

Edgar Filing: ROMA FINANCIAL CORP - Form 10-Q

ROMA FINANCIAL CORP  
 Form 10-Q  
 June 29, 2006

SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

FORM 10-Q

(Mark One)

-----  
 QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
 -----  
 EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2006

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 Number)

2300 Route 33, Robbinsville, New Jersey 08691

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [ ] No [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):

Edgar Filing: ROMA FINANCIAL CORP - Form 10-Q

Large accelerated filer [ ] Accelerated filer [ ] Non-accelerated filer [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

The number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date, June 15, 2006:

\$0.10 par value common stock - 0 (zero) shares outstanding

ROMA FINANCIAL CORPORATION AND SUBSIDIARIES

INDEX

	Page Number -----
PART I - FINANCIAL INFORMATION	
Item 1: Financial Statements (Unaudited)	
Consolidated Statements of Financial Condition at March 31, 2006 and December 31, 2005	1
Consolidated Statements of Income for the Three Months Ended March 31, 2006 and 2005	2
Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2006 and 2005	3
Notes to Consolidated Financial Statements	5
Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations	10
Item 3: Quantitative and Qualitative Disclosure About Market Risk	13
Item 4: Controls and Procedures	13
PART II - OTHER INFORMATION	14
SIGNATURES	15

ROMA FINANCIAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

-----  
(Unaudited)

March  
20  
-----

Edgar Filing: ROMA FINANCIAL CORP - Form 10-Q

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	1
Investment securities held to maturity	1
Mortgage-backed securities held to maturity	
Loans receivable, net of allowance for loan losses \$986 and \$878, respectively	3
Premises and equipment	
Federal Home Loan Bank of New York stock	
Interest receivable	
Bank owned life insurance	
Other assets	-----
Total Assets	\$ 7 =====

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES

Deposits	\$6
Federal Home Loan Bank of New York advances	
Advance payments by borrowers for taxes and insurance	
Other liabilities	-----
Total Liabilities	6 -----

STOCKHOLDER'S EQUITY

Common stock	
Paid-in capital	
Retained earnings - substantially restricted	1
Accumulated other comprehensive (loss) income - unrealized (loss) gain on securities available for sale, net	-----
Total Stockholder's Equity	1 -----
Total Liabilities and Stockholder's Equity	\$ 7 =====

See notes to consolidated financial statements.

Edgar Filing: ROMA FINANCIAL CORP - Form 10-Q

	Three Months Ended March 31,	
	2006	2005
	(In thousands)	
INTEREST INCOME		
Loans	\$ 5,684	\$
Mortgage-backed securities held to maturity	1,767	
Investment securities held to maturity	1,517	
Securities available for sale	125	
Other interest-earning assets	218	
	-----	-----
Total Interest Income	9,311	
	-----	-----
INTEREST EXPENSE		
Deposits	3,445	
Borrowings	106	
	-----	-----
Total Interest Expense	3,551	
	-----	-----
Net Interest Income	5,760	
PROVISION FOR LOAN LOSSES		
	57	
	-----	-----
Net Interest Income after Provision for Loan Losses	5,703	
	-----	-----
NON-INTEREST INCOME		
Commissions on sales of title policies	232	
Fees and service charges on deposits	91	
Fees and service charges on loans	47	
Net gain from sale of mortgage loans originated for sale	1	
Other	257	
	-----	-----
Total Non-Interest Income	628	
	-----	-----
NON-INTEREST EXPENSES		
Salaries and employee benefits	2,441	
Net occupancy expense of premises	409	
Equipment	359	
Data processing fees	330	
Advertising	210	
Federal insurance premium	21	
Other	504	
	-----	-----
Total Non-Interest Expenses	4,274	
	-----	-----
Income before Income Taxes	2,057	

Edgar Filing: ROMA FINANCIAL CORP - Form 10-Q

INCOME TAXES

697

Net Income

\$ 1,360

\$

See notes to consolidated financial statements.

2

ROMA FINANCIAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

Three Months End  
March 31,

2006

(In thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income

\$ 1,360 \$

Adjustments to reconcile net income to net cash provided by  
operating activities:

Depreciation of premises and equipment	288
Amortization of premises and accretion of discounts on securities	(11)
Accretion of deferred loan fees and discounts	(33)
Net gain on sale of mortgage loans originated for sale	(1)
Mortgage loans originated for sale	(149)
Proceeds from sales of mortgage to loans originated for sale	150
Provision for loan losses	57
(Increase) in interest receivable	(118)
(Increase) in cash surrender value of bank owned life insurance	(129)
(Increase) decrease in other assets	123
Increase (decrease) in interest payable	(290)
Increase (decrease) in other liabilities	905

Net Cash Provided by Operating Activities

2,152

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from repayments on securities available for sale	-
Proceeds from maturities and calls of securities available for sale	34
Purchases of securities available for sale	(25)
Proceeds from maturities and calls of investment securities held to maturity	-
Purchases of investment securities held to maturity	(5,500)
Principal repayments on mortgage-backed securities held to maturity	5,849
Purchases of mortgage-backed securities held to maturity	(3,600)
Net increase in loans receivable	(4,923)
Additions to premises and equipment	(418)
(Purchase) redemption of Federal Home Loan Bank of New York stock	13
Purchase of bank owned life insurance	-

Edgar Filing: ROMA FINANCIAL CORP - Form 10-Q

Net Cash Used in Investing Activities	(8,570)	
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	(2,792)	
Increase in advance payments by borrowers for taxes and insurance	64	
Federal Home Loan Bank of New York advances	-	
Repayments of Federal Home Loan Bank of New York advances	(452)	
Initial capitalization of mutual holding company	-	
	-----	-----
Net Cash Provided by Financing Activities	(3,180)	
	-----	-----
Net Increase (Decrease) in Cash and Cash Equivalents	(9,598)	
CASH AND CASH EQUIVALENTS - BEGINNING	28,089	
	-----	-----
CASH AND CASH EQUIVALENTS - ENDING	\$18,491	
	=====	=====

See notes to consolidated financial statements.

3

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

-----  
(Unaudited)

		Three Months End	
		March 31,	
		-----	-----
		2006	
		-----	-----
		(In thousands)	
SUPPLEMENTARY CASH FLOWS INFORMATION			
Income taxes paid, net	\$	811	\$
	=====		=====
Interest paid	\$	3,841	\$
	=====		=====

See notes to consolidated financial statements.

4

ROMA FINANCIAL CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(UNAUDITED)

## NOTE A - ORGANIZATION

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 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. Currently, all of the outstanding stock of Roma Bank is held by Roma Financial Corporation and all of the outstanding stock of Roma Financial Corporation is held by Roma Financial Corporation, MHC.

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

Roma Bank is a federally-chartered stock savings bank. It was originally founded in 1920 and received its federal charter in 1991. Roma Bank's deposits are federally insured by the Savings Association 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 currently operates from its main office in Robbinsville, New Jersey, and seven branch offices located in Mercer and Burlington Counties, New Jersey. Roma Bank maintains a website at [www.romabank.com](http://www.romabank.com).

A Registration Statement on Form S-1 (File No. 333-132415), as amended, was filed by Roma Financial Corporation with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, relating to the offering for sale of up to 8,538,750 shares (subject to increase to 9,819,652 shares) of its common stock. For a further discussion of the stock offering, see the final prospectus as filed on May 23, 2006 with the Securities and Exchange Commission pursuant to Rule 424 (b) (3) of the Rules and Regulations of the Securities Act of 1933. After completion of the offering, Roma Financial Corporation, MHC will own 69% of the outstanding stock of Roma Financial Corporation. We anticipate that the primary business activity of Roma Financial Corporation, MHC going forward will be to own a majority of Roma Financial Corporation's stock.

## NOTE B - BASIS OF PRESENTATION

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."). All significant intercompany accounts and transactions have been eliminated in consolidation.

The Investment Co. was incorporated in the State of New Jersey effective September 4, 2004, and began operations October 1, 2004. The Investment Co. is subject to the investment company provisions of the New Jersey Corporation Business Tax Act. The Title Co. was incorporated in the State of New Jersey effective March 7, 2005 and commenced operations April 1, 2005.

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

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.

NOTE C - CONTINGENCIES

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

NOTE D - EARNINGS PER SHARE

Earnings per share was not meaningful for any of the periods shown as the Company had no publicly-held shares during the periods.

NOTE E - STOCK BASED COMPENSATION

The Company had no stock-based compensation as of March 31, 2006.

NOTE F- INVESTMENT SECURITIES

The following tables set forth the composition of our securities portfolio as of March 31, 2006 and December 31, 2005 (in thousands):

(Unaudited) March 31, 2006		December 31, 2005	
Amortized Cost	Fair Value	Amortized Cost	Fair Value
-----	-----	-----	-----

Available for sale:



Edgar Filing: ROMA FINANCIAL CORP - Form 10-Q

Mortgage backed securities	\$ 82	\$ 89	\$ 121	\$ 130
Obligations of state and local political subdivisions	10,000	10,177	10,010	10,219
US Government Obligations	3,000	2,958	3,000	2,961
Equity Shares	50	50	50	50
Mutual Fund Shares	2,292	2,144	2,266	2,154
	-----	-----	-----	-----
Total	\$ 15,424	\$ 15,418	\$ 15,447	\$ 15,514
	=====	=====	=====	=====

	(Unaudited)			
	March 31, 2006		December 31, 2005	
	-----	-----	-----	-----
	Amortized	Fair	Amortized	Fair
	Cost	Value	Cost	Value
	-----	-----	-----	-----
Investments held to maturity:				
US Government Obligations	\$177,268	\$173,025	\$172,263	\$168,647
Obligations of state and local political subdivisions	1,320	1,343	815	837
	-----	-----	-----	-----
Total	\$178,588	\$174,368	\$173,078	\$169,484
	=====	=====	=====	=====

	(Unaudited)			
	March 31, 2006		December 31, 2005	
	-----	-----	-----	-----
	Amortized	Fair	Amortized	Fair
	Cost	Value	Cost	Value
	-----	-----	-----	-----
Mortgage backed securities held to maturity:				
GNMA	\$ 6,951	\$ 6,914	\$ 7,454	\$ 7,450
FHLMC	80,293	78,325	80,155	78,972
FNMA	56,697	53,390	58,389	57,800
CMO's	3,926	3,688	4,103	3,889
	-----	-----	-----	-----
Total	\$147,867	\$142,317	\$150,101	\$148,111
	=====	=====	=====	=====

7

NOTE G- LOANS RECEIVABLE, NET

Loans receivable, net at March 31, 2006 and December 31, 2005 were comprised of the following (in thousands):

(Unaudited)	
March 31,	December 31,
2006	2005

Edgar Filing: ROMA FINANCIAL CORP - Form 10-Q

Real estate mortgage loans:		
Conventional 1-4 family	\$ 190,994	\$ 191,634
Commercial and multi-family	59,737	53,614
	-----	-----
	250,731	245,248
	-----	-----
Construction	13,558	20,020
	-----	-----
Consumer:		
Equity and second mortgages	120,602	118,318
Other	2,505	1,577
	-----	-----
	123,107	119,895
	-----	-----
Commercial	3,121	2,351
	-----	-----
Total loans	390,518	387,514
	-----	-----
Less:		
Allowance for loan losses	935	878
Deferred loan fees and discounts	236	269
Loans in process	5,739	7,659
	-----	-----
	6,910	8,806
	-----	-----
Total loans receivable, net	\$ 383,607	\$ 373,708
	=====	=====

NOTE H- DEPOSITS

A summary of deposits by type of account are summarized as follows (in thousands):

	(Unaudited)		December 31, 2005	
	March 31, 2006			
	Amount	Weighted Avg. Int. Rate	Amount	Weighted Avg. Int. Rate
	-----	-----	-----	-----
Demand:				
Non-interest bearing checking	\$ 21,203	0.00%	\$ 20,661	0.00%
Interest bearing checking	96,735	0.53%	100,721	0.54%
	-----	-----	-----	-----
	117,938	0.44%	121,382	0.45%
Savings and club	206,754	0.92%	208,109	0.93%
Certificates of deposit	316,328	3.57%	314,322	3.48%
	-----	-----	-----	-----
Total	\$ 641,020	2.17%	\$ 643,813	2.08%
	=====	=====	=====	=====

Edgar Filing: ROMA FINANCIAL CORP - Form 10-Q

8

The Company has contractual obligations for certificates of deposit that mature as follows:

	(in thousands) March 31, 2006
	-----
One year or less	\$ 223,919
After one to three years	61,355
After three years	31,054
	-----
	\$ 316,328
	=====

NOTE I- PREMISES AND EQUIPMENT

Premises and equipment consisted of the following (in thousands):

	Estimated Useful Lives	(Unaudited) March 31, 2006	December 31, 2005
	-----	-----	-----
Land-future development	-	\$ 1,054	\$ 1,054
Construction in progress	-	617	569
Land and land improvements	-	5,271	5,271
Buildings and improvements	20-50 yrs	22,494	22,234
Furnishings and equipment	3-10 yrs.	6,440	6,331
		-----	-----
Total premises and equipment		35,876	35,459
Accumulated depreciation		7,067	6,780
		-----	-----
Total		\$ 28,809	\$ 28,679
		=====	=====

NOTE J- FEDERAL HOME LOAN BANK ADVANCES

At March 31, 2006 and December 31, 2005 the Bank had outstanding Federal Home Bank of New York advances as follows (in thousands):

	(Unaudited) March 31, 2006		December 31, 2005	
	Amount	Interest Rate	Amount	Interest Rate
	-----	-----	-----	-----
Maturing:				
September 15, 2010	\$ 9,250	4.49%	\$ 9,702	4.49%
	=====	=====	=====	=====

9

Edgar Filing: ROMA FINANCIAL CORP - Form 10-Q

A schedule of the principal obligation is as follows (in thousands):

One year or less	\$ 1,839
More than one year through three years	3,934
More than three years through five years	3,477
	-----
	\$ 9,250
	=====

NOTE K- RETIREMENT PLANS-COMPONENTS OF NET PERIODIC PENSION COST

	(Unaudited) Three Months Ended March 31,	
	2006	2005
	-----	-----
Service cost	\$ 86	\$ 70
Interest cost	112	103
Expected return on plan assets	(149)	(127)
Transition (asset)/obligation	-	6
Amortization of unrecognized net loss	17	8
Unrecognized past service liability	15	14
	-----	-----
Net periodic benefit expense	\$ 81	\$ 74
	=====	=====

NOTE L- CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

In the normal course of business, the Bank enters into off-balance sheet arrangements consisting of commitments to fund mortgage loans and lines of credit. The outstanding loans commitments at March 31, 2006 were as follows:

	(in thousands) March 31, 2006
	-----
Mortgage loans	\$ 20,660
Commercial lines of credit	1,863
Other unused lines of credit	33,312
Commercial letters of credit	781
	-----
	\$ 56,616
	=====

ITEM 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

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

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

- o Statements of our goals, intentions and expectations;
- o Statements regarding our business plans, prospects, growth and operating strategies;

10

- o Statements regarding the quality of our loan and investment portfolios; and
- o Estimates of our risks and future costs and benefits.

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

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

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

Comparison of Financial Condition at March 31, 2006 and December 31, 2005

Total assets fell slightly to \$796.5 million at March 31, 2006, as compared to \$797.8 million at December 31, 2005.

Deposits

Deposits fell by \$2.8 million during the quarter, from \$643.8 million at December 31, 2005 to \$641.0 million at March 31, 2006. During the second half of 2005, the Bank experienced significant deposit growth, particularly during September and October when deposit promotions were conducted in conjunction with the opening of the Bank's eighth branch office location and the celebration of the Bank's eighty-fifth anniversary. The certificate terms for these deposit promotions were primarily three and six months. The reduction in deposits during the first quarter of 2006 reflects an outflow of a portion of these certificates as they matured.

Borrowed Money

The \$452,000 reduction in borrowed money during the quarter ended March 31, 2006 is due to the regularly scheduled principal payment. At March 31, 2006, the Bank's outstanding Federal Home Loan Bank advances totaled \$9.3 million compared to \$9.7 million at December 31, 2005.

11

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

### Loans

During the first quarter of 2006, loans receivable, net, grew by \$4.9 million to \$383.6 million at March 31, 2006 from \$378.7 million at December 31, 2005. The increase was primarily in home equity loans, which rose by \$2.3 million to \$102.6 million; commercial loans (including multi-family and commercial real estate mortgages), which rose by \$2.1 million to \$68.4 million and loans secured by deposit accounts, which nearly doubled from \$1.1 million to \$2.0 million.

### Investments (Including Mortgage-Backed Securities)

The investment portfolio increased by \$3.2 million to \$341.9 million at March 31, 2006 from \$338.7 million at December 31, 2005. Funds in excess of those needed for loans were principally deployed into short term agency securities, which increased by approximately \$5.5 million during the first quarter of 2006. This increase offset a \$2.2 million decrease in mortgage-backed securities held to maturity, which totaled \$147.9 million at March 31, 2006 compared to \$150.1 million at December 31, 2005. Securities classified as available for sale, totaled \$15.4 million at March 31, 2006 compared to \$15.5 million at December 31, 2005.

### Other Assets

Other than a reduction in cash and cash equivalents which declined approximately \$ 9.6 million between December 31, 2005 and March 31, 2006 as a result of deposit outflow and the funding of loans and investments, all other categories of other assets remained relatively stable during the quarter ended March 31, 2006.

### Comparison of Operating Results for the Three Months Ended March 31, 2006 and 2005

#### General

During the current quarter, the flat yield curve continued to negatively impact the Bank's margins, putting a strain on net interest income and contributing to a decline in net income for the first quarter of 2006 compared to the same quarter in 2005. Net income for the quarter ended March 31, 2006 was \$1.4 million, representing a 30.9% decrease from net income of \$2.0 million for the quarter ended March 31, 2005. During the first quarter of 2005, the yield curve was more positively sloped; providing a more favorable spread between longer term lending and shorter term deposit rates. Additionally, the increase in non-interest expense on a quarter-to-quarter comparison resulting from the occupancy and additional staffing of the new Washington Town Center corporate headquarters and main office during the second half of 2005 contributed to the decline in net income between periods.

#### Interest Income

The interest income growth of \$1.2 million reflects a substantial increase in the loan portfolio between periods as residential loans increased \$25.2 million and commercial loans increased \$25.5 million. Additionally, interest income during the current quarter benefited from comparably higher interest rates. While short term interest rates increased sharply, in direct response to the Federal Reserve's program of rate hikes during 2005, long-term generally did not respond as sharply, but did slowly and gradually increase.

#### Interest Expense

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

Interest expense increased \$1.5 million as a result of significant deposit growth of nearly \$38.5 million between periods and the higher level of prevailing interest rates paid on deposits during the first quarter of 2006 as compared to the first quarter of 2005. Additionally, the Bank borrowed funds from the Federal Home Loan Bank during the fourth quarter of 2005 in the form of a five year fixed rate advance, and interest paid on these borrowed funds is reflected in interest expense for the quarter ended March 31, 2006.

12

### Provision for Loan Losses

The provision for loan losses increased by \$73,000, reflecting the significant growth in the loan portfolio. The Bank's asset quality ratios declined slightly between years: the ratio of non-performing loans to total loans was 0.44% at March 31, 2006 as compared to .15% at March 31, 2005. The negative provision for loan losses for the quarter ended March 31, 2005, was due to an improvement in the classification of loans during the quarter which permitted the partial recovery of previous provisions.

### Non-interest Income

Non-interest income increased \$189,000 from period to period. Revenues generated by General Abstract & Title Agency, acquired in March 2005, represents \$233,000 of the increase.

### Non-interest Expenses

This category increased \$818,000 over half of which reflects the additional employee compensation and related benefit costs during the second half of 2005 for personnel associated with the opening of an eighth branch office, additional staff for the corporate office and the staff of General Abstract & Title Agency, acquired in March 2005. Facilities expense experienced a substantial increase between periods, primarily as a result of the opening of the new corporate headquarters and main office. Marketing and advertising expense grew between periods as the Bank expanded its radio and print advertising to promote its new branch office, expand its branding and a special March Mortgage promotion. General Abstract & Title Agency added over \$300,000 in aggregate expense between periods.

### Income Taxes

Income tax expense of \$697,000 represented 33.8% of income before taxes for the quarter ended March 31, 2006. Income tax expense of \$1.1 million represented 34.8% of income before taxes for the quarter ended March 31, 2005.

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

### Asset and Liability Management

The majority of the Company's assets and liabilities are monetary in nature. Consequently, the Company's most significant form of market risk is interest rate risk. The Company's assets, consisting primarily of mortgage loans, have generally longer maturities than the Company's liabilities, consisting primarily of deposits. As a result, a principal part of the Company's business strategy is to manage interest rate risk and reduce the exposure of its net interest income to changes in market interest rates. Management of the Company does not believe that there has been a material adverse change in market risk during the three months ended March 31, 2006.

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

### ITEM 4 - Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended) as of March 31, 2006. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective as of March 31, 2006.

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

13

### PART II - OTHER INFORMATION

#### ITEM 1 - Legal Proceedings

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

#### ITEM 2 - Unregistered Sales of Equity Securities and Use of Proceeds

None

#### ITEM 3 - Defaults Upon Senior Securities

None

#### ITEM 4 - Submission of Matters to a Vote of Security Holders

None

#### ITEM 5 - Other Information

None

#### ITEM 6 - Exhibits

- 31 Certifications of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(a)
- 32 Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

14

### SIGNATURES

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



Edgar Filing: ROMA FINANCIAL CORP - Form 10-Q

undersigned thereunto duly authorized.

ROMA FINANCIAL CORPORATION  
(Registrant)

Date: June 29, 2006

/s/Peter A. Inverso  
-----

Peter A. Inverso  
President and Chief  
Executive Officer

Date: June 29, 2006

/s/Sharon L. Lamont  
-----

Sharon L. Lamont  
Chief Financial Officer