

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

ROMA FINANCIAL CORP  
Form 10-K  
March 17, 2008

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Fiscal Year Ended December 31, 2007

- 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

51-0533946

-----  
(State or other jurisdiction of incorporation or organization)

-----  
I.R.S. Employer Identification No.)

2300 Route 33, Robbinsville, New Jersey

08691

-----  
(Address of principal executive offices)

-----  
(Zip Code)

Registrant's telephone number, including area code: (609) 223-8300  
-----

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
-----	-----
Common Stock, \$0.10 par value	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None  
-----

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  YES  NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  YES  NO

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

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 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 [X]  
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 Act). [ ] YES [X] NO

The aggregate market value of the voting and non-voting equity held by non-affiliates of the Registrant on June 29, 2007 (the last business day of the Registrant's most recently completed second fiscal quarter) was \$165.5 million.

### DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Proxy Statement for the 2008 Annual Meeting of Shareholders. (Part III)

## PART I

### Forward-Looking Statements

Roma Financial Corporation (the "Company" or "Registrant") may from time to time make written or oral "forward-looking statements," including statements contained in the Company's filings with the Securities and Exchange Commission (including this Annual Report on Form 10-K and the exhibits thereto), in its reports to stockholders and in other communications by the Company, which are made in good faith by the Company pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements involve risks and uncertainties, such as statements of the Company's plans, objectives, expectations, estimates and intentions, that are subject to change based on various important factors (some of which are beyond the Company's control). The following factors, among others, could cause the Company's financial performance to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements: The strength of the United States economy in general and the strength of the local economies in which the Company conducts operations; the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the board of governors of the federal reserve system, inflation, interest rate, market and monetary fluctuations; the timely development of and acceptance of new products and services of the Company and the perceived overall value of these products and services by users, including the features, pricing and quality compared to competitors' products and services; the willingness of users to substitute competitors' products and services for the Company's products and services; the success of the Company in gaining regulatory approval of its products and services, when required; the impact of changes in financial services' laws and regulations (including laws concerning taxes, banking, securities and insurance); technological changes, acquisitions; changes in consumer spending and saving habits; and the success of the Company at managing the risks involved in the foregoing.

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

The Company cautions that the foregoing list of important factors is not exclusive. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the Company.

### Item 1. Business -----

#### General

Roma Financial Corporation is a federally-chartered corporation organized in January 2005 for the purpose of acquiring all of the capital stock that Roma Bank (the "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.

2

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.

Roma Bank offers 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 ten branch offices located in Mercer, Burlington and Ocean Counties, New Jersey. As of December 31, 2007, the Bank had 156 full-time employees and 36 part-time employees. Roma Bank maintains a website at [www.romabank.com](http://www.romabank.com).

Roma Financial Corporation conducted a minority stock offering during 2006 in which 30% of its outstanding stock was sold to the public in a subscription offering. The offering closed July 11, 2006 and the net proceeds from the offering were approximately \$96.1 million (gross proceeds of \$98.2 million for the issuance of 9,819,562 shares, less offering costs of approximately \$2.1 million). The Company also issued 22,584,995 shares to Roma Financial Corporation, MHC and 327,318 shares to the Roma Bank Community Foundation, Inc., resulting in a total of 32,731,875 shares issued and outstanding after the completion of the offering. A portion of the proceeds were loaned to the Roma Bank Employee Stock Ownership Plan (ESOP) to purchase 811,750 shares of the Company's stock at a cost of \$8.1 million.

Throughout this document, references to "we," "us," or "our" refer to the Bank or Company, or both, as the context indicates.

#### Competition

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

We operate in a market area with a high concentration of banking and financial institutions, and we face substantial competition in attracting deposits and in originating loans. A number of our competitors are significantly larger institutions with greater financial and managerial resources and lending limits. Our ability to compete successfully is a significant factor affecting our growth potential and profitability.

Our competition for deposits and loans historically has come from other insured financial institutions such as local and regional commercial banks, savings institutions, and credit unions located in our primary market area. We also compete with mortgage banking and finance companies for real estate loans and with commercial banks and savings institutions for consumer and commercial loans, and we face competition for funds from investment products such as mutual funds, short-term money funds and corporate and government securities. There are large competitors operating throughout our total market area, and we also face strong competition from other community-based financial institutions. Approximately thirty other institutions operate in the Bank's market area, with asset sizes ranging from \$150 million to \$50+ billion.

3

Lending Activities

Analysis of Loan Portfolio

We have traditionally focused on the origination of one- to four-family loans, which comprise a significant majority of the total loan portfolio. We also provide financing for commercial real estate, including multi-family dwellings/apartment buildings, service/retail and mixed-use properties, churches and non-profit properties, medical and dental facilities and other commercial real estate. After real estate mortgage lending, consumer lending is our next largest category of lending and is primarily composed of home equity loans and lines of credit. We also originate construction loans for individual single-family residences and commercial loans to businesses and non-profit organizations, generally secured by real estate.

4

Loan Portfolio Composition. The following table analyzes the composition of our loan portfolio by loan category at the dates indicated.

	At December 31,					
	2007		2006		2005	
	Amount	Percent	Amount	Percent	Amount	Percent
Type of Loans:						
Real estate mortgage -						
one-to-four family.....	\$219,900	46.52%	\$207,755	48.31%	\$191,634	49.45%
Real estate mortgage -						

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

multi-family and commercial.....	80,537	17.04%	65,848	15.31	53,614	13.84
Commercial business.....	3,918	.83%	3,724	.87	2,351	0.61
Consumer:						
Home equity and second mortgage.....	130,085	27.52%	127,450	29.63	118,318	30.53
Passbook, certificate, overdraft	1,103	0.24%	1,314	0.30	1,071	0.28
Auto.....	24	-	33	0.01	41	0.01
Other.....	-	-	-	-	465	0.12
	-----	-----	-----	-----	-----	-----
Total consumer loans.....	131,212	27.76%	128,797	29.95	119,895	30.94
	-----	-----	-----	-----	-----	-----
Construction.....	37,119	7.85%	23,956	5.57	20,020	5.16
	-----	-----	-----	-----	-----	-----
Total loans.....	472,686	100.00%	430,080	100.00%	387,514	100.00%
	-----	=====	-----	=====	-----	=====
Less:						
Construction loans in process.....	12,037		8,353		7,659	
Allowance for loan losses.....	1,602		1,169		878	
Deferred loan (costs) and fees, net.....	174		176		269	
	-----		-----		-----	
	13,813		9,698		8,806	
	-----		-----		-----	
Loans receivable, net.....	\$458,873		\$420,382		\$378,708	\$3
	=====		=====		=====	==

5

Loan Maturity Schedule. The following tables set forth the maturity of our loan portfolio at December 31, 2007. Demand loans, loans having no stated maturity, and overdrafts are shown as due in one year or less. Loans are stated in the following tables at contractual maturity and actual maturities could differ due to prepayments.

	Real estate mortgage - one-to-four family	Real estate Mortgage - Multi-family and commercial	Commercial business	Home equity and second mortgage loans	Passbook certificate
	-----	-----	-----	-----	-----
Amounts Due:					
Within 1 Year.....	\$ 259	\$25,013	\$1,065	\$ 642	\$1,103
	-----	-----	-----	-----	-----
After 1 year:					
1 to 3 years .....	413	3,033	221	4,503	-
3 to 5 years .....	1,480	5,819	812	7,289	-
5 to 10 years .....	19,798	7,153	1,393	27,946	-
10 to 15 years .....	39,235	9,018	90	38,554	-
Over 15 years .....	158,715	30,501	337	51,151	-
	-----	-----	-----	-----	-----
Total due after one year..	219,641	55,524	2,853	129,443	-
	-----	-----	-----	-----	-----
Total amount due .....	\$219,900	\$80,537	\$3,918	\$130,085	\$1,103

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

The following table sets forth the amount of all loans at December 31, 2007 that are due after December 31, 2008.

	Fixed Rates	Floating or Adjustable Rates	Total
	-----	-----	-----
	(In thousands)		
Real estate mortgage - one-to-four family.....	\$196,162	\$23,479	\$219,641
Real estate mortgage - multi-family and commercial.....	31,477	24,047	55,524
Commercial business.....	2,320	533	2,853
Construction	-	1,716	1,716
Consumer:			
Home equity and second mortgage loans...	110,466	18,977	129,443
Auto.....	24	-	24
	-----	-----	-----
Total.....	\$340,449	\$68,752	\$409,201
	=====	=====	=====

Residential Mortgage Lending. Our primary lending activity consists of the origination of one- to four-family first mortgage loans. Fixed rate, conventional mortgage loans are offered by the Bank with repayments terms ranging from 10 years up to 40 years. One, three, five, seven and ten year adjustable rate mortgages, or ARMs, are offered with up to 30 year terms at rates based upon the one year U.S. Treasury Bill rate plus a margin. After the initial one, three, five, seven or ten year term, the Bank's ARMs reset on an annual basis and, with the exception of the seven year ARM, have two percent annual increase caps and six percent lifetime adjustment caps. The seven year product has an initial first adjustment cap of five percent (two percent thereafter) and a lifetime adjustment cap of six percent. There are no floors on the rate adjustments.

The Bank offers applicants the opportunity to "buy-down" mortgage loan interest rates by remitting one to three discount points for conventional loans and one point for ARMs. Borrowers may also accelerate the repayment of their loans by taking advantage of a bi-weekly payment program.

Substantially all residential mortgages include "due on sale" clauses, which are provisions giving the Bank the right to declare a loan immediately payable if the borrower sells or otherwise transfers an interest in the property to a third party. Property appraisals on real estate securing one- to four-family residential loans are made by state certified or licensed independent appraisers and are performed in accordance with applicable regulations and policies. The Bank requires title insurance policies on all first mortgage real estate loans originated. Homeowners, liability, fire and, if applicable, flood insurance policies are also required.

One- to four-family first mortgage loans in excess of 80% loan-to-value for single family or detached residences and 75% on condominium units require private mortgage insurance. The Bank will originate residential mortgage loans

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

up to a maximum of 95% loan-to-value.

All of the Bank's residential mortgage loan products are available to finance any owner occupied, primary or secondary (e.g., vacation homes), one- to four-family residential dwelling. Loans for non-owner occupied one- to four-family residences are originated in accordance with the Bank's commercial real estate lending policies as investment properties and are included under the commercial real estate category in the loan tables set forth herein.

7

We do not offer interest-only loan products because of our concern about the credit risks associated with these products. The Bank has never been involved in any type of subprime lending. We are currently exploring other mortgage products, including reverse mortgages as either a "for fee" originator or as a portfolio lender. We may also seek to develop new delivery channels such as maintaining a presence in the sales office of local residential builders/developers.

Consumer Lending. The Bank offers fixed rate home equity loans and variable rate, revolving home equity lines of credit, each with a \$10 thousand minimum and a \$500 thousand maximum loan amount. Loan requests in excess of \$500 thousand are considered on a case-by-case basis. There are no fees, points or closing costs associated with the application or closing of an equity loan or line of credit. All equity financing is secured by owner occupied, primary or secondary, one- to four-family residential property. Underwriting standards establish a maximum loan-to-value ratio of 80% for single family or detached residences and 75% for condominium units. Home equity loan appraisals may be done by automated appraisal valuation models for loans with a 60% or less loan-to-value ratio.

Fixed rate home equity loans. Fixed rate home equity loans are offered  
-----  
with repayment terms up to twenty years and are incrementally priced at thresholds up to 60, 120, 180 and 240 months. Loan rates are reviewed weekly to ensure competitive market pricing. Underwriting guidelines prescribe a maximum debt-to-income ratio of forty percent; however the Bank may approve loans with higher debt ratios with the requirement for a risk premium of twenty-five to fifty basis points above the prevailing rate.

Variable rate, revolving home equity lines of credit. The Bank's home  
-----  
equity line of credit is generally among the most competitive in its market area. Lines of credit are priced at the highest published Wall Street Journal Prime Interest Rate minus one-half of one percent, adjusted monthly with a rate ceiling of eighteen percent. Repayment terms are based upon a twenty year amortization, requiring monthly payments equivalent to 1/240th of the outstanding principal balance (or \$100, whichever is greater) plus accrued interest on the unpaid balance for the billing cycle.

If the account is paid-off and closed via cancellation of the mortgage lien then an early termination fee of \$300 is charged if closed during the first twelve billing cycles, or \$200 if closed during the first twenty-four billing cycles. There is no termination fee after twenty-four billing cycles.

Account loans. The Bank grants loans to bank customers collateralized  
-----  
by deposits in specific types of savings/time deposit accounts. Money market deposit passbook accounts are not eligible for account loans. A ninety percent advance rate is provided at pricing three percent above the interest rate paid

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

on the collateral account.

Consumer lending is generally considered to involve a higher degree of credit risk than residential mortgage lending. All consumer loans are secured with either a first or second lien position on owner occupied real estate. Account loans are fully secured. Consumer loan repayment is dependent on the borrower's continuing financial stability and can be adversely affected by job loss, divorce, illness or personal bankruptcy. The application of various federal laws, including federal and state bankruptcy and insolvency laws, may limit the amount which can be recovered on consumer loans in the event of a default.

8

Commercial Lending. Though the Bank has historically made loans to businesses and not-for-profit organizations, it formalized its commercial lending activities in 2003 with the establishment of a Commercial Loan Department.

The majority of commercial loans approved and funded are commercial real estate loans for acquisition or refinancing of commercial properties; The Bank also offers a full menu of non-mortgage commercial loan products, tailored to serve customer needs, as follows:

- o lines of credit to finance short term working capital needs;
- o small business revolving lines of credit;
- o equipment acquisition lines of credit convertible to term financing;
- o short term time notes;
- o term financing to finance capital acquisitions; and
- o business vehicle financing.

We typically require personal guarantees on all commercial loans. Values are established by conforming real estate appraisals. The Bank's guidelines for commercial real estate collateral are as follows:

Collateral -----	Maximum Loan-to-Value -----	Maximum Amortization -----
1-4 family residential (investment)	75%	25 years
Multi-family (5+ units)	75%	25 years
Commercial real estate (owner occupied)	80%	25 years
Commercial real estate (non-owner occupied)	75%	25 years

Current advance rates for other forms of collateral include the following:

Collateral -----	Maximum Loan-to-Value -----
---------------------	--------------------------------



## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Commercial equipment	80% of invoice
Owned equipment	50% depreciated book value
Accounts receivable	70% of eligible receivables
Inventory (including work-in-process)	50% of cost
Liquid collateral	publicly traded marketable securities, 70% U.S. Government securities, 90%

The pricing for fixed rate commercial real estate mortgage loans provides for rate adjustments after an initial term (generally five years), and at each anniversary thereafter, based on a margin plus the Bank's base rate (Wall Street Journal Prime).

9

The variable rate loans are indexed to various indexes including Wall Street Journal Prime, the FHLB rate or Libor.

Unlike single-family residential mortgage loans, which generally are made on the basis of the borrower's ability to make repayment from his or her employment and other income, and which are secured by real property whose value tends to be more easily ascertainable, commercial loans typically are made on the basis of the borrower's ability to make repayment from the cash flow of the borrower's business. As a result, the availability of funds for the repayment of commercial loans may be substantially dependent on the success of the business itself and the general economic environment. Commercial loans, therefore, have greater credit risk than residential mortgage or consumer loans. In addition, commercial loans generally result in larger balances to single borrowers, or related groups of borrowers, than one- to four-family loans. Commercial lending also generally requires substantially greater evaluation and oversight efforts.

Construction Lending. We originate construction loans for residential and commercial land acquisition and development, including loans to builders and developers to construct one- to four-family residences on undeveloped real estate, apartment buildings, and retail, office, warehouse and industrial or other commercial space. Disbursements are made in accordance with an inspection report by an architect, or, in the case of construction loans up to \$500 thousand an inspection report by an approved appraiser or Bank personnel. Our construction lending includes loans for construction or major renovations or improvements of borrower-occupied residences, however, the majority of this portfolio is commercial in nature.

The Bank's guidelines for construction lending are currently as follows:

Collateral -----	Maximum Loan-to-Value -----	Maximum Amortization -----
Land	60% - unimproved	1 year, with two 6-m extensions
	70% - with all municipal approvals	1 year, with two 6-m extensions
	70% - improved	1 year, with two

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

-month extensions

Residential & commercial construction	75% (or 85% of cost)	1 year, with two extensions	6-mo
---------------------------------------	----------------------	-----------------------------	------

Construction lending is generally considered to involve a higher degree of credit risk than residential mortgage lending. If the estimate of construction cost proves to be inaccurate, we may be compelled to advance additional funds to complete the construction with repayment dependent, in part, on the success of the ultimate project rather than the ability of a borrower or guarantor to repay the loan. If we are forced to foreclose on a project prior to completion, there is no assurance that we will be able to recover all of the unpaid portion of the loan. In addition, we may be required to fund additional amounts to complete a project and may have to hold the property for an indeterminate period of time.

Loans to One Borrower. Under federal law, savings institutions have, subject to certain exemptions, lending limits to one borrower in an amount equal to the greater of \$500 thousand or 15% of the institution's unimpaired capital and surplus. Accordingly, as of December 31, 2007, our loans to one borrower legal

10

limit was \$21.5 million. However, the Bank has set an internal limit of \$5.0 million for the origination of loans to one borrower with authority to exceed this internal limit vested in the Board of Directors.

Loans that exceed or approach the internal loan to one borrower limit are reviewed by the Board of Directors before being approved. For commercial loans, the Bank's Commercial Loan Policy requires Board approval for loans in excess of \$5.0 million. Prior to presentation to the Board, the loan request is underwritten in accordance with policy and presented to the Officers Commercial Loan Committee for its consideration and recommendation to the Board for approval. The Board's determination to grant a credit in excess of the \$5.0 million internal limit is based upon thorough underwriting which must clearly demonstrate repayment ability and collateral adequacy. Additionally, these loans are approved only if the loan can be originated on terms which suit the needs of the borrower without exposing the Bank to unacceptable credit risk and interest rate risk.

At December 31, 2007, our largest single borrower had an aggregate loan balance of approximately \$7.3 million, secured by commercial real estate. Our second largest single borrower had an aggregate loan balance of approximately \$4.6 million, secured by commercial real estate. Our third largest borrower had a \$4.2 million commercial real estate construction loan. At December 31, 2007, the loans of these three borrowers were current and performing in accordance with the terms of their loan agreements.

Loan Originations, Purchases, Sales, Solicitation and Processing. The following table shows total loans originated, purchased, sold and repaid during the periods indicated.

For the Year Ended December 31,

-----	-----	-----
2007	2006	2005

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

	-----	-----	-----
Loan originations:		(In thousands)	
Real estate mortgage - one-to-four family.....	\$33,562	\$ 37,882	\$ 19,139
Real estate mortgage - multi-family and commercial....	26,726	17,991	28,301
Commercial business.....	972	1,340	1,087
Construction.....	23,611	12,997	11,326
Consumer:			
Home equity loans and second mortgage.....	39,988	41,389	42,347
Passbook or certificate.....	656	2,050	502
Other.....	-	900	14,479
	-----	-----	-----
Total loan originations.....	125,515	114,549	117,181
	-----	-----	-----
Loan purchases.....	-	-	-
	-----	-----	-----
Loans sold (mortgage loans).....	409	823	2,718
Loan principal repayments.....	86,184	71,854	71,069
	-----	-----	-----
Total loans sold and principal repayments.....	86,593	72,677	73,787
	-----	-----	-----
Increase (decrease) due to other items.....	-	-	-
	-----	-----	-----
Net increase in loan portfolio.....	\$38,922	\$ 41,872	\$ 43,394
	=====	=====	=====

Our customary sources of loan applications include repeat customers, referrals from realtors and other professionals and "walk-in" customers. Our residential loan originations are largely reputational and advertisement driven.

It is the policy of the Bank to adhere to the residential mortgage underwriting standards of the Mortgage Partnership Finance Program of the Federal Home Loan Bank of New York, as well the standards of Fannie Mae and Freddie Mac. The Bank's intention is to sell thirty year fixed rate mortgages that qualify for sale to the secondary mortgage market in order to lessen its interest rate risk.

11

In November 2003, the Bank entered into an Agreement with the Federal Home Loan Bank of New York to sell residential mortgages as a participating institution in its Mortgage Partnership Finance Program. The Bank agreed to deliver loans under a \$5.0 million Master Commitment which was subsequently increased in 2006 to \$10.0 million. Sales commenced in 2004 and, through December 31, 2007, \$8.5 million had been delivered to the MPF program. In addition to an origination premium, the Bank also realizes income from these sales from credit enhancement fees and loan servicing income.

Aside from participations, the Bank did not purchase loans from any third parties in the three years ended December 31, 2007. At December 31, 2007, the total outstanding balance of loan participations purchased was \$2.3 million, representing participations in commercial construction loans with area banks and thrifts.

Loan Approval Procedures and Authority. Lending policies and loan approval limits are approved and adopted by the Board of Directors. Loan committees have been established to administer lending activities as prescribed by lending policies. Two committee members may together approve non-commercial loans up to \$500 thousand. A majority of members is required to approve

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

non-commercial loans that contain credit policy exceptions, with the condition that either the president or executive vice president is one of the approving members. Non-commercial loans over \$500 thousand require the approval of the Board of Directors.

Commercial lending approval authority is as follows: up to \$750 thousand, any two of the following: a commercial loan officer and either the senior vice president of lending, or the president or the executive vice president; over \$750 thousand and up to \$1.5 million, any two of the following: a commercial loan officer or the senior vice president of lending and the president or the executive vice president; over \$1.5 million and up to \$5.0 million, the loan committee; and over \$5.0 million and up to 10% of the total assets of the Bank, the Board of Directors.

### Asset Quality

Loan Delinquencies and Collection Procedures. The borrower is notified by both mail and telephone when a loan is thirty days past due. If the delinquency continues, subsequent efforts are made to contact the delinquent borrower and additional collection notices and letters are sent. When a loan is ninety days delinquent, it is our general practice to refer it to an attorney for repossession or foreclosure. All reasonable attempts are made to collect from borrowers prior to referral to an attorney for collection. In certain instances, we may modify the loan or grant a limited moratorium on loan payments to enable the borrower to reorganize his or her financial affairs, and we attempt to work with the borrower to establish a repayment schedule to cure the delinquency.

As to mortgage loans, if a foreclosure action is taken and the loan is not reinstated, paid in full or refinanced, the property is sold at judicial sale at which we may be the buyer if there are no adequate offers to satisfy the debt. Any property acquired as the result of foreclosure or by deed in lieu of foreclosure is classified as real estate owned until it is sold or otherwise disposed of. When real estate owned is acquired, it is recorded at the lower of the unpaid principal balance of the related loan or its fair market value less estimated selling costs. The initial write down of the property is charged to the allowance for loan losses. Adjustments to the carrying value of the property that result from subsequent declines in value are charged to operations in the period in which the declines occur. At December 31, 2007, we held no real estate owned.

12

Loans are reviewed on a regular basis and are placed on non-accrual status when they are more than ninety days delinquent, with the exception of a passbook loan, the outstanding balance of which is collected from the related passbook account along with accrued interest and a penalty when the loan is 120 days delinquent. Loans may be placed on a non-accrual status at any time if, in the opinion of management, the collection of additional interest is doubtful. Interest accrued and unpaid at the time a loan is placed on non-accrual status is charged against interest income. Subsequent payments are either applied to the outstanding principal balance or recorded as interest income, depending on the assessment of the ultimate collectibility of the loan. At December 31, 2007, we had approximately \$6.9 million of loans that were held on a non-accrual basis.

Non-Performing Assets. The following table provides information regarding our non-performing loans. As of each of the dates indicated, we did not have any troubled debt restructurings or accruing loans which are

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

contractually past due 90 days or more. As of each of the dates indicated, we did not have any non-performing assets other than the loans included in the table below. At December 31, 2007, the allowance for loan losses totaled \$1.6 million, non-performing loans totaled \$6.9 million, and the ratio of allowance for loan losses to non-performing loans was 23.3%. Subsequent to December 31, 2007, \$2.6 million of the total non-performing loans of \$6.9 million were paid in full and \$780 thousand of non-performing loans were brought to a status under 30 days. Management believes that the non-performing loans are well secured and any losses are not expected to be material. The loans that remain in the non-performing status are to nine borrowers, 91.4% commercial loans and the remaining one to four family and consumer loans. The commercial loans represent are secured as follows: \$1.9 million secured by commercial rental real estate; \$1.7 million commercial construction loans secured by real estate; and . \$6 million to a non-profit organization, secured by real estate.

	At December 31,				
	2007	2006	2005	2004	2003
	(Dollars in thousands)				
Loans accounted for on a non-accrual basis:					
Real estate mortgage - one-to-four family.....	\$ 406	\$ 362	\$ 563	\$ 650	\$ 650
Home equity and second mortgage loans .....	-	1	91	137	137
Real estate multi-family and commercial .....	6,483	-	-	-	-
Total .....	6,889	363	654	787	787
Total non-performing loans .....	6,889	363	654	787	787
Real estate owned .....	-	-	-	-	-
Total non-performing assets .....	\$6,889	\$ 363	\$ 654	\$ 787	\$ 787
Total non-performing loans to total loans .....	1.46 %	0.08%	0.17%	0.23%	0.23%
Total non-performing loans to total assets .....	0.76%	0.04%	0.08%	0.11%	0.11%
Total non-performing assets to total assets.....	0.76%	0.04%	0.08%	0.11%	0.11%

During the year ended December 31, 2007, gross interest income of \$670 thousand would have been recorded on loans accounted for on a non-accrual basis if those loans had been current, and \$370 thousand of interest on such loans was included in income for the year ended December 31, 2007.

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Classified Assets. Management, in compliance with Office of Thrift Supervision guidelines, has instituted an internal loan review program, whereby non-performing loans are classified as substandard, doubtful or loss. It is our policy to review the loan portfolio, in accordance with regulatory classification procedures, on at least a quarterly basis. When a loan is classified as substandard or doubtful, management is required to evaluate the loan for impairment. When management classifies a portion of a loan as loss, a reserve equal to 100% of the loss amount is required to be established or the loan is to be charged-off.

An asset is considered "substandard" if it is inadequately protected by the paying capacity and net worth of the obligor or the collateral pledged, if any. Substandard assets include those characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. Assets classified as "doubtful" have all of the weaknesses inherent in those classified substandard, with the added characteristic that the weaknesses present make collection or liquidation in full highly questionable and improbable, on the basis of currently existing facts, conditions, and values. Assets, or portions thereof, classified as "loss" are considered uncollectible and of so little value that their continuance as assets without the establishment of a specific loss reserve is not warranted. Assets which do not currently expose the Bank to a sufficient degree of risk to warrant classification in one of the aforementioned categories but which have credit deficiencies or potential weaknesses are required to be designated "special mention" by management.

Management's classification of assets is reviewed by the Board on a regular basis and by the regulatory agencies as part of their examination process. An independent loan review firm performs periodic reviews of our commercial loan portfolios, including the verification of commercial loan risk ratings. Any disagreements in risk rating assessments require mutual consent as to the final risk rating.

The following table discloses the classification of assets and designation of certain loans as special mention as of the dates indicated. At each date, all of the classified assets and special mention designated assets were loans.

	At December 31,		
	2007	2006	2005
	-----	-----	-----
	(In thousands)		
Special Mention.....	\$ 5,886	\$ 1,717	\$ 587
Substandard.....	6,098	49	133
Doubtful.....	-	-	-
Loss.....	-	-	-
	-----	-----	-----
Total.....	\$11,984	\$ 1,766	\$ 720
	=====	=====	=====

At December 31, 2007, \$1.0 million of the loans classified as "special mention" and \$5.8 million of the loans classified as "substandard" are also classified as non-performing assets. The special mention and substandard loans not categorized as non-performing are primarily commercial loans representing approximately \$4.9 million secured by real estate.

Allowance for Loan Losses. The allowance for loan losses is a valuation account that reflects our estimation of the losses in our loan portfolio to the extent they are both probable and reasonable to estimate. The allowance is established through provisions for loan losses that are charged to income in the

period they

14

are established. We charge losses on loans against the allowance for loan losses when we believe the collection of loan principal is unlikely. Recoveries on loans previously charged-off are added back to the allowance.

Management, in determining the allowance for loan losses, considers the losses inherent in the 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.

A loan evaluated for impairment is deemed to be impaired when, based on current information and events, it is probable that we will be unable to collect all amounts due according to the contractual terms of the loan agreement. All loans identified as impaired are evaluated independently. We do not aggregate such loans for evaluation purposes. Payments received on impaired loans are applied first to unpaid interest and then to principal.

We maintain a loan review system which provides for a systematic review of the loan portfolios and the early identification of potential 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 identified 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. In recent years, our charge-offs have been low, with none charged off in 2004, 2005, and 2006 and \$59 thousand in 2007. Therefore, our provisions for loan losses have been reflective of other factors, including economic conditions, annual growth of the total loan portfolio of 12%, 13%, 11% and 10% in 2004, 2005, 2006 and 2007, respectively, as well as the increasing percentage of multi-family and commercial real estate and commercial loans relative to total loans, which rose from 12.90% at December 31, 2004, to 14.45% at December 31, 2005, 16.18% at December 31, 2006 and 17.87% at December 31, 2007. Higher provisions in 2005, 2006 and 2007, relative to 2004, reflected the higher amounts of loans classified as "special mention" and in 2007, as "substandard".

The estimation of the allowance for loan losses is inherently subjective as it requires estimates and assumptions that are susceptible to significant revisions as more information becomes available or as future events change. Future additions to the allowance for loan losses may be necessary if economic and other conditions in the future differ substantially from the current operating environment. In addition, the Office of Thrift Supervision, as an integral part of its examination process, periodically reviews our loan and foreclosed real estate portfolios and the related allowance for loan losses and valuation allowance for foreclosed real estate. The Office of Thrift Supervision may require the allowance for loan losses or the valuation allowance for foreclosed real estate to be increased based on its review of information available at the time of the examination, which would negatively affect our earnings.

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

15

The following table sets forth information with respect to our allowance for loan losses at the dates indicated.

	For the Year Ended December			
	2007	2006	2005	
	(Dollars in thousands)			
Allowance balance (at beginning of period)....	\$ 1,169	\$ 878	\$ 750	\$
Provision for loan losses.....	492	291	128	
Charge-offs:				
Passbook, certificate, overdraft.....	59	-	-	
Total charge-offs.....	59	-	-	
Recoveries.....	-	-	-	
Net (charge-offs) recoveries.....	(59)	-	-	
Allowance balance (at end of period).....	\$ 1,602	\$ 1,169	\$ 878	\$
Total loans outstanding.....	\$ 472,686	\$ 430,080	\$ 387,514	\$ 3
Average loans outstanding.....	\$ 438,187	\$ 400,486	\$ 349,758	\$ 3
Allowance for loan losses as a percent of total loans outstanding.....	0.34%	0.27%	0.23%	
Net loans charged off as a percent of average loans outstanding.....	0.01%	-%	-%	
Allowance for loan losses to non-performing loans.....	23.25%	322.04%	134.25%	

16

Allocation of Allowance for Loan Losses. The following table sets forth the allocation of our allowance for loan losses by loan category based on the relative composition of loans in the portfolio and the percent of loans in each category to total loans at the dates indicated. The portion of the loan loss allowance allocated to each loan category does not represent the total available for future losses which may occur within the loan category since the entire loan loss allowance is a valuation reserve applicable to the aggregate loan portfolio.



Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

	At December 31,						Amount
	2007		2006		2005		
	Amount	Percent of Loans to Total Loans	Amount	Percent of Loans to Total Loans	Amount	Percent of Loans to Total Loans	
(Dollars in thousands)							
At end of period allocated to:							
Real estate mortgage -							
One-to-four family.....	\$ 231	46.52%	\$ 238	48.31%	\$435	49.45%	\$4
Real estate mortgage -							
Multi-family and commercial.....	1,089	17.04	746	15.31	122	13.84	
Commercial business.....	34	.83	5	.87	5	0.61	
Consumer:							
Home equity and second mortgage loans.....	137	27.52	133	29.63	268	30.53	1
Passbook, certificate, overdraft	6	0.24	39	0.30	2	0.28	
Auto.....	-	-	-	0.01	-	0.01	
Other.....	-	-	-	-	1	0.12	
Construction.....	105	7.85	15	5.57	45	5.16	
	-----	-----	-----	-----	-----	-----	-----
Total allowance.....	\$1,602	100.00%	\$1,169	100.00%	\$878	100.00%	\$7
	=====	-----	=====	=====	=====	=====	=====

Securities Portfolio

General. Our deposits have traditionally exceeded our loan originations, and we have invested these excess deposits primarily in mortgage-backed securities and investment securities.

Our investment policy is designed to foster earnings and manage cash flows within prudent interest rate risk and credit risk guidelines. Generally, our investment policy is to invest funds in various categories of securities and maturities based upon our liquidity needs, asset/liability management policies, pledging requirements, investment quality, marketability and performance objectives. The Bank's investment policy specifies the responsibility for the investment portfolio, asset/liability management and liquidity management and establishes an oversight Investment Committee. The Investment Committee, which is comprised of at least one Board member and the members of management responsible for investment decisions and accountability, meets quarterly to review the portfolio and performance risks and future purchasing strategies. The investment officer is authorized to purchase securities to the limit of \$5.0 million per trade per issue with the prior approval of the president, executive vice president or investment committee.

All of our securities carry market risk insofar as increases in market rates of interest may cause a decrease in their market value. Prior to investing, consideration is given to the interest rate, tax considerations, market volatility, yield, settlement date and maturity of the security, our liquidity position, and anticipated cash needs and sources. The effect that the proposed security would have on our credit and interest rate risk and risk-based capital is also considered.

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Federally chartered savings banks have the authority to invest in various types of liquid assets. The investments authorized under the Bank's investment policy include U.S. government and government agency obligations, municipal securities (consisting of bond obligations of state and local governments), mortgage-backed securities, collateralized mortgage obligations and corporate bonds. On a short-term basis, our investment policy authorizes investment in federal funds, certificates of deposits and money market investments with insured institutions and with brokerage firms.

Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities," requires that securities be categorized as "held to maturity," "trading securities" or "available-for-sale," based on management's intent as to the ultimate disposition of each security. Statement No. 115 allows debt securities to be classified as "held to maturity" and reported in financial statements at amortized cost only if the reporting entity has the positive intent and ability to hold these securities to maturity. Securities that might be sold in response to changes in market interest rates, changes in the security's prepayment risk, increases in loan demand, or other similar factors cannot be classified as "held to maturity."

We do not currently use or maintain a trading account. Securities not classified as "held to maturity" are classified as "available-for-sale." These securities are reported at fair value, and unrealized gains and losses on the securities are excluded from earnings and reported, net of deferred taxes, as a separate component of equity.

At December 31, 2007, our securities portfolio did not contain securities of any issuer, other than the U.S. government or its agencies, having an aggregate book value in excess of 10% of our equity. We do not currently participate in hedging programs, interest rate caps, floors or swaps, or other activities involving the use of off-balance sheet derivative financial instruments, however, we may in the future utilize

18

such instruments if we believe it would be beneficial for managing our interest rate risk. Further, we do not purchase securities which are not rated investment grade.

Actual maturities of the securities held by us may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without prepayment penalties. At December 31, 2007, we had \$83.3 million of callable securities, net of premiums and discounts, in our portfolio. Callable securities pose reinvestment risk because we may not be able to reinvest the proceeds from called securities at an equivalent or higher interest rate.

Mortgage-backed Securities and Collateralized Mortgage Obligations. Mortgage-related securities represent a participation interest in a pool of one-to-four-family or multi-family mortgages. We primarily invest in mortgage-backed securities secured by one-to-four-family mortgages. Our mortgage-related securities portfolio includes mortgage-backed securities and collateralized mortgage obligations issued by U.S. government agencies or government-sponsored entities, such as Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, and the Federal National Mortgage Association. We do not currently invest in mortgage-related securities issued by non-government, private corporate issuers.

The mortgage originators use intermediaries (generally government

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

agencies and government-sponsored enterprises, but also a variety of private corporate issuers) to pool and repackage the participation interests in the form of securities, with investors receiving the principal and interest payments on the mortgages. Securities issued or sponsored by U.S. government agencies and government-sponsored entities are guaranteed as to the payment of principal and interest to investors. Privately issued non-government, corporate issuers' securities typically offer rates above those paid on government agency issued or sponsored securities, but lack the guaranty of those agencies and are generally less liquid investments.

Mortgage-backed securities are pass-through securities typically issued with stated principal amounts, and the securities are backed by pools of mortgages that have loans with interest rates that are within a specific range and have varying maturities. The life of a mortgage-backed security thus approximates the life of the underlying mortgages. Mortgage-backed securities generally yield less than the mortgage loans underlying the securities. The characteristics of the underlying pool of mortgages, i.e., fixed-rate or adjustable-rate, as well as prepayment risk, are passed on to the certificate holder. Mortgage-backed securities are generally referred to as mortgage participation certificates or pass-through certificates.

Collateralized mortgage obligations are mortgage-derivative products that aggregate pools of mortgages and mortgage-backed securities and create different classes of securities with varying maturities and amortization schedules as well as a residual interest with each class having different risk characteristics. The cash flows from the underlying collateral are usually divided into "tranches" or classes whereby tranches have descending priorities with respect to the distribution of principal and interest repayment of the underlying mortgages and mortgage-backed securities as opposed to pass through mortgage-backed securities where cash flows are distributed pro rata to all security holders. Unlike mortgage-backed securities from which cash flow is received and risk is shared pro rata by all securities holders, cash flows from the mortgages and mortgage-backed securities underlying collateralized mortgage obligations are paid in accordance with a predetermined priority to investors holding various tranches of the securities or obligations. It is the Bank's policy to buy mortgage-derivative products that have no more risk than the underlying mortgages. The Bank has reviewed its portfolio of mortgage-backed securities and believes that it does not have any subprime exposure in this area.

19

The following table sets forth the carrying value of our securities portfolio at the dates indicated.

	At December 31,			
	2007	2006	2005	2004
	-----	-----	-----	-----
	(In thousands)			
Securities Available for Sale:				
-----				
Mutual fund shares .....	\$ 2,375	\$ 2,226	\$ 2,154	\$ 2,112
Equity securities .....	3,443	3,447	50	50

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Mortgage-backed securities issued by Freddie Mac..	1,292	1,524	130	149
U.S. government obligations .....	-	1,979	2,961	981
Obligations of state and political subdivisions .....	10,128	10,155	10,219	10,251
	-----	-----	-----	-----
Total securities available for sale .....	17,238	19,331	15,514	13,543
	-----	-----	-----	-----
Investment Securities Held to Maturity:				
-----				
U.S. government obligations .....	123,283	168,332	172,263	159,257
Obligations of states and political subdivisions .....	4,423	1,595	815	874
	-----	-----	-----	-----
Total investment securities held to maturity .....	127,706	169,927	173,078	160,131
	-----	-----	-----	-----
Mortgage-Backed Securities Held to Maturity:				
-----				
Government National Mortgage Association .....	4,276	5,630	7,454	9,167
Federal Home Loan Mortgage Corporation .....	84,648	79,822	80,155	60,086
Federal National Mortgage Association .....	47,387	53,880	58,389	63,913
Collateralized mortgage obligations .....	7,788	5,148	4,103	5,140
	-----	-----	-----	-----
Total mortgage-backed securities held to maturity .....	144,099	144,480	150,101	138,306
	-----	-----	-----	-----
Total .....	\$289,043	\$333,738	\$338,693	\$311,980
	=====	=====	-----	=====

20

The following table sets forth certain information regarding the carrying values, weighted average yields and maturities of our securities portfolio at December 31, 2007. This table shows contractual maturities and does not reflect repricing or the effect of prepayments. Actual maturities may differ.

At December 31, 2007

One Year or Less		One to Five Years		Five to Ten Years		More than
Carrying Value	Average Yield	Carrying Value	Average Yield	Carrying Value	Average Yield	Carrying Value
-----	-----	-----	-----	-----	-----	-----

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

(Dollars i

Mutual fund shares	\$ 2,375	4.80%	\$ -	-	\$ -	-	\$ -
Equity securities	3,443	-	-	-	-	-	-
U.S. government obligations	18,000	3.74%	44,313	4.70%	48,975	5.78%	11,995
Obligations of states and political subdivisions	-	-	2,069	4.20%	5,359	4.41%	7,123
Government National Mortgage Association	5	8.69%	103	11.06%	42	4.89%	4,126
Federal Home Loan Mortgage Corporation	-	-	2,319	5.32%	26,183	4.86%	57,438
Federal National Mortgage Association	6	6.64%	17,389	4.92%	13,135	4.73%	16,857
Collateralized Mortgage Obligations	-	-	-	-	6,014	4.72%	1,774
	-----		-----		-----		-----
Total	\$23,829	3.30%	\$66,193	4.79%	\$99,708	5.24%	\$99,313
	=====		=====		=====		=====

21

Sources of Funds

General. Deposits are the Bank's major source of funds for lending and other investment purposes. In addition, we derive funds from loan and mortgage-backed securities principal repayments, and proceeds from the maturity and call of investment securities. Loan and securities payments are a relatively stable source of funds, while deposit inflows are significantly influenced by pricing strategies and money market conditions. If required, borrowings (principally from the Federal Home Loan Bank) may be used to supplement the amount of funds for lending and funding daily operations. Borrowings may also be utilized as part of a leverage strategy in which the borrowings fund securities purchases.

Deposits. Our current deposit products include checking and savings accounts, certificates of deposit accounts ranging in terms from ninety-one days to seven years, and individual retirement accounts. Deposit account terms vary, primarily as to the required minimum balance amount, the amount of time that the funds must remain on deposit and the applicable interest rate.

Deposits are obtained primarily from within New Jersey. Traditional methods of advertising are used, or may be used, to attract new customers and deposits, including radio, billboards, print media, direct mail and inserts included with customer statements. We do not currently utilize the services of deposit brokers. Premiums or incentives for opening accounts are sometimes offered, and we periodically select particular certificate of deposit maturities for promotion. The Bank has a tiered savings product that offers a beneficial interest rate related to predetermined tiered balance requirements. Customers that maintain a minimum balance requirement in the tiered account are not charged a monthly service fee for the savings account or for checking accounts and also receive overdraft protection, Visa check card and coin counting services.

The determination of deposit and certificate interest rates is based upon a number of factors, including: (1) need for funds based on loan demand, current maturities of deposits and other cash flow needs; (2) a current survey of a selected group of competitors' rates for similar products; (3) economic conditions; and (4) business plan projections. Interest rates are reviewed weekly at a meeting of the Asset Liability Committee which consists of senior

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

management.

A large percentage of our deposits are in certificates of deposit, which totaled 52.6% of total average deposits at December 31, 2007. The inflow of certificates of deposit and the retention of such deposits upon maturity are significantly influenced by general interest rates and money market conditions, making certificates of deposit traditionally a more volatile source of funding than core deposits. Our liquidity could be reduced if a significant amount of certificates of deposit maturing within a short period of time were not renewed. To the extent that such deposits do not remain with us, they may need to be replaced with borrowings which could increase our cost of funds and negatively impact our interest rate spread and our financial condition. Historically, a significant portion of the certificates of deposit remain with us after they mature and we believe that this will continue. At December 31, 2007, \$89.6 million, or 25.5%, of our certificates of deposit were "jumbo" certificates of \$100 thousand or more.

22

The following tables set forth the distribution of average deposits for the periods indicated and the weighted average nominal interest rates for each period on each category of deposits presented.

	For the Year Ended December					
	2007			2006		
Average Balance	Percent of Total Deposits	Weighted Average Nominal Rate	Average Balance	Percent of Total Deposits	Weighted Average Nominal Rate	
(Dollars in thousands)						
Non-interest-bearing demand.....	\$ 23,781	3.8%	0.00%	\$ 25,653	4.0%	0.0%
Interest-bearing demand.....	94,239	14.9	0.55	94,204	14.6	0.5
Money market demand.....	91,172	14.5	1.00	99,929	15.5	0.9
Savings and club.....	89,473	14.2	.87	108,435	16.8	0.7
Certificates of deposit.....	331,859	52.6	4.55	315,613	49.1	3.9
Total deposits.....	\$630,524	100.00%	2.75%	\$643,834	100.00%	2.2

23

The following table sets forth certificates of deposit classified by interest rate as of the dates indicated.

Interest Rate	At December 31,		
	2007	2006	2005
-----	----	----	----

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

	(In thousands)		
0.00-1.99%	\$ 1,252	\$ 1,536	\$ 11,096
2.00-2.99%	3,568	20,655	68,197
3.00-3.99%	48,816	71,116	152,801
4.00-4.99%	240,815	172,509	82,228
5.00% and above	57,515	50,844	-
	-----	-----	-----
Total	\$351,966	\$316,660	\$314,322
	=====	=====	=====

The following table sets forth the amount and maturities of certificates of deposit at December 31, 2007.

Interest Rate	Amount Due					
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years
-----	-----	-----	-----	-----	-----	-----
	(In thousands)					
0.00-1.99%	\$ 1,252	\$ -	\$ -	\$ -	\$ -	\$ -
2.00-2.99%	3,562	6	-	-	-	-
3.00-3.99%	26,367	13,450	8,971	18	10	-
4.00-4.99%	190,090	25,589	22,938	1,023	1,152	23
5.00-5.99%	48,371	4,199	-	4,945	-	-
	-----	-----	-----	-----	-----	-----
Total	\$269,642	\$43,244	\$31,909	\$5,986	\$1,162	\$ 23
	=====	=====	=====	=====	=====	=====

The following table shows the amount of certificates of deposit of \$100 thousand or more by time remaining until maturity as of the dates indicated.

	At December 31, 2007
Maturity Period	(In thousands)
-----	
Within three months.....	\$27,658
Three through six months.....	14,196
Six through twelve months.....	28,529
Over twelve months.....	19,254
	-----
	\$89,637
	=====

Borrowings. To supplement deposits as a source of funds for lending or investment, the Bank may borrow funds in the form of advances from the Federal Home Loan Bank. At December 31, 2007, the Bank's borrowing limit with the Federal Home Loan Bank of New York was \$164.1 million.

We traditionally have enjoyed cash flows from deposit activities that

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

were sufficient to meet our day-to-day funding obligations and in the past only occasionally used our overnight line of credit or borrowing facility with the Federal Home Loan Bank. In the third quarter of 2005, however, we used our overnight line of credit at the Federal Home Loan Bank to meet daily operations and continued to use it on occasion during 2006. In the fourth quarter of 2005, we took a five year advance from the Federal Home Loan Bank to meet the strong demand for loans. As of December 31, 2007, the outstanding balance of such five year advance totaled \$5.9 million. This advance has a fixed interest rate of 4.49%.

In the fourth quarter of 2007, we took a ten year advance totaling \$23.9 million at a fixed rate of 3.90% for ten years, callable at three years. Interest is paid quarterly. The borrowing occurred in October 2007 and approximately \$8 million of the proceeds will be used for the capital contribution to RomAsia Bank and the other \$15 million of proceeds was invested in mortgage-backed securities at an initial spread of approximately 1.67%.

Short-term Federal Home Loan Bank advances generally have original maturities of less than one year. Advances from the Federal Home Loan Bank are typically secured by the Federal Home Loan Bank stock and by other assets, mainly securities which are obligations of, or guaranteed by, the U.S. government. Additional information regarding our borrowings is included under Note 9 to the consolidated financial statements.

### Subsidiary Activity

Roma Financial Corporation has two direct subsidiaries, Roma Bank and RomAsia Bank. RomAsia Bank is in organization and has an application pending with the Office of Thrift Supervision to be a federal savings bank. As of December 31, 2007, the Company has advanced \$903,000 thousand as organizational capital. The Company intends to maintain a 60% ownership interest of RomAsia Bank upon completion of organization. As presently contemplated, RomAsia Bank will need to raise \$15.0 million in initial capital, including the 60% investment made by the Company.

Roma Bank has two wholly-owned subsidiaries: Roma Capital Investment Corporation, which was incorporated under New Jersey law in 2004 as an investment subsidiary, and General Abstract & Title Agency, a New Jersey corporation.

Roma Capital Investment Corporation is an investment subsidiary and its sole activity is to hold investment securities. Its total assets at December 31, 2007 were \$259.6 million. Its net income for 2007 was \$7.6 million.

General Abstract & Title Agency sells title insurance, performs title searches and provides real estate settlement and closing services. Its total assets at December 31, 2007 were \$509 thousand. Its operating revenue for 2007 consisted of \$1.3 million in premiums earned from the placement of title insurance and related title company services. Its net income for 2007 was \$56 thousand.

### REGULATION AND SUPERVISION

Set forth below is a brief description of certain laws which relate to the regulation of the Company and the Bank. The description does not purport to be complete and is qualified in its entirety by reference to applicable laws and regulations.



## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

### Holding Company Regulation

General. The Company is a unitary savings and loan holding company, subject to regulation and supervision by the OTS. In addition, the OTS has enforcement authority over the Company and any non-savings institution subsidiaries. This permits the OTS to restrict or prohibit activities that it determines to be a serious risk to Roma Bank. This regulation is intended primarily for the protection of the depositors and not for the benefit of stockholders of the Company.

Activities Restrictions. As a grandfathered unitary savings and loan holding company under the GLB Act, the Company is generally not subject to any restrictions on its business activities or those of its non-savings institution subsidiaries. However, if the Company were to fail to meet the Qualified Thrift Lender Test, then it would become subject to the activities restrictions of the Home Owners' Loan Act applicable to multiple holding companies. See "Regulation of the Bank -- Qualified Thrift Lender Test."

If the Company were to acquire control of another savings association, it would lose its grandfathered status under the GLB Act and its business activities would be restricted to certain activities specified by OTS regulation, which include performing services and holding properties used by a savings institution subsidiary, certain activities authorized for savings and loan holding companies as of March 5, 1987, and nonbanking activities permissible for bank holding companies pursuant to the Bank Holding Company Act of 1956 (the "BHC Act") or authorized for financial holding companies pursuant to the GLB Act. Furthermore, no company may acquire control of the Company unless the acquiring company was a unitary savings and loan holding company on May 4, 1999 (or became a unitary savings and loan holding company pursuant to an application pending as of that date) or the acquiring company is only engaged in activities that are permitted for multiple savings and loan holding companies or for financial holding companies under the BHC Act as amended by the GLB Act.

Mergers and Acquisitions. The Company must obtain approval from the OTS before acquiring more than 5% of the voting stock of another savings institution or savings and loan holding company or acquiring such an institution or holding company by merger, consolidation or purchase of its assets. In evaluating an application for Roma Financial Corporation to acquire control of a savings institution, the OTS would consider the financial and managerial resources and future prospects of Roma Financial Corporation and the target institution, the effect of the acquisition on the risk to the insurance funds, the convenience and the needs of the community and competitive factors.

The USA Patriot Act. In response to the events of September 11, 2001, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, or the USA Patriot Act, was signed into law on October 26, 2001. The USA Patriot Act gives the federal government new powers to address terrorist threats through enhanced domestic security measures, expanded surveillance powers, increased information sharing and broadened anti-money laundering requirements. By way of amendments to the Bank Secrecy Act, Title III of the USA Patriot Act takes measures intended to encourage information sharing among bank regulatory agencies and law enforcement bodies. Further, certain provisions of Title III impose affirmative obligations on a broad range of financial institutions, including banks, thrifts, brokers, dealers, credit unions, money transfer agents and parties registered under the Commodity Exchange Act.

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

following requirements with respect to financial institutions:

- o Pursuant to Section 352, all financial institutions must establish anti-money laundering programs that include, at minimum: (i) internal policies, procedures, and controls; (ii) specific designation of an anti-money laundering compliance officer; (iii) ongoing employee training programs; and (iv) an independent audit function to test the anti-money laundering program.

- o Section 326 authorizes the Secretary of the Department of Treasury, in conjunction with other bank regulators, to issue regulations that provide for minimum standards with respect to customer identification at the time new accounts are opened.

- o Section 312 requires financial institutions that establish, maintain, administer or manage private banking accounts or correspondence accounts in the United States for non-United States persons or their representatives (including foreign individuals visiting the United States) to establish appropriate, specific, and, where necessary, enhanced due diligence policies, procedures and controls designed to detect and report money laundering.

- o Effective December 25, 2001, financial institutions are prohibited from establishing, maintaining, administering or managing correspondent accounts for foreign shell banks (foreign banks that do not have a physical presence in any country), and will be subject to certain record keeping obligations with respect to correspondent accounts of foreign banks.

- o Bank regulators are directed to consider a holding company's effectiveness in combating money laundering when ruling on Federal Reserve Act and Bank Merger Act applications.

Sarbanes-Oxley Act of 2002. The Sarbanes-Oxley Act of 2002 (the "Act") implemented legislative reforms intended to address corporate and accounting fraud and improve public company reporting. The Securities and Exchange Commission (the "SEC") has promulgated new regulations pursuant to the Act and may continue to propose additional implementing or clarifying regulations as necessary in furtherance of the Act. The passage of the Act by Congress and the implementation of new regulations by the SEC subject publicly-traded companies to additional and more cumbersome reporting regulations and disclosure. Compliance with the Act and corresponding regulations may increase the Company's expenses.

### Regulation of the Bank

General. As a federally chartered savings bank with deposits insured by the FDIC, the Bank is subject to extensive regulation by the OTS and FDIC. Lending activities and other investments must comply with federal and state statutory and regulatory requirements. The Bank is also subject to reserve requirements of the Federal Reserve System. Federal regulation and supervision establishes a comprehensive framework of activities in which an institution can engage and is intended primarily for the protection of the Deposit Insurance Fund and depositors. The regulatory structure also gives the regulatory authorities extensive discretion in connection with their supervisory and enforcement activities and examination policies, including policies with respect to the classification of assets and the establishment of adequate loan loss reserves for regulatory purposes.

The OTS regularly examines the Bank and prepares reports for consideration by the Bank's Board of Directors on deficiencies, if any, found in the Bank's operations. The Bank's relationship with its depositors and borrowers is also regulated by federal and state law, especially in such matters as the ownership of savings accounts and the form and content of the Bank's mortgage documents.

The Bank must file reports with the OTS concerning its activities and financial condition, and must obtain regulatory approvals prior to entering into certain transactions such as mergers with or acquisitions of other financial institutions. Any change in such regulations, whether by the OTS, the FDIC or the United States Congress, could have a material adverse impact on the Bank, the Company, and their operations.

**Deposit Insurance.** As an FDIC-insured bank, the Bank is subject to FDIC insurance assessments. Following enactment of the Federal Deposit Insurance Reform Act of 2005, the FDIC adopted a revised risk-based assessment system to determine assessment rates to be paid by FDIC-insured institutions. Under this revised assessment system, risk is defined and measured using an institution's supervisory ratings as well as certain other risk measures, including certain financial ratios. The annual rates for 2008 for institutions in Risk Category I range from 5 to 7 basis points and the rates for institutions in Risk categories II, III and IV are 10, 28 and 43 basis points, respectively. These rates may be offset by a one-time assessment credit held by an institution, based on the assessment base of that institution as of December 31, 1996, and in the future by dividends that may be declared by the FDIC if the reserve ratio of the Deposit Insurance Fund increases above a certain amount. The FDIC may raise or lower these assessment rates based on various factors to achieve a reserve ratio, which the FDIC currently has set at 1.25 percent of insured deposits.

In addition to deposit insurance assessments, all FDIC-insured institutions are required to pay special assessments to the FDIC to fund the repayment of debt obligations of the Financing Corporation (FICO), a government-sponsored entity that was formed in 1987 to recapitalize the Federal Savings and Loan Insurance Corporation. At December 31, 2007, the annualized rate established by the FDIC for the FICO assessment was 1.14 basis points per \$100 of insured deposits. These assessments will continue until the FICO bonds mature in 2017.

**Regulatory Capital Requirements.** OTS capital regulations require savings institutions to meet three capital standards: (1) tangible capital equal to 1.5% of adjusted total assets, (2) Tier 1, or "core," capital equal to at least 4% (3% if the institution has received the highest rating, "composite 1 CAMELS," on its most recent examination) of adjusted total assets, and (3) risk-based capital equal to 8% of total risk-weighted assets.

Tangible capital is defined as core capital less all intangible assets (including supervisory goodwill), less certain mortgage servicing rights and less certain investments. Core capital is defined as common stockholders' equity (including retained earnings), noncumulative perpetual preferred stock and minority interests in the equity accounts of consolidated subsidiaries, certain nonwithdrawable accounts and pledged deposits of mutual savings associations and qualifying supervisory goodwill, less nonqualifying intangible assets, certain mortgage servicing rights, certain investments and unrealized gains and losses on certain available-for-sale securities.

The risk-based capital standard for savings institutions requires the maintenance of total risk-based capital (which is defined as core capital plus supplementary capital) of 8% of risk-weighted assets. The components of supplementary capital include, among other items, cumulative perpetual preferred stock, perpetual subordinated debt, mandatory convertible subordinated debt, intermediate-term preferred stock, and the portion of the allowance for loan losses not designated for specific loan losses (up to a maximum of 1.25% of risk-weighted assets) and up to 45% of unrealized gains on equity securities.

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Overall, supplementary capital is limited to 100% of core capital. A savings association must calculate its risk-weighted assets by multiplying each asset and off-balance sheet item by various risk factors as determined by the OTS, which range from 0% for cash to 100% for delinquent loans, property acquired through foreclosure, commercial loans, and other assets.

28

**Dividend and Other Capital Distribution Limitations.** The OTS imposes various restrictions or requirements on the ability of savings institutions to make capital distributions including cash dividends.

A savings association that is a subsidiary of a savings and loan holding company, such as the Bank, must file an application or a notice with the OTS at least 30 days before making a capital distribution. A savings association is not required to file an application for permission to make a capital distribution and need only file a notice if the following conditions are met: (1) it is eligible for expedited treatment under OTS regulations, (2) it would remain adequately capitalized after the distribution, (3) the annual amount of its capital distributions does not exceed net income for that year to date added to retained net income for the two preceding years, and (4) the capital distribution would not violate any agreements between the OTS and the savings association or any OTS regulations. Any other situation would require an application to the OTS.

In addition, the OTS could prohibit a proposed capital distribution if, after making the distribution, which would otherwise be permitted by the regulation, the OTS determines that the distribution would constitute an unsafe or unsound practice.

A federal savings institution is prohibited from making a capital distribution if, after making the distribution, the institution would be unable to meet any one of its minimum regulatory capital requirements. Further, a federal savings institution cannot distribute regulatory capital that is needed for its liquidation account.

**Qualified Thrift Lender Test.** Savings institutions must meet a qualified thrift lender ("QTL") test or they become subject to the business activity restrictions and branching rules applicable to national banks. To qualify as a QTL, a savings institution must either (i) be deemed a "domestic building and loan association" under the Internal Revenue Code by maintaining at least 60% of its total assets in specified types of assets, including cash, certain government securities, loans secured by and other assets related to residential real property, educational loans and investments in premises of the institution or (ii) satisfy the statutory QTL test set forth in the Home Owners' Loan Act by maintaining at least 65% of its "portfolio assets" in certain "Qualified Thrift Investments" (defined to include residential mortgages and related equity investments, certain mortgage-related securities, small business loans, student loans and credit card loans, and 50% of certain community development loans). For purposes of the statutory QTL test, portfolio assets are defined as total assets minus intangible assets, property used by the institution in conducting its business, and liquid assets up to 20% of total assets. A savings institution must maintain its status as a QTL on a monthly basis in at least nine out of every 12 months. As of December 31, 2007, the Bank was in compliance with its QTL requirement.

**Federal Home Loan Bank System.** The Bank is a member of the FHLB of New York, which is one of 12 regional FHLBs that administer the home financing credit function of savings associations. Each FHLB serves as a reserve or central bank for its members within its assigned region. It is funded primarily

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

from proceeds derived from the sale of consolidated obligations of the FHLB System. It makes loans to members (i.e., advances) in accordance with policies and procedures established by the Board of Directors of the FHLB.

As a member, the Bank is required to purchase and maintain stock in the FHLB of New York in an amount equal to the greater of 1% of its aggregate unpaid residential mortgage loans, home purchase contracts or similar obligations at the beginning of each year, or 5% of its outstanding advances.

29

Federal Reserve System. The Federal Reserve System requires all depository institutions to maintain non-interest bearing reserves at specified levels against their transaction accounts (primarily checking, NOW and Super NOW checking accounts) and non-personal time deposits. The balances maintained to meet the reserve requirements imposed by the Federal Reserve System may be used to satisfy the liquidity requirements that are imposed by the OTS. At December 31, 2007, the Bank was in compliance with these requirements.

### Item 1A. Risk Factors

-----  
The following is a summary of the material risks related to an investment in the Company's securities.

We realize income primarily from the difference between interest earned on loans and investments and interest paid on deposits and borrowings, and changes in interest rates may adversely affect our net interest rate spread and net interest margin, which will hurt our earnings.

We derive our income mainly from the difference or "spread" between the interest earned on loans, securities and other interest-earning assets, and interest paid on deposits, borrowings and other interest-bearing liabilities. In general, the larger the spread, the more we earn. When market rates of interest change, the interest we receive on our assets and the interest we pay on our liabilities will fluctuate. This can cause decreases in our spread and can adversely affect our income.

Market interest rates were in recent years at historically low levels. However, beginning in June 2004 through June 2007 the U.S. Federal Reserve has increased its target federal funds rate. However, in the last two quarters of 2007 and in the first quarter of 2008 rates were dropped. While the federal funds rate and other short-term market interest rates, which we use as a guide to our deposit pricing, have increased, intermediate- and long-term market interest rates, which we use as a guide to our loan pricing, have not increased proportionately. This led to a "flattening" of the market yield curve, which has even "inverted" recently as short-term rates have exceeded long-term rates over an intermediate maturity horizon during the first half of 2007. In the last two quarters of 2007 we saw a gradual return to a more normal yield curve, but continued to be challenged as the market adjusted loans rates accordingly, but the adjustment of deposit rates downward lagged.

Interest rates also affect how much money we can lend. For example, when interest rates rise, the cost of borrowing increases and loan originations tend to decrease. In addition, changes in interest rates can affect the average life of loans and investment securities. A reduction in interest rates generally results in increased prepayments of loans and mortgage-backed securities, as borrowers refinance their debt in order to reduce their borrowing cost. This causes reinvestment risk, because we generally are not able to reinvest prepayments at rates that are comparable to the rates we earned on the prepaid

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

loans or securities. A falling rate environment would result in a decrease in rates we pay on deposits and borrowings, but the decrease in the cost of our funds may not be as great as the decrease in the yields on our loan portfolio and mortgage-backed securities and loan portfolios. This could cause a narrowing of our net interest rate spread and could cause a decrease in our earnings. Changes in market interest rates could also reduce the value of our financial assets. If we are unsuccessful in managing the effects of changes in interest rates, our financial condition and results of operations could suffer.

If we experience loan losses in excess of our allowance, our earnings will be adversely affected.

The risk of credit losses on loans varies with, among other things, general economic conditions, the type of loan being made, the creditworthiness of the borrower over the term of the loan and, in the case of a

30

collateralized loan, the value and marketability of the collateral for the loan. Management maintains an allowance for loan losses based upon historical experience, an evaluation of economic conditions and regular reviews of delinquencies and loan portfolio quality. If management's assumptions and judgments about the ultimate collectibility of the loan portfolio prove to be incorrect and the allowance for loan losses is inadequate to absorb future losses or if we are required to make material additions to the allowance, our earnings and capital could be significantly and adversely affected. As of December 31, 2007, our allowance for loan losses was \$1.6 million, representing 0.34% of outstanding loans and 23.3% of non-performing loans.

A portion of our total loan portfolio consists of commercial real estate loans, commercial business loans and construction loans, and we intend to grow this part of the loan portfolio. The repayment risk related to these types of loans is considered to be greater than the risk related to one- to four-family residential loans.

At December 31, 2007, our loan portfolio included \$80.5 million of commercial and multi-family real estate loans and \$3.9 million of commercial business loans, together amounting to 17.9% of our total loan portfolio, and \$37.1 million of construction loans, representing 7.9% of our total loan portfolio. Unlike single family residential mortgage loans, which generally are made on the basis of the borrower's ability to make repayment from his or her employment and other income, and which are secured by real property with values that tend to be more easily ascertainable, commercial loans typically are made on the basis of the borrower's ability to make repayment from the cash flow of the borrowers' business. The repayment of construction loans for residential and commercial land acquisition and development, including loans to builders and developers, is dependent, in part, on the success of the ultimate construction project. In addition, commercial loans and construction loans to builders and developers generally result in larger balances to single borrowers, or related groups of borrowers, than one- to four-family loans.

In addition, the growth of our aggregate commercial and multi-family real estate and commercial business loans and construction loans from \$6.9 million at December 31, 2001 to \$121.6 million at December 31, 2007 means that a large portion of this portfolio is unseasoned. Relatively new loans that are "unseasoned," are considered to pose a potentially greater repayment risk than more mature loans because they generally do not have sufficient repayment history to indicate the likelihood of repayment in accordance with their terms.

Strong competition within our market area may limit our growth and

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

profitability.

Competition in the banking and financial services industry in New Jersey is intense. Many of our competitors have substantially greater resources and lending limits than we do and offer services that we do not or cannot provide. Price competition for loans might result in us originating fewer loans, or earning less on our loans, and price competition for deposits might result in a decrease in our total deposits or higher rates on our deposits. Our deposit market share in Mercer County, New Jersey, where seven of our ten offices are located, was 5.69% at June 30, 2007, the latest date for which market share information is available.

Our business is geographically concentrated in New Jersey, and a downturn in conditions in the state could have an adverse impact on our profitability.

A substantial majority of our loans are to individuals and businesses in New Jersey. Any decline in the economy of the state could have an adverse impact on our earnings. Adverse changes in the economy may also have a negative effect on the ability of our borrowers to make timely repayments of their loans.

31

Additionally, because we have a significant amount of real estate loans, decreases in local real estate values could adversely affect the value of property used as collateral. If we are required to liquidate a significant amount of collateral during a period of reduced real estate values to satisfy the debt, our earnings and capital could be adversely affected.

We intend to actively consider opportunities for de novo branching. Costs related to expansion plans may negatively impact earnings in future periods.

We opened our new main office in Robbinsville, New Jersey in 2005, a new branch office in Plumsted, New Jersey in the first quarter of 2007, and two new branch offices in January of 2008 in Whiting and Bordentown, New Jersey. We intend to continue expanding our branch network. Expenses related to the planned expansion of our operations through de novo branching or the acquisition of branches or other financial institutions could adversely impact earnings in future periods.

We operate in a highly regulated environment and may be adversely affected by changes in laws and regulations.

We are subject to extensive regulation, supervision and examination by the Office of Thrift Supervision, our chartering authority, and by the Federal Deposit Insurance Corporation, as insurer of our deposits. As a federally chartered holding company, the Company is subject to regulation and oversight by the Office of Thrift Supervision. Such regulation and supervision govern the activities in which an institution and its holding companies may engage and are intended primarily for the protection of the insurance fund and depositors. Regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including the imposition of restrictions on the operation of an institution, the classification of assets by the institution and the adequacy of an institution's allowance for loan losses. Any change in such regulation and oversight, whether in the form of regulatory policy, regulations, or legislation, including changes in the regulations governing mutual holding companies, could have a material impact on us and our operations.

Item 1B. Unresolved Staff Comments

-----

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Not applicable.

Item 2. Properties

At December 31, 2007, our net investment in property and equipment totaled \$33.2 million, including land held for future development and construction in progress.

The following table sets forth the location of our main office and branch offices, the year each office was opened and the net book value of each office.

32

Office Location -----	Year Facility Opened -----	Leased or Owned -----	Net Book Value at December 31, 2007 ----- (In thousands)
Corporate Headquarters and Washington Town Center Office: 2300 Route 33 Robbinsville, NJ	2005	Owned	\$13,132
Chambersburg Office: 485 Hamilton Avenue Trenton, NJ	1962	Owned	353
Mercerville Office: 500 Route 33 Mercerville, NJ	1971	Owned	778
Yardville Office: 4500 South Broad Street Yardville, NJ	1984	Owned	841
West Trenton Office: 79 West Upper Ferry Road West Trenton, NJ	1986	Owned	939
Hamilton Center City Office: 1155 Whitehorse-Mercerville Road Hamilton, NJ	1991	Owned	3,958
South Trenton Office: 1450 South Broad Street Trenton, NJ	1993	Owned	758
Florence Township Office 2150 Route 130 North Florence Township Burlington, NJ	2003	Owned	2,477
Plumsted Office 400 Route 539 Cream Ridge, NJ	2007	Owned	2,748



## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Bordentown Office 213 Route 130 Bordentown, NJ 08505	2008	Leased	59
Whiting Office 451 Lacey Road Whiting, NJ 08759	2008	Leased	1,288

### Item 3. Legal Proceedings

-----

Roma Bank, from time to time, is a party to routine litigation which arises in the normal course of business, such as claims to enforce liens, condemnation proceedings on properties in which we hold security interests, claims involving the making and servicing of real property loans, and other issues incident to our business. There were no lawsuits pending or known to be contemplated against Roma Financial Corporation or Roma Bank or their subsidiaries at December 31, 2007 that would have a material effect on our operations or income.

### Item 4. Submission of Matters to a Vote of Security Holders

-----

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year ended December 31, 2007.

33

## PART II

### Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

-----

Upon completion of the Company's minority stock offering in July 2006, the Company's common stock commenced trading on The NASDAQ Stock Market under the symbol "ROMA". The table below shows the reported high and low closing prices of common stock during the periods indicated. The quotations reflect inter-dealer prices, without retail mark-up, mark-down, or commission and may not represent actual transactions.

2007	High	Low	Dividends
-----	-----	-----	-----
Quarter ended September 30, 2006(1)	\$ 15.94	\$ 10.00	N/A
Quarter ended December 31, 2006	\$ 16.56	\$ 14.63	N/A
Quarter ended March 31, 2007	\$ 16.56	\$ 14.76	\$.06
Quarter ended June 30, 2007	\$ 17.28	\$ 15.50	\$.06
Quarter ended September 30, 2007	\$ 17.50	\$ 13.62	\$.06
Quarter ended December 31, 2007	\$ 18.00	\$ 15.35	\$.06

(1) Minority stock offering was completed on July 11, 2006 and trading

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

commenced on July 12, 2006.

Declarations of dividends by the Board of Directors depend on a number of factors, including investment opportunities, growth objectives, financial condition, profitability, tax considerations, minimum capital requirements, regulatory limitations, stock market characteristics and general economic conditions. The timing, frequency and amount of dividends is determined by the Board.

As of March 1, 2008, there were approximately 2,689 shareholders of record of the Company's common stock, which includes registered shareholders as well as beneficial owners who hold through various brokerage firms, banks and clearing agents.

The Company's common stock commenced trading during the third quarter of 2006. A stock performance graph for the year ended December 31, 2007 is presented.

On August 9, 2007, the Company announced a ten percent open market stock repurchase plan, equivalent to 981,956 shares, in open market, based on stock availability, price and the Company's financial performance. The repurchase was completed on August 27, 2007. A new stock repurchase plan for five percent of the then outstanding shares, equivalent to 441,880 shares, was announced on October 24, 2007. The following table reports information regarding repurchases of the Company's common stock which all occurred during the quarter ended December 31, 2007.

34

Period -----	Total Number of Shares Repurchased -----	Average Price Paid Per Share -----	Total Number of Shares Purchased As Part of Publicly Announced Plans -----	Maximum Nu Shares That Be Purchase The Pl -----
October 1-31, 2007	14,000	\$ 17.63	14,000	427,8
November 1-30, 2007	218,000	17.11	218,000	209,8
December 1-31, 2007	130,000	16.28	130,000	79,8
	-----	-----	-----	-----
	362,000	\$ 16.83	362,000	79,8
	=====	=====	=====	=====

Set forth below is a stock performance graph comparing the cumulative total shareholder return on the Company's common stock with (a) the cumulative total shareholder return on stocks included in the NASDAQ Composite Index and (b) the cumulative total shareholder return on stocks included in the SNL MHC Index, in each case assuming an investment of \$100 as of July 12, 2006 (the date the Company's common stock began trading on the NASDAQ Stock Market following the closing of the Company's initial public stock offering). The cumulative total returns for the indices and the Company are computed assuming the reinvestment of dividends that were paid during the period. It is assumed that the investment in the Company's common stock was made at the initial public offering price of \$10.00 per share.

[GRAPHIC OMITTED]

-----

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

	7/12/2006	12/31/2006	12/31/2007
NASDAQ Composite Index	\$100	116	127
SNL MHC Index	100	124	107
Roma Financial Corporation	100	117	112

35

The NASDAQ Composite Index measures all NASDAQ domestic and international based common type stocks listed on the NASDAQ Stock Market. The SNL MHC Index was prepared by SNL Securities, LC, Charlottesville, Virginia and includes all publicly traded mutual holding companies.

There can be no assurance that the Company's future stock performance will be the same or similar to the historical stock performance shown in the graph above. The Company neither makes nor endorses any predictions as to stock performance.

36

### Item 6. Selected Financial Data

The following financial information and other data in this section is derived from the Company's audited consolidated financial statements and should be read together therewith.

	At December 31,		
	2007	2006	2005
	----	----	----
	(In thousands)		
<b>Balance Sheet Data:</b>			
Total assets	\$907,114	\$875,533	\$797,760
Loans receivable, net	458,873	420,382	378,708
Mortgage backed securities held to maturity	144,099	144,480	150,101
Securities available for sale	17,238	19,331	15,514
Investment securities held to maturity	127,706	169,927	173,078
Cash and cash equivalents	95,302	64,701	28,089
Goodwill	572	572	572
Deposits	651,030	625,972	643,813
Federal Home Loan Bank borrowings	28,940	7,863	9,702
Total stockholders' equity	218,303	234,654	138,658

At December 31,		
2007	2006	2005
----	----	----

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

(In thousands)

Summary of Operations:

Interest income	\$45,769	\$40,869	\$34,632
Interest expense	17,783	15,190	10,901
	-----	-----	-----
Net interest income	27,986	25,679	23,731
Provision for loan losses	492	291	128
	-----	-----	-----
Net interest income after provision for loan losses	27,494	25,388	23,603
Non-interest income	4,060	3,460	2,916
Non-interest expense	20,327	21,206	15,132
	-----	-----	-----
Income before income taxes and minority interest	11,227	7,642	11,387
Provisions for income taxes	4,134	2,394	3,852
	-----	-----	-----
Net income before minority interest	7,093	5,248	7,535
Minority interest	123	-	-
	-----	-----	-----
Net Income	7,216	5,248	7,535
	=====	=====	=====
Net income per share - basic and diluted	\$0.23	\$0.19	\$0.33
	=====	=====	=====
Dividends per share	\$0.24	\$0.00	\$0.00
	=====	=====	=====
Weighted number of common shares outstanding	31,563	27,305	22,584
	=====	=====	=====

37

At December 31,

2007	2006	2005	2004	2003
-----	-----	-----	-----	-----

(In thousands)

Performance Ratios:

Return on average assets (net income divided by average total assets)	0.82%	0.62%	0.99%	1.10%	1.18%
Return on average equity (net income divided by average equity)	3.12	2.89	5.55	6.02	6.38
Net interest rate spread	2.71	2.78	3.09	3.44	3.48
Net interest margin on average interest-earning assets	3.42	3.28	3.36	3.65	3.74
Average interest-earning assets to average interest-bearing liabilities	1.33x	1.24x	1.17x	1.19x	1.19x
Efficiency ratio (Non-interest expense divided by the sum of net interest income and non-interest income)	63.43%	72.78%	55.71%	51.69%	49.06%
Non-interest expense to average assets	2.30	2.52	1.91	1.85	1.81

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

### Asset Quality Ratios:

Non-performing loans to total loans	1.46	0.08	0.17	0.23	0.30
Non-performing assets to total assets	0.76	0.04	0.08	0.11	0.14
Net charge-offs to average loans outstanding	0.01	--	--	--	0.01
Allowance for loan losses to total loans	0.34	0.27	0.23	0.22	0.23
Allowance for loan losses to non-performing loans	23.25	322.04	134.25	95.30	77.31

### Capital Ratios:

Average equity to average assets (average equity divided by average total assets)	26.19	21.53	17.90	18.33	18.45
Equity to assets at period end	24.07	26.80	17.38	18.46	18.43
Tangible equity to tangible assets at period end	24.01	26.91	17.22	18.45	18.42

### Number of Offices:

Offices	11	9	8	7	7
---------	----	---	---	---	---

38

## Item 7. Management's Discussion and Analysis of Financial Condition and Results

### of Operations

#### General

This discussion and analysis reflects Roma Financial Corporation's consolidated financial statements and other relevant statistical data. We include it to enhance your understanding of our financial condition and results of operation. You should read the information in this section in conjunction with Roma Financial Corporation's consolidated financial statements and notes thereto contained in this Annual Report on Form 10-K, and other statistical data provided herein.

#### Overview

Financial Condition and Results of Operations. Roma Financial Corporation's results of operations depend primarily on its net interest income. Net interest income is the difference between the interest income we earn on our interest-earning assets and the interest we pay on our interest-bearing liabilities. It is a function of the average balances of loans and investments versus average balances of deposits and borrowed funds outstanding in any one period and the yields earned on those loans and investments and the cost of those deposits and borrowed funds.

Our interest earning assets primarily consist of loans, mortgage-backed securities and investment securities. At December 31, 2007, total loans comprised 51% of our total assets and our securities portfolio comprised 32% of our total assets. The most significant change in interest-earning assets from the prior year was a \$37.7 million or 9.4% increase in the average balance of loans receivable net from \$400.5 million at December 31, 2006 to \$438.2 million at December 31, 2007. At year end, actual loans receivable, net, totaled \$458.9 million. During 2007 and 2006, a key goal of management was growth in the loan portfolio, particularly multi-family and commercial real estate loans. Multi-family and commercial real estate loans increased by 22.3%, or \$14.7

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

million, from 2006 to 2007 and 22.8%, or \$12.2 million, from 2005 to 2006.

During 2007, the amount of securities held to maturity that were called increased as rates dropped. To the extent those calls were not yet deployed into loans and other assets, the proceeds from the calls were invested in short-term interest earning deposits, contributing to a \$30.6 million, or 47.3%, increase in cash and cash equivalents.

Our interest bearing liabilities consist primarily of retail deposits and borrowings from the Federal Home Loan Bank of New York. At December 31, 2007, our total deposits were \$651.0 million, compared to \$626.0 million at December 31, 2006. Our borrowings from the Federal Home Loan Bank of New York were \$28.9 million compared to \$7.9 million a year earlier. In the fourth quarter of 2007, the Bank borrowed \$23.0 million from the Federal Home Loan Bank of New York which resulted in the increase from year to year. The \$25.0 million, or 4.0%, increase in deposits was primarily in certificates of deposits which increased as a percent of total deposits from 50.6% in 2006 to 54.1% in 2007. Management continued to be challenged during 2007 to balance the rate of attrition while containing the cost of funds. Management was able to limit non-interest bearing deposits to a decrease of \$.5 million to \$24.6 million, or a decrease of 2%. Savings and club accounts fell by \$10.0 million to \$176.0 million, as depositors continued to move money from this category to certificates of deposit.

Our net interest income increased 9.0% to \$28.0 million in 2007 from \$25.7 million in 2006. The net interest spread decreased to 2.71% from 2.80% in 2006, as the average cost of interest bearing liabilities climbed 46 basis points, while the yield on interest-earning assets improved only 37 basis points. For 2007, the average cost of interest-bearing liabilities was 2.88% and the average yield on interest-earning assets was

39

5.59%. Total interest income increased 12.0% due to a 4.6% increase in the average balance of interest-earning assets and a 37 basis point increase in average yield. Interest expense increased 17.1% primarily due to a 46 basis point increase in the average cost of interest-bearing liabilities which more than offset a decrease of 1.8% in the average balance of interest-bearing liabilities. Net interest income increased due to the reinvestment of maturing securities in the second half of 2006 into higher yielding securities and loans as well as into interest earning cash and cash equivalents.

Our results of operation are also influenced by our provision for loan losses, non-interest income and non-interest expense. Non-interest income includes service fees and charges including income generated by the Bank's retail branch network and operations, income from bank-owned life insurance, and title insurance revenue from our title agency subsidiary. Non-interest expense includes salaries and employee benefits, occupancy expenses and other general and administrative expenses.

Non-interest income increased \$.6 million to \$4.1 million in 2007, compared to \$3.5 million in 2006. The increase was primarily the result of overdraft protection fees for a full year in 2007, compared to five months in 2006. Non-interest expense includes salaries and employee benefits, occupancy expenses and other general and administrative expenses. Non-interest expense decreased by \$.9 million or 4.2% to \$20.3 million in 2007, compared to \$21.2 million in 2006. The increase was primarily due to a \$1.6 million increase in salaries and benefits, offset by a \$3.5 million decrease in contributions due to the one time contribution in 2006 to the Roma Bank Community Foundation in conjunction with our initial public offering.

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Net income for the year ended December 31, 2007 was \$7.2 million, an increase of \$2.0 million or 38.5% from \$5.2 million for the year ended December 31, 2006. The increase was primarily due to increased net interest income and the contribution in 2006 to the Foundation, partially offset by increases in non-interest expenses.

Total assets increased \$31.6 million or 3.5% to \$907.1 million from \$875.5 million at December 31, 2006. Cash and cash equivalents increased \$30.6 million from year to year primarily due to calls of securities held to maturity which to the extent they were not deployed into loans were invested in overnight funds. Loans receivable increased \$38.5 million while investment securities held to maturity decreased \$42.2 million to \$127.7 million at December 31, 2007.

Stockholders' equity decreased \$16.4 million or 7.0% to \$218.3 million at December 31, 2007. The decrease was primarily due to the use of \$22.8 million of capital to repurchase stock, offset by net income; a reduction in other comprehensive income; and, a reduction in equity for allocated ESOP shares.

Business Strategy. Our current business strategy is to seek growth and improve profitability by:

- o Increasing the volume of loan originations and the size of loan portfolio relative to our securities portfolio;
- o Increasing originations of multi-family and commercial real estate loans, construction loans, and commercial business loans;
- o Building core banking business through internal growth and de novo branching, as well as de novo banking, and judiciously considering expansion through acquisition opportunities.

40

- o Developing a sales culture by training and encouraging branch personnel to promote existing products and services to our customers; and
- o Maintaining high asset quality.

Historically, our deposits have exceeded our residential loan originations, and we have invested those deposits primarily in mortgage-backed securities and investment securities. Over the last few years we have focused on building a non-residential loan portfolio.

### Critical Accounting Policies

Our accounting policies are integral to understanding the results reported and are described in detail in Note 1 to consolidated financial statements contained in this Annual Report on Form 10-K. 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 dates of the consolidated statements of financial condition and income for the periods then ended. Actual results could differ significantly from those estimates. Material estimates that are particularly susceptible to significant changes relate to the determination of 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

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

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 could result in the need for additional provisions.

41

### Comparison of Financial Condition at December 31, 2007 and December 31, 2006

General. Our total assets increased by \$31.6 million, or 3.6%, to \$907.1 million at December 31, 2007 compared to \$875.5 million at December 31, 2006, primarily due to an increase in cash and cash equivalents and loans receivable net, offset by a decrease in investment securities held to maturity.

Cash and Cash Equivalents. Cash and cash equivalents increased \$30.6 million, or 47.3%, to \$95.3 million at December 31, 2007 from \$64.7 million at December 31, 2006. Cash received from calls of investment securities held to maturity to the extent it was not utilized for loans originations was invested overnight in money market funds.

Securities available for sale. The carrying value of securities available for sale decreased \$2.1 million, or 10.9%, to \$17.2 million at December 31, 2007 compared to \$19.3 million for the prior year.

Investment securities held to maturity. Investment securities held to maturity decreased \$42.2 million, or 24.8%, to \$127.7 million at December 31, 2007 from \$169.9 million at December 31, 2006. The reduction in the investments held to maturity portfolio resulted from scheduled maturities and calls totaling \$103.5 million. The weighted yield of the portfolio at December 31, 2007 was 4.98%.



## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Mortgage-backed securities. Mortgage-backed securities decreased \$.4 million, or .2%, to \$144.1 million at December 31, 2007 from \$144.5 million at December 31, 2006. The average yield on mortgage-backed securities at December 31, 2007 was 5.24%.

Loans. Loans receivable, net, increased \$38.5 million, or 9.20% to \$458.9 million at December 31, 2007 compared to \$420.4 million at December 31, 2006. Conventional one-to-four family mortgage loans increased \$12.1 million, or 5.8%, to \$219.9 million at December 31, 2007 compared to \$207.8 million the prior year. Loans in this category increased primarily because of our mortgage promotion in March. Demand for mortgage loans for the second year continued to be slow. Commercial and multi-family mortgages, construction and commercial loans increased, in the aggregate \$28.0 million, or 29.9%, to \$121.6 million at December 31, 2007 compared to \$93.5 million at December 31, 2006. This was the second year that commercial and multi-family mortgages, construction and commercial loans, in the aggregate, had growth in excess of 20%. Home equity and consumer loans increased \$2.4 million, or 1.9%, to \$131.2 million at December 31, 2007 compared to \$128.8 million at December 31, 2006. Demand for equity and consumer loans remained slow in 2007.

Premises and equipment. Premises and equipment increased \$2.5 million, or 8.1%, to \$33.2 million at December 31, 2007 compared to \$30.7 million in the prior year. The increase resulted primarily from the completion of our Plumsted branch and retail center and our new branches in Whiting and Bordentown, New Jersey. The Whiting and Bordentown branches opened in January 2008, bringing our total network to ten branches plus our Robbinsville main office.

Bank Owned Life Insurance. Bank-owned-life-insurance ("BOLI") increased \$2.6 million to \$18.8 million at December 31, 2007 compared to \$16.2 million the prior year. In July of 2007, the Bank invested an additional \$2.0 million in BOLI policies.

42

Other assets. Other assets increased \$1.2 million to \$5.0 million at December 31, 2007, compared to \$3.8 million a year earlier. The increase was primarily a result of the consolidated other assets of RomAsia, Inc. totaling \$.5 million and the investment of \$.3 million in a joint venture.

Deposits. Deposits increased by \$25.1 million, or 4.0%, to \$651.0 million at December 31, 2007 compared to \$626.0 million at December 31, 2006. Non-interest bearing checking decreased \$.5 million, or 2.0%, to \$24.6 million at December 31, 2007 compared to \$25.1 million at December 31, 2006. Interest-bearing checking accounts, increased \$.2 million or .2%, to \$98.5 million at December 31, 2007 compared to \$98.3 million at December 31, 2006. The weighted average interest rate of total checking accounts, including both interest-bearing and non-interest bearing was .43% at December 31, 2007 compared to .42% the prior yearend. Savings and club accounts decreased \$10.0 million, or 5.4%, to \$176.0 million at December 31, 2007 compared to \$185.9 million at December 31, 2006. Savings and club accounts decreased in both 2007 and 2006 as depositors continue to move funds into certificates of deposit with higher yields. The weighted average interest rate of savings and club accounts at December 31, 2007 was .96% compared to .93% in the prior yearend. Certificates of deposit increased \$35.3 million, or 11.1%, to \$352.0 million at December 31, 2007, compared to \$316.7 million at December 31, 2006. The weighted average interest rate of certificates of deposit increased 29 basis points to 4.59% at December 31, 2007 compared to 4.30% at the prior year end. The weighted average interest rate on total deposits increased 29 basis points to 2.82% at December 31, 2007 compared to 2.53% at the prior year end. Fierce competition in our marketplace for deposits continued to be a challenge during 2007.

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Federal Home Loan Bank. Federal Home Loan Bank of New York advances increased \$21.1 million to \$28.9 million at December 31, 2007 compared to \$7.9 million at December 31, 2006. In October 2007, the Company borrowed \$23.0 million from the Federal Home Loan Bank of New York. The advance is for ten years, with a three year call, at 3.9% interest, with interest only paid quarterly. The Company has an additional advance with principal and interest payable at 4.49% maturing in September 2010 with a balance at December 31, 2007 of \$5.9 million compared to \$7.9 million at December 31, 2006.

Other Liabilities. Other liabilities increased \$1.2 million to \$6.0 million at December 31, 2007 compared to \$4.8 million at December 31, 2006. The increase was primarily due to increases in dividends payable, accounts payable, and accrued interest expense offset by a decrease in our pension liability.

Stockholders' equity. Stockholders' equity decreased \$16.4 million, or 6.9%, to \$218.3 million at December 31, 2007. The decrease was primarily a result of the repurchase of 1,343,956 shares of Company common stock under both a ten percent and a five percent repurchase plan for \$22.8 million, and \$2.1 million in dividends declared to minority shareholders. This decrease was partially offset by net income the allocation of ESOP shares and changes in other comprehensive income.

Comparison of Operating Results for the Years Ended December 31, 2007 and December 31, 2006

General. Net income for the year ended December 31, 2007 was \$7.2 million, an increase of \$2.0 million, or 38.5%, from \$5.2 million for the year ended December 31, 2006. The increase was primarily related to the contribution of \$3.4 million in 2006 to the Roma Bank Community Foundation, increases in net interest income of \$2.3 million, and non-interest income of \$0.6 million partially offset, by an increase in non-interest expense of \$2.5 million, after excluding the 2006 contribution to the Foundation.

43

Net Interest Income. Net interest income increased \$2.3 million, or 8.9%, to \$28.0 million compared to \$25.7 million for the year ended December 31, 2006. Our net interest rate spread decreased 9 basis points to 2.71%, compared to 2.80% the prior year. While there was a 37 basis point improvement in the average yield on interest-earning assets, which increased to 5.59% this year, from 5.22% last year, the average cost of interest bearing liabilities increased 46 basis points to 2.88% compared to 2.42% in the prior year.

Interest Income. Total interest income increased \$4.9 million, or 11.7%, to \$45.8 million for the year ended December 31, 2007 compared to \$40.9 million for the prior year. The improvement in interest income resulted from an increase in the yield on average interest-earning assets as well as an increase in the average balance of interest earning assets.

Interest income on loans increased \$2.7 million, or 10.9%, to \$27.4 million for the year ended December 31, 2007 compared to \$24.7 million for the prior year. The increase resulted from an increase of 8 basis points in the average yield on loans to 6.26%, as well as, an increase in the average balance of loans from \$400.5 million to \$438.2 million, an increase of \$37.7 million over 2006.

Interest income on mortgage-backed securities held to maturity decreased minimally from \$7.2 million in 2006 to \$7.0 million in 2007. The average yield on mortgage-backed securities held to maturity increased 16 basis

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

points to 5.01% compared to 4.85% in the prior year. This was offset by a \$7.2 million decrease in the average balance of mortgage-backed securities held to maturity to \$140.5 million compared to \$147.7 million for the prior year.

Interest income on investment securities available for sale and held to maturity increased \$1.4 million, or 20.0%, to \$8.4 million for the year ended December 31, 2007 compared to \$7.0 million for the prior year. The average yield on investment securities available for sale and held to maturity increased 99 basis points to 4.61%, compared to 3.62% in the prior year. The average balance of investment securities available for sale and held to maturity decreased \$11.3 million to \$181.2 million in 2007 compared to \$192.5 million in the prior year. The decrease in the average balance was primarily due to a large number of securities called in the last quarter of 2007.

Interest income on other interest-earning assets increased \$.9 million to \$2.9 million in 2007 compared to \$2.0 million in the prior year. The average yield on other interest-bearing assets increased 28 basis points to 5.01% in 2007 compared to 4.73% in the prior year. The average balance of other interest-bearing assets increased \$16.5 million to \$58.4 million in 2007 compared to \$41.9 million in 2006. To the extent that maturities and calls on mortgage-backed securities and investment securities available for sale and held to maturity were not utilized for loans they were invested in short-term overnight funds.

Interest Expense. Total interest expense increased \$2.6 million, or 12.6%, to \$17.8 million for the year ended December 31, 2007, compared to \$15.2 million in the prior year. The increase resulted from an increase in the average cost of interest-bearing liabilities. The average cost of interest-bearing liabilities increased 46 basis points to 2.88% compared to 2.42% in the prior year. The average balance of interest-bearing liabilities decreased \$11.2 million, or 1.8%, to \$617.5 million compared to \$628.7 million in the prior year.

44

Interest expense on deposits increased \$2.6 million, or 17.7%, to \$17.3 million in 2007, compared to \$14.7 million in 2006. Average interest-bearing demand deposits and the average cost of interest-bearing demand deposits remained relatively unchanged from year to year. Average savings and club accounts decreased \$27.7 million, or 13.3%, to \$180.6 million compared to \$208.4 million in the prior year. The average cost of interest-bearing savings and club accounts increased 12 basis points to .94% compared to .82% in the prior year. The average cost of interest-bearing certificates of deposits increased 60 basis points to 4.55%, compared to 3.95% in the prior year. The average balance of interest-bearing certificates of deposit increased \$16.3 million, or 5.2%, to \$331.9 million compared to \$315.6 million in 2006. The Company continued to experience in 2007 a shift of depositors funds from savings and club accounts into higher yielding certificates of deposit.

Interest expense on Federal Home Loan Bank of New York advances decreased \$17 thousand to \$463 thousand compared to \$482 thousand in the prior year. The average cost of borrowings decreased 26 basis points to 4.31% compared to 4.57% in the prior year. In late October 2007, the Company borrowed \$23.0 million in the form of a ten year advance with a three year call, interest only quarterly at 3.90%. The Company continued to make regular monthly principal and interest payments on its five year advance maturing in September 2010 with a rate of 4.49%.

Provision for Loan Losses. We charge provisions for loan losses to operations at a level required to reflect credit losses in the loan portfolio

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

that are both probable and reasonable to estimate. Management, in determining the allowance for loan losses, considers the losses inherent in the loan portfolio and changes in the nature and volume of our loan activities, along with the general economic and real estate market conditions. We utilize a three-tier approach: (1) identification of impaired loans and establishment of specific allowances on such loans; (2) establishment of general valuation allowances in the remainder of our loan portfolio, and (3) we establish a specific loan loss allowance for an impaired loan based on delinquency status, size of loan, type of collateral and/or appraisal of the underlying collateral and financial condition of the borrower. Management bases general loan loss allowances on a combination of factors including, but not limited to, actual loan loss experience, composition of loan portfolio, current economic conditions and management's judgment. The overall growth in the loan portfolio, particularly in commercial loans, is expected to result in higher provisions going forward.

The provision for loan losses increased \$201 thousand to \$492 thousand for the year ended December 31, 2007 compared to \$291 thousand in the prior year. During 2007, total loans increased \$42.6 million to \$472.7 million at December 31 2007 compared to \$430.1 million at December 31, 2006. The allowance for loan loss was .34% of total loans at December 31, 2007 compared to .27% in the prior year.

Management assesses the allowance for loan losses monthly. While management uses available information to recognize losses on loans, additional loan loss provisions in the future may be necessary based on changes in economic conditions. In addition, regulatory agencies, as an integral part of their periodic examinations, review the allowance for loan losses and may require us to record additional provisions based on their judgment of information available to them at the time of their examination.

Non-Interest Income. Non-interest income includes fees and service charges on loans, commissions on the sale of title insurance policies, bank-owned life insurance income, and other miscellaneous income. Non-interest income increased \$.6 million or 17.1%, to \$4.1 million in 2007 compared to \$3.5 million in the prior year.

Commissions on sale of title policies decreased minimally to \$1.3 million compared to \$1.4 million in the prior year, primarily due to the decline in the real estate market.

45

Fees and service charges on deposits and loans increased \$.5 million, or 69.6%, to \$1.3 million compared to \$.8 million in the prior year. Fees and service-charges on deposits increased \$300 thousand, or 42.3%, to \$1.0 million compared to \$700 thousand in the prior year. In August 2006 the Bank implemented an overdraft protection program. The increase in fees and services charges on deposits in 2007 is primarily due to that program generating income for a full year in 2007. Fees and service charges on loans increased \$200 thousand to \$300 thousand in 2007 compared to \$100 thousand in the prior year. The increase is primarily related to a \$100 thousand increase in late fees and a \$70 thousand increase in early payoff penalties and line of credit fees.

Income from bank-owned life insurance increased in 2007 primarily due to the purchase of \$2.0 million of additional policies in July of 2007.

Other non-interest income increased \$52 thousand to \$679 thousand in 2007 compared to \$627 thousand in the prior year.

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Non-Interest Expense. Non-interest expense decreased \$.9 million, or 3.8%, to \$20.3 million in 2007 compared to \$21.2 million in the prior year. The decrease was primarily due to the contribution of \$3.4 million in 2006 to the Roma Bank Community Foundation as part of our initial public offering. Excluding the contribution, non-interest income would have increased \$2.5 million.

Salaries and employee benefits increased \$1.6 million, or 15.5%, to \$11.9 million in 2007 compared to \$10.3 million in the prior year. The increase in salaries and employee benefits was primarily due to the following: (1) the opening of our Plumsted branch in January 2007; (2) staffing late in 2007 for our branch openings in Whiting and Bordentown, NJ in January 2008; (3) a full year of expense for the Roma Bank Employee Stock Ownership plan which was implemented in conjunction with our initial public offering in July 2006; and (4) consolidation of salary and related expenses of approximately \$.2 million for our 60% owned subsidiary, RomAsia, Inc. in organization.

Net occupancy expense of premises increased approximately \$197 thousand primarily due to the opening of the Plumsted branch in January 2007 and initial costs for our Whiting and Bordentown branches which opened in January 2008.

Equipment costs increased \$194 thousand to \$1.7 million for the year ended December 31, 2007 compared to \$1.5 million in the prior year. The increase was primarily due to general overall increases in costs plus the additional branches.

Data processing costs, advertising and Federal Insurance Premium expense increased \$56 thousand to \$2.3 million compared to \$2.1 million in the prior year.

Charitable contributions decreased \$3.5 million from year to year primarily because of the contribution in 2006 to the Foundation.

Other non-interest expense increased \$.5 million to \$2.6 million in 2007 compared to \$2.1 million in the prior year. The increase is primarily related to \$.4 million in consolidated costs from the Company's 60% owned subsidiary RomAsia, Inc.

46

Provision for Income Taxes. The provision for income taxes increased \$1.7 million to \$4.1 million in 2007 compared to \$2.4 million in the prior year. The increase is primarily due to increased pre-tax income and the decreased portion of income coming from tax-exempt sources.

Comparison of Operating Results for the Years Ended December 31, 2006 and December 31, 2005

General. Net income for the year ended December 31, 2006 was \$5.2 million, a decrease of \$2.3 million or 30.7%, from \$7.5 million for the year ended December 31, 2005. The decrease related primarily to the \$3.4 million contribution that the Company made to the Foundation. The increase of \$1.9 million in net interest income and \$544 thousand in non-interest income was offset by a \$6.1 million increase in non-interest expense, which included the contribution to the Foundation.

Net Interest Income. Net interest income increased \$1.9 million, or 7.6%, to \$25.7 million for the year ended December 31, 2006, compared to \$23.7 million in the prior year. Our net interest rate spread decreased 29 basis points to 2.80%, compared to 3.09% the prior year. Despite a 32 basis point improvement in the average yield on interest-earning assets, which increased to

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

5.22% this year from 4.90% last year, the net interest rate spread decreased due to a 61 basis point increase in the average cost of interest-bearing liabilities to 2.42% this year compared to 1.81% last year.

Interest Income. Total interest income increased \$6.2 million, or 17.6%, to \$40.9 million, compared to \$34.6 million in the prior year. The improvement in interest income resulted from an increase in the yield on average interest-earning assets as well as an increase in the average balance of interest-earning assets.

Interest income on loans increased \$4.1 million, or 19.8%, to \$24.7 million for the year ended December 31, 2006, compared to \$20.7 million in the prior year. The increase resulted from both an increase of 27 basis points in average loan yield to 6.18% and an increase in the average balance of loans from \$349.8 million to \$400.5 million, an increase of \$50.7 million year over year.

Interest income on mortgage-backed securities held to maturity increased minimally and was \$7.2 million in both years. The average yield on mortgage-backed securities held to maturity increased 10 basis points to 4.85% compared to 4.75% the prior year. This was offset by a decrease of \$2.9 million in the average balance of mortgage-backed securities held to maturity to \$147.7 million, compared to \$150.6 million the prior year.

Interest income on investment securities available for sale and held to maturity increased \$900 thousand, or 13.8%, to \$7.0 million, compared to \$6.1 million in the prior year. The average yield on investment securities available for sale and held to maturity increased 28 basis points to 3.62%, compared to 3.34% the prior year. The average balance of investment securities available for sale and held to maturity increased \$9.1 million to \$192.5 million, at December 31, 2006, compared to \$183.4 million the prior year.

Interest income on other interest-earning assets increased \$1.3 million or 190.0%, to \$2.0 million, compared to \$700 thousand in the prior year. The increase was primarily due to the investment of a portion of the proceeds from our initial public offering in interest-bearing deposits in overnight funds. The average balance of other interest-earning assets increased \$19.3 million or 85.4%, to \$41.9 million for 2006, compared to \$22.6 million in the prior year. The increase was also due to a 171 basis point increase in the average yield on other interest-earning assets to 4.73% compared to 3.02% last year resulting from an increase in short term interest rates.

47

Interest Expense. Total interest expense increased \$4.3 million, or 39.3%, to \$15.2 million for the year ended December 31, 2006, compared to \$10.9 million for the year ended December 31, 2005. The increase resulted from an increase in the average cost of interest-bearing liabilities as well as an increase in the balance of average interest-bearing liabilities from year to year. The average cost of interest-bearing liabilities increased 61 basis points to 2.42% for the year ended December 31, 2006 compared to 1.81% in the prior year. The average balance of interest-bearing liabilities increased \$26.4 million or 4.4%, to \$628.7 million in 2006, compared to \$602.3 million in the prior year.

Interest expense on deposits increased \$4.0 million or 36.9% to \$14.7 million in 2006, compared to \$10.7 million in 2005. Average interest-bearing demand deposits decreased \$6.0 million to \$94.2 million while their average cost increased 6 basis points to 0.54%. Average savings and club accounts decreased \$11.0 million, or 5.0%, to \$208.4 million compared to \$219.4 million in the prior year. The average cost of savings and club accounts decreased 9 basis

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

points to 0.82%. The average balance of certificates of deposit increased \$36.6 million, or 13.1%, to \$315.6 million, compared to \$279.0 million the prior year. The average cost of interest-bearing certificates of deposit increased 98 basis points to 3.95%, compared to 2.97% the prior year. Management was challenged during 2006 to balance the rate of attrition in all deposit categories while mitigating increases in the cost of funds.

Interest expense on Federal Home Loan Bank of New York (FHLBNY) advances increased \$300 thousand or 203.1% to \$500 thousand during 2006 compared to \$200 thousand in the prior year. The average balance of advances increased \$6.9 million to \$10.5 million, compared to \$3.7 million in 2005. The average cost of borrowings increased 27 basis points to 4.57% compared to 4.30% in the prior year. In September of 2005 the Company borrowed \$10.0 million from the FHLBNY in the form of a five year advance at a rate of 4.49%. During both years, management utilized overnight and short-term lines of credit with the FHLBNY to meet liquidity needs. There were no outstanding borrowings under the line of credit at year end for either 2006 or 2005.

Provision for Loan Losses. We charge provisions for loan losses to operations at a level required to reflect credit losses in the loan portfolio that are both probable and reasonable to estimate. Management, in determining the allowance for loan losses, considers the losses inherent in the loan portfolio and changes in the nature and volume of our loan activities, along with the general economic and real estate market conditions. We utilize a three-tier approach: (1) identification of impaired loans and establishment of specific allowances on such loans; (2) establishment of general valuation allowances in the remainder of our loan portfolio, and (3) we establish a specific loan loss allowance for an impaired loan based on delinquency status, size of loan, type of collateral and/or appraisal of the underlying collateral and financial condition of the borrower. Management bases general loan loss allowances on a combination of factors including, but not limited to, actual loan loss experience, composition of loan portfolio, current economic conditions and management's judgment. The overall growth in the loan portfolio, particularly in commercial loans, is expected to result in higher provisions going forward.

The provision for loan losses increased \$163 thousand to \$291 thousand for the year ended December 31, 2006 compared to \$128 thousand for the prior year. During 2006 total loans increased \$42.6 million to \$430.1 million at December 31, 2006, compared to \$387.5 million the prior year. The allowance for loan losses was 0.27% of total loans at December 31, 2006, compared to 0.23% at December 31, 2005.

48

Management assesses the allowance for loan losses monthly. While management uses available information to recognize losses on loans, additional loan loss provisions in the future may be necessary based on changes in economic conditions. In addition, regulatory agencies, as an integral part of their periodic examinations, review the allowance for loan losses and may require us to record additional provisions based on their judgment of information available to them at the time of their examination.

Non-Interest Income. Non-interest income includes fees and service charges generated from loans and deposits, commissions on the sale of title insurance policies, bank-owned-life-insurance income, and other miscellaneous income. Non-interest income increased \$544 thousand or 18.7%, to \$3.5 million in 2006 compared to \$2.9 million in the prior year.

Commissions on sales of title insurance policies increased \$202

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

thousand to \$1.4 million in 2006. The Bank acquired General Abstract & Title Agency in March 2005.

Fees and service charges on deposits increased \$300 thousand or 81.2% to \$700 thousand in 2006. In August 2006 the Bank implemented an overdraft protection program. This program was principally responsible for the increase.

Fees and service charges on loans increased minimally from year to year, primarily related to an overall increase in our loan portfolio.

Other non-interest income increased \$37 thousand to \$1.32 million this year, compared to \$1.29 million in 2005.

**Non-Interest Expense.** Non-interest expense increased \$6.1 million, or 40.3 %, to \$21.2 million in 2006 compared to \$15.1 million in 2005. Included in non-interest expense is a \$3.4 million contribution to the Foundation as part of our initial public offering. The increase from year-to-year in non-interest expense, excluding this one-time contribution, was \$2.6 million or 17.4% compared to the prior year.

Salaries and employee benefits increased \$1.7 million, or 19.6%, to \$10.3 million for the year ended December 31, 2006 compared to \$8.6 million in 2005. The increase in salaries and employee benefits was primarily due to the following: (1) the opening of our corporate headquarters and new main office in September 2005, with 2006 reflecting a full year of expense for this facility; (2) the opening of a new branch in January 2007; (3) a full year of General Abstract salaries in 2006 compared to nine months in 2005; and (4) the implementation of the Roma Bank Employee Stock Ownership Plan in connection with our initial public offering in July 2006.

Net occupancy expense increased \$500 thousand, or 43.5%, to \$1.7 million in 2006 compared to \$1.2 million in 2005. The increase in this category is primarily due to the full year of operations in our corporate headquarters and new main office, which opened in September 2005.

Equipment costs increased \$300 thousand to \$1.5 million for the year ended December 31, 2006 compared to \$1.2 million for the year ended December 31, 2005. The increase in this category is also primarily associated with the full year of operations in the corporate headquarters and new office in 2006.

Data processing costs, advertising and Federal Insurance Premium expense in the aggregate decreased \$53,000 between years, or 2.3%. This minimal decrease was primarily due to decreased telecommunication and monthly service charges from our core processor.

49

Other non-interest expense increased \$400 thousand, or 22%, to \$2.1 million for 2006. Insurance expense increased \$62 thousand and fees related to the audit and Sarbanes-Oxley Section 404 compliance increased \$140 thousand. These increases are related to our becoming a public company during 2006.

**Provision for Income Taxes.** The provision for income taxes decreased \$1.4 million to \$2.4 million for the year ended December 31, 2006, compared to \$3.8 million in the prior year. The decrease in income tax expense resulted from the impact on net income of the contribution to the Foundation.

50



Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Average Balance Sheet. The average yields and costs shown in the following table are derived by dividing income or expense by the daily average balance of assets or liabilities, respectively, for the periods presented. No tax equivalent adjustments have been made.

	At December 31,		For the Year Ended Dec				
	2007		2007		2006		
	Actual Balance	Actual Yield/ Cost	Average Balance	Interest	Average Yield/ Cost	Average Balance	Interest
	(Dollars in thousands)						
Interest-earning assets:							
Loans receivable, net (1)	\$458,873	6.26%	\$438,187	\$27,446	6.26%	\$400,486	\$24,748
Mortgage-backed securities held to maturity	144,099	5.24	140,499	7,041	5.01	147,727	7,166
Investment securities: (2)							
Tax-exempt	14,551	4.98	12,335	538	4.36	11,450	503
Taxable	130,393	5.12	168,844	7,818	4.63	181,038	6,468
Other interest-earning assets (3)	90,830	3.93	58,403	2,926	5.01	41,932	1,984
Total interest-earning assets	838,746	5.61	818,268	45,769	5.59	782,633	40,869
Non-interest-earning assets	68,368		64,081			59,532	
Total assets	907,114		882,349			\$842,165	
Interest-bearing liabilities:							
Interest-bearing demand	98,481	0.54	94,239	515	0.55	\$ 94,204	\$512
Savings and club	175,972	0.96	180,645	1,691	0.94	208,364	1,717
Certificates of deposit	351,966	4.59	331,859	15,114	4.55	315,613	12,479
Federal Home Loan Bank borrowings	28,940	4.02	10,734	463	4.31	10,548	482
Total interest-bearing liabilities	655,359	2.98	617,477	17,783	2.88	628,729	15,190
Non-interest-bearing liabilities	32,973		33,319			32,140	
Total liabilities	688,332		650,796			660,869	
Minority interest	479		479			-	
Stockholders' equity	218,303		231,074			181,296	
Total liabilities and stockholders' equity	\$907,114		\$882,349			\$842,165	
Net interest income				\$27,986			\$25,679
Interest rate spread (4)		2.63%			2.71%		
Net yield on interest-							

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

earning assets (5)		3.42%
		=====
Ratio of average interest		
-earning assets		
to average interest-		
bearing liabilities	1.33x	1.24x
	=====	=====

- (1) Non-accruing loans have been included in loans receivable, and the effect of such inclusion was not material.
- (2) Includes both available for sale and held to maturity securities.
- (3) Includes interest-bearing deposits at other banks, federal funds purchased and Federal Home Loan Bank of New York capital stock.
- (4) Interest rate spread represents the difference between the average yield on interest-earning assets and the average cost of interest-bearing liabilities.
- (5) Net yield on interest-earning assets represents net interest income as a percentage of average interest-earning assets.

51

Rate/Volume Analysis.

The following table reflects the sensitivity of our interest income and interest expense to changes in volume and in prevailing interest rates during the periods indicated. Each category reflects the: (1) changes in volume (changes in volume multiplied by old rate); (2) changes in rate (changes in rate multiplied by old volume): and (3) net change. The net change attributable to the combined impact of volume and rate has been allocated proportionally to the absolute dollar amounts of change in each.

	Year Ended December 31, 2007 vs. 2006			Year Ended December 31, 2006 vs. 2005	
	Increase (Decrease) Due To			Increase (Decrease) Due To	
	Volume	Rate	Net	Volume	Rate
	-----				
	(In thousands)				
Interest and dividend income:					
Loans receivable	\$ 2,344	\$ 354	\$ 2,698	\$ 3,145	\$ 9,145
Mortgage-backed securities, held to maturity	(357)	232	(125)	(147)	1,145
Investment securities:					
Tax-exempt	38	(3)	35	28	(1)
Taxable	(460)	1,810	1,350	294	5,145
Other interest earnings assets	819	123	942	913	3,145
	-----	-----	-----	-----	-----
Total interest-earning assets	\$ 2,384	\$ 2,516	\$ 4,900	\$ 4,233	\$ 20,000
	=====	=====	=====	=====	=====
Interest expense:					
Interest-bearing demand	\$ -	\$ 3	\$ 3	\$ (28)	\$ (1)
Savings and club	(251)	225	(26)	(100)	(1)
Certificates of deposit	667	1,967	2,634	1,094	3,145
Advances from Federal Home Loan Bank	9	(27)	(18)	313	
	-----	-----	-----	-----	-----

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Total interest-bearing liabilities	\$ 425	\$ 2,168	\$ 2,593	\$ 1,279	\$ 3,0
	=====	=====	=====	=====	=====
Change in net interest income	\$ 1,959	\$ 348	\$ 2,307	\$ 2,954	\$ (1,0
	=====	=====	=====	=====	=====

52

Liquidity, Commitments and Capital Resources

The Bank's liquidity, represented by cash and cash equivalents, is a product of its operating, investing and financing activities. The Bank's primary sources of funds are deposits, amortization, prepayments and maturities of mortgage-backed securities and outstanding loans, maturities of investment securities and funds provided from operations. In addition, the Bank invests excess funds in short-term interest-earnings assets such as overnight deposits or U.S. agency securities, which provide liquidity to meet lending requirements. While scheduled payments from the amortization of loans and mortgage-backed securities and maturing investment securities and short-term investments are relatively predictable sources of funds, general interest rates, economic conditions and competition greatly influence deposit flows and prepayments on loans and mortgage-backed securities.

The Bank is required to have enough investments that qualify as liquid assets in order to maintain sufficient liquidity to ensure a safe operation. Liquidity may increase or decrease depending upon the availability of funds and comparative yields on investments in relation to the return on loans. The Bank attempts to maintain adequate but not excessive liquidity, and liquidity management is both a daily and long-term function of business management.

The Bank reviews cash flow projections regularly and updates them in order to maintain liquid assets at levels believed to meet the requirements of normal operations, including loan commitments and potential deposit outflows from maturing certificates of deposit and savings withdrawals. At December 31, 2007, the Bank had outstanding commitments to originate loans of \$4.4 million, and unused lines of credit of \$58.3 million. Certificates of deposit scheduled to mature in one year or less at December 31, 2007 totaled \$269.6 million.

While deposits are the Bank's primary source of funds, the Bank also generates cash through borrowings from the Federal Home Loan Bank of New York (the "FHLBNY"). The Bank has traditionally enjoyed cash flows from deposit activities that were sufficient to meet its day-to-day funding obligations and only occasionally used its overnight line of credit or borrowing facility with the FHLBNY. At various times during 2007, 2006 and 2005 the Bank used its overnight line of credit at the FHLBNY to meet daily operations. In the third quarter of 2005, the Bank took a five year advance from the FHLBNY to meet the strong demand for loans. In October of 2007, the Bank borrowed \$23.0 million from the FHLBNY at 3.90%, interest only quarterly, for ten years with a three year call. At December 31, 2007, the Bank's borrowing limit with the FHLBNY was \$164.1 million.

53

The following table discloses our contractual obligations and commitments as of December 31, 2007.

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

	Total	Less Than 1 Year	1-3 Years	4-5 Years	After 5 years
	-----	-----	-----	-----	-----
			(In thousands)		
Federal Home Loan Bank borrowings	\$28,940	\$ 2,011	\$ 3,929	\$ -	\$ 23,000
	=====	=====	=====	=====	=====

	Total Amounts Committed	Less Than 1 Year	1-3 Years	4-5 Years	Over 5 years
	-----	-----	-----	-----	-----
			(In thousands)		
Lines of credit (1)	\$58,301	\$58,301	\$ -	\$ -	\$ -
Construction loans in process	12,037	12,037	-	-	-
Other commitments to extend credit	4,362	4,362	-	-	-
	-----	-----	-----	-----	-----
Total	\$74,700	\$74,700	\$ -	\$ -	\$ -
	=====	=====	=====	=====	=====

(1) Represents amounts committed to customers

The Bank has 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 December 31, 2007:

Years Ended December 31:		(in thousands)
2008		\$ 184
2009		185
2010		186
2011		188
2012		192
Thereafter		2,571
		-----
Total Minimum Payments Required		\$3,506
		=====

Consistent with its goals to operate a sound and profitable financial organization, the Bank actively seeks to maintain its status as a well-capitalized institution in accordance with regulatory standards. As of December 31, 2007, the Bank exceeded all capital requirements of the Office of Thrift Supervision (The "OTS").

Off-Balance Sheet Arrangements

We are a party to financial instruments with off-balance-sheet risk in the normal course of our business of investing in loans and securities as well as in the normal course of maintaining and improving the Bank's facilities.

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

These financial instruments include significant purchase commitments, such as commitments related to capital expenditure plans and commitments to purchase investment securities or mortgage backed securities, and commitments to extend credit to meet the financial needs of our customers. At December 31, 2007, we had no significant off-balance sheet commitments.

54

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Our exposure to credit loss in the event of non-performance by other party to the financial instrument for commitments to extend credit is represented by the contractual notional amount of those instruments. We use the same credit policies in making commitments and conditional obligations as we do for on-balance-sheet instruments. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. For additional information regarding our outstanding lending commitments at December 31, 2007, see Note 13 to the consolidated financial statements contained in this Annual Report on Form 10-K.

### Impact of Inflation

The financial statements included in this document have been prepared in accordance with accounting principles generally accepted in the United States of America. These principles require the measurement of financial position and operating results in terms of historical dollars, without considering changes in the relative purchasing power of money over time due to inflation.

Our primary assets and liabilities are monetary in nature. As a result, interest rates have a more significant impact on our performance than the effects of general levels of inflation. Interest rates, however, do not necessarily move in the same direction or with the same magnitude as the price of goods and services, since such prices are affected by inflation. In a period of rapidly rising interest rates, the liquidity and maturities of our assets and liabilities are critical.

The principal effect of inflation on earnings, as distinct from levels of interest rates, is in the area of non-interest expense. Expense items such as employee compensation, employee benefits and occupancy and equipment costs may be subject to increases as a result of inflation. An additional effect of inflation is the possible increase in the dollar value of the collateral securing loans that we have made. We are unable to determine the extent, if any, to which properties securing our loans have appreciated in dollar value due to inflation.

### Recent Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes--an interpretation of FASB Statement No. 109" (FIN 48), which clarifies the accounting for uncertainty in tax positions. This Interpretation requires that companies recognize in their financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The provisions of FIN 48 are effective for fiscal years beginning after December 15, 2006, with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. We are currently evaluating the impact of adopting FIN 48 on our financial statements.

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

In September 2006, the FASB issued FASB Statement No. 157, Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value under GAAP, and expands disclosures about fair value measurements. FASB Statement No. 157 applies to other accounting pronouncements that require or permit fair value measurements. The new guidance is effective for financial statements issued for fiscal years beginning after November 15, 2007, and for interim periods within those fiscal years. We are currently evaluating the potential impact, if any, of the adoption of FASB Statement No. 157 on our consolidated financial position, results of operations and cash flows.

55

In September of 2006, the SFAS issued FASB 158, "Employers' Accounting for Defined Benefit Pension and other Postretirement Plans" which required that an employer that sponsors one more single-employer defined benefit plans to recognize the funded status of a benefit plan, measured as the difference between plan assets at fair value and the benefit obligation in the statement of financial position. The statement also required the recognition as a component of other comprehensive income, net of tax, the gains or losses and prior service costs or credits as they arise. The statement is effective for fiscal years ending after December 15, 2006. Accordingly, FASB 158 adjustments are reflected in these financial statements.

In February of 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-Including an amendment of FASB Statement No. 115." SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be recognized in earnings at each subsequent reporting date. SFAS No. 159 is effective for our Company on January 1, 2008. The Company is evaluating the impact that the adoption of SFAS no. 159 will have on our consolidated financial statements.

In March 2007, the FASB ratified EITF Issue No. 06-11, "Accounting for Income Tax benefits of Dividends on Share-Based Payment Awards." EITF 06-11 requires companies to recognize the income tax benefit realized from dividends or dividend equivalents that are charged to retained earnings and paid to employees for nonvested equity-classified employee share-based payment awards as an increase to additional paid-in capital. EITF 06-11 is effective for fiscal years beginning after September 15, 2007. The Company does not expect EITF 06-11 will have a material impact on its financial position, results of operations or cash flows.

In March 2007, the FASB ratified Emerging Issues Task Force Issue No. 06-19 "Accounting for Collateral Assignment Split-Dollar Life Insurance Agreements" (EITF 06-10). EITF 06-10 provides guidance for determining a liability for the postretirement benefit obligation as well as recognition and measurement of the associated asset on the basis of the terms of the collateral assignment agreement. EITF 06-10 is effective for fiscal years beginning December 15, 2007. The Company is currently assessing the impact of EITF 06-10 on its consolidated financial position and results of operations.

On September 7, 2006, the Task Force reached a conclusion on EITF Issue No. 06-5, "Accounting for Purchases of Life Insurance - Determining the Amount That Could Be Realized in Accordance with FASB Technical Bulletin No. 85-4, Accounting for Purchases of Life Insurance ("EITF 06-5"). The scope of EITF 06-5 consists of six separate issues relating to accounting for life insurance policies purchased by entities protecting against the loss of "key persons." The six issues are clarifications of previously issued guidance on FASB Technical

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Bulletin No. 85-4. EITF 06-5 is effective for fiscal years beginning after December 15, 2006. The adoption of EITF Issue No. 06-05 did not have a material effect on the consolidated financial statements.

In May 2007, the FASB issued FASB FSP FIN 48-1 "Definition of Settlement in FASB Interpretation No. 48". FSP FIN 48-1 provides guidance on how to determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits. FSP FIN 48-1 is effective retroactive to January 1, 2007. The adoption of FSB FUB 48-1 did not have a material impact on the consolidated financial position, results of operations or cash flows.

FASB statement No. 141 (R) "Business Combinations" was issued in December of 2007. This Statement establishes principles and requirements for how the acquirer of a business recognizes and measures

56

in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. The Statement also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The guidance will become effective as of the beginning of a company's fiscal year beginning after December 15, 2008. This new pronouncement will impact the Company's accounting for business combinations completed beginning January 1, 2009.

FASB statement No. 160 "Noncontrolling Interests in Consolidated Financial Statements--an amendment of ARB No. 51" was issued in December of 2007. This Statement establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. The guidance will become effective as of the beginning of a company's fiscal year beginning after December 15, 2008. The Company is currently evaluating the potential impact the new pronouncement will have on its consolidated financial statements.

Staff Accounting Bulletin No. 110 (SAB 110) amends and replaces Question 6 of Section D.2 of Topic 14, "Share-Based Payment," of the Staff Accounting Bulletin series. Question 6 of Section D.2 of Topic 14 expresses the views of the staff regarding the use of the "simplified" method in developing an estimate of expected term of "plain vanilla" share options and allows usage of the "simplified" method for share option grants prior to December 31, 2007. SAB 110 allows public companies which do not have historically sufficient experience to provide a reasonable estimate to continue use of the "simplified" method for estimating the expected term of "plain vanilla" share option grants after December 31, 2007. SAB 110 is effective January 1, 2008.

Staff Accounting Bulletin No. 109 (SAB 109), "Written Loan Commitments Recorded at Fair Value Through Earnings" expresses the views of the staff regarding written loan commitments that are accounted for at fair value through earnings under generally accepted accounting principles. To make the staff's views consistent with current authoritative accounting guidance, the SAB revises and rescinds portions of SAB No. 105, "Application of Accounting Principles to Loan Commitments." Specifically, the SAB revises the SEC staff's views on incorporating expected net future cash flows related to loan servicing activities in the fair value measurement of a written loan commitment. The SAB retains the staff's views on incorporating expected net future cash flows related to internally-developed intangible assets in the fair value measurement of a written loan commitment. The staff expects registrants to apply the views

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

in Question 1 of SAB 109 on a prospective basis to derivative loan commitments issued or modified in fiscal quarters beginning after December 15, 2007. The Company does not expect SAB 109 to have a material impact on its financial statements.

In December 2007, the FASB issued proposed FASB Staff Position (FSP) 157-b, "Effective Date of FASB Statement No. 157," that would permit a one-year deferral in applying the measurement provisions of Statement No. 157 to non-financial assets and non-financial liabilities (non-financial items) that are not recognized or disclosed at fair value in an entity's financial statements on a recurring basis (at least annually). Therefore, if the change in fair value of a non-financial item is not required to be recognized or disclosed in the financial statements on an annual basis or more frequently, the effective date of application of Statement 157 to that item is deferred until fiscal years beginning after November 15, 2008 and interim periods within those fiscal years. This deferral does not apply, however, to an entity that applies Statement 157 in interim or annual financial statements before proposed FSP 157-b is finalized. The Company is currently evaluating the impact, if any, that the adoption of FSP 157-b will have on the Company's operating income or net earnings.

57

### Item 7A. Quantitative and Qualitative Disclosures About Market Risk

-----

#### Management of Interest Rate Risk and Market Risk

**Qualitative Analysis.** Because the majority of our assets and liabilities are sensitive to changes in interest rates, a significant form of market risk for us is interest rate risk, or changes in interest rates.

We derive our income mainly from the difference or "spread" between the interest earned on loans, securities and other interest-earning assets, and interest paid on deposits, borrowings and other interest-bearing liabilities. In general, the larger the spread, the more we earn. When market rates of interest change, the interest we receive on our assets and the interest we pay on our liabilities will fluctuate. This can cause decreases in our spread and can adversely affect our income.

The rates that we earn on our assets are generally fixed for a contractual period of time. We, like many savings institutions, have liabilities that have generally shorter contractual maturities than our assets, such as certificates of deposit, or have no stated maturity, such as savings and money market deposits. This imbalance can create significant volatility because market interest rates change over time. In a period of rising interest rates, the interest income earned on our assets, which consist primarily of long-term fixed rate securities, may not increase as rapidly as the interest paid on our liabilities.

While the federal funds rate and other short-term market interest rates, which we use as a guide to our deposit pricing, have increased, intermediate-and long-term market interest rates, which we use as a guide to our loan pricing, have not increased proportionately. This has led to a "flattening" of the market yield curve, which has even "inverted" as short-term rates have exceeded long-term rates over an intermediate maturity horizon. The flat yield curve has hurt our interest rate spread and net interest margin because the interest rates we pay on our deposits have repriced upwards faster than the interest rates that we earn on our loans and investments. If short-term interest rates continue to rise so that the yield curve remains relatively flat or



## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

inverts further, we would expect that our new interest spread and net interest margin would continue to compress, which would hurt our net interest income.

A failing rate environment would result in a decrease in rates we pay on deposits and borrowings, but the decrease in the cost of our funds may not be as great as the decrease in the yields on our loan portfolio and mortgage-backed securities and loan portfolios. This could cause a narrowing of our net interest rate spread and could cause a decrease in our earnings.

Quantitative Analysis. The following table presents the Bank's net portfolio value as of December 31, 2007. The net portfolio values shown in this table were calculated by the Office of Thrift Supervision, based on information provided by the Bank.

Net Portfolio Value		December 31, 2007		Net Portfolio Value
Changes in rate	\$ Amount	\$ Change	% Change	as % of Present Value of Net Portfolio Value Ratio
+300 bp	172,308	-32,928	(16)%	20.11%
+200 bp	184,422	-20,814	(10)%	21.11%
+100 bp	195,872	-9,364	(5)%	22.00%
0 bp	205,236	-	-	22.89%
-100 bp	210,986	5,720	3 %	23.01%

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

58

Future interest rates or their effect on net portfolio value or net interest income are not predictable. Computations of prospective effects of hypothetical interest rate changes are based on numerous assumptions, including relative levels of market interest rates, prepayments, and deposit run-offs, and should not be relied upon as indicative of actual results. Certain shortcomings are inherent in this type of computation. Although certain assets and liabilities may have similar maturity or periods of repricing, they may react in different times and in different degrees to changes in the market interest rates. The interest rate on certain types of assets and liabilities, such as demand deposits and savings accounts, may fluctuate in advance of changes in market interest rates, while rates on other types of assets and liabilities may lag behind changes in market interest rates. Certain assets, such as adjustable rate mortgages, generally have features which restrict changes in interest rates on a short-term basis and over the life of the asset. In the event of a change in interest rates, prepayments and early withdrawal levels could deviate significantly from those assumed in making calculations set forth above. Additionally, an increased credit risk may result as the ability of many borrowers to service their debt may decrease in the event of an interest rate increase.

Notwithstanding the discussion above, the quantitative interest rate analysis presented above indicates that a rapid increase in interest rates would adversely affect our net interest margin and earnings.

Item 8. Financial Statements and Supplementary Data

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

-----  
The Company's financial statements and supplementary data are contained in this Annual Report on Form 10-K immediately following Item 15.

### Item 9. Changes in and Disagreements with Accountants on Accounting and ----- Financial Disclosure -----

Not applicable.

### Item 9A. Controls and Procedures -----

#### (a) Disclosure 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 December 31, 2007. 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 December 31, 2007.

#### (b) Internal Control Over Financial Reporting

1. Management's Annual Report on Internal Control Over Financial Reporting.

Management's report on the Company's internal control over financial reporting appears in the Company's financial statements that are contained in this Annual Report on Form 10-K immediately following Item 15. Such report is incorporated herein by reference.

2. Report of Independent Registered Public Accounting Firm.

The report of Beard Miller Company LLP on the Company's internal control over financial

59

reporting appears in the Company's financial statements that are contained in this Annual Report on Form 10-K immediately following Item 15. Such report is incorporated herein by reference.

3. Changes in Internal Control Over Financial Reporting.

During the last quarter of the year under report, there was no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

### Item 9B. Other Information -----

None.

PART III

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

### Item 10. Directors, Executive Officers and Corporate Governance

---

The information contained under the sections captioned "Proposal I -- Election of Directors" and "Additional Information About Directors and Executive Officers" in the definitive Proxy Statement for the 2008 Annual Meeting of Stockholders ("Proxy Statement") is incorporated herein by reference.

### Item 11. Executive Compensation

---

The information contained under the sections captioned "Compensation Discussion and Analysis," "Executive Compensation" and "Director Compensation" in the Proxy Statement is incorporated herein by reference.

### Item 12. Security Ownership of Certain Beneficial Owners and Management

---

(a) Security Ownership of Certain Beneficial Owners

Information required by this item is incorporated herein by reference to the Section captioned "Voting Securities and Principal Holders Thereof -- Security Ownership of Certain Beneficial Owners" of the Proxy Statement.

(b) Security Ownership of Management

Information required by this item is incorporated herein by reference to the sections captioned "Voting Securities and Principal Holders Thereof -- Security Ownership of Certain Beneficial Owners" and "Proposal I -- Election of Directors" of the Proxy Statement.

(c) Changes in Control

Management of the Company knows of no arrangements, including any pledge by any person of securities of the Company, the operation of which may at a subsequent date result in a change in control of the registrant.

(d) Securities Authorized for Issuance Under Equity Compensation Plans

None.

60

### Item 13. Certain Relationships and Related Transactions, and Director Independence

---

The information required by this item is incorporated herein by reference to the section captioned "Additional Information About Directors and Executive Officers" of the Proxy Statement.

### Item 14. Principal Accounting Fees and Services

---

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

The information called for by this item is incorporated herein by reference to the section entitled "Principal Accounting Fees and Services" in the Proxy Statement.

### PART IV

#### Item 15. Exhibits and Financial Statement Schedules

-----

(a) Listed below are all financial statements and exhibits filed as part of this report, and are incorporated by reference.

1. The consolidated statements of financial condition of Roma Financial Corporation and subsidiary as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the years in the three year period ended December 31, 2007, together with the related notes and the Independent Registered Public Accounting Firms auditors' report of Beard Miller Company LLP.
2. Schedules omitted as they are not applicable.
3. Exhibits

The following Exhibits are filed as part of this report:

- |      |  |
|------|--|
| 3.1  | Charter of Roma Financial Corporation *                                  |
| 3.2  | Bylaws of Roma Financial Corporation*                                    |
| 4    | Stock Certificate of Roma Financial Corporation*                         |
| 10.1 | Employment Agreement between Roma Bank and Maurice T. Perilli*           |
| 10.2 | Form of Supplemental Executive Retirement Agreement*                     |
| 10.3 | Form of Phantom Stock Appreciation Rights Agreement*                     |
| 21   | Subsidiaries of the Registrant   |
| 23   | Consent of Beard Miller Company LLP                                      |
| 31   | Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32   | Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002  |

-----  
\* Incorporated by reference to the Registrant's Form S-1 Registration Statement No. 333-132415.

[ROMA FINANCIAL CORPORATION LETTERHEAD]

February 28, 2008

Beard Miller Company LLP  
55 US Highway 46 East  
PO Box 676  
Pine Brook, NJ 07058

RE: Management Report on Internal Control over Financial Reporting

The management of Roma Financial Corp. and Subsidiaries (collectively the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control system is a process designed to provide reasonable assurance to the management and board of

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

directors regarding the preparation and fair presentation of published consolidated financial statements.

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurances that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on our consolidated financial statements.

All internal control systems, no matter how well designed, have inherent limitation. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to consolidated financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of internal control over financial reporting as of December 31, 2007. In making this assessment, we used the criteria set for the by The Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework. Based on our assessment, we believe that, as of December 31, 2007, the Company's internal control over financial reporting is effective based on those criteria.

The Company's independent registered public accounting firm that audited the consolidated financial statements has issued an audit report on our assessment of, and the effective operation of, the Company's internal control over financial reporting as of December 31, 2007.

/s/ Peter A. Inverso  
Peter A. Inverso  
President & CEO

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

[BMC LOGO]

Report of Independent Registered Public Accounting Firm

To the Board of Directors and  
Stockholders of Roma Financial Corporation

We have audited Roma Financial Corporation's (the "Company") internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Controls. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Roma Financial Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial condition and the related consolidated statements of income, changes in stockholders' equity, and cash flows of Roma Financial Corporation and subsidiaries, and our report dated February 28, 2008, expressed an unqualified opinion.

/s/Beard Miller Company LLP

Beard Miller Company LLP  
Pine Brook, New Jersey  
February 28, 2008

# Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

[BMC LOGO]

Report of Independent Registered Public Accounting Firm

To the Board of Directors and  
Stockholders of Roma Financial Corporation

We have audited the accompanying consolidated statements of financial condition of Roma Financial Corporation and subsidiaries (the "Company") as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2007. The Company's management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Roma Financial Corporation and subsidiaries as of December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Roma Financial Corporation's internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 28, 2008, expressed an unqualified opinion.

As discussed in Note 1, the Company changed its method of accounting for Defined Benefit Pension and Other Postretirement Plans in 2006.

/s/Beard Miller Company LLP

Beard Miller Company LLP  
Pine Brook, New Jersey  
February 28, 2008

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Roma Financial Corporation and Subsidiaries

-----  
 Consolidated Statements of Financial Condition

	2007
	(In thou
Assets	
Cash and amounts due from depository institutions	\$
Interest-bearing deposits in other banks	
Money market funds	
-----	
Cash and Cash Equivalents	
Securities available for sale	
Investment securities held to maturity	1
Mortgage-backed securities held to maturity	1
Loans receivable, net of allowance for loan losses \$1,602 and \$1,169 respectively	4
Premises and equipment	
Federal Home Loan Bank of New York stock	
Interest receivable	
Bank owned life insurance	
Other assets	
-----	
Total Assets	\$9 =====
Liabilities and Stockholders' Equity	
Liabilities	
Deposits:	
Non-interest bearing	\$
Interest-bearing	6
-----	
Total deposits	6
Federal Home Loan Bank of New York advances	
Advance payments by borrowers for taxes and insurance	
Other liabilities	
-----	
Total Liabilities	6 -----
Commitments and Contingencies	
Minority interest of RomAsia Bank	
-----	
Stockholders' Equity	
Common stock, \$.10 par value, 45,000,000 authorized; 32,731,875 issued; 31,387,919 and 32,731,875, respectively, outstanding.	



Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Paid-in capital	
Retained earnings	1
Unearned shares held by Employee Stock Ownership Plan	
Treasury stock 1,343,956 shares at December 31, 2007	(
Accumulated other comprehensive loss	

Total Stockholders' Equity	2
----------------------------	---

Total Liabilities and Stockholders' Equity	\$9
--	-----

See notes to consolidated financial statements.

F-1

Roma Financial Corporation and Subsidiaries

Consolidated Statements of Income

	Years En	
	2007	
	(In thousands, e	
<b>INTEREST INCOME</b>		
Loans	\$27,447	
Mortgage-backed securities held to maturity	7,041	
Investment securities held to maturity	7,730	
Securities available for sale	626	
Other interest-earning assets	2,925	
Total Interest Income	45,769	
<b>INTEREST EXPENSE</b>		
Deposits	17,320	
Borrowings	463	
Total Interest Expense	17,783	
Net Interest Income	27,986	
<b>PROVISION FOR LOAN LOSSES</b>	492	
Net Interest Income after Provision for Loan Losses	27,494	
<b>NON-INTEREST INCOME</b>		
Commissions on sales of title policies	1,292	
Fees and service charges on deposits and loans	1,308	
Income from bank owned life insurance	778	
Net gain from sale of mortgage loans originated for sale	3	
Other	679	

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Total Non-Interest Income	4,060	
NON-INTEREST EXPENSES		
Salaries and employee benefits	11,899	
Net occupancy expense of premises	1,850	
Equipment	1,677	
Data processing fees	1,329	
Advertising	881	
Federal insurance premium	74	
Charitable contributions	28	
Other	2,589	
Total Non-Interest Expenses	20,327	
Income before Income Taxes and Minority Interest	11,227	
INCOME TAXES		
Net income before minority interest	7,093	
MINORITY INTEREST IN LOSS OF ROMASIA BANK	123	
Net Income	\$ 7,216	\$
NET INCOME PER COMMON SHARE		
Basic and diluted	\$ .23	\$
DIVIDENDS DECLARED PER SHARE		
	\$ .24	\$
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		
Basic and diluted	31,563	

See notes to consolidated financial statements.

F-2

Roma Financial Corporation and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity  
Years Ended December 31, 2007, 2006 and 2005

	Common Stock	Paid-In Capital	Retained Earnings - Substantially Restricted	Unearned Shares Held by ESOP
	-----	-----	-----	-----
	(In Thousands)			
Balance - December 31, 2004	\$ -	\$ -	\$131,285	\$ -
Comprehensive income:				
Net income	-	-	7,535	-
Unrealized holding loss on securities				

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

available for sale, net of income taxes of \$(49)	-	-	-	-
---	---	---	---	---

Total Comprehensive Income

Initial capitalization of mutual holding company	1	799	(1,000)	-
Balance - December 31, 2005	1	799	137,820	-
Comprehensive income:				
Net income	-	-	5,248	-
Unrealized holding loss on securities available for sale, net of income taxes of \$(72)	-	-	-	-

Total Comprehensive Income

Initial application of FASB 158, net of income taxes of \$(526)	-	-	-	-
Issuance of common stock, net of expenses	3,273	96,126	-	-
ESOP shares earned	-	144	-	270
Common stock acquired by ESOP	-	-	-	(8,117)
Balance - December 31, 2006	\$3,274	\$97,069	\$143,068	\$(7,847)

See notes to consolidated financial statements.

F-3

Roma Financial Corporation and Subsidiaries

	Common Stock	Paid-In Capital	Retained Earnings - Substantially Restricted	Unearned Shares Held by ESOP
Comprehensive income:				
Net income	\$ -	\$ -	\$ 7,216	\$ -
Unrealized holding loss on securities available for sale, net of income taxes of \$(56)	-	-	-	-
Application of FASB 158, net of income taxes of \$(316)	-	-	-	-

(In Thousands)

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

### Total Comprehensive Income

Dividends paid and declared	-	-	(2,148)	-
Purchase of treasury stock	-	-	-	-
ESOP shares earned	-	336	-	541
Balance - December 31, 2007	\$3,274	\$97,405	\$148,136	\$(7,306)

See notes to consolidated financial statements.

-----  
F-4

### Roma Financial Corporation and Subsidiaries

#### Consolidated Statements of Cash Flows

	-----	Years
	2007	(In
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 7,216	
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of premises and equipment	1,037	
Amortization of premiums and accretion of discounts on securities	(130)	
Accretion of deferred loan fees and discounts	(51)	
Net gain on sale of mortgage loans originated for sale	(3)	
Mortgage loans originated for sale	(409)	
Proceeds from sales of mortgage loans originated for sale	412	
Provision for loan losses	492	
Deferred income tax expense (benefit)	189	
Contribution of common stock to charitable foundation	-	
(Increase) decrease in interest receivable	103	
(Increase) in cash surrender value of bank owned life insurance	(617)	
(Increase) in other assets	(1,341)	
Increase in interest payable	606	
Increase in other liabilities	477	
Pension cost amortized from accumulated other comprehensive income	81	
Net change in minority interest	479	
ESOP shares earned	877	
Net Cash Provided by Operating Activities	9,418	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from calls and repayments on securities available for sale	2,248	
Purchases of securities available for sale	(114)	
Proceeds from maturities and calls of investment securities held to maturity	101,272	
Purchases of investment securities held to maturity	(59,235)	
Principal repayments on mortgage-backed securities held to maturity	28,309	
Purchases of mortgage-backed securities held to maturity	(27,621)	

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Net increase in loans receivable	(38,932)
Additions to premises and equipment	(3,549)
(Purchase) redemption of Federal Home Loan Bank of New York stock	(1,033)
Purchase of bank owned life insurance	(2,000)
	-----
Net Cash Used in Investing Activities	(655)
	-----
 CASH FLOWS FROM FINANCING ACTIVITIES	
Net increase (decrease) in deposits	25,058
Increase in advance payments by borrowers for taxes and insurance	115
Federal Home Loan Bank of New York advances	23,000
Repayments of Federal Home Loan Bank of New York advances	(1,923)
Purchase of treasury stock	(22,792)
Dividend paid to minority shareholders of Roma Financial Corp	(1,620)
Initial capitalization of mutual holding company	-
Common stock acquired by ESOP	-
Net proceeds from issuance of common stock	-
	-----
Net Cash Provided by Financing Activities	21,838
	-----
Net Increase in Cash and Cash Equivalents	30,601
 CASH AND CASH EQUIVALENTS - BEGINNING	
	64,701
	-----
 CASH AND CASH EQUIVALENTS - ENDING	
	95,302
	=====
 SUPPLEMENTARY CASH FLOWS INFORMATION	
Income taxes paid, net	\$ 4,633
	=====
Interest paid	\$17,177
	=====

See notes to consolidated financial statements.

-----  
F-5

Roma Financial Corporation and Subsidiaries

-----  
Notes to Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Roma Financial Corporation (the "Company"), its wholly-owned subsidiary, Roma Bank (the "Bank") and the Bank's wholly-owned subsidiaries, Roma Capital Investment Co. (the "Investment Co.") and General Abstract and Title Agency (the "Title Co."). The consolidation also includes the Company's majority owned subsidiary, RomAsia Bank (in organization). All significant intercompany accounts and transactions have been eliminated in consolidation.

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

The Investment Co. is a special purpose entity whose activities are limited to holding investment securities and collection of earnings, principal repayments and recognizing other gains/losses thereon. It holds a substantial portion of the Company's investment and mortgage-backed securities portfolios and 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 upon the acquisition of the assets of the General Abstract & Title Agency (the "Agency"), which consisted primarily of the Agency's title search files. Related goodwill of approximately \$572,000 was recognized as a result of the purchase price exceeding the fair market value of assets acquired. RomAsia Bank is in organization and has an application pending with the Office of Thrift Supervision to be a federal savings bank. The Company has advanced \$903,000 as organizational capital and intends to maintain a 60% ownership interest of RomAsia Bank upon completion of the organization. As presently contemplated, RomAsia Bank will need to raise \$15.0 million in initial capital, including the investment made by the Company.

### Basis of Consolidated Financial Statement Presentation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. 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. Management believes that the allowance for loan losses is adequate. While management uses the most current information available to recognize losses on loans, future additions to the allowance for loan losses may be necessary based on changes in economic conditions in the market area.

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

### Business of the Company and Subsidiaries

The Company's primary business is the ownership and operation of the Bank. The Bank is principally engaged in the business of attracting deposits from the general public at its nine locations in New Jersey and using those deposits, together with other funds, to invest in securities and to make loans collateralized by residential and commercial real estate and, to a lesser extent, consumer loans. The Bank's subsidiary, Roma Capital Investment Company, was organized to hold investments and mortgage-backed securities. The Bank's subsidiary, General Abstract and Title Agency, provides title searches and policies its customers real estate investments.

---

F-6

Roma Financial Corporation and Subsidiaries

---

Notes to Consolidated Financial Statements

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

### Note 1 - Summary of Significant Accounting Policies (Continued)

#### Cash and Cash Equivalents

Cash and cash equivalents include cash and amounts due from depository institutions, interest-bearing deposits in other banks with original maturities of three months or less and money market funds.

#### Securities

Investments in debt securities that the Bank and the Investment Co. have the positive intent and ability to hold to maturity are classified as held to maturity securities and reported at amortized cost. Debt and equity securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and reported at fair value, with unrealized holding gains and losses included in earnings. Debt and equity securities not classified as trading securities nor as held to maturity securities are classified as available for sale securities and reported at fair value, with unrealized holding gains or losses, net of deferred income taxes, reported in the accumulated other comprehensive income component of stockholders' equity.

Declines in the fair value of available for sale and held to maturity securities below their amortized cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (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, and (3) the intent and ability of the Bank and Investment Co. to retain the investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Discounts and premiums are accreted/amortized to income by use of the level-yield method.

Gain or loss on sales of securities is based on the specific identification method.

#### Loans Receivable

Loans receivable are carried at unpaid principal balances, less the allowance for loan losses and net deferred loan fees and discounts.

The Bank defers loan origination fees and certain direct loan origination costs and accretes/amortizes such amounts to income using the level-yield method over the contractual lives of the related loans.

The Bank provides an allowance for the loss of uncollected interest on loans that are more than ninety days delinquent as to principal or interest. Such interest ultimately collected is credited to income in the period of recovery.

#### Allowance for Loan Losses

An allowance for loan losses is maintained at a level that represents management's best estimate of losses known and inherent in the loan portfolio that are both probable and reasonable to estimate. Management of the Bank, in determining the allowance for loan losses, considers the credit risks inherent in its loan portfolio and changes in the nature and volume of its loan activities, along with the general economic and real

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

estate market conditions. The Bank utilizes a three tier approach which identifies: (1) impaired loans for which specific reserves are established; (2) classified loans for which a higher yield allowance is established; and, (3) performing loans for which a general valuation allowance is established. The Bank maintains a loan review system which allows for a periodic review of its loan portfolio and the early identification of potential impaired loans. Such system takes into consideration, among other things, delinquency status, size of loans,

-----  
F-7

Roma Financial Corporation and Subsidiaries

-----  
Notes to Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies (Continued)

Allowance for Loan Losses (Continued)

types of collateral and financial condition of the borrowers. Specific loan loss allowances are established for identified 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 management believes that appropriate loan loss allowances are established, actual losses are dependent upon future events and, as such, further additions to the level of loan loss allowances may be necessary. Payments received on impaired loans are applied first to accrued interest receivable and then to principal.

A loan evaluated for impairment is deemed to be impaired when, based on current information and events, it is probable that the Bank will be unable to collect all amounts due according to the contractual terms of the loan agreement. All loans identified as impaired are evaluated independently. The Bank does not aggregate such loans for evaluation purposes. Payments received on impaired loans are applied first to interest receivable and then to principal.

Premises and Equipment

Premises and equipment are comprised of land, including land held for future development, and land improvements, at cost, and buildings and improvements and furnishings and equipment, at cost, less accumulated depreciation. Depreciation charges are computed on the straight-line method over the following estimated useful lives:

	Years
	-----
Buildings and improvements	20 - 50
Furnishings and equipment	3 - 10

Construction in progress primarily represents facilities under construction for future use in our business and includes all costs to acquire land and construct buildings, as well as capitalized interest during the construction period. Interest is capitalized at the average interest rate of overnight funds.



## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Significant renewals and betterments are charged to the premises and equipment account. Maintenance and repairs are charged to expense in the year incurred. Rental income is netted against occupancy costs in the consolidated statements of income.

### Federal Home Loan Bank Stock

Federal law requires a member institution of the Federal Home Loan Bank system to hold restricted stock of its district Federal Home Loan Bank according to a predetermined formula. The restricted stock is carried at cost.

### Bank Owned Life Insurance

The Bank is the beneficiary of insurance policies on the lives of certain officers, employees and directors of the Bank. This life insurance investment is accounted for using the cash surrender value method and is recorded at its net realizable value. The change in the net asset value is recorded as non-interest income.

-----  
F-8

## Roma Financial Corporation and Subsidiaries

-----

### Notes to Consolidated Financial Statements

#### Note 1 - Summary of Significant Accounting Policies (Continued)

##### Income Taxes

The Company and its subsidiaries, except for RomAsia which files a separate federal return, file a consolidated income tax return. Income taxes are allocated to the Company and its subsidiaries based on the contribution of their income or use of their loss in the consolidated return. Separate state income tax returns are filed by the Company and its subsidiaries.

Federal and state income taxes have been provided on the basis of reported income or loss. The amounts reflected on the tax returns differ from these provisions due principally to temporary differences in the reporting of certain items for financial reporting and income tax reporting purposes. The tax effect of these temporary differences is accounted for as deferred taxes applicable to future periods. Deferred income tax expense or benefit is determined by recognizing deferred tax assets and liabilities for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date. The realization of deferred tax assets is assessed and a valuation allowance provided for the full amount which is not more likely than not to be realized.

##### Advertising Costs

Advertising costs are expensed as incurred. The direct response advertising conducted by the Bank is immaterial and has not been capitalized.

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

### Other Comprehensive Income

The Company records unrealized gains and losses, net of deferred income taxes, on available for sale securities in accumulated other comprehensive income. Realized gains and losses, if any, are reclassified to non-interest income upon the sale of the related securities or upon the recognition of an impairment loss. The Company has elected to report the effects of other comprehensive income in the consolidated statements of stockholders' equity.

Other comprehensive income also includes amounts related to defined benefit pension liabilities in accordance with SFAS 158. This adjustment to other comprehensive income reflects, net of tax, transition obligations, prior service costs, and unrealized net losses that had not been recognized in the consolidated financial statements prior to the implementation of SFAS 158.

### Interest Rate Risk

We are principally engaged in the business of attracting deposits from the general public and using these deposits, together with borrowings and other funds, to purchase securities and to make loans secured by real estate. The potential for interest-rate risk exists as a result of the generally shorter duration of our interest-sensitive liabilities compared to the generally longer duration of our interest-sensitive assets. In a rising rate environment, liabilities will reprice faster than assets, thereby reducing net interest income. For this reason, management regularly monitors the maturity structure of our assets and liabilities in order to measure our level of interest-rate risk and to plan for future volatility.

### Concentration of Risk

The Bank's lending activity is chiefly concentrated in loans secured by real estate located in the State of New Jersey. At December 31, 2007 and 2006, the Bank had deposits totaling \$88.4 million and \$57.4 million,

-----  
F-9

### Roma Financial Corporation and Subsidiaries

#### Notes to Consolidated Financial Statements

##### Note 1 - Summary of Significant Accounting Policies (Continued)

which were held by the Federal Home Loan Bank of New York and another financial institution which are not insured by the FDIC.

##### Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from us, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and, (3) we do not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

### Off-Balance Sheet Credit Related Financial Instruments

In the ordinary course of business, we have entered into commitments to extend credit, including commitments under lines of credit. Such financial instruments are recorded when they are funded.

### Recent Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes--an interpretation of FASB Statement No. 109" (FIN 48), which clarifies the accounting for uncertainty in tax positions. This Interpretation requires that companies recognize in their financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The provisions of FIN 48 are effective for fiscal years beginning after December 15, 2006, with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. The adoption of FIN 48 did not have a material impact on The company's consolidated financial position, results of operation or cash flows.

In September 2006, the FASB issued FASB Statement No. 157, Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value under GAAP, and expands disclosures about fair value measurements. FASB Statement No. 157 applies to other accounting pronouncements that require or permit fair value measurements. The new guidance is effective for financial statements issued for fiscal years beginning after November 15, 2007, and for interim periods within those fiscal years. We are currently evaluating the potential impact, if any, of the adoption of FASB Statement No. 157 on our consolidated financial position, results of operations and cash flows.

In September of 2006, the SFAS issued FASB 158, "Employers' Accounting for Defined Benefit Pension and other Postretirement Plans" which required that an employer that sponsors one more single-employer defined benefit plans to recognize the funded status of a benefit plan, measured as the difference between plan assets at fair value and the benefit obligation in the statement of financial position. The statement also required the recognition as a component of other comprehensive income, net of tax, the gains or losses and prior service costs or credits as they arise. The measurement date, the date at which the benefit obligation and plan assets are measured, is required to be the Company's fiscal year end. SFAS No. 158 is effective for publicly-held companies for fiscal years ending after December 15, 2006, except for the measurement date provisions, which are effective for fiscal years ending after December 31, 2008. Accordingly, FASB 158 adjustments are reflected in these financial statements.

In February of 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-Including an amendment of FASB Statement No. 115." SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. Unrealized gains and

---

F-10

Roma Financial Corporation and Subsidiaries

---

Notes to Consolidated Financial Statements

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

### Note 1 - Summary of Significant Accounting Policies (Continued)

losses on items for which the fair value option has been elected will be recognized in earnings at each subsequent reporting date. SFAS No. 159 is effective for our Company on January 1, 2008. The Company is evaluating the impact that the adoption of SFAS No. 159 will have on our consolidated financial statements.

In March 2007, the FASB ratified EITF Issue No. 06-11, "Accounting for Income Tax benefits of Dividends on Share-Based Payment Awards." EITF 06-11 requires companies to recognize the income tax benefit realized from dividends or dividend equivalents that are charged to retained earnings and paid to employees for nonvested equity-classified employee share-based payment awards as an increase to additional paid-in capital. EITF 06-11 is effective for fiscal years beginning after September 15, 2007. The Company does not expect EITF 06-11 will have a material impact on its financial position, results of operations or cash flows.

In March 2007, the FASB ratified Emerging Issues Task Force Issue No. 06-10 "Accounting for Collateral Assignment Split-Dollar Life Insurance Agreements" (EITF 06-10). EITF 06-10 provides guidance for determining a liability for the postretirement benefit obligation as well as recognition and measurement of the associated asset on the basis of the terms of the collateral assignment agreement. EITF 06-10 is effective for fiscal years beginning after December 15, 2007. The Company is currently assessing the impact of EITF 06-10 on its consolidated financial position and results of operations.

On September 7, 2006, the Task Force reached a conclusion on EITF Issue No. 06-5, "Accounting for Purchases of Life Insurance - Determining the Amount That Could Be Realized in Accordance with FASB Technical Bulletin No. 85-4, Accounting for Purchases of Life Insurance ("EITF 06-5"). The scope of EITF 06-5 consists of six separate issues relating to accounting for life insurance policies purchased by entities protecting against the loss of "key persons." The six issues are clarifications of previously issued guidance on FASB Technical Bulletin No. 85-4. EITF 06-5 is effective for fiscal years beginning after December 15, 2006. The adoption of EITF Issue No. 06-05 did not have a material effect on the consolidated financial statements.

In May 2007, the FASB issued FASB FSP FIN 48-1 "Definition of Settlement in FASB Interpretation No. 48". FSP FIN 48-1 provides guidance on how to determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits. FSP FIN 48-1 is effective retroactive to January 1, 2007. The adoption of FSB FUB 48-1 did not have a material impact on the consolidated financial position, results of operations or cash flows.

FASB statement No. 141 (R) "Business Combinations" was issued in December of 2007. This Statement establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. The Statement also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The guidance will become effective as of the beginning of a company's fiscal year beginning after December 15, 2008. This new pronouncement will impact the Company's accounting for business combinations completed beginning January 1, 2009.

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

FASB statement No. 160 "Noncontrolling Interests in Consolidated Financial Statements--an amendment of ARB No. 51" was issued in December of 2007. This Statement establishes accounting and reporting standards

---

F-11

Roma Financial Corporation and Subsidiaries

---

Notes to Consolidated Financial Statements

### Note 1 - Summary of Significant Accounting Policies (Continued)

for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. The guidance will become effective as of the beginning of a company's fiscal year beginning after December 15, 2008. The Company is currently evaluating the potential impact the new pronouncement will have on its consolidated financial statements.

Staff Accounting Bulletin No. 110 (SAB 110) amends and replaces Question 6 of Section D.2 of Topic 14, "Share-Based Payment," of the Staff Accounting Bulletin series. Question 6 of Section D.2 of Topic 14 expresses the views of the staff regarding the use of the "simplified" method in developing an estimate of expected term of "plain vanilla" share options and allows usage of the "simplified" method for share option grants prior to December 31, 2007. SAB 110 allows public companies which do not have historically sufficient experience to provide a reasonable estimate to continue use of the "simplified" method for estimating the expected term of "plain vanilla" share option grants after December 31, 2007. SAB 110 is effective January 1, 2008.

Staff Accounting Bulletin No. 109 (SAB 109), "Written Loan Commitments Recorded at Fair Value Through Earnings" expresses the views of the staff regarding written loan commitments that are accounted for at fair value through earnings under generally accepted accounting principles. To make the staff's views consistent with current authoritative accounting guidance, the SAB revises and rescinds portions of SAB No. 105, "Application of Accounting Principles to Loan Commitments." Specifically, the SAB revises the SEC staff's views on incorporating expected net future cash flows related to loan servicing activities in the fair value measurement of a written loan commitment. The SAB retains the staff's views on incorporating expected net future cash flows related to internally-developed intangible assets in the fair value measurement of a written loan commitment. The staff expects registrants to apply the views in Question 1 of SAB 109 on a prospective basis to derivative loan commitments issued or modified in fiscal quarters beginning after December 15, 2007. The Company does not expect SAB 109 to have a material impact on its financial statements.

In December 2007, the FASB issued proposed FASB Staff Position (FSP) 157-b, "Effective Date of FASB Statement No. 157," that would permit a one-year deferral in applying the measurement provisions of Statement No. 157 to non-financial assets and non-financial liabilities (non-financial items) that are not recognized or disclosed at fair value in an entity's financial statements on a recurring basis (at least annually). Therefore, if the change in fair value of a non-financial item is not required to be recognized or disclosed in the financial statements on an annual basis or more frequently, the effective date of application of Statement 157 to that item is deferred until fiscal years beginning after November 15, 2008 and

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

interim periods within those fiscal years. This deferral does not apply, however, to an entity that applies Statement 157 in interim or annual financial statements before proposed FSP 157-b is finalized. The Company is currently evaluating the impact, if any, that the adoption of FSP 157-b will have on the Company's operating income or net earnings.

### Earnings per Common Share ("EPS)

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 contracts or securities exercisable or which could be converted into common stock, if dilutive, using the treasury stock method. During the periods presented, diluted EPS did not differ from basic EPS as there were no existing contracts or securities exercisable or convertible into common stock during these periods. Shares issued and reacquired during any period are weighted for the portion of the period they were outstanding. The 10,000 shares issued to Roma Financial Corporation, MHC in connection with the

-----  
F-12

### Roma Financial Corporation and Subsidiaries

#### Notes to Consolidated Financial Statements

#### Note 1 - Summary of Significant Accounting Policies (Continued)

Company's reorganization in 2004 were "replaced" with 22,584,994 shares, or 69% of the shares issued in the Company's initial public offering. This transaction is analogous to a stock split or significant stock dividend, therefore, net income per common share for those shares have been retroactively restated for all periods presented.

#### Reclassification

Certain amounts as of and for the years ended December 31, 2006 and 2005 have been reclassified to conform with the current year's presentation.

#### Note 2 - Securities Available for Sale

	December 31, 2007	
	Amortized Cost	Gross Unrealized Gains
		Unre Lo
		(In Thousands)
Mortgage-backed securities	\$ 1,260	\$ 32
Obligations of state and political subdivisions:		
After one year through five years	799	5

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

After five years through ten years	5,291	68	
After ten years	3,930	35	
	-----	-----	-----
	10,020	108	
	-----	-----	-----
Equity securities	3,630	16	
Mutual fund shares	2,483	-	
	-----	-----	-----
	\$17,393	\$156	
	=====	=====	=====

	December 31, 2006		
	Amortized Cost	Gross Unrealized Gains	G Unre Lo
	-----	-----	-----
	(In Thousands)		
Mortgage-backed securities	\$ 1,507	\$ 17	
	-----	-----	-----
Obligations of state and political subdivisions:			
After five years through ten years	4,148	66	
After ten years	5,867	74	
	-----	-----	-----
	10,015	140	
	-----	-----	-----
U.S. Government (including agencies) due after one year through five years	2,000	-	
Equity securities	3,630	39	
Mutual fund shares	2,368	-	
	-----	-----	-----
	\$19,520	\$196	
	=====	=====	=====

F-13

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 2 - Securities Available for Sale (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:

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

	Less than 12 Months		More than 12 Months	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(In Thousands)				
December 31, 2007:				
Equity securities	\$ -	\$ -	\$3,377	\$203
Mutual funds	-	-	2,375	108
	\$ -	\$ -	\$5,752	\$311
December 31, 2006:				
U.S. Government (including agencies)	\$ -	\$ -	\$1,979	\$ 21
Equity securities	3,357	222	-	-
Mutual funds	2,226	142	-	-
	\$5,583	\$364	\$1,979	\$ 21

Management does not believe that any of the individual unrealized losses represent an other-than-temporary impairment. The unrealized losses on mutual funds are on shares in registered funds that invest primarily in money market instruments and short to moderate term fixed rate securities. The equity securities and mutual funds are subject to market fluctuations. Management believes that both the equity and mutual fund investment continue to be credit worthy and that is no underlying financial situation that would cause concern. The Bank and Investment Co. have the intent and ability to hold these securities for a time necessary to recover the amortized cost. As of December 31, 2007, there was one mutual fund, and one equity security in unrealized loss positions compared to one mutual fund, one equity and one U.S. Government security in an unrealized loss position at the prior year end.

There were no sales of securities available for sale during the years ended December 31, 2007, 2006, and 2005.

F-14

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 3 - Investment Securities Held to Maturity

December 31, 2007		
Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses
(In Thousands)		



Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

U.S. Government (including agencies):			
Within one year	\$ 18,000	\$ 4	
After one year through five years	43,313	43	
After five years through ten years	49,975	114	
After ten years	11,995	60	
	-----	-----	-----
	123,283	221	
	-----	-----	-----
Obligations of state and political subdivisions:			
After one year through five years	1,265	55	
After ten years	3,158	6	
	-----	-----	-----
	4,423	61	
	-----	-----	-----
	\$127,706	\$282	
	=====	=====	=====

		December 31, 200	
	Carrying Value	Gross Unrealized Gains	Unr L
	-----	-----	-----
		(In Thousands)	
U.S. Government (including agencies):			
Within one year	\$ 57,996	\$ -	
After one year through five years	59,310	16	
After five years through ten years	51,026	4	
	-----	-----	-----
	168,332	20	
	-----	-----	-----
Obligations of state and political subdivisions:			
After ten years	1,595	36	
	-----	-----	-----
	\$169,927	\$56	
	=====	=====	=====

F-15

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 3 - Investment Securities Held to Maturity (Continued)

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

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

	Less than 12 Months		More than 12 Months	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(In Thousands)				
December 31, 2007:				
U.S. Government				
(including agencies):				
Within one year	\$ -	\$ -	\$13,948	\$52
After one year				
through five years	825	-	15,975	25
After five years				
through ten years	3,987	9	-	-
	-----	-----	-----	-----
	4,812	9	29,923	77
Obligations of state and political subdivisions:				
Over ten years	2,304	74	-	-
	-----	-----	-----	-----
	\$7,116	\$83	\$29,923	\$77
	=====	=====	=====	=====
December 31, 2006:				
U.S. Government				
(including agencies):				
Within one year	\$ 2,992	\$ 6	\$ 54,630	\$ 368
After one year				
through five years	996	4	56,380	1,106
After five years				
through ten years	21,945	113	25,519	452
	-----	-----	-----	-----
	\$25,933	\$123	\$136,529	\$1,926
	=====	=====	=====	=====

Management does not believe that any of the individual unrealized losses represent an other-than-temporary impairment. The unrealized losses are on issues that earn interest at a fixed interest rate and are due to changes in market interest rates. The Bank and Investment Co. have the intent and ability to hold these investments for a time necessary to recover the amortized cost. As of December 31, 2007, there were 27 U.S. Government agencies and four obligations of state and political subdivisions in unrealized loss positions compared to 130 and 2, respectively, in unrealized loss positions as of December 31, 2006.

There were no sales of investment securities held to maturity during the years ended December 31, 2007, 2006, and 2005.

At December 31, 2007 and 2006, approximately \$83.3 million and \$52.6 million, respectively, of investment securities held to maturity were callable within one year.

See Note 9 for information as to investment securities held to maturity which are pledged for borrowings.

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 4 - Mortgage-Backed Securities Held to Maturity

	December 31, 2007		
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses
	(In Thousands)		
Government National Mortgage Association	\$ 4,276	\$ 39	
Federal Home Loan Mortgage Corporation	84,648	579	
Federal National Mortgage Association	47,387	451	
Collateralized mortgage obligations	7,788	58	
	\$144,099	\$1,127	
	\$144,099	\$1,127	

	December 31, 2006		
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses
	(In Thousands)		
Government National Mortgage Association	\$ 5,630	\$ 33	\$
Federal Home Loan Mortgage Corporation	79,822	261	
Federal National Mortgage Association	53,880	244	
Collateralized mortgage obligations	5,148	15	
	\$144,480	\$553	
	\$144,480	\$553	

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	
Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(In Thousands)			

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

December 31, 2007:

Government National Mortgage Association	\$ 772	\$ 1	\$ 165	\$ 1
Federal Home Loan Mortgage Corporation	4,921	51	28,711	406
Federal National Mortgage Association	6,238	7	17,769	208
Collateralized mortgage obligations	-	-	2,740	112
	-----	-----	-----	-----
	\$11,931	\$59	\$49,385	\$727
	=====	=====	=====	=====

F-17

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 4 - Mortgage-Backed Securities Held to Maturity (Continued)

	Less than 12 Months		More than 12 Months	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	-----	-----	-----	-----
			(In Thousands)	
December 31, 2006:				
Government National Mortgage Association	\$ -	\$ -	\$ 3,370	\$ 52
Federal Home Loan Mortgage Corporation	4,384	14	52,420	1,090
Federal National Mortgage Association	1,817	4	35,077	930
Collateralized mortgage obligations	-	-	3,208	185
	-----	-----	-----	-----
	\$6,201	\$18	\$94,075	\$2,257
	=====	=====	=====	=====

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. The Bank and Investment Co. have the intent and ability to hold these securities for a time necessary to recover the amortized

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

cost. As of December 31, 2007, there were 9 Government National Mortgage Association, 48 Federal Home Loan Mortgage Corporation, 30 Federal National Mortgage Association, and 6 Collateralized mortgage obligations, in unrealized loss positions compared to 23, 76, 49, and 6, respectively, in unrealized loss positions as of December 31, 2006.

There were no sales of mortgage-backed securities held to maturity during the years ended December 31, 2007, 2006, and 2005.

At December 31, 2007 and 2006, mortgage-backed securities held to maturity with a carrying value of approximately \$918,000 and \$1,126,000, respectively, were pledged to secure public funds on deposit.

F-18

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 5 - Loans Receivable

Real estate mortgage loans:  
    Conventional 1-4 family  
    Commercial and multi-family

Construction

Consumer:  
    Personal  
    Passbook or certificate  
    Automobile  
    Equity and second mortgages

Commercial

Total Loans

Less:  
    Allowance for loan losses  
    Deferred loan fees and discounts

# Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Loans in process

At December 31, 2007, 2006 and 2005, loans serviced for the benefit of others totaled approximately \$7,291,000, \$7,436,000, and \$7,206,000, respectively, which balances are excluded from the above portfolio. The Bank has an agreement to sell residential mortgages to the FHLB of New York (the "FHLB"). The maximum to be sold under the agreement is \$10.0 million and approximately \$8.5 million has been sold as of December 31, 2007. The agreement includes a maximum credit enhancement of \$177,500, which the Bank may be required to pay if realized losses on any of the sold mortgages exceed the amount held in the FHLB's Spread Account. The FHLB is funding the Spread Account at 3.55% of the outstanding balance of loans sold. The Bank's historical losses on residential mortgages have been lower than the amount being funded to the Spread Account. As such, the Bank does not anticipate recognizing any losses and accordingly has not recorded a liability for the credit enhancement. As compensation for the credit enhancement, the FHLB is paying the Bank at rates of .07% to .10% of the outstanding loan balance in the portfolio on a quarterly basis.

F-19

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 5 - Loans Receivable (Continued)

The Bank retains the servicing on the loans sold to the FHLB and receives a fee based upon the principal balance outstanding. During the years ended 2007, 2006 and 2005, the Bank recognized approximately \$18,000, \$17,000, and \$13,000, respectively, of servicing fee income.

At December 31, 2007, 2006 and 2005, nonaccrual loans for which the accrual of interest has been discontinued totaled approximately \$6,889,000, \$363,000, and \$654,000, respectively. Interest income on such loans is recognized only when actually collected. During the years ended December 31, 2007, 2006 and 2005, the Bank recognized interest income of approximately \$370,000, \$12,000, and \$40,000, respectively, on these loans. Interest income that would have been recorded had the loans been on the accrual status, would have amounted to approximately \$670,000, \$22,000, and \$47,000 for the years ended December 31, 2007, 2006 and 2005, respectively. The Bank is not committed to lend additional funds to borrowers whose loans have been placed on nonaccrual status.

Impaired loans and related amounts recorded in the allowance for loan losses are summarized as follows:

200

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Recorded investment in impaired loans with recorded allowances  
 Related allowance for loan losses

For the years ended December 31, 2007, 2006 and 2005, the average recorded investment in impaired loans totaled approximately \$3,042,000, \$64,000, and \$73,000, respectively. Interest income of approximately \$63,000, \$8,000, and \$13,000, respectively, all recorded on the cash basis, was recognized on impaired loans during the period of impairment.

The following is an analysis of the allowance for loan losses:

	Years Ended D	
	2007	2006
	(In Thou	
Balance - beginning	\$1,169	
Provisions charged to operations	492	
Losses charged to allowance	(59)	
Balance - ending	\$1,602	

The Bank has granted loans to officers and directors of the Bank. Related party loans are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons and do not involve more than normal risk of collectibility. The aggregate amount of these loans at December 31, 2007 and 2006 was approximately \$838,000 and \$727,000, respectively. During the year ended December 31, 2007, there was one new loan to a related party of \$145,000 and repayments totaled \$33,656.

F-20

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 6 - Premises and Equipment

200

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Land held for future development

Construction in progress, including land of \$503

Land and land improvements

Buildings and improvements  
Accumulated depreciation

Furnishings and equipment  
Accumulated depreciation

Note 7 - Interest Receivable

200

Loans receivable  
Investment securities held to maturity  
Mortgage-backed securities held to maturity  
Securities available for sale  
Other interest-earning assets

F-21

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 8 - Deposits



Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

	December 31,		
	2007		
	Amount	Weighted Average Interest Rate	Am
	(Dollars In Thousands)		
Demand:			
Non-interest bearing checking	\$ 24,611	0.00%	\$
Interest bearing checking	98,481	0.54%	
	-----		-----
	123,092	0.43%	
Savings and club	175,972	0.96%	
Certificates of deposit	351,966	4.59%	
	-----		-----
	\$651,030	2.82%	\$
	=====		=====

Certificates of deposit with balances of more than \$100,000 totaled approximately \$89,637,000 and \$74,134,000 at December 31, 2007 and 2006, respectively. Deposits in excess of \$100,000 are not insured by the Federal Deposit Insurance Corporation.

Maturing in:

- One year or less
- After one to two years
- After two to three years
- After three to four years
- After four to five years
- After five years

Interest expense on deposits consists of the following:

	Years Ended D	
	2007	2006

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

	-----	(In Thou
Demand	\$ 515	
Savings and club	1,691	
Certificates of deposit	15,114	
	-----	
	\$17,320	
	=====	

F-22

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 9 - Federal Home Loan Bank ("FHLB") Advances

At December 31, 2007 and 2006, the Bank had an outstanding long-term FHLB advance totaling \$5.9 million and \$7.9 million, respectively. The borrowing is at a fixed rate of 4.49% and requires monthly principal and interest payment of \$186,385 with a final maturity of September 15, 2010. A schedule of the annual principal obligation is as follows (in thousands):

Year ending December 31,	
2008	\$2,011
2009	2,087
2010	1,842
	-----
	\$5,940
	=====

At December 31, 2007, the Bank also had an outstanding FHLB advance totaling \$23.0 million. The borrowing is at a fixed rate of 3.90% for ten years, maturing in 2017, callable at three years. Interest is paid quarterly.

At December 31, 2007 and 2006 the advances were secured by pledges of the Bank's investment in the capital stock of the FHLB totaling \$2,465,000 and \$1,432,000, respectively, and a specific pledge of investment securities held to maturity with a par value totaling \$28 million and \$26 million, respectively.

At December 31, 2007 and 2006, the Bank also had available to it \$84,443,900 and \$79,667,700, respectively, under a revolving line of credit and an additional \$84,443,900 and \$79,667,700, respectively, under a Companion (DRA) Commitment, both expiring July 31, 2008 and July 31, 2007, respectively, with the Federal Home Loan Bank of New York. Borrowings are at the lenders cost of funds plus 0.25%. There were no outstanding borrowings under the line of credit or DRA at December 31, 2007 and 2006.

Note 10 - Regulatory Capital Requirement

The Bank is subject to various regulatory capital requirements administered by Federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk-weighting, and other factors.

F-23

Roma Financial Corporation and Subsidiaries

-----  
Notes to Consolidated Financial Statements

### Note 10 - Regulatory Capital Requirement (Continued)

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of Total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital to adjusted total assets (as defined). The following tables present a reconciliation of capital per accounting principles generally accepted in the United States of America ("GAAP") and regulatory capital and information as to the Bank's capital levels at the dates presented:

	-----	200
	-----	
GAAP capital		\$
Goodwill		
FAS 158 adjustment		
Unrealized (gain) loss on securities available for sale		
	-----	
Core and tangible capital		
General valuation allowance		
	-----	
Total Regulatory Capital		\$ =====

	Actual		For Capital Adequacy Purposes	
	Amount	Ratio	Amount	Ratio
	-----	-----	-----	-----
As of December 31, 2007:				
Total capital (to risk-weighted assets)	\$180,718	33.92%	=>\$42,620	=>8.00

(Dollars in Thousands)

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Tier 1 capital (to risk-weighted assets)	179,121	33.62		
Core (Tier 1) capital (to adjusted total assets)	179,121	20.46	=>26,259	=>3.00
Tangible capital (to adjusted total assets)	179,121	20.46	=>13,129	=>1.50
As of December 31, 2006:				
Total capital (to risk-weighted assets)	\$185,409	40.55%	=>\$36,545	=>8.00
Tier 1 capital (to risk-weighted assets)	184,240	40.30		
Core (Tier 1) capital (to adjusted total assets)	184,240	22.10	=>24,993	=>3.00
Tangible capital (to adjusted total assets)	184,240	22.10	=>12,497	=>1.50

As of April 25, 2007, the most recent notification from the Office of Thrift Supervision, the Bank, based on its actual capital amounts at December 31, 2006, was categorized as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total, risk-based, and Tier 1 leverage ratios of 10%, 6% and 5%, respectively. There are no conditions exiting or events which have occurred since notification that management believes have changed the Bank's category.

F-24

Roma Financial Corporation and Subsidiaries

-----  
Notes to Consolidated Financial Statements

Note 11 - Benefit Plans

Pension Plan

The Bank has a non-contributory pension plan covering all eligible employees. The Bank's policy is to fund the pension plan with annual contributions which equal the maximum amount deductible for federal income tax purposes. The following table sets forth the plan's funded status and components of net periodic pension expense:

Change in Benefit Obligation
Benefit obligation - beginning
Service cost
Interest cost
Actuarial (gain) loss
Benefits paid
Settlements
Benefit obligation - ending

-----  
200  
-----

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Change in Plan Assets  
 Fair value of assets - beginning  
 Actual gain on plan assets  
 Employer contributions  
 Benefits paid  
 Settlements

Fair value of assets - ending

Funded status

Discount rate  
 Long-term rate  
 Salary increase rate

At December 31, 2007, and 2006 unrecognized net loss of \$449,000 and \$1,196,000, respectively, and unrecognized prior service liability of \$77,000 and \$ 120,000, respectively, were included in accumulated other comprehensive income in accordance with SFAS No. 158. Approximately \$38,000 and \$15,000 of these balances are expected to be recognized in pension expense during the year ended December 31, 2008.

F-25

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 11 - Benefit Plans (Continued)

Pension Plan (Continued)

	Years E
	2007
Net periodic pension expense	
Service cost	\$ 340
Interest cost	487
Expected return on assets	(642)
Amortization of:	
Unrecognized transition obligation	-
Unrecognized prior service liability	38
Unrecognized loss	43
Total pension expense	\$266

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Discount rate	6.13%
Salary increase rate	4.00%

Plan Asset Allocations

The Bank's pension plan weighted-average asset allocations, by asset category, are as follows:

Equity securities  
 Debt securities (Bond Mutual Funds)

-----  
 200  
 -----  
 -----  
 =====

Long-Term Rate of Return

The long term rate of return on assets assumption is based on historical returns earned by equities and fixed income securities, adjusted to reflect expectations of future returns as applied to the plan's target allocation of asset classes. Equities and fixed income securities were assumed to earn real rates of return in the ranges of 5-9% and 2-6%, respectively. The long term inflation rate was estimated to be 3%. When these overall return expectations are applied to the plan's target allocation, the result is an expected rate of return of 7% to 11%.

Contributions

For the fiscal year ending December 31, 2008, the Bank expects to contribute approximately \$402,000 to the Plan.

F-26

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 11 - Benefit Plans (Continued)

Estimated Future Benefit Payments

Benefit payments, which reflect expected future service as appropriate, are expected to be paid for the years ended December 31 as follows (in thousands):

2008	\$ 439
2009	533
2010	548

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

2011	551
2012	558
2013 - 2017	3,162

### Savings and Investment Plan ("SIP")

The Bank sponsors a SIP pursuant to Section 401(k) of the Internal Revenue Code, for all eligible employees. Employees may elect to save a percentage of their compensation up to statutory limits which the Bank will match 50% of the first 6% of the employee's contribution. The SIP expense amounted to approximately \$140,000, \$120,000, and \$116,000 during the years ended December 31, 2007, 2006 and 2005, respectively.

### Officers' Supplemental Pension Plans

The Bank has unfunded, non-qualified supplemental pension plans to provide supplemental pension benefits to each senior officer ("Officer") of the Bank. The plans provide for annual payments for ten years commencing when each Officer reaches retirement age, as defined, or in the event of death, disability or termination of employment, prior to retirement. The Bank has accrued approximately \$2,140,000 and \$1,761,000 as of December 31, 2007 and 2006, respectively, towards this liability. Expense recorded for the plans totaled approximately \$384,000, \$437,000, and \$447,000 during the years ended December 31, 2007, 2006 and 2005, respectively. During the years ended December 31, 2007, 2006 and 2005 payments were paid to beneficiaries and to individuals who terminated their employment in the amounts of \$5,000, \$34,000, and \$16,000, respectively.

F-27

### Roma Financial Corporation and Subsidiaries

---

### Notes to Consolidated Financial Statements

#### Note 11 - Benefit Plans (Continued)

##### Employee Stock Ownership Plan

Effective upon completion of the Company's initial public offering July 2006, the Bank established an Employee Stock Ownership Plan ("ESOP") for all eligible employees who complete a twelve-month period of employment with the Bank, have attained the age of 21 and complete at least 1,000 hours of service in a plan year. The ESOP used \$8,117,500 in proceeds from a term loan obtained from the Company to purchase 811,750 shares of Company common stock. The term loan principal is payable over 60 quarterly installments through June 30, 2021. The interest rate on the term loan is 8.25%. Each year, the Bank intends to make discretionary contributions to the ESOP, which will be equal to principal and interest payments required on the term loan. The loan may be further repaid with dividends paid, if any, on the unallocated Company common stock owned by the ESOP.

Shares purchased with the loan proceeds provide collateral for the term loan and are held in a suspense account for future allocations among participants. Contributions to the ESOP and shares released from the suspense account are to be allocated among the participants on the basis of compensation, as described by the Plan, in the year of allocation.

The ESOP is accounted for in accordance with Statement of Position 93-6, "Accounting for Employee Stock Ownership Plans," which was issued by the

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

American Institute of Certified Public Accountants. Accordingly, ESOP shares pledged as collateral were initially recorded as unearned ESOP shares in the consolidated statements of financial condition. Thereafter, on a quarterly basis, 13,529 shares are committed to be released, compensation expense is recorded equal to the number of shares committed to be released times the monthly average market price of the shares, and the committed shares become outstanding for basic net income per common share computations. ESOP compensation expense for the years ended December 31, 2007 and 2006 was approximately \$877,000 and \$414,000. The status of Company shares in the ESOP at December 31, 2007 and 2006 is as follows:

	2007	2006
	-----	-----
Allocated shares	27,058	-
Shares committed to be released	54,116	27,058
Unearned shares	730,576	784,692
	-----	-----
Total ESOP Shares	811,750	811,750
	=====	=====
Fair value of unearned shares	\$11,462,737	\$12,994,500
	=====	=====

F-28

### Roma Financial Corporation and Subsidiaries

#### Notes to Consolidated Financial Statements

##### Note 12 - Income Taxes

The Bank qualifies as a thrift institution under the provisions of the Internal Revenue Code and therefore must calculate its tax bad debt deduction using either the experience or specific charge off method. Retained earnings at December 31, 2007 and 2006, includes approximately \$5.8 million of bad debt deduction for tax purposes for which income taxes have not been provided. If such amount is used for purposes other than for bad debt losses, including distributions in liquidation, it will be subject to income tax at the then current rate.

The components of income taxes are summarized as follows:

	Years Ended D	
	2007	2006
	-----	-----
Current tax expense:		
Federal income	\$3,293	
State income	652	
	-----	-----

(In Thou



Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

	3,945
Deferred tax expense (benefit):	
Federal income	211
State income	(124)
	87
Valuation allowance	102
	\$4,134

The following table presents a reconciliation between reported income taxes and the income taxes which would be computed by applying the federal income tax rate of 35% to income before income taxes:

	Years Ended D	
	2007	200
	(In Thou	
Federal income tax	\$3,929	
Increases (reductions) in taxes resulting from:		
New Jersey income tax, net of federal income tax effect	348	
Tax exempt interest on obligations of state and political subdivisions	(172)	
Bank owned life insurance	(210)	
Surtax exemption	(100)	
Other items, net	237	
	4,031	
Valuation allowance	102	
Total income tax expense	\$4,134	
Effective income tax rate	36.8%	

F-29

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 12 - Income Taxes (Continued)

The Company established a valuation allowance for the state income taxes for the benefit to be derived from the utilization of the state net operating loss carry forward for Roma Bank and for a contribution carry forward for Roma Financial

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Corporation.

The tax effects of existing temporary differences that give rise to deferred income tax assets and liabilities are as follows:

Deferred loan fees  
Allowance for loss on loans and other reserves  
Uncollected interest and late fees  
Retirement benefits  
Accumulated other comprehensive income-Pension  
Charitable contributions  
ESOP  
Unrealized loss on securities available for sale  
Other items  
Net operating loss

Valuation allowance

Total Deferred Tax Assets

Goodwill and other items  
Pension expense  
Depreciation  
Capitalized interest  
Other

Total Deferred Tax Liabilities

Net Deferred Tax Assets (Liabilities)

### Note 13 - Commitments and Contingencies

The Bank is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the statement of financial condition. The contract or notional amounts of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments.

F-30

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

### Note 13 - Commitments and Contingencies (Continued)

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit written is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but primarily includes residential and income-producing real estate.

Commitments to purchase securities are contracts for delayed delivery of securities in which the seller agrees to make delivery at a specified future date of a specified instrument, at a specified price or yield. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movements in securities values and interest.

The Bank had loan origination commitments outstanding as follows:

	December 31,		
	2007		
	Rate Range	Amount	Rate Range
	(Dollars In Thousands)		
Mortgage loans:			
Fixed rate	6.125% to 6.375%	\$656	5.875% to 6.375%
Adjustable rate	-	-	5.75% to 9.00%
Equity loans:			
Fixed rate	5.99% to 7.25%	3,706	5.875% to 7.25%
Floating rate			5.99% to 8.00%
		\$4,362	

At December 31, 2007 and 2006, undisbursed funds from approved lines of credit under a homeowners' equity lending program amounted to approximately \$33,087,000 and \$31,524,000, respectively. The interest rate charged for any month on funds disbursed under this program is prime plus 1.50% to prime less .50%. At December 31, 2007 and 2006, undisbursed funds from approved commercial lines of credit, both secured and unsecured, amounted to approximately \$25,214,000 and \$12,529,000, respectively. The interest rates charged on funds disbursed under this program range from prime to prime plus 4.25%. Unless they are specifically cancelled by notice from the Bank, these funds represent firm commitments available to the respective borrowers on demand.

# Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

F-31

Roma Financial Corporation and Subsidiaries

-----  
Notes to Consolidated Financial Statements

Note 13 - Commitments and Contingencies (Continued)

The Bank has 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 December 31, 2007:

Years Ended December 31:	
2008	\$ 183,619
2009	185,091
2010	186,593
2011	188,124
2012	191,887
Thereafter	2,570,826
Total Minimum Payments Required	----- \$3,506,140 =====

In June 2002, the Bank entered into an employment agreement with Mr. Perilli, Chairman of the Board and executive vice president, to accommodate Mr. Perilli's desire to continue providing his services to the Bank while reducing his time commitment as a full-time officer and employee of the Bank. The agreement became effective July 1, 2002. Mr. Perilli's salary on July 1, 2002 became his base salary. Pursuant to the terms of the agreement, from July 1, 2002 to June 30, 2003, Mr. Perilli's annual salary was fixed at 90% of his base salary, from July 1, 2003 to June 2004, Mr. Perilli's annual salary was fixed at 80% of his base salary, from July 1, 2004 to June 30, 2005, Mr. Perilli's annual salary was fixed at 70% of his base salary, and from July 1, 2005 to June 30, 2007, Mr. Perilli's salary is fixed at 50% of his base salary. Pursuant to the terms of this agreement, Mr. Perilli is eligible for all benefits and perquisites provided to employees and executive management employees of the Bank, including bonuses. As of December 31, 2007 a new contract had not yet been signed.

The Company and its subsidiaries, from time to time, may be party to litigation which arises primarily in the ordinary course of business. In the opinion of management, the ultimate disposition of such litigation should not have a material effect on the consolidated financial statements.

Note 14 - Fair Value of Financial Instruments

The fair value of financial instruments is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Significant estimates were used to develop fair value data. Fair value estimates, methods and assumptions are set forth below.

Cash and Cash Equivalents, Interest Receivable and Accrued Interest Payable

The carrying amounts for cash and cash equivalents, interest receivable and accrued interest payable approximate fair value because they mature or are

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

due in three months or less.

### Securities

The fair values for both held to maturity and available for sale mortgage-backed and investment securities, including commitments to purchase such securities, are based on quoted market prices or dealer prices, if

F-32

Roma Financial Corporation and Subsidiaries

-----  
Notes to Consolidated Financial Statements

Note 14 - Fair Value of Financial Instruments (Continued)

### Securities (Continued)

available. If quoted market prices or dealer prices are not available, fair value is estimated using quoted market prices or dealer prices for similar securities.

### Loans Receivable

The fair value of loans receivable is estimated by discounting the future cash flows, using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities, of such loans.

### Deposits

The fair value of demand, savings and club accounts is equal to the amount payable on demand at the reporting date. The fair value of certificates of deposit is estimated by discounting future cash flows using rates currently offered for deposits of similar remaining maturities. The fair value estimates do not include the benefit that results from the low-cost funding provided by deposit liabilities compared to the cost of borrowing funds in the market.

### Federal Home Loan Bank of New York Advances

Fair value is estimated using rates currently offered for assets and liabilities of similar remaining maturities, or when available, quoted market prices.

### Loan Commitments

The fair value of commitments to originate loans and to fund unused lines of credit is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The carrying value, represented by the net deferred fee arising from the unrecognized commitment, and the fair value, determined by discounting the remaining contractual fee over the term of the commitment using fees currently charged to enter into similar credit risk, are not considered material for disclosure. The contractual amounts of unfunded commitments

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

are presented in Note 13 to financial statements.

F-33

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 14 - Fair Value of Financial Instruments (Continued)

Loan Commitments

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

	December 31,	
	2007	
	Carrying Value	Estimated Fair Value
	(In Thousands)	
<b>Financial assets:</b>		
Cash and cash equivalents	\$95,302	95,302
Securities available for sale		
Investment securities held to maturity	17,238	17,238
Mortgage-backed securities held to maturity	127,706	127,828
Loans receivable	144,099	144,440
Interest receivable	458,873	461,735
Interest receivable	4,495	4,495
<b>Financial liabilities:</b>		
Deposits	651,030	650,535
Federal Home Loan Bank of New York		
Advances	28,940	28,795
Accrued interest payable	\$ 1,853	\$ 1,853

### 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.

## Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

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.

F-34

Roma Financial Corporation and Subsidiaries

---

Notes to Consolidated Financial Statements

Note 15 - Stockholders' Equity

On July 11, 2006, the Company completed a minority stock offering in which it sold 9,819,562 shares, or 30% of its outstanding common stock, including 811,750 shares to the Employee Stock Ownership Plan. The remaining 70% is held as follows: 69% of the outstanding common stock or shares are owned by Roma Financial Corporation, MHC and 1% or 327,318 shares were contributed to and are owned by the Roma Bank Community Foundation, Inc.

On August 10, 2007, the Company announced that its Board of Directors authorized a stock repurchase program to repurchase up to 10% of its outstanding shares (excluding Roma Financial Corp., MHC, the Company's mutual holding company) or up to 981,956 shares. This repurchase was completed on August 27, 2007 with 981,956 shares purchased for \$16,700,000 at an average cost of \$16.96 per share.

On October 24, 2007, the Company announced that the Board of Directors authorized an additional stock repurchase plan to acquire up to 441,880 shares of 5% of the Company's outstanding stock help by persons other than Roma Financial, MHC. During the year ended December 31, 2007 the Company purchased in the open market 362,000 of these shares for \$6,092,000 at an average cost of \$16.83 per share.

F-35

Roma Financial Corporation and Subsidiaries

---

Notes to Consolidated Financial Statements

Note 16 - Accumulated Other Comprehensive Income

The components of accumulated other comprehensive (loss) included in stockholders' equity are as follows:

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

	Year Ended December	
	2007	2006
Net unrealized (loss) on securities available for sale	\$ (155)	\$ (155)
Tax effect	56	(56)
Net of tax amount	(99)	(111)
Pension amounts under SFAS No. 158	525	1,000
Tax effect	210	(100)
Net of tax amount	(315)	(900)
Accumulated other comprehensive (loss)	\$ (414)	\$ (1,000)

The components of other comprehensive income and their related tax effects are presented in the following table:

	Years Ended December 31,	
	2007	2006
		(In thousands)
Unrealized holding gains (losses) available for sale:		
Unrealized holding (losses) arising during the year	\$ 77	\$ (230)
Reclassification adjustment for gains included in net income	-	-
Net unrealized losses on securities available for sale	77	(230)
Defined benefit pension plan:		
Pension losses	748	-
Prior service cost	43	-
Settlement accounting	-	-
Net change in defined benefit pension plan accrued expense	791	-
Other comprehensive income before taxes	868	(230)
Tax effect	(372)	(72)
Other comprehensive income (loss)	\$ 496	\$ (158)



# Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

## Note 17 - Retained Earnings

The OTS imposes various restrictions or requirements on the ability of savings institutions to make capital distributions including cash dividends.

A savings association that is a subsidiary of a savings and loan holding company, such as the Bank, must file an application or notice with the OTS at least 30 days before making a capital distribution. A savings association is not required to file an application for permission to make a capital distribution and need only file a notice if the following conditions are met: (1) it is eligible for expedited treatment under OTS regulation, (2) it would remain adequately capitalized after the distribution, (3) the annual amount of its capital distributions does not exceed net income for that year to date added to retained net income for the two preceding year, and (4) the capital distribution would not violate any agreements between the OTS and the savings association or any OTS regulations. Any other situation would require an application to the OTS.

The Company declared \$2.1 million in dividends in 2007 to the minority shareholders of Roma Financial Corporation. The Company requested of, and was permitted by the OTS to waive dividends on the shares held by the MHC. Total dividends waived during the year ended December 31, 2007 were \$5.8 million.

## Note 18 - Parent Only Financial Information

The Company operates its majority-owned subsidiary, RomAsia Bank, its wholly-owned subsidiary, the Bank and the Bank's wholly-owned subsidiaries. The consolidated earnings of the subsidiaries are recognized by the Company using the equity method of accounting. Accordingly, the consolidated earnings of the subsidiaries are recorded as an increase in the Company's investment in the subsidiaries. The following are the condensed financial statements for the Company (Parent Company only) as December 31, 2007, and 2006 and for the periods ended December 31, 2007, 2006 and 2005.

F-37

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

## Note 18 - Parent Only Financial Information (Continued)

### CONDENSED STATEMENTS OF FINANCIAL CONDITION

Assets  
Cash and amounts due from depository institutions

200

\$ 1

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Investment in subsidiaries	18
Securities available for sale	
Securities held to maturity	1
Mortgage backed securities held to maturity	
ESOP loan receivable	
Premises and equipment	
Other assets	

-----  
\$21  
=====

Liabilities and Stockholders' Equity

Other Liabilities	\$
Stockholders' equity	21

-----  
\$21  
=====

CONDENSED STATEMENTS OF INCOME

	Year Ended December 31, 2007	Ye Dec
		(In T
Interest income	\$2,346	
Equity in undistributed earnings of the subsidiaries	5,948	
	8,294	
Other expenses	227	
Income before income tax	8,067	
Income tax (benefit)	851	
Net Income	\$7,216	

F-38

Roma Financial Corporation and Subsidiaries

-----  
Notes to Consolidated Financial Statements

Note 18 - Parent Only Financial Information (Continued)

CONDENSED STATEMENTS OF CASH FLOWS

Year Ended  
December 31,

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

	2007
Cash Flows from Operating Activities	
Net income	\$7,216
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Equity in undistributed earnings of the subsidiaries	(5,948)
(Increase) decrease in other assets	(7)
Increase (decrease) in other liabilities	(38)
Net Cash Provided by (used in) Operating Activities	1,223
Cash Flows Provided by Investing Activities	
Loan to ESOP	-
Repayment of loan to ESOP	299
Purchase of	
Available for sale securities	-
Held to maturity securities	(6,000)
Mortgage backed securities held to maturity	(1,708)
Additions to premises and equipment	(355)
Net Cash Provided by (used in) Investing Activities	(7,764)
Cash Flows Provided by (Used in) Financing Activities	
Distribution from (contribution to) subsidiary	12,000
Additional contribution to subsidiary	(255)
Purchase of treasury stock	(22,792)
Dividends paid to minority shareholders	(1,620)
Issuance of common stock	-
Net Cash Provided by (used in) Financing Activities	(12,667)
Net Increase (Decrease) in Cash and Cash Equivalents	(19,208)
Cash and Cash Equivalents - Beginning	32,674
Cash and Cash Equivalents - Ending	\$13,466

F-39

Roma Financial Corporation and Subsidiaries

Notes to Consolidated Financial Statements

Note 19 - Quarterly Financial Data (Unaudited)

Year Ended December 31,

First

Second

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

	Quarter	Quarter	Q
	-----	-----	-----
	(In Thousands)		
Interest income	\$11,151	\$11,407	
Interest expense	4,162	4,313	
	-----	-----	-----
Net Interest Income	6,989	7,094	
Provision for loan losses	158	68	
	-----	-----	-----
Net Interest Income after Provision for Loan Losses	6,831	7,026	
Non-interest income	891	1,047	
Non-interest expenses	4,918	5,195	
	-----	-----	-----
Income before Income Taxes and Minority Interest	2,804	2,878	
Income taxes	985	1,017	
	-----	-----	-----
Net Income before Minority Interest	1,819	1,861	
Loss allocable to minority interest	-	68	
	-----	-----	-----
Net Income	\$1,819	\$1,929	
	=====	=====	=====

	Year Ended December 31,		
	First	Second	Q
	Quarter	Quarter	-----
	-----	-----	-----
	(In Thousands)		
Interest income	\$9,311	\$9,871	
Interest expense	3,551	3,805	
	-----	-----	-----
Net Interest Income	5,760	6,066	
Provision for loan losses	57	79	
	-----	-----	-----
Net Interest Income after Provision for Loan Losses	5,703	5,987	
Non-interest income	628	929	
Non-interest expenses	4,274	4,469	
	-----	-----	-----
Income before Income Taxes	2,057	2,447	

Edgar Filing: ROMA FINANCIAL CORP - Form 10-K

Income taxes	697	858
	-----	-----
Net Income	\$1,360	\$1,589
	=====	=====

F-40

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 as of March 13, 2008.

ROMA FINANCIAL CORPORATION

By: /s/ Peter A. Inverso

-----  
 Peter A. Inverso  
 President and Chief Executive Officer  
 (Duly Authorized Representative)

Pursuant to the requirement of the Securities Exchange Act of 1934, this report has been signed below on March 13, 2008 by the following persons on behalf of the registrant and in the capacities indicated.

/s/ Peter A. Inverso  
 -----  
 Peter A. Inverso  
 President, Chief Executive Officer and Director  
 (Principal Executive Officer)

/s/ Simon H. Belli  
 -----  
 Simon H. Belli  
 Director

/s/ Rudolph A. Palombi  
 -----  
 Rudolph A. Palombi  
 Director

/s/ Michele N. Siekerka  
 -----  
 Michele N. Siekerka  
 Director

/s/ Maurice T. Perilli  
 -----  
 Maurice T. Perilli  
 Chairman of the Board and  
 Executive Vice President

/s/ Louis A. Natale  
 -----  
 Louis A. Natale  
 Director

/s/ Robert H. Rosen  
 -----  
 Robert H. Rosen  
 Director

/s/ Sharon L. Lamont  
 -----  
 Sharon L. Lamont  
 Chief Financial Officer  
 (Principal Financial and Accounting Officer)