |   |
| evaluated                    |                |                           |  |                         |                             |   |          |   |
| for impairment               | \$ 151         | \$ 1,890                  | \$ 619                                 | \$ 1,693                | \$ -                        | \$ 308                                  | \$ 4,661 |   |
| Ending                       |                |                           |  |                         |                             |   |          |   |
| Balance:                     |                |                           |  |                         |                             |   |          |   |
| loans                        |                |                           |  |                         |                             |   |          |   |
| acquired                     |                |                           |  |                         |                             |   |          |   |
| with                         |                |                           |  |                         |                             |   |          |   |
| deteriorate                  |                |                           |  |                         |                             |   |          |   |
| credit quality*              | \$ -           | \$ 5,630                  | \$ -                                   | \$ 1,289                | \$ 3,980                    | \$ 346                                  | \$11,244 |   |

\*These amounts represent credit marks established on loans acquired in merger which are netted against loans and not included in allowance for loan loss

## NOTE J - LOANS RECEIVABLE, NET (Continued)

Allowance for Credit Losses and Recorded Investment in Financing Receivables  
At and For the Three Months Ended March 31, 2011

|  | Commercial | Commercial<br>Real Estate | Commercial<br>Real Estate-Construction | Residential<br>Mortgage | Residential<br>Construction | Home<br>Equity and<br>Other<br>Consumer | Total      |
|--|------------|---------------------------|--|-------------------------|-----------------------------|---|------------|
| Loans Receivable:  |            |                           |  |                         |                             |   |            |
| Ending balance   | \$ 34,524  | \$ 281,662                | \$ 22,450                              | \$ 373,687              | \$ 15,268                   | \$ 206,359                              | \$ 933,950 |
| Ending<br>balance:<br>individually<br>evaluated  |            |                           |  |                         |                             |   |            |
| for impairment   | 2,923      | 28,236                    | 4,396                                  | 4,276                   | -                           | 1,117                                   | 40,948     |
| Ending<br>balance:<br>legacy Roma<br>collectively<br>evaluated for<br>impairment       | 12,142     | 176,873                   | 18,054                                 | 309,485                 | 135                         | 146,133                                 | 662,822    |
| Ending<br>balance:<br>acquired<br>loans<br>collectively<br>evaluated for<br>impairment | 20,692     | 65,406                    | -                                      | 53,089                  | 493                         | 57,619                                  | 197,299    |
| Ending<br>balance:<br>loans<br>acquired<br>with deteriorated<br>credit quality         | \$ -       | \$ 12,600                 | \$ -                                   | \$ 8,542                | \$ 14,640                   | \$ 1,784                                | \$ 37,566  |

## NOTE J - LOANS RECEIVABLE, NET (Continued)

Allowance for Credit Losses and Recorded Investment in Financing Receivables

At and For the Year Ended December 31, 2010

|                              | Commercial     | Commercial<br>Real Estate | Commercial<br>Real Estate-Construction | Residential<br>Mortgage | Residential<br>Construction | Home<br>Equity<br>and Other<br>Consumer | Total    |
|------------------------------|----------------|---------------------------|--|-------------------------|-----------------------------|---|----------|
|                              | (In thousands) |                           |  |                         |                             |   |          |
| Allowance for credit losses: |                |                           |  |                         |                             |   |          |
| Beginning                    |                |                           |  |                         |                             |   |          |
| balance                      | \$306          | \$3,255                   | \$ 1,207                               | \$313                   | \$ -                        | \$162                                   | \$5,243  |
| Charge-offs                  | -              | (2,217 )                  | -                                      | -                       | -                           | (37 )                                   | (2,254 ) |
| Recoveries                   | -              | -                         | -                                      | -                       | -                           | -                                       | -        |
| Provisions                   | 348            | 3,884                     | 890                                    | 1,486                   | -                           | 247                                     | 6,855    |
| Ending Balance               | \$654          | \$4,922                   | \$ 2,097                               | \$1,799                 | \$ -                        | \$372                                   | \$9,844  |
| Ending                       |                |                           |  |                         |                             |   |          |
| Balance:                     |                |                           |  |                         |                             |   |          |
| individually                 |                |                           |  |                         |                             |   |          |
| evaluated for                |                |                           |  |                         |                             |   |          |
| impairment                   | \$ 483         | \$ 2,965                  | \$ 1,555                               | \$ 61                   | \$ -                        | \$ 192                                  | \$ 5,256 |
| Ending                       |                |                           |  |                         |                             |   |          |
| Balance:                     |                |                           |  |                         |                             |   |          |
| collectively                 |                |                           |  |                         |                             |   |          |
| evaluated for                |                |                           |  |                         |                             |   |          |
| impairment                   | \$ 171         | \$ 1,957                  | \$ 542                                 | \$ 1,738                | \$ -                        | \$ 180                                  | \$ 4,588 |
| Ending                       |                |                           |  |                         |                             |   |          |
| Balance:                     |                |                           |  |                         |                             |   |          |
| loans                        |                |                           |  |                         |                             |   |          |
| acquired                     |                |                           |  |                         |                             |   |          |
| with deteriorate             |                |                           |  |                         |                             |   |          |
| credit                       |                |                           |  |                         |                             |   |          |
| quality*                     | \$ -           | \$ 5,872                  | \$ -                                   | \$ 1,289                | \$ 4,798                    | \$ 361                                  | \$12,320 |

\*These amounts represent credit marks established on loans acquired in merger which are netted against loans and not included in allowance for loan loss

## NOTE J - LOANS RECEIVABLE, NET (Continued)

Allowance for Credit Losses and Recorded Investment in Financing Receivables  
At and For the Year Ended December 31, 2010

|   | Commercial | Commercial<br>Real Estate | Commercial<br>Real Estate-Construction | Residential<br>Mortgage | Residential<br>Construction | Home<br>Equity<br>and Other<br>Consumer | Total      |
|---|------------|---------------------------|--|-------------------------|-----------------------------|---|------------|
| Loans Receivable:   |            |                           |  |                         |                             |   |            |
| Ending balance  | \$ 36,125  | \$ 273,177                | \$ 18,055                              | \$ 358,503              | \$ 19,142                   | \$ 204,686                              | \$ 909,688 |
| Ending balance:<br>individually<br>evaluated                                    |            |                           |  |                         |                             |   |            |
| for impairment  | 1,651      | 26,822                    | 4,870                                  | 2,570                   | -                           | 982                                     | 36,895     |
| Ending balance:<br>legacy Roma<br>collectively<br>evaluated for<br>impairment   | 11,684     | 162,941                   | 13,185                                 | 292,319                 | 3,301                       | 142,637                                 | 626,067    |
| Ending balance:<br>acquire loans<br>collectively<br>evaluated for<br>impairment | 22,790     | 70,713                    | -                                      | 55,028                  | 139                         | 59,278                                  | 207,948    |
| Ending balance:<br>loans<br>acquired  |            |                           |  |                         |                             |   |            |
| with deteriorated<br>credit quality   | \$ -       | \$ 12,701                 | \$ -                                   | \$ 8,586                | \$ 15,702                   | \$ 1,789                                | \$ 38,778  |

## NOTE K - DEPOSITS

A summary of deposits by type of account as of March 31, 2011 and December 31, 2010 is as follows (dollars in thousands):

|                               | March 31, 2011 |                               | December 31, 2010 |                               |  |
|-------------------------------|----------------|-------------------------------|-------------------|-------------------------------|--|
|                               | Amount         | Weighted<br>Avg. Int.<br>Rate | Amount            | Weighted<br>Avg. Int.<br>Rate |  |
| Demand:                       |                |                               |                   |                               |  |
| Non-interest bearing checking | \$70,078       | 0.00 %                        | \$64,778          | 0.00 %                        |  |
| Interest bearing checking     | 162,882        | 0.28 %                        | 177,317           | 0.30 %                        |  |
|                               | 232,960        | 0.23 %                        | 242,095           | 0.22 %                        |  |
| Savings and club              | 476,846        | 0.80 %                        | 439,037           | 0.79 %                        |  |
| Certificates of deposit       | 836,019        | 1.78 %                        | 822,428           | 1.83 %                        |  |
| Total                         | \$1,545,825    | 1.24 %                        | \$1,503,560       | 1.27 %                        |  |

At March 31, 2011, the Company had contractual obligations for certificates of deposit that mature as follows (in thousands):

|                          |            |
|--------------------------|------------|
| One year or less         | \$ 515,741 |
| After one to three years | 251,866    |
| After three years        | 68,412     |
| Total                    | \$ 836,019 |

## NOTE L – PREMISES AND EQUIPMENT

Premises and equipment consisted of the following as of March 31, 2011 and December 31, 2010 (in thousands):

|                              | Estimated<br>Useful<br>Lives | March 31,<br>2011 | December<br>31,<br>2010 |
|------------------------------|------------------------------|-------------------|-------------------------|
| Land for future development  | -                            | \$ 1,054          | \$ 1,054                |
| Construction in progress     | -                            | 156               | 153                     |
| Land and land improvements   | -                            | 5,428             | 5,428                   |
| Buildings and improvements   | 20-50 yrs                    | 43,918            | 43,481                  |
| Furnishings and equipment    | 3-10 yrs.                    | 12,076            | 11,761                  |
| Total premises and equipment |                              | 62,632            | 61,877                  |
| Accumulated depreciation     |                              | 15,102            | 14,522                  |
| Total                        |                              | \$ 47,530         | \$ 47,355               |



## NOTE M – REAL ESTATE OWNED AND OTHER REPOSSESSED ASSETS

Real estate owned and other repossessed assets increased \$.8 million to \$4.5 million at March 31, 2011 compared to \$3.7 million at December 31, 2010. Detailed below are the changes in real estate owned and other repossessed assets are as follows:

|                               | March 31,<br>2011<br>(In Thousands) | December 31,<br>2010 |
|-------------------------------|-------------------------------------|----------------------|
| Beginning balance-January 1,  | \$ 3,689                            | \$ 1,928             |
| Ass Assets acquired in merger | -                                   | 2,593                |
| Ass Assets transferred in     | 1,938                               | 2,068                |
| Net Net proceeds from sales   | (1,090 )                            | (2,323 )             |
| Net Net gain (loss) on sales  | (70 )                               | 128                  |
| mp Impairment charge          | -                                   | (705 )               |
| To Total                      | \$ 4,467                            | \$ 3,689             |

## NOTE N – REAL ESTATE HELD FOR SALE

The Company acquired in the merger a former branch site and a loan center. At March 31, 2011 both of those locations were available for sale and carried at lower of cost or market.

## NOTE O – FEDERAL HOME LOAN BANK ADVANCES AND SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE AND SUBORDINATED DEBENTURES

At March 31, 2011 and December 31, 2010, the Banks had outstanding amortizing Federal Home Bank of New York (FHLBNY) advances as follows (dollars in thousands):

|                        | March 31, 2011 |                  | December 31, 2010 |                  |
|------------------------|----------------|------------------|-------------------|------------------|
|                        | Amount         | Interest<br>Rate | Amount            | Interest<br>Rate |
| Maturing:              |                |                  |                   |                  |
| February 1, 2016       | \$494          | 2.11 %           | \$-               | -                |
| March 14, 2016         | 1,000          | 1.79 %           | -                 | -                |
| Total amortizing loans | \$1,494        |                  | \$-               |                  |

At March 31, 2011 and December 31, 2010, Roma Bank and RomAsia Bank also had outstanding FHLBNY advances totaling \$32.0 million and \$35.0 million, respectively. The borrowings are as follows (in thousands):

| 03/31/2011 | 12/31/2010 | Interest Rate | Maturity Date | Call Date |
|------------|------------|---------------|---------------|-----------|
|------------|------------|---------------|---------------|-----------|

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|           |           |       |            |            |
|-----------|-----------|-------|------------|------------|
| \$ 23,000 | \$23,000  | 3.90% | 10/29/2017 | 10/29/2010 |
| -         | 1,500     | 0.90% | 03/21/2011 | -          |
| 750       | -         | 0.60% | 02/22/2012 | -          |
| 3,500     | 3,500     | 1.47% | 03/19/2012 | -          |
| 750       | -         | 1.17% | 02/22/2013 | -          |
| 1,500     | 1,500     | 2.09% | 03/19/2013 | -          |
| 500       | 500       | 1.52% | 12/23/2013 | -          |
| 500       | -         | 1.73% | 02/24/2014 | -          |
| 500       | 500       | 2.08% | 12/22/2014 | -          |
| 500       | 500       | 2.61% | 12/21/2015 | -          |
| 500       | 500       | 3.08% | 12/21/2016 | -          |
| -         | 3,500     | 0.33% | 01/31/2011 | -          |
| \$ 32,000 | \$ 35,000 |       |            |            |

NOTE O –FEDERAL HOME LOAN BANK ADVANCES AND SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE AND SUBORDINATED DEBENTURES (Continued)

Securities sold under agreements to repurchase are treated as financings and are reflected as a liability in the consolidated statements of financial condition. Securities sold under an agreement to repurchase amounted to \$40.0 million at March 31, 2011 and December 31, 2010. The maturities and respective interest rates are as follows: \$10.0 million maturing in 2015, at 3.22%; \$20.0 million maturing in 2018, callable at 08/22/11, at 3.51%; and \$10.0 million maturing in 2018, callable at 08/22/13, at 3.955%. The repurchase agreement is collateralized by securities described in the underlying agreement which are held in safekeeping by the FHLB NY. At March 31, 2011, the fair value of the mortgage-backed securities used as collateral under the repurchase agreement was approximately \$52.7 million.

On May 1, 2007, Sterling Banks Capital Trust I, a Delaware statutory business trust and a wholly-owned subsidiary of the Company (the “Trust”), issued \$6.2 million of variable rate capital trust pass-through securities (“capital securities”) to investors. The variable interest rate reprices quarterly at the three month LIBOR plus 1.7%. The Trust purchased \$6.2 million of variable rate junior subordinated debentures from Sterling Banks, Inc.. The debentures are the sole asset of the Trust. The fair value of the subordinated debentures at acquisition of Sterling Banks, Inc. was \$5.1 million. The terms of the junior subordinated debentures are the same as the terms of the capital securities. The Company has also fully and unconditionally guaranteed the obligations of the Trust under the capital securities. The capital securities are redeemable by the Company on or after May 1, 2012 at par, or earlier if the deduction of related interest for federal income taxes is prohibited, classification as Tier I Capital is no longer allowed, or certain other contingencies arise. The capital securities must be redeemed upon final maturity of the subordinated debentures on May 1, 2037. On October 22, 2010, the Company repurchased \$4.0 million of these capital securities (with a market value of \$3.2 million).

NOTE P –RETIREMENT PLANS

Components of net periodic pension cost for the three months ended March 31, 2011 and 2010 were as follows (in thousands):

|   | Three Months Ended<br>March 31, |       |
|---|---------------------------------|-------|
|   | 2011                            | 2010  |
| Service cost  | \$136                           | \$96  |
| Interest cost                                       | 173                             | 155   |
| Expected return on plan assets                      | (193)                           | (144) |
| Amortization of unrecognized net loss               | 86                              | 61    |
| Amortization of unrecognized past service liability | 4                               | 4     |
| Net periodic benefit expense                        | \$206                           | \$172 |

The Company expects to make contributions of approximately \$791,000 during 2011.

NOTE Q – CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

In the normal course of business, the Company enters into off-balance sheet arrangements consisting of commitments to fund residential and commercial loans and lines of credit. Outstanding loan commitments at March 31, 2011 were as follows (in thousands):

|                                       | March 31,<br>2011 |
|---------------------------------------|-------------------|
| Residential mortgage and equity loans | \$10,985          |
| Commercial loans committed not closed | 16,111            |
| Commercial lines of credit            | 32,511            |
| Consumer unused lines of credit       | 24,933            |
| Commercial letters of credit          | 2,857             |
|                                       | <b>\$87,397</b>   |

In the ordinary course of business to meet the financial needs of the Company's customers, the Company is party to financial instruments with off-balance-sheet risk. These financial instruments include unused lines of credit and involve, to varying degrees, elements of credit

## NOTE Q – CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS (Continued)

risk in excess of the amount recognized in the consolidated financial statements. The contract or notional amounts of these instruments express the extent of involvement the Company has in each category of financial instruments.

The Company's exposure to credit loss from nonperformance by the other party to the above-mentioned financial instruments is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. The contract or notional amount of financial instruments which represent credit risk at March 31, 2011 and December 31, 2010 is as follows (in thousands):

|  | March 31,<br>2011 | December 31,<br>2010 |
|--|-------------------|----------------------|
| Standby by letters of credit                 | \$ 2,857          | \$ 3,400             |
| Outstanding loan and credit line commitments | \$ 84,540         | \$ 85,159            |

Standby letters of credit are conditional commitments issued by the Company which guarantee performance by a customer to a third party. The credit risk and underwriting procedures involved in issuing letters of credit are essentially the same as that involved in extending loan facilities to customers. These are irrevocable undertakings by the Company, as guarantor, to make payments in the event a specified third party fails to perform under a non-financial contractual obligation. Most of the Company's performance standby letters of credit arise in connection with lending relationships and have terms of one year or less. The current amount of the liability related to guarantees under standby letters of credit issued is not material as of March 31, 2011.

Outstanding loan commitments represent the unused portion of loan commitments available to individuals and companies as long as there is no violation of any condition established in the contract. Outstanding loan commitments generally have a fixed expiration date of one year or less, except for home equity loan commitments which generally have an expiration date of up to 15 years. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral, if any, obtained, upon extension of credit is based upon management's credit evaluation of the customer. While various types of collateral may be held, property is primarily obtained as security. The credit risk involved in these financial instruments is essentially the same as that involved in extending loan facilities to customers.

The Banks have non-cancelable operating leases for branch offices. The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year at March 31, 2011: (In thousands)

Year Ended March 31:

|                                 |          |
|---------------------------------|----------|
| 2012                            | \$1,163  |
| 2013                            | 1,124    |
| 2014                            | 1,113    |
| 2015                            | 832      |
| 2016                            | 838      |
| Thereafter                      | 9,248    |
| Total Minimum Payments Required | \$14,318 |

Included in the total required minimum lease payments is \$1,729,000 of payments to the LLC. The Company eliminates these payments in consolidation.

## NOTE R – FAIR VALUE MEASUREMENTS AND DISCLOSURES

The Company follows the guidance on fair value measurements now codified as FASB ASC Topic 820, “Fair Value Measurements and Disclosures”. Fair value measurements are not adjusted for transaction costs. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Management uses its best judgment in estimating the fair value of the Company’s financial instruments; however, there are inherent weaknesses in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts the Company could have realized in a sales transaction on the dates indicated. The estimated fair value amounts have been measured as of their respective period end and have not been re-evaluated or updated for purposes of these financial statements subsequent to those respective dates. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each period-end.

The fair value measurement hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

An asset’s or liability’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used at March 31, 2011 were as follows:

| Description   | (Level 1)<br>Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(In Thousands) | (Level 2)<br>Significant<br>Other<br>Observable<br>Inputs | (Level 3)<br>Significant<br>Unobservable<br>Inputs | Total Fair<br>Value<br>March 31,<br>2011 |
|---|---|---|--|--|
| Mo Mortgage backed securities-<br>U.S. Government<br>Sponsored Enterprises<br>(GSE’s) | \$ -  | \$ 22,413   | \$ -   | \$ 22,413                                |
| Obligations of state and<br>political subdivisions                                    | -   | 7,988   | -  | 7,988                                    |
| U.S. Government (including agencies)  | -   | 12,952  | -  | 12,952                                   |

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|    |                               |      |           |      |          |
|----|-------------------------------|------|-----------|------|----------|
| Co | Corporate bond                | -    | 993       | -    | 993      |
| E  | Equity securities             | -    | 59        | -    | 59       |
| Mu | Mutual funds                  | -    | 2,800     | -    | 2,800    |
|    | Securities available for sale | \$ - | \$ 47,205 | \$ - | \$47,205 |

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## NOTE R – FAIR VALUE MEASUREMENTS AND DISCLOSURES (Continued)

For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy, used at December 31, 2010 were as follows:

| Description   | (Level 1)  | (Level 2)                                    | (Level 3)                             | Total Fair Value<br>March 31,<br>2011 |
|---|--|--|---------------------------------------|---------------------------------------|
|   | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(In Thousands) | Significant<br>Other<br>Observable<br>Inputs | Significant<br>Unobservable<br>Inputs |                                       |
| Mo Mortgage backed securities-<br>U.S. Government<br>Sponsored Enterprises<br>(GSE's) | \$ -   | \$ 23,999                                    | \$ -                                  | \$ 23,999                             |
| Obligations of state and<br>political subdivisions                                    | -  | 8,660  | -                                     | 8,660                                 |
| U.S. Government (including agencies)  | -  | 16,019                                       | -                                     | 16,019                                |
| Co Corporate bond   | -  | 988  | -                                     | 988                                   |
| E Equity securities   | -  | 53   | -                                     | 53                                    |
| Mu Mutual funds   | -  | 2,794  | -                                     | 2,794                                 |
| Securities available for sale   | \$ -   | \$ 52,513                                    | \$ -                                  | \$ 52,513                             |

For assets measured at fair value on a nonrecurring basis, the fair value measurements by level within the fair value hierarchy used at March 31, 2011, were as follows:

| Description                        | (Level 1)  | (Level 2)                                    | (Level 3)                             | Total Fair Value<br>March 31,<br>2011 |
|------------------------------------|--|--|---------------------------------------|---------------------------------------|
|                                    | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(In Thousands) | Significant<br>Other<br>Observable<br>Inputs | Significant<br>Unobservable<br>Inputs |                                       |
| Impaired loans                     | \$ -   | \$ -   | \$ 12,968                             | \$ 12,968                             |
| Real estate and other assets owned | \$ -   | \$ -   | \$ 4,467                              | \$ 4,467                              |
| Real estate held for sale          | \$ -   | \$ -   | \$ 1,164                              | \$ 1,164                              |

## NOTE R – FAIR VALUE MEASUREMENTS AND DISCLOSURES (Continued)

For assets measured at fair value on a nonrecurring basis, the fair value measurements by level within the fair value hierarchy used at December 31, 2010, were as follows:

| Description                        | (Level 1)  | (Level 2)                                    | (Level 3)                             | Total Fair Value<br>March 31,<br>2011 |
|------------------------------------|--|--|---------------------------------------|---------------------------------------|
|                                    | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(In Thousands) | Significant<br>Other<br>Observable<br>Inputs | Significant<br>Unobservable<br>Inputs |                                       |
| Impaired loans                     | \$ -   | \$ -   | \$ 8,624                              | \$ 8,624                              |
| Real estate and other assets owned | \$ -   | \$ -   | \$ 3,689                              | \$ 3,689                              |
| Real estate held for sale          | \$ -   | \$ -   | \$ 1,164                              | \$ 1,164                              |

## Other Real Estate Owned

Real estate owned assets are adjusted to fair value, less estimated selling costs, upon transfer of the loans to real estate owned. Subsequently, real estate owned assets are carried at the lower of carrying value or fair value. Fair value is based upon independent market prices, appraised values of the collateral or management's estimation of the value of the collateral. These assets are included as Level 3 fair values.

## Real Estate Held for Sale

Real estate held for sale is adjusted to fair value less estimated selling costs upon transfer of the assets. Subsequently, real estate held for sale assets are carried at the lower of carrying value or fair value. Fair value is based upon independent market prices, appraised values of the collateral or management's estimation of the value of the collateral.

These assets are included as Level 3 fair values. The following is management's estimate of the fair value of all financial instruments whether carried at cost or fair value on the Company's statement of financial condition.

The following information should not be interpreted as an estimate of the fair value of the Company since a fair value calculation is only provided for a limited portion of the Company assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Company disclosures and those of other companies may not be meaningful. The following methods and assumptions were used to estimate the fair values of the Company's financial instruments at March 31, 2011 and December 31, 2010.

## Cash and Cash Equivalents (Carried at Cost)

The carrying amounts reported in the balance sheet for cash and short-term instruments approximate those assets' fair values.

## Securities

The fair value of securities available for sale (carried at fair value) and held to maturity (carried at amortized cost) are determined by obtaining quoted market prices on nationally recognized securities exchanges (Level 1), or matrix

pricing (Level 2), which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted prices.

#### Loans Receivable (Carried at Cost)

The fair values of loans are estimated using discounted cash flow analyses, using market rates at the balance sheet date that reflect the credit and interest rate-risk inherent in the loans. Projected future cash flows are calculated based upon contractual maturity or call dates, projected repayments and prepayments of principal. Generally, for variable rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values.

NOTE R – FAIR VALUE MEASUREMENTS AND DISCLOSURES (Continued)

Impaired Loans (Generally Carried at Fair Value)

Impaired loans carried at fair value are those impaired loans in which the Company has measured impairment generally based on the fair value of the related loan's collateral. Fair value is generally determined based upon independent third-party appraisals of the properties, or discounted cash flows based upon the expected proceeds. These assets are included as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements. The fair value at March 31, 2011 consists of the loan balances of \$18.6 million, net of a valuation allowance of \$5.6 million. The fair value at December 31, 2010 consists of the loan balances of \$13.9 million, net of a valuation allowance of \$5.2 million.

Federal Home Loan Bank Stock and ACBB Stock (Carried at Cost)

The carrying amount of this restricted investment's in bank stock approximates fair value, and considers the limited marketability of such securities.

Accrued Interest Receivable and Payable (Carried at Cost)

The carrying amount of accrued interest receivable and accrued interest payable approximates its fair value.

Deposit Liabilities (Carried at Cost)

The fair values disclosed for demand deposits (e.g., interest and noninterest checking, passbook savings and money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered in the market on certificates to a schedule of aggregated expected monthly maturities on time deposits.

Federal Home Loan Bank of New York Advances and Securities Sold Under Agreements to Repurchase (Carried at Cost)

Fair values of FHLB advances are determined by discounting the anticipated future cash payments by using the rates currently available to the Company for debt with similar terms and remaining maturities. Securities sold under agreements to repurchase are estimated using discounted cash flow analysis, based on quoted prices for available borrowings with similar credit risk characteristics, terms and remaining maturity. These prices obtained from this active market represent a market value that is deemed to represent the transfer price if the liability were assumed by a third party.

Subordinated Debentures

The fair value estimate of subordinated debentures is determined by discounting future cash payments by using the rates currently available to the Company for debt with similar terms and remaining maturities.

Off-Balance Sheet Financial Instruments (Disclosed at Cost)

Fair values for the Company's off-balance sheet financial instruments (lending commitments and letters of credit) are based on fees currently charged in the market to enter into similar agreements, taking into account, the remaining

terms of the agreements and the counterparties' credit standing. The fair value of these off-balance sheet financial instruments are not considered material as of March 31, 2011 and December 31, 2010.

## NOTE R – FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

The carrying amounts and estimated fair values of financial instruments are as follows:

|   | March 31, 2011 |                      | December 31, 2010 |                      |
|---|----------------|----------------------|-------------------|----------------------|
|   | Carrying Value | Estimated Fair Value | Carrying Value    | Estimated Fair Value |
|   | (In Thousands) |                      |                   |                      |
| Financial assets:                                 |                |                      |                   |                      |
| Cash and cash equivalents                         | \$93,580       | \$93,580             | \$89,587          | \$89,587             |
| Securities available for sale                     | 47,205         | 47,205               | 52,513            | 52,513               |
| Investment securities held to maturity            | 247,135        | 241,352              | 244,421           | 238,785              |
| Mortgage-backed securities held to maturity       | 434,942        | 438,840              | 421,114           | 425,462              |
| Loans receivable                                  | 911,729        | 925,276              | 893,842           | 907,351              |
| Federal Home Loan Bank of New York and ACBB Stock | 4,870          | 4,870                | 4,789             | 4,789                |
| Accrued interest receivable                       | 7,439          | 7,439                | 8,030             | 8,030                |
| F Financial liabilities:                          |                |                      |                   |                      |
| Deposits  | 1,545,825      | 1,563,990            | 1,503,560         | 1,516,093            |
| Federal Home Loan Bank of New York                |                |                      |                   |                      |
| Advances  | 33,494         | 36,076               | 35,000            | 37,969               |
| Securities sold under agreements to repurchase    | 40,000         | 42,714               | 40,000            | 43,311               |
| Subordinated debentures                           | 1,907          | 1,907                | 1,904             | 1,904                |
| Accrued interest payable                          | 665            | 665                  | 830               | 830                  |

## Limitations

The fair value estimates are made at a discrete point in time based on relevant market information and information about the financial instruments. Fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors.

These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates. Further, the foregoing estimates may not reflect the actual amount that could be realized if all or substantially all of the financial instruments were offered for sale. This is due to the fact that no market exists for a sizable portion of the loan, deposit and off balance sheet instruments.

In addition, the fair value estimates are based on existing on-and-off balance sheet financial instruments without attempting to value anticipated future business and the value of assets and liabilities that are not considered financial instruments. Other significant assets that are not considered financial assets include premises and equipment. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in any of the estimates.

Finally, reasonable comparability between financial institutions may not be likely due to the wide range of permitted valuation techniques and numerous estimates which must be made given the absence of active secondary markets for many of the financial instruments. This lack of uniform valuation methodologies introduces a greater degree of subjectivity to these estimated fair values.

## NOTE 5 –OTHER COMPREHENSIVE INCOME

Components of accumulated other comprehensive (loss) at March 31, 2011 and December 31, 2010 were as follows (in thousands):

|   | March 31,<br>2011 |   | December<br>31, 2010 |
|---|-------------------|---|----------------------|
|   | (in Thousands)    |   |                      |
| Net unrealized (loss) on securities available<br>for sale | \$(756            | ) | \$(739               |
| Tax effect  | 319               |   | 312                  |
| Net of tax amount   | (437              | ) | (427                 |
| Minimum pension liability                                 | (5,068            | ) | (5,068               |
| Tax effect  | 2,032             |   | 2,032                |
| Net of tax amount   | (3,036            | ) | (3,036               |
| Accumulated other comprehensive loss                      | \$(3,473          | ) | \$( 3,463            |

The components of other comprehensive income for the three months ended March 31, 2011 and 2010 and their related tax effects are presented in the following table:

|  | March 31,<br>2011 |   | March 31,<br>2010 |
|--|-------------------|---|-------------------|
|  | (in Thousands)    |   |                   |
| Unrealized holding gains on<br>available for sale securities:  |                   |   |                   |
| Unrealized holding gains (losses) arising<br>during the period | \$34              |   | \$274             |
| Reclassification adjustment for<br>Realized gains on sales     | (17               | ) | (23               |
| Net unrealized gains on securities<br>available for sale       | 17                |   | 251               |
| Tax effect   | (7                | ) | (106              |
| Other comprehensive income                                     | \$10              |   | \$145             |





## ITEM 2 – Management’s Discussion and Analysis of Financial Condition and Results of Operations

This Form 10-Q contains forward-looking statements, which can be identified by the use of words such as “believes,” “expects,” “anticipates,” “estimates” or similar expressions. Forward – looking statements include:

- Statements of our goals, intentions and expectations;
- Statements regarding our business plans, prospects, growth and operating strategies;
- Statements regarding the quality of our loan and investment portfolios; and
- Estimates of our risks and future costs and benefits.

These forward-looking statements are subject to significant risks and uncertainties. Actual results may differ materially from those contemplated by the forward-looking statements due to, among others, the following factors:

- General economic conditions, either nationally or in our market area, that are worse than expected;
- Changes in the interest rate environment that reduce our interest margins or reduce the fair value of financial instruments;
- Our ability to enter into new markets and/or expand product offerings successfully and take advantage of growth opportunities;
- Increased competitive pressures among financial services companies;
- Changes in consumer spending, borrowing and savings habits;
- Legislative or regulatory changes that adversely affect our business;
- Adverse changes in the securities markets;
- Our ability to successfully manage our growth; and
- Changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board or the Public Company Accounting Oversight Board.

Any of the forward-looking statements that we make in this report and in other public statements we make may turn out to be wrong because of inaccurate assumptions we might make, because of the factors illustrated above or because of other factors that we cannot foresee. Consequently, no forward-looking statement can be guaranteed.

### Comparison of Financial Condition at March 31, 2011 and December 31, 2010

#### General

Total assets increased by \$34.0 million to \$1.9 billion at March 31, 2011 compared to \$1.8 billion at December 31, 2010. Total liabilities increased \$32.3 million to \$1.6 billion at March 31, 2011 compared to \$1.6 billion at December 31, 2010. Total stockholders’ equity increased \$1.8 million to \$214.2 million at March 31, 2011. The increase in assets was primarily funded by deposit growth of \$42.3 million.

#### Deposits

Total deposits increased \$42.3 million to \$1.5 billion at March 31, 2011, compared to \$1.5 billion at December 31, 2010. Non-interest bearing demand deposits increased \$5.3 million to \$70.1 million at March 31, 2011, and interest bearing demand deposits decreased \$14.4 million to \$162.9 million. Savings and club accounts increased \$37.9 million to \$476.8 million, and certificates of deposit increased \$13.6 million to \$836.0 million at March 31, 2011.

#### Investments (Including Mortgage-Backed Securities)

The investment portfolio increased \$11.2 million to \$729.3 million at March 31, 2011, compared to \$718.0 million at December 31, 2010. Securities available for sale decreased \$5.3 million to \$47.2 million at March 31, 2011, compared to \$52.5 million at December 31, 2010, primarily due to calls and principal repayments. Investments held to maturity increased \$2.7 million to \$247.1 million at March 31, 2011, compared to \$244.4 million at December 31, 2010. Mortgage-backed securities increased \$13.8 million to \$434.9 million at March 31, 2011, compared to \$421.1 million at December 31, 2010.

## Loans

Net loans increased by \$17.9 million to \$911.7 million at March 31, 2011, compared to \$893.8 million at December 31, 2010. Commercial and multi-family real estate mortgages increased \$8.5 million to \$281.7 million at March 31, 2011, compared to \$273.2 million at December 31, 2010. Gross construction loans increased \$521 thousand to \$37.7 million at March 31, 2011, compared to \$37.2 million at December 31, 2010. Residential and consumer loans increased \$16.9 million from December 31, 2010 to March 31, 2011.

## Other Assets

All other asset categories, except cash and cash equivalents, increased by \$0.9 million from December 31, 2010 to March 31, 2011. This increase was primarily caused by an increase of \$778 thousand in real estate owned, offset by other minimal increases and decreases.

## Federal Home Loan Bank of New York Advances

The \$1.5 million decrease in (FHLB NY) advances during the three months ended March 31, 2011 was due to repayments of FHLB NY advances by RomAsia Bank. At March 31 2011, the outstanding FHLB NY advances were \$33.5 million, compared to \$35.0 million at December 31, 2010.

## Other Liabilities

Other liabilities decreased \$8.5 million to \$19.7 million at March 31, 2011. The net decrease was primarily due to a decrease of \$8.9 million in securities purchased and not settled at March 31, 2011.

## Stockholders' Equity

Stockholders' equity increased \$1.8 million to \$214.2 million at March 31, 2011 compared to \$212.5 million at December 31, 2010. The net increase was primarily caused by net income of \$1.9 million, which was offset by \$552 thousand in dividend payments.

## Comparison of Operating Results for the Three Months Ended March 31, 2011 and 2010

### General

Net income increased \$255 thousand to \$1.9 million for the quarter ended March 31, 2011, compared to \$1.6 million and for the prior year period. The increase was primarily due to an increase of \$3.7 million in net interest income after provision for loan losses, reduced by an increase of \$3.3 million in non-interest expense and an increase of \$111 thousand in the provision for federal and state taxes.

### Interest Income

Interest income increased by \$3.7 million to \$18.6 million for the three months ended March 31, 2011 compared to \$14.9 million for the prior year period, as a result of the acquisition of Sterling in July 2010 and growth in the loan and investment portfolios. Interest income from loans increased \$3.5 million to \$11.7 million for the three months ended March 31, 2011. Interest income from residential mortgage loans increased \$1.3 million over the comparable quarter ended March 31, 2010, while interest income from equity loans increased \$670 thousand. The weighted average interest rates for mortgage and equity loans at March 31, 2011 were 5.25% and 5.80%, respectively, compared to 5.42% and 5.47%, respectively, in the prior year. Interest income from commercial and multifamily

mortgage loans and commercial loans increased \$1.6 million from period to period. The weighted average interest rate for commercial and multi-family mortgage loans and commercial loans was 5.81% at March 31, 2011, and 6.15% at March 31, 2010.

Interest income from mortgage-backed securities increased \$1.2 million over the comparable quarter in 2010. The increase was primarily due to the increase in the portfolio from year to year of \$167.7 million. Interest income from investments held to maturity decreased \$1.0 million for the quarter ended March 31, 2011. This increase was primarily due to an decrease in the portfolio from year to year of \$40.2 million. Interest income on securities available for sale increased \$122 thousand from period to period. Interest income from other interest earning assets changed minimally from period to period.

#### Interest Expense

Interest expense increased \$492 thousand for the three month period ended March 31, 2011 to \$5.3 million compared to \$4.8 million for the three months ended March 31, 2010. The increase was primarily due to a \$403 thousand increase in interest paid on deposits. Total deposits increased \$494.2 million over the twelve month period ended March 31, 2010, primarily as a result of the acquisition of Sterling in July 2010. The effect of the increased portfolio was offset by a decrease in the weighted average interest rate of 32 basis points to 1.24% at

March 31, 2011, compared to 1.56% at March 31, 2010. Interest expense on borrowed funds increased \$89 thousand to \$689 thousand, primarily due to the increase in FHLB NY advances by RomAsia Bank.

#### Provision for Loan Losses

The loan loss provision for the three months ended March 31, 2011 decreased \$472 thousand to \$800 thousand. The provision for loan losses is calculated on the legacy Roma and RomAsia loans. Total non-performing loans were \$39.5 million and \$40.4 million at March 31, 2011 and December 31, 2010, respectively. The legacy Roma non-performing loans were \$23.1 million and \$22.5 million at March 31, 2011 and December 31, 2010, respectively. The allowance for loan losses to non-performing legacy Roma loans was 44.3% and 43.83% at March 31, 2011 and December 31, 2010, respectively, and the allowance for loan loss to total legacy Roma loans represented 1.5% and 1.5%, respectively, for the same periods of time. Total loans included \$13.9 million and \$14.6 million of credit marks on the acquired loans at March 31, 2011 and December 31, 2010, respectively. The total allowance for loan loss and credit marks were 2.58% and 2.66% of total gross loans at March 31, 2011 and December 31, 2010.

Management believes that the impaired loans remain well collateralized and where needed, appropriate specific reserves, or credit marks, have been established. The Company is taking a proactive approach in identifying loans at an early stage that may be experiencing cash flow deterioration or collateral weakening even though the loan remains current. The Company obtains new appraisals at least annually on substandard assets.

#### Non-Interest Income

Non-interest income decreased \$48 thousand to \$1.2 million for the three months ended March 31, 2011, compared to \$1.3 million for the three months ended March 31, 2010. The net decrease was chiefly derived from decreases in fees on deposits of \$16 thousand, decreases in gains on sale of available for sale securities of \$6 thousand, and an increase in the loss on sale of foreclosed assets of \$70 thousand, offset by an increase of \$28 thousand in income on bank owned life insurance and \$22 thousand on the gain on sale of mortgage loans originated for sale.

#### Non-Interest Expense

All of the non-interest expense categories are impacted by the merger with Sterling in July 2010. The merger increased overall costs and increased our branch network from fourteen to twenty four branches.

Non-interest expense increased \$3.3 million to \$11.0 million for the three months ended March 31, 2011 compared to \$7.7 million for the three months ended March 31, 2010. Salaries and employee benefits increased \$1.7 million to \$6.1 million for the three months ended March 31, 2011 compared to the same period in the prior year. This increase represents an increase in overall FTE's related to the merger and staffing for the ten branches acquired in the merger. Net occupancy of premises expense increased \$560 thousand for the three month period ended March 31, 2011. Other non-interest expenses increased by \$365 thousand to \$1.4 million for the three months ended March 31, 2011, compared to \$1.1 million for the same period in the prior year. Federal deposit insurance premiums increased \$297 thousand primarily due to the increased deposits related to the merger, commercial and mortgage loan expense related to collection efforts increased \$101 thousand, consulting fees increased \$64 thousand, and operating supplies and telephone expense increased \$98 thousand.

#### Provision for Income Taxes

Income tax expense increased by \$111 thousand to \$884 thousand for the three months ended March 31, 2011 compared to \$773 thousand for the three months ended March 31, 2010 primarily as a result of higher pre-tax income. Income tax expense, represented an effective rate of - 32.1% for the three months ended March 31, 2011, compared to

32.2% in the prior year quarter. The Company pays a state tax rate of 3.6% on the taxable income of our investment company and 9.0 % on the taxable income of the other entities.

#### Critical Accounting Policies

Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties, and could potentially result in materially different results under different assumptions and conditions. We believe that the most critical accounting policy upon which our financial condition and results of operation depend, and which involves the most complex subjective decisions or assessments, is the allowance for loan losses.

#### Allowance for Loan Losses

The allowance for loan losses represents our best estimate of losses known and inherent in our loan portfolio that are both probable and reasonable to estimate. In determining the amount of the allowance for loan losses, we consider the losses inherent in our loan portfolio and changes in the nature and volume of our loan activities, along with general economic and real estate market conditions. We utilize a segmented approach which identifies: (1) impaired loans for which specific reserves are established; (2) classified loans for which a higher

allowance is established; and (3) performing loans for which a general valuation allowance is established. We maintain a loan review system which provides for a systematic review of the loan portfolios and the early identification of impaired loans. The review of residential real estate and home equity consumer loans, as well as other more complex loans, is triggered by identified evaluation factors, including delinquency status, size of loan, type of collateral and the financial condition of the borrower. All commercial loans are evaluated individually for impairment. Specific loan loss allowances are established for impaired loans based on a review of such information and/or appraisals of the underlying collateral. General loan loss allowances are based upon a combination of factors including, but not limited to, actual loan loss experience, composition of the loan portfolio, current economic conditions and management's judgment.

Although specific and general loan loss allowances are established in accordance with management's best estimate, actual losses are dependent upon future events, and as such, further provisions for loan losses may be necessary in order to increase the level of the allowance for loan losses. For example, our evaluation of the allowance includes consideration of current economic conditions, and a change in economic conditions could reduce the ability of borrowers to make timely repayments of their loans. This could result in increased delinquencies and increased non-performing loans, and thus a need to make increased provisions to the allowance for loan losses. Any such increase in provisions would result in a reduction to our earnings. A change in economic conditions could also adversely affect the value of properties collateralizing real estate loans, resulting in increased charges against the allowance and reduced recoveries, and require increased provisions to the allowance for loan losses. Furthermore, a change in the composition, or growth, of our loan portfolio's could result in the need for additional provisions.

#### Acquired loans

Loans that we acquire in acquisitions subsequent to January 1, 2009, are recorded at fair value with no carryover of the related allowance for credit losses. Determining the fair value of the loans involves estimating the amount and timing of principal and interest cash flows expected to be collected on the loans and discounting those cash flows at a market rate of interest.

The excess of cash flows expected at acquisition over the estimated fair value is referred to as the accretable discount or premium and is recognized into interest income over the remaining life of the loan. The difference between the contractually required payments at acquisition and the cash flows expected to be collected at acquisition is referred to as the non accretable discount. The nonaccretable discount represents estimated future credit losses expected to be incurred over the life of the loan. Subsequent decreases to the expected cash flows require us to evaluate the need for an allowance for credit losses. Subsequent improvements in expected cash flows result in the reversal of a corresponding amount of the nonaccretable discount which we then reclassify as accretable discount that is recognized into interest income over the remaining life of the loan using the interest method. Our evaluation of the amount of future cash flows that we expect to collect is performed in a similar manner as that used to determine our allowance for credit losses. Charge-offs of the principal amount on acquired loans would be first applied to the nonaccretable discount portion of the fair value adjustment.

#### New Accounting Pronouncements

In April 2011 the FASB issued Accounting Standards Update (ASU) No. 2011-02, Receivables (Topic 310): A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring, to clarify the accounting principles applied to loan modifications. ASU No. 2011-02 was issued to address the recording of an impairment loss in FASB ASC 310, Receivables. ASU No. 2011-02 adds text to the scope guidance Section 310-40-15 that is meant to help determine when a lender has granted a concession on their terms of a loan. The added material also provides criteria that should be used to help determine when the loan restructuring delays a payment by a length of time that is considered insignificant and when the borrower is having financial problems. For public companies the effective date



is for fiscal quarters and years that start June 15, 2011, or later with retrospective application to the beginning of the fiscal year for loans that are restructured during the year in which the changes are adopted. The Company is in the process of evaluating the adoption of this update will have on their financial condition or statement of operations.

## ITEM 3 – Quantitative and Qualitative Disclosures About Market Risk

## Asset and Liability Management

The majority of the Company's assets and liabilities are monetary in nature. Consequently, the Company's most significant form of market risk is interest rate risk. The Company's assets, consisting primarily of mortgage loans, have generally longer maturities than the Company's liabilities, consisting primarily of short-term deposits. As a result, a principal part of the Company's business strategy is to manage interest rate risk and reduce the exposure of its net interest income to changes in market interest rates. Management of the Company does not believe that there has been a material adverse change in market risk during the three months ended March 31, 2011.

## Net Portfolio Value

The Company's interest rate sensitivity is monitored by management through the use of the OTS model which estimates the change in the Company's net portfolio value ("NPV") over a range of interest rate scenarios. NPV is the present value of expected cash flows from assets, liabilities, and off-balance sheet contracts. The NPV ratio, under any interest rate scenario, is defined as the NPV in that scenario divided by the market value of assets in the same scenario. The OTS produces its analysis based upon data submitted on the Company's quarterly Thrift Financial Reports. The following table sets forth Roma Bank's NPV as of December 31, 2010, the most recent date the NPV was calculated by the OTS (in thousands):

|                     |    | December 31, 2010                                      |           |          |                           |                    |           |
|---------------------|----|--|-----------|----------|---------------------------|--------------------|-----------|
| Net Portfolio Value |    | Net Portfolio Value<br>as % of Present Value of Assets |           |          |                           |                    |           |
| Changes in rate     |    | \$ Amount  | \$ Change | % Change | Net Portfolio Value Ratio | Basis Point Change |           |
| +300                | bp | 87,950   | -113,047  | (56 )%   | 05.51                     | %                  | (607 ) bp |
| +200                | bp | 129,919  | -71,078   | (35 )%   | 07.89                     | %                  | (368 ) bp |
| +100                | bp | 168,144  | -32,853   | (16 )%   | 09.93                     | %                  | (165 ) bp |
| 0                   | bp | 200,997  | -         | -        | 11.58                     | %                  | -         |
| -100                | bp | 229,795  | 28,797    | 14 %     | 12.96                     | %                  | 138 bp    |

(1) The -200bp and -300bp scenarios are not shown due to the low prevailing interest rate environment.

The following table presents RomAsia Bank's net portfolio value as of December 31, 2010. The net portfolio values shown in this table were calculated by the Office of Thrift Supervision, based on information provided by the Bank (in thousands).

|                     |  | December 31, 2010                                      |           |          |                           |                    |  |
|---------------------|--|--|-----------|----------|---------------------------|--------------------|--|
| Net Portfolio Value |  | Net Portfolio Value<br>as % of Present Value of Assets |           |          |                           |                    |  |
| Changes in rate     |  | \$ Amount  | \$ Change | % Change | Net Portfolio Value Ratio | Basis Point Change |  |

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|      |    |        |         |     |    | Value |   |      |      |
|------|----|--------|---------|-----|----|-------|---|------|------|
|      |    |        |         |     |    | Ratio |   |      |      |
| +300 | bp | 4,343  | -11,500 | (73 | )% | 3.74  | % | (849 | ) bp |
| +200 | bp | 8,482  | -7,361  | (46 | )% | 7.02  | % | (521 | ) bp |
| +100 | bp | 12,290 | -3,553  | (22 | )% | 9.81  | % | (242 | ) bp |
| 0    | bp | 15,843 | -       | -   |    | 12.23 | % | -    |      |
| -100 | bp | 19,120 | 3,277   | 21  | %  | 14.35 | % | 212  | bp   |

(1) The -200bp and -300bp scenarios are not shown due to the low prevailing interest rate environment.

Management of the Company believes that there has not been a material adverse change in the market risk during the three months ended March 31, 2011.

ITEM 4 – Controls and Procedures

An evaluation was performed under the supervision, and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended) as of March 31, 2011. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective as of March 31, 2011.

No change in the Company's internal controls over financial reporting (as defined in Rule 13a-15(f) promulgated under the Securities Exchange Act of 1934, as amended) occurred during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1 – Legal Proceedings

There were no material pending legal proceedings at March 31, 2011 to which the Company or its subsidiaries is a party other than ordinary routine litigation incidental to their respective businesses.

ITEM 1A – Risk Factors

Management does not believe there were any material changes to the risk factors presented in the Company's Form 10-K for the year ended December 31, 2010 during the most recent quarter.

ITEM 2 – Unregistered Sales of Equity Securities and Use of Proceeds

None

ITEM 3 – Defaults Upon Senior Securities

None

ITEM 4 – (Reserved)

ITEM 5 – Other Information

None

ITEM 6 – Exhibits

31.1 Certifications of the Chief Executive Officer pursuant to Rule 13a-14(a)

31.2 Certifications of the Chief Financial Officer pursuant to Rule 13a-14(a)

32 Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002



SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ROMA FINANCIAL CORPORATION  
(Registrant)

Date: May 6, 2011

By: /s/ Peter A. Inverso  
Peter A. Inverso  
President and Chief Executive  
Officer

Date: May 6, 2011

By: /s/ Sharon L. Lamont  
Sharon L. Lamont  
Chief Financial Officer